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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 DISPOSAL OF SUBSIDIARIES

THE FIRST PHASE SHARE PURCHASE AGREEMENTS

The GCL-Poly Board and the GNE Board jointly announce that on 31 March 2021 (after trading hours), Henan GCL New Energy and Suzhou GCL New Energy, being indirect subsidiaries of GCL-Poly and GNE, (as the sellers) and Three Gorges Asset Management Co., Ltd* (三峽資產管理有限公司) (as the purchaser) entered into the First Phase Share Purchase Agreements. Pursuant to the First Phase Share Purchase Agreements, the respective Seller agreed to, among other things, sell the entire equity interest in each of Kaifeng Huaxin, Sanmenxia GCL, Queshan Zhui and Shang Shui GCL and 50% equity interest in each of Nanzhao Xin Li and Taiqian GCL to the Purchaser.

After entering into 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 and new solar power plants to be developed in the PRC. GNE and the Purchaser are proactively promoting the aforementioned cooperation, and plan to reach and execute more agreements in relation to disposals and joint development of solar power plants in the near future.

USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (being the sum of the aggregate Consideration amounting to approximately RMB364,650,000 and the Total Amount Payable amounting to approximately RMB562,915,880, with related taxes and transaction costs being negligible) is expected to be approximately RMB927,565,880, which GNE intends to use for repayments of its debts.

LISTING RULES IMPLICATIONS

GCL-Poly

Since the highest of the applicable percentage ratios in respect of the aggregate consideration of the First Phase Disposals is over 5% but less than 25%, the entering into of the First Phase 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.

GNE

Since the highest of the applicable percentage ratios in respect of the aggregate consideration of the First Phase Disposals is over 5% but less than 25%, the entering into of the First Phase Disposals constitutes a discloseable transaction of GNE 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.

1. INTRODUCTION

The GCL-Poly Board and the GNE Board jointly announce that on 31 March 2021 (after trading hours), Henan GCL New Energy and Suzhou GCL New Energy, being indirect subsidiaries of GCL-Poly and GNE, (as the sellers) and Three Gorges Asset Management Co., Ltd* (三峽資產管理有限公司) (as the purchaser) entered into the First Phase Share Purchase Agreements. Pursuant to the First Phase Share Purchase Agreements, the respective Seller agreed to, among other things, sell the entire equity interest in each of Kaifeng Huaxin, Sanmenxia GCL, Queshan Zhui ri and Shang Shui GCL and 50% equity interest in each of Nanzhao Xin Li and Taiqian GCL to the Purchaser.

As at the date of this joint announcement, (i) Kaifeng Huaxin, Sanmenxia GCL, Queshan Zhui ri and Shang Shui GCL are wholly-owned by the respective Seller and (ii) Nanzhao Xin Li and Taiqian GCL are owned as to 50% by Henan GCL New Energy. Upon completion of the First Phase Disposals, (i) Kaifeng Huaxin, Sanmenxia GCL, Queshan Zhui ri and Shang Shui GCL will be owned as to 100% by the Purchaser, (ii) Nanzhao Xin Li will be owned as to 50% by the Purchaser and 50% by Nanzhao County Jinfu Solar Power Service Limited* (南召縣金富光伏服務有限公司) (“**Nanzhao County Jinfu**”), an independent third party to GCL-Poly and GNE, respectively, (iii) Taiqian GCL will be owned as to 50% by the Purchaser and 50% by Puyang Xingye New Energy Limited* (濮陽興業新能源有限公司) (“**Puyang Xingye**”), an independent third party to GCL-Poly and GNE, respectively and (iv) all of the Target Companies will cease to be subsidiaries of the GCL-Poly Group and the GNE Group.

2. THE FIRST PHASE SHARE PURCHASE AGREEMENTS

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

Date

31 March 2021 (after trading hours)

Parties

- (i) The Sellers:
- (a) Henan GCL New Energy Investment Co., Ltd.* (河南協鑫新能源投資有限公司)
 - (b) Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)
- (ii) The Purchaser: Three Gorges Asset Management Co., Ltd* (三峽資產管理有限公司)

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

Assets to be sold

The Sale Shares will be sold by the respective Seller to the Purchaser, being the entire equity interest in each of Kaifeng Huaxin, Sanmenxia GCL, Queshan Zhui and Shang Shui GCL and 50% equity interest in each of Nanzhao Xin Li and Taiqian GCL.

The Target Companies own 6 operational solar power plants in the PRC with an aggregate grid-connected capacity of approximately 321 MW.

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	Kaifeng Huaxin New Energy Development Company Limited* (開封華鑫新能源開發有限公司)
II	Sanmenxia GCL New Energy Co., Ltd* (三門峽協立光伏電力有限公司)
III	Queshan Zhuri New Energy Electric Power Co, Ltd.* (確山追日新能源電力有限公司)
IV	Shang Shui GCL Photovoltaic Electric Power Co, Ltd.* (商水協鑫光伏電力有限公司)
V	Nanzhao Xin Li Photovoltaic Electric Farms Co., Ltd.* (南召鑫力光伏電力有限公司)
VI	Taiqian GCL New Energy Company Limited* (台前協鑫光伏電力有限公司)

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 approximately RMB364,650,000.

The table below sets out the Consideration of each of the Target Companies:

First Phase

Share Purchase

Agreements	Target Companies	Consideration RMB
I	Kaifeng Huaxin	-54,100,000 ^(Note)
II	Sanmenxia GCL	38,900,000
III	Queshan Zhui	48,700,000
IV	Shang Shui GCL	220,000,000
V	Nanzhao Xin Li	88,500,000
VI	Taiqian GCL	<u>22,650,000</u>
Total		<u>364,650,000</u>

Note:

- (1) Such negative consideration will be set off against the second instalment payable by the Purchaser to Henan GCL New Energy under the Shang Shui GCL Share Purchase Agreement;
- (2) The negative consideration merely reflects the consideration attributed to Kaifeng Huaxin on a standalone basis due to the factors set out in paragraph (v) of the section headed “Basis of the Consideration” below.

Basis of the Consideration

The Consideration was determined after arm’s length negotiations as an overall packaged deal between the Sellers and the Purchaser, taking into account, among other things:

- (i) the net asset value of each of the Target Companies as at the Reference Date (i.e. 31 December 2020);
- (ii) the profitability of the Target Companies for the financial years ended 31 December 2020 and 31 December 2019, details of which can be found in the section headed “Information on the Target Companies” of this joint announcement;
- (iii) the reasons for the First Phase Disposals as discussed in the paragraph headed “Reasons and Benefits of the Transactions” below;
- (iv) the cash flow position of each of the Target Companies as at the Reference Date; and
- (v) (Applicable to Kaifeng Huaxin only) (a) While the capacity of the two solar power plants of Kaifeng Huaxin as stated in the construction filings with the relevant PRC government authorities were 20MW and 100MW, respectively, and related infrastructure such as

booster station and distribution lines were designed and constructed with an aggregate capacity of 120MW, Kaifeng Huaxin only completed the construction and on-grid connection of the 20MW solar power plant project as at the date of this joint announcement. As such, investments in related infrastructure such as the booster station and distribution lines did not bring corresponding investment revenue. This has resulted in Kaifeng Huaxin recording net losses of approximately RMB2.71 million, RMB4.59 million and RMB3.01 million for the three years from 2018 to 2020 respectively; (b) the expected future losses of Kaifeng Huaxin lower the desirability for the Purchaser to acquire Kaifeng Huaxin as a standalone transaction; and (c) the cash inflow derived from the Amount Payable by Kaifeng Huaxin to Suzhou GCL New Energy under the Kaifeng Huaxin Share Purchase Agreement. As such, the Transactions involve the bundling of the disposal of solar power plants operated by the five other Target Companies (which are profit making and fully connected to State Grid) together with the power plant operated by Kaifeng Huaxin (which is comparatively less desirable to the Purchaser) which a negative consideration has been agreed for the disposal of Kaifeng Huaxin.

Payment arrangements of the Consideration

Taking into account the negative consideration under the Kaifeng Huaxin Share Purchase Agreement, which will be set off against the second instalment payable by the Purchaser to Henan GCL New Energy under the Shang Shui GCL Share Purchase Agreement, the aggregate Consideration under the First Phase Share Purchase Agreements shall be paid by the Purchaser to the respective Seller in cash according to the manner set out below:

First Phase

Share Purchase

Agreements	Target Companies	First Instalment RMB	Second Instalment RMB
I	Kaifeng Huaxin	N/A	N/A
II	Sanmenxia GCL	19,450,000	19,450,000
III	Queshan Zhui	24,350,000	24,350,000
IV	Shang Shui GCL	110,000,000	55,900,000*
V	Nanzhao Xin Li	44,250,000	44,250,000
VI	Taiqian GCL	11,325,000	11,325,000
Total		209,375,000	155,275,000

* RMB55,900,000 is equivalent to the actual second instalment receivable by Henan GCL New Energy under Shang Shui GCL Share Purchase Agreement after netting of the negative consideration under the Kaifeng Huaxin Share Purchase Agreement amounting to RMB54,100,000 from the initial second instalment under the Shang Shui GCL Share Purchase Agreement amounting to RMB110,000,000.

First instalment (Applicable to all Target Companies except Kaifeng Huaxin): The Purchaser shall pay RMB209,375,000 (the “**First Instalment**”) to the respective Seller within five days after the fulfilment of the following conditions:

- (i) the signing and execution of the First Phase Share Purchase Agreements;
- (ii) (applicable to Nanzhao Xin Li and Taiqian GCL only) obtaining the written consent from the existing shareholders of the Target Companies other than the Sellers in relation to the approval of the First Phase Disposals and the waiver of their respective right of first refusal;
- (iii) GNE have obtained board approval in respect of the Transactions; and
- (iv) the provision of approximately 4.4% equity interest in Suzhou GCL New Energy by Nanjing GCL New Energy to the Purchaser to guarantee the performance of the Sellers under the First Phase Share Purchase Agreements.

Second instalment (Applicable to all Target Companies except Kaifeng Huaxin): The Purchaser shall pay RMB155,275,000 (the “**Second Instalment**”) to the respective Seller within five days after the fulfilment of the following conditions:

- (i) the handover of the corporate documents, information and assets in accordance with the terms of the First Phase Share Purchase Agreements and the execution of a handover confirmation; and
- (ii) the completion of the Business Registration Procedures.

Payment arrangement of the Amount Payable

The table below sets out the carrying amount of the Amount Payable 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	Target Companies	Amount Payable RMB
I	Kaifeng Huaxin	216,812,312
II	Sanmenxia GCL	16,164,651
III	Queshan Zhui	86,332,727
IV	Shang Shui GCL	116,065,095
V	Nanzhao Xin Li	77,834,055
VI	Taiqian GCL	<u>49,707,040</u>
Total		<u>562,915,880</u>

The Purchaser shall procure the Target Companies to gradually repay the Total Amount Payable and its interests to the respective Seller from the Closing Date onwards and in any event repay in full within 10 Business Days from the issuance of the Closing Audit Report.

Transition Period Arrangement

If the Closing takes place within 120 days from the Reference Date (the “**Cut-off Date**”), the profit and loss incurred by the Target Companies shall be accrued for the benefit of or borne by the Purchaser and the remaining shareholder of the Target Companies after the Closing (if applicable) based on their respective equity interest held in the Target Companies after the Closing. In the event that the Closing fails to take place within the Cut-off Date, the Sellers and the Purchaser agreed to separately negotiate the attribution of profit and loss of the Target Companies after the Cut-off Date as determined by the number of days for which the Closing was delayed. The parties shall complete the closing audit within 10 Business Days upon the Closing Date and the actual profit and loss incurred by the Target Companies which shall be accrued for the benefit of or borne by the Purchaser and the remaining shareholder of the Target Companies (if applicable) during the Transition Period shall be determined by the Closing Audit Report.

Other Undertakings

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

- (i) within 30 days after the Closing or the date of the First Phase Share Purchase Agreements (as the case may be), the Purchaser undertakes to provide guarantee substitution or procure the Target Companies' early repayment of their liabilities owed to the financial institutions in order to release the existing guarantees provided by the Sellers or its affiliates in respect of such liabilities;
- (ii) the Sellers undertake to procure all third party debtors of the Target Companies (i.e. debtors of Target Companies other than the Sellers and their respective affiliates) to repay the debts owed by them to the respective Target Company (other than national subsidy) in accordance with the terms and conditions of the First Phase Share Purchase Agreements;
- (iii) the Purchaser is entitled to allow the Target Companies to deduct a total amount of RMB1,587,000 from the Total Amount Payable in order to fully release the Sellers from their respective obligations to rectify certain quality matters of the engineering and equipment of the solar power plants of the Target Companies;
- (iv) the Purchaser is entitled to allow the Target Companies to withhold a total amount of RMB36,531,600 from the Total Amount Payable in order to secure the performance of the Sellers in rectifying certain compliance issues of the Target Companies. Within five days upon the rectification of each compliance deficiency by the respective Seller, the Purchaser shall pay the corresponding amount withheld from the Total Amount Payable to the respective Seller;
- (v) the Purchaser is entitled to deduct any abnormal impairment loss or expenses in relation to the Target Companies during the Transition Period from the Total Amount Payable;
- (vi) (Applicable to Nanzhao Xin Li only) Henan GCL New Energy agrees to allow Nanzhao Xin Li to withhold a sum of approximately RMB7,677,020, being the disputed outstanding balance of the engineering, procurement and construction ("**EPC**") fees payable by Nanzhao Xin Li to an independent third party EPC contractor of Nanzhao Xin Li (the "**EPC Contractor**") from the Total Net Payable Amount (the "**Disputed Balance**"). In the event that the actual outstanding balance of the EPC fees mutually agreed between the EPC Contractor and Nanzhao Xin Li (the "**Final Balance**") is higher than the Disputed Balance, Henan GCL New Energy undertakes to pay such surplus amount to Nanzhao Xin Li. In the event that the Final Balance is less than the Disputed Balance, Nanzhao Xin Li undertakes to repay such surplus amount to Henan GCL New Energy; and
- (vii) in the event of any other circumstance that may cause the Sellers to be liable for any damages or compensation to the Purchaser or the Target Companies, the Purchaser is entitled to (i) withhold an expected amount of such damages or compensation from the

Total Amount Payable (which any surplus amount should subsequently be repaid to the Sellers by the Purchaser or the Target Companies and any deficit amount should subsequently be paid by the Sellers to the Purchaser or the Target Companies) and/or (ii) request the Sellers to pay the actual amount of such damages or compensation to the Purchaser or the Target Companies.

Conditions Precedent

The First Phase Share Purchase Agreements shall become effective after the Purchaser has completed the relevant examination and filing procedures of the assets appraisal of the Target Companies with the relevant State-owned Assets Supervision and Administration Commission.

The completion of the Business Registration Procedures pursuant to each of the First Phase Share Purchase Agreements is subject to the fulfilment of the following Conditions Precedent:

- (i) the Purchaser has paid the First Instalment to the respective Sellers;
- (ii) all pledges over the Sale Shares have been released and the relevant Business Registration Procedures to discharge such pledges have been completed; and
- (iii) GCL-Poly and GNE have obtained their respective board approval and shareholders' approval (if applicable) in respect of the Transactions.

Closing

Within three days before the Closing Date, (i) the respective Sellers shall pass resolutions approving the changes of the directors, supervisors and senior management of the Target Companies appointed by the Purchaser, (ii) the Target Companies shall enter into operation and management agreements with the designated party(ies) of the respective Seller in relation to the operation and management of the solar power plants of the Target Companies and (iii) the Purchaser shall provide all documents required for the completion of the Business Registration Procedures. Within three days upon the fulfillment of all of the Conditions Precedent, the Target Companies shall provide the relevant filings to the competent government authorities in the PRC in order to complete the Business Registration Procedures.

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

Guarantee arrangement in connection with the First Phase Share Purchase Agreements

GNE shall provide a guarantee to the Purchaser to secure, among others, the performance obligations of the Sellers under the First Phase Share Purchase Agreements. Such guarantee shall be released by the Purchaser within one year from the Closing Date.

Security arrangement in connection with the First Phase Share Purchase Agreements

Nanjing GCL New Energy shall pledge its approximately 4.4% equity interest in Suzhou GCL New Energy to the Purchaser to secure the closing obligations of the Sellers under the First Phase Share Purchase Agreements. Such pledge shall be completed before the payment of the First Instalment by the Purchaser and be released by the Purchaser on the Closing Date.

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 and operating solar farms. As at the date of this joint announcement, GCL-Poly is interested in approximately 53.34% of the issued share capital of GNE.

The GNE Group

GNE is incorporated in Bermuda as an 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 joint announcement, GNE is owned as to approximately 53.34% by GCL-Poly.

Henan GCL New Energy

Henan GCL New Energy is a company established in the PRC with limited liability and an indirect subsidiary of GCL-Poly and GNE. Henan GCL New Energy is wholly-owned by Suzhou GCL New Energy, which is in turn owned as to approximately 92.82% by GNE. Henan GCL New Energy is principally engaged in the development, operation and management of solar power plants in the PRC.

Suzhou GCL New Energy

Suzhou GCL New Energy is a company established in the PRC with limited liability and an indirect subsidiary of GCL-Poly and GNE. Suzhou GCL New Energy is indirectly owned as to approximately 92.82% by GNE. Suzhou GCL New Energy indirectly owns a majority of solar power plants of GNE in the PRC.

4. INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability. The Purchaser is principally engaged in, among others, asset management.

The Purchaser is wholly-owned by China Three Gorges Group Co., Ltd.* (中國長江三峽集團有限公司) (“**China Three Gorges Group**”), which is a state-owned corporation wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. China Three Gorges Group is principally engaged in, among others, the development, investment and operation of wind and solar power.

To the best of the GCL-Poly Directors and the GNE Directors’ knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of GCL-Poly and GNE and their respective 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	Target Companies	Information on the Target Companies
I	Kaifeng Huaxin	Kaifeng Huaxin is a company established in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Kaifeng Huaxin is wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE.
II	Sanmenxia GCL	Sanmenxia GCL is a company established in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Sanmenxia GCL is wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE.
III	Queshan Zhui	Queshan Zhui is a company established in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Queshan Zhui is wholly-owned by Henan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE.

**First Phase
Share Purchase
Agreements**

	Target Companies	Information on the Target Companies
IV	Shang Shui GCL	Shang Shui GCL is a company established in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Shang Shui GCL is wholly-owned by Henan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE.
V	Nanzhao Xin Li	Nanzhao Xin Li is a company established in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Nanzhao Xin Li is owned as to 50% by Henan GCL New Energy and 50% by Nanzhao County Jinfu, an independent third party to GCL-Poly and GNE respectively and an indirect subsidiary of GCL-Poly and GNE.
VI	Taiqian GCL	Taiqian GCL is a company established in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Taiqian GCL is owned as to 50% by Henan GCL New Energy and 50% by Puyang Xingye, an independent third party to GCL-Poly and GNE respectively and an indirect subsidiary of GCL-Poly and GNE.

Set out below is an extract of the audited financial statements prepared for the financial year ended 31 December 2019 and the unaudited financial statement prepared for the financial year ended 31 December 2020 of the Target Companies prepared in accordance with China Accounting Standards:

First Phase

Share Purchase

Agreements	Target Companies	Year ended 31 December 2020		Year ended 31 December 2019	
		Profit before taxation <i>RMB'000</i>	Profit after taxation <i>RMB'000</i>	Profit before taxation <i>RMB'000</i>	Profit after taxation <i>RMB'000</i>
I	Kaifeng Huaxin	(3,014)	(3,014)	(4,586)	(4,586)
II	Sanmenxia GCL	3,047	2,253	2,497	2,497
III	Queshan Zhui	8,735	7,597	9,483	9,483
IV	Shang Shui GCL	35,642	35,642	25,776	25,766
V	Nanzhao Xin Li	42,633	42,633	27,828	27,823
VI	Taiqian GCL	8,342	8,342	6,611	6,611

The audited net assets as at 31 December 2019 and the unaudited net assets as at the Reference Date (i.e. 31 December 2020) of the Target Companies amounted to approximately RMB584,335,168 and approximately RMB589,041,548, respectively.

6. FINANCIAL IMPACT OF THE TRANSACTIONS

After the Closing Date, the Target Companies will cease to be subsidiaries of the GCL-Poly Group and the GNE Group, and the profit 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 GCL-Poly Group and the GNE Group.

As at the date of this joint announcement, it is estimated that the GCL-Poly Group and the GNE Group will realise a net loss on the First Phase Disposals of approximately RMB150,995,133 and such loss is calculated with reference to the difference between the aggregate Consideration of approximately RMB364,650,000 and the net asset value attributed to the disposed Sale Shares based on the unaudited financial statements of the Target Companies as at 31 December 2020 of approximately RMB515,645,133, after deducting related transaction costs. The actual loss as a result of the First Phase Disposals to be recorded by the GCL-Poly Group and the GNE Group is subject to audit and will be reassessed after completion of the First Phase Disposals.

7. USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (being the sum of the aggregate Consideration amounting to approximately RMB364,650,000 and the Total Amount Payable amounting to approximately RMB562,915,880, with related taxes and transaction costs being negligible) is expected to be approximately RMB927,565,880, 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, GCL-Poly through its subsidiary 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 GCL-Poly Group and the GNE Group, and the profit 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 GCL-Poly Group and the GNE Group. The liabilities of the GCL-Poly Group and the GNE Group will decrease by approximately RMB1,294,347,000. Meanwhile, the cash derived from the Transactions amounting to approximately RMB927,565,880 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 2020, thus effectively reducing the financial risks.

GCL-Poly, through GNE, intends to reinforce the strategic cooperation with domestic centralised management enterprises and local state-owned enterprises, including the Purchaser to achieve an asset-light model. After entering into 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 and new solar power plants to be developed in the PRC. GNE and the Purchaser are proactively promoting the aforementioned cooperation, and plan to reach and execute more agreements in relation to disposals and joint development 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

Since the highest of the applicable percentage ratios in respect of the aggregate consideration of the First Phase Disposals is over 5% but less than 25%, the entering into of the First Phase 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.

GNE

Since the highest of the applicable percentage ratios in respect of the aggregate consideration of the First Phase Disposals is over 5% but less than 25%, the entering into of the First Phase Disposals constitutes a discloseable transaction of GNE 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.

10. DEFINITIONS

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

“Amount Payable”	the amount payable by each of the Target Companies to the Sellers and its affiliates (if applicable, including other subsidiaries of GCL-Poly and GNE) as at the Reference Date as set out in the respective First Phase Share Purchase Agreement
“Business Day”	a day on which banks in the PRC are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“Business Registration Procedures”	the registration procedures in respect of the change of directors, supervisors, senior management and shareholders of each of the Target Companies and other relevant filing procedures in respect of the Transactions with the relevant administration for industry and commerce in the PRC
“Closing”	the closing of the Transactions in accordance with the First Phase Share Purchase Agreements

“Closing Audit Report”	the closing audit report prepared by an auditing agency appointed by the Purchaser to audit the financials of the Target Companies as at the Closing Date in accordance with the First Phase Share Purchase Agreements
“Closing Date”	the date of issuance as stated on the new business certificate of the Target Company(ies) upon the completion of the Business Registration Procedures
“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
“First Phase Disposals”	the proposed disposals of the Sale Shares by the Sellers to the Purchaser as contemplated under the First Phase Share Purchase Agreements
“First Phase Share Purchase Agreements”	Kaifeng Huaxin Share Purchase Agreement, Sanmenxia GCL Share Purchase Agreement, Queshan Zhuri Share Purchase Agreement, Shang Shui GCL Share Purchase Agreement, Nanzhao Xin Li Share Purchase Agreement and Taiqian GCL Share Purchase Agreement
“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 53.34% 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 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 Shareholders”	the shareholders of GNE
“Henan GCL New Energy”	Henan GCL New Energy Investment Co., Ltd.* (河南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 GCL-Poly and GNE as at the date of this joint announcement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Kaifeng Huaxin”	Kaifeng Huaxin New Energy Development Company Limited* (開封華鑫新能源開發有限公司), a company established in the PRC with limited liability, which is wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Kaifeng Huaxin Share Purchase Agreement”	an equity transfer agreement dated 31 March 2021 entered into between Suzhou GCL New Energy and the Purchaser in relation to the sale of the entire equity interest in Kaifeng Huaxin
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“Nanjing GCL New Energy”	Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GCL-Poly and GNE

“Nanzhao Xin Li”	Nanzhao Xin Li Photovoltaic Electric Farms Co., Ltd.* (南召鑫力光伏電力有限公司), a company established in the PRC with limited liability, which is owned as to 50% by Henan GCL New Energy and 50% by Nanzhao County Jinfu, an independent third party to GCL-Poly and GNE respectively and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Nanzhao Xin Li Share Purchase Agreement”	an equity transfer agreement dated 31 March 2021 entered into between Henan GCL New Energy and the Purchaser in relation to the sale of the 50% equity interest in Nanzhao Xin Li
“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
“Purchaser”	Three Gorges Asset Management Co., Ltd* (三峽資產管理有限公司), a company established in the PRC with limited liability and an independent third party to GCL-Poly and GNE
“Queshan Zhui ri”	Queshan Zhui ri New Energy Electric Power Co, Ltd.* (確山追日新能源電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Henan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Queshan Zhui ri Share Purchase Agreement”	an equity transfer agreement dated 31 March 2021 entered into between Henan GCL New Energy and the Purchaser in relation to the sale of the entire equity interest in Queshan Zhui ri
“Reference Date”	31 December 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire equity interest in each of Kaifeng Huaxin, Sanmenxia GCL, Queshan Zhui ri and Shang Shui GCL and the 50% equity interest in each of Nanzhao Xin Li and Taiqian GCL held by the respective Seller as at the date of this joint announcement

“Sanmenxia GCL”	Sanmenxia GCL New Energy Co., Ltd* (三門峽協立光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Sanmenxia GCL Share Purchase Agreement”	an equity transfer agreement dated 31 March 2021 entered into between Suzhou GCL New Energy and the Purchaser in relation to the sale of the entire equity interest in Sanmenxia GCL
“Seller(s)”	Henan GCL New Energy and Suzhou GCL New Energy
“Shang Shui GCL”	Shang Shui GCL Photovoltaic Electric Power Co, Ltd.* (商水協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Henan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Shang Shui GCL Share Purchase Agreement”	an equity transfer agreement dated 31 March 2021 entered into between Henan GCL New Energy and the Purchaser in relation to the sale of the entire equity interest in Shang Shui GCL
“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 GCL-Poly and GNE as at the date of this joint announcement
“Taiqian GCL”	Taiqian GCL New Energy Company Limited* (台前協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is owned as to 50% by Henan GCL New Energy and 50% by Puyang Xingye, an independent third party to GCL-Poly and GNE respectively and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Taiqian GCL Share Purchase Agreement”	an equity transfer agreement dated 31 March 2021 entered into between Henan GCL New Energy and the Purchaser in relation to the sale of the 50% equity interest in Taiqian GCL

“Target Company(ies)”	the six target companies being the subject of the First Phase Disposals, details of which can be found in the section headed “Information on the Target Companies” of this joint announcement
“Total Amount Payable”	the Amount Payable of all of the Target Companies
“Transactions”	the transactions contemplated under the First Phase Share Purchase Agreements
“Transition Period”	the period between the Reference Date and the Closing Date
“%”	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, 31 March 2021

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. Liu Genyu and Ms. Hu Xiaoyan as executive directors of GNE; Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai 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.