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GCL-Poly Energy Holdings Limited

保利協鑫能源控股有限公司

(Incorporated in 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)

**UPDATE ANNOUNCEMENT OF GCL-POLY AND GNE
IN RESPECT OF THE DISCLOSEABLE TRANSACTION
IN RELATION TO FIRST PHASE DISPOSAL
AND
DISCLOSEABLE TRANSACTION OF GNE
(1) SECOND PHASE DISPOSALS
(2) GRANT OF SECOND PHASE PUT OPTIONS**

THE FIRST PHASE SHARE PURCHASE AGREEMENT

Reference is made to the joint announcement of GCL-Poly and GNE dated 7 May 2021 (after trading hours) in relation to the First Phase Disposal. Pursuant to the First Phase Share Purchase Agreement, no premium was paid on the grant of the First Phase Put Option and the exercise of the First Phase Put Option by SPIC Chongqing Company is subject to obtaining internal approval of Henan GCL New Energy (including GNE and GCL-Poly's board approval and shareholders' approval (if required)). Accordingly, the exercise of the First Phase Put Option is at the discretion of GCL-Poly and GNE. The exercise price of the First Phase Put Option will be determined upon SPIC Chongqing Company's exercise of the First Phase Put Option and GCL-Poly and GNE will comply with the requirements of Chapter 14 of the Listing Rules by making further announcement if and when the First Phase Put Option is exercised.

THE SECOND PHASE SHARE PURCHASE AGREEMENTS

The GCL-Poly Board and the GNE Board jointly announce that on 24 June 2021 (after trading hours), Suzhou GCL New Energy, Hubei GCL New Energy and Suzhou GCL Development, being indirect subsidiaries of GCL-Poly and GNE (as the sellers) and Chongqing Lvxin Energy Development Co., Ltd.* (重慶綠欣能源發展有限公司) (a directly wholly-owned subsidiary of SPIC Chongqing Company, as the purchaser) entered into the Second Phase Share Purchase Agreements. Pursuant to the Second Phase Share Purchase Agreements, the Sellers agreed to sell (i) the entire equity interest in Shiyan Yunneng, Jingshan GCL, Jingshan Xinhui, Shanggao County Lifeng, (ii) 70% equity interest in Shicheng GCL and (iii) 51% equity interest in Anfu GCL to the Purchaser.

USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (being (i) the aggregate Consideration amounting to approximately RMB275,263,600 and (ii) the Total Net Amount Payable amounting to approximately RMB134,405,050, minus (iii) Total Net Amount Receivable amounting to approximately RMB52,211,933 and (iv) the Rectification Cost amounting to approximately RMB2,400,000) is expected to be approximately RMB355,056,717, which GNE intends to use for repayment of its debts.

LISTING RULES IMPLICATIONS

GNE

As the Sellers, being indirect subsidiaries of GNE, entered into the First Phase Disposal and the Second Phase Disposals with the SPIC Chongqing Group within a 12-month period, the Disposals contemplated in the First Phase Share Purchase Agreement and the Second Phase Share Purchase Agreements shall be aggregated as a series of transactions for GNE pursuant to Rule 14.22 of the Listing Rules.

Since the highest applicable percentage ratio in respect of the First Phase Disposal and the Second Phase Disposals exceeds 5% but is less than 25%, the entering into of the Second Phase Disposals constitutes a discloseable transaction for GNE and it shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The exercise of the Second Phase Put Options by the Purchaser is at the discretion of GNE and no premium was paid on the grant of the Second Phase Put Options to the Purchaser. Accordingly, the grant of the Second Phase Put Options does not constitute a notifiable transaction of GNE. GNE will comply with the requirements of Chapter 14 of the Listing Rules if and when the Second Phase Put Options are exercised.

GCL-Poly

As the Sellers, being indirect subsidiaries of GCL-Poly, entered into the First Phase Disposal and the Second Phase Disposals with the SPIC Chongqing Group within a 12-month period, the Disposals contemplated in the First Phase Share Purchase Agreement and the Second Phase Share Purchase Agreements shall be aggregated as a series of transactions for GCL-Poly pursuant to Rule 14.22 of the Listing Rules.

Since the highest applicable percentage ratio in respect of the First Phase Disposal and the Second Phase Disposals (as determined in accordance with the unaudited management accounts of GCL-Poly for the year ended 31 December 2020) is less than 5%, the entering into of the Second Phase Disposals does not constitute a notifiable transaction of GCL-Poly. In addition, the exercise of the Second Phase Put Options by the Purchaser is at the discretion of GCL-Poly and no premium was paid on the grant of the Second Phase Put Options to the Purchaser. Accordingly, the grant of the Second Phase Put Options also does not constitute a notifiable transaction of GCL-Poly, and this joint announcement merely constitute as an update announcement of GCL-Poly in respect of the First Phase Disposal.

CONTINUED SUSPENSION OF TRADING IN SHARES OF GCL-POLY

Trading in shares of GCL-Poly was suspended from 9:00 a.m. on 1 April 2021 and will remain suspended until further notice. Please refer to GCL-Poly's announcement dated 17 May 2021 for further details regarding the continued suspension of trading in shares of GCL-Poly.

Shareholders and potential investors of GCL-Poly are advised to exercise caution when dealing in the securities of GCL-Poly.

1. INTRODUCTION

Reference is made to the joint announcement of GCL-Poly and GNE dated 7 May 2021 (after trading hours) in relation to the First Phase Disposal. Pursuant to the First Phase Share Purchase Agreement, no premium was paid on the grant of the First Phase Put Option and the exercise of the First Phase Put Option by SPIC Chongqing Company is subject to obtaining internal approval of Henan GCL New Energy (including GNE and GCL-Poly's board approval and shareholders' approval (if required)). Accordingly, the exercise of the First Phase Put Option is at the discretion of GCL-Poly and GNE. The exercise price of the First Phase Put Option will be determined upon SPIC Chongqing Company's exercise of the First Phase Put Option and GCL-Poly and GNE will comply with the requirements of Chapter 14 of the Listing Rules by making further announcement if and when the First Phase Put Option is exercised.

The GCL-Poly Board and the GNE Board jointly announce that on 24 June 2021 (after trading hours), Suzhou GCL New Energy, Hubei GCL New Energy and Suzhou GCL Development, being indirect subsidiaries of GCL-Poly and GNE (as the sellers) and Chongqing Lvxin Energy

Development Co., Ltd.* (重慶綠欣能源發展有限公司) (a directly wholly-owned subsidiary of SPIC Chongqing Company, as the purchaser) entered into the Second Phase Share Purchase Agreements. Pursuant to the Second Phase Share Purchase Agreements, the Sellers agreed to sell (i) the entire equity interest in Shiyan Yunneng, Jingshan GCL, Jingshan Xinhui, Shanggao County Lifeng, (ii) 70% equity interest in Shicheng GCL and (iii) 51% equity interest in Anfu GCL to the Purchaser.

As at the date of this joint announcement, (i) Shiyan Yunneng and Jingshan GCL are wholly-owned by Hubei GCL New Energy, (ii) Shanggao County Lifeng and Anfu GCL are wholly-owned by Suzhou GCL New Energy, (iii) Jingshan Xinhui is wholly-owned by Suzhou GCL Development and (iv) Shicheng GCL is owned as to 70% by Suzhou GCL New Energy. Upon the completion of the Second Phase Disposals, (i) Shiyan Yunneng, Jingshan GCL, Jingshan Xinhui, Shanggao County Lifeng will be owned as to 100% by the Purchaser, (ii) Anfu GCL will be owned as to 51% by the Purchaser and 49% by Suzhou GCL New Energy; and (iii) Shicheng GCL will be owned as to 70% by the Purchaser and 30% by Shicheng County Ganjiangyuan Agricultural Development Co., Ltd.* (石城縣贛江源農業發展有限公司) (“**Shicheng County Ganjiangyuan Agricultural Development**”), an independent third party to GCL-Poly and GNE, respectively. All of the Target Companies will cease to be subsidiaries of the GCL-Poly Group and the GNE Group after the Second Phase Disposals.

2. THE SECOND PHASE SHARE PURCHASE AGREEMENTS

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

Date

24 June 2021 (after trading hours)

Parties

- (i) The Sellers:
- (i) Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)
 - (ii) Hubei GCL New Energy Investment Co., Ltd.* (湖北協鑫新能源投資有限公司)
 - (iii) Suzhou GCL New Energy Development Co., Ltd.* (蘇州協鑫新能源開發有限公司)
- (ii) The Purchaser: Chongqing Lvxin Energy Development Co., Ltd.* (重慶綠欣能源發展有限公司)

To the best of the GCL-Poly Directors and 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 respective connected persons.

Subject Matter

The Sale Shares will be sold by the respective Seller to the Purchaser, being the entire equity interest in each of Shiyan Yunneng, Jingshan GCL, Jingshan Xinhui, Shanggao County Lifeng, 70% equity interest in Shicheng GCL and 51% equity interest in Anfu GCL.

The Target Companies own 7 operational solar power plants in the PRC with an aggregate grid-connected capacity of approximately 149 MW.

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

Second

Phase Share

Purchase

Agreements

Target Companies

I	Shiyan Yunneng Photovoltaic Energy Development Co., Ltd.* (十堰鄭能光伏電力開發有限公司)
II	Jingshan GCL Photovoltaic Energy Co., Ltd.* (京山協鑫光伏電力有限公司)
III	Jingshan Xinhui Photovoltaic Energy Co., Ltd.* (京山鑫輝光伏電力有限責任公司)
IV	Shanggao County Lifeng New Energy Co., Ltd.* (上高縣利豐新能源有限公司)
V	Shicheng GCL Photovoltaic Energy Co., Ltd.* (石城協鑫光伏電力有限公司)
VI	Anfu GCL New Energy Co., Ltd.* (安福協鑫新能源有限公司)

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 Second Phase Share Purchase Agreements is approximately RMB275,263,600.

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

Second Phase Share Purchase Agreements	Target Companies	Consideration <i>RMB</i>
I	Shiyan Yunneng	20,750,000
II	Jingshan GCL	27,710,000
III	Jingshan Xinhui	15,640,000
IV	Shanggao County Lifeng	42,200,000
V	Shicheng GCL	168,168,000
VI	Anfu GCL	<u>795,600</u>
Total		<u><u>275,263,600</u></u>

Basis of the Consideration

The Consideration under the Second Phase Share Purchase Agreements was determined after arm's length negotiations between the Sellers and the Purchaser, having taken into account of, among other things:

- (i) the net asset value of the Target Companies as at the Reference Date (i.e. 28 February 2021);
- (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 Second Phase Disposals as discussed in the paragraph headed "Reasons for and Benefits of the Transactions" below; and
- (iv) the cash flow position of the Target Companies as at the Reference Date.

Payment Arrangements of the Consideration

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

Second

Phase Share

Purchase Agreements	Target Companies	First Instalment RMB	Second Instalment RMB	Initial Third Instalment ^(Note) RMB	Rectification Cost ^(Note) RMB	Actual Third Instalment ^(Note) RMB
I	Shiyan Yunneng	6,225,000	10,375,000	4,150,000	480,000	3,670,000
II	Jingshan GCL	8,313,000	13,855,000	5,542,000	160,000	5,382,000
III	Jingshan Xinhui	4,692,000	7,820,000	3,128,000	60,000	3,068,000
IV	Shanggao County Lifeng	12,660,000	21,100,000	8,440,000	530,000	7,910,000
V	Shicheng GCL	50,450,400	84,084,000	33,633,600	1,050,000	32,583,600
VI	Anfu GCL	<u>238,680</u>	<u>397,800</u>	<u>159,120</u>	<u>120,000</u>	<u>39,120</u>
Total		<u>82,579,080</u>	<u>137,631,800</u>	<u>55,052,720</u>	<u>2,400,000</u>	<u>52,652,720</u>

First instalment: The Purchaser shall pay a total of RMB82,579,080 (the “**First Instalment**”) to the respective Seller within five Business Days after the fulfilment of the following conditions:

- (a) the execution of the Second Phase Share Purchase Agreements; and
- (b) the Purchaser has received the valid invoice from the respective Seller stating the amount of the First Instalment payable by the Purchaser.

Second instalment: The Purchaser shall pay a total of RMB137,631,800 (the “**Second Instalment**”) to the respective Seller within seven Business Days after the fulfilment of the following conditions:

- (a) the delivery and handover of the corporate and statutory documents of the Target Companies specified in the Second Phase Share Purchase Agreements have been completed; and

(b) the Purchaser has received the valid invoice from the respective Seller stating the amount of the Second Instalment payable by the Purchaser.

Third instalment: The Purchaser shall pay a total of RMB52,652,720^(Note) (the “**Third Instalment**”) to the respective Seller within seven Business Days after the Closing Date and upon receiving the valid invoice from the Sellers stating the amount of the Third Instalment payable by the Purchaser.

Note: RMB52,652,720 represents the amount of actual third instalment to be received by the Sellers after deducting the agreed rectification cost for the engineering and compliance defects (“**Rectification Cost**”) (i.e. RMB2,400,000) from the initial third instalment specified under the Second Phase Share Purchase Agreements (i.e. RMB55,052,720).

Payment arrangement of the Net Amount Payable and Net Amount Receivable

The table below sets out the Net Amount Payable (Receivable) of each of the Target Companies under each of the Second Phase Share Purchase Agreements as at the Reference Date:

Second Phase Share Purchase Agreements	Target Companies	Net Amount Payable (Receivable) RMB
I	Shiyan Yunneng	35,935,877
II	Jingshan GCL	26,489,284
III	Jingshan Xinhui	11,569,762
IV	Shanggao County Lifeng	937,459
V	Shicheng GCL	(52,211,933)
VI	Anfu GCL	<u>59,472,668</u>
Total		<u><u>82,193,117</u></u>

The Amount Payable as at the Reference Date will be set off against the Amount Receivable as at the Reference Date in order to ascertain the Net Amount Payable (Receivable) as at the Reference Date.

(Applicable to the Second Phase Share Purchase Agreements except Shicheng GCL Share Purchase Agreement) The Purchaser shall procure the Target Companies to repay the Total Net Amount Payable as at the Reference Date (i.e. RMB134,405,050), which is interest bearing, in full to the respective Seller within 60 days after the Closing. The Sellers shall charge an interest at a rate of 9.52% per annum on the Total Net Amount Payable as at the Reference Date for the period from 1 March 2021 up to the Closing Date.

(Applicable to Shicheng GCL Share Purchase Agreement only) Suzhou GCL New Energy shall repay the Total Net Amount Receivable as at the Reference Date (i.e. RMB52,211,933) in full to Shicheng GCL within 60 days after the Closing. In the event that Shicheng County Ganjiangyuan Agricultural Development requires Shicheng GCL to charge an interest on Suzhou GCL New Energy and its affiliates in relation to the Total Amount Receivable, such interest shall be borne by Suzhou GCL New Energy.

The Purchaser and the Target Companies agreed to repay the Net Amount Payable incurred during the Transition Period and the interest to the respective Seller and its affiliates within seven Business Days after the issue of the Closing Audit Report.

Grant of the Second Phase Put Options

The Sellers and the Purchaser agreed to further negotiate to ascertain the amount of compensation payable by the Sellers to the Purchaser upon the occurrence of any of the following events (the “**Specified Events**”):

- (i) the failure to achieve the specified total utilisation hours of the solar power plant(s) operated by the Target Companies within three years upon the Closing;
- (ii) (Applicable to Shiyang Yunneng Share Purchase Agreement, Jingshan GCL Share Purchase Agreement and Jingshan Xinhui Share Purchase Agreement only) the failure to include the solar power plant(s) operated by the Target Companies in the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單) by 31 December 2022 unless such failure is attributable to changes in national policies; and
- (iii) the occurrence of events which seriously affect the normal business activities of the Target Companies arising from the fact that such Target Companies have not obtained the land use right certificate and the project planning procedures.

In the event that the Purchaser and the Sellers are unable to reach a consensus through negotiation, subject to each of the Sellers and the Purchaser obtaining its respective internal approval (including GNE and GCL-Poly’s board approval and shareholders’ approval (if required)) for the

exercise of the Second Phase Put Options, the Sellers shall repurchase the disposed Sale Shares from the Purchaser at a then agreed price. Accordingly, the exercise of the Second Phase Put Options are subject to the discretion of the respective Seller.

Other Undertakings

The Sellers and the Purchaser agreed to be subject to certain undertakings, including but not limited to, the following undertakings:

- (i) within 10 Business Days after the Second Phase Share Purchase Agreements have become effective, the Sellers shall complete the delivery and handover of the corporate and statutory documents of the Target Companies specified in the Second Phase Share Purchase Agreements to the Purchaser;
- (ii) the Sellers, the Purchaser and the Target Companies shall cooperate to release the existing pledges on the equity of the Target Companies before the Closing;
- (iii) in the event of any other circumstance specified in the Second Phase Share Purchase Agreements 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 request the Sellers to pay the actual amount of such damages or compensation to the Purchaser or the Target Companies;
- (iv) within 90 Business Days following the Closing Date, the Purchaser shall complete the replacement of guarantees of the Target Companies or take other measures to release the Sellers or their respective affiliates from the existing guarantees (if any) provided to the Target Companies; and
- (v) (applicable to Shicheng GCL Share Purchase Agreement only) in relation to the disposal of 70% equity interest in Shicheng GCL by Suzhou GCL New Energy to the Purchaser, Suzhou GCL New Energy shall obtain written document from Shicheng County Ganjiangyuan Agricultural Development approving the aforementioned disposal and waiver of pre-emptive rights.

The Transition Period Arrangement

While the financial information of the Target Companies remains consolidated in the consolidated financial statements of GCL-Poly and GNE during the Transition Period, the Sellers and Purchaser agreed that (i) profit and loss for the period from the Reference Date up to 90 days after the Reference Date shall be enjoyed and borne by the Purchaser in proportion to its equity interest in each of the Target Companies after the Closing and (ii) profit and loss for the period from the 90 days after the Reference Date up to the Closing Date shall be enjoyed and borne by the respective Seller in proportion to its equity interest in each of the Target Companies before the Closing. The Target Companies shall not take various actions, such as further declare any dividend to the Sellers, during the Transition Period. The Sellers and the Purchaser further agreed to pay the net

accrued profit for the period from the 90 days after the Reference Date up to the Closing Date to the Sellers within seven Business Days after the issue of the Closing Audit Report. The Transition Period shall not exceed 90 days in principle.

(Applicable to Shanggao County Lifeng Share Purchase Agreement and Anfu GCL Share Purchase Agreement only) In the event that the Target Companies receive provincial photovoltaic power subsidy accrued prior to the Reference Date from the provincial authority, the Target Companies shall pay such accrued provincial photovoltaic power subsidy to Suzhou GCL New Energy within seven Business Days upon the receipt of accrued provincial photovoltaic power subsidy after deducting the relevant tax payment.

Closing

Within 20 Business Days after the Purchaser has paid the Second Instalment to the respective Seller (or such other date as agreed between the Purchaser and the respective Seller), the Purchaser and the Sellers shall complete the Registration Procedures.

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

Closing Audit Report

Pursuant to the Second Phase Share Purchase Agreements, the Purchaser shall engage an auditing agency to audit the financial condition of the Target Companies for the Transition Period and prepare the Closing Audit Report within 15 Business Days after the Closing Date.

3. INFORMATION ON THE PARTIES TO THE SECOND 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 the parent company 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 joint announcement, GNE is a subsidiary of GCL-Poly.

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 is principally engaged in photovoltaic power investment, investment management and consultation, business management consultation, technology development, technology transfer, technical advice related to photovoltaic power projects, and sales of photovoltaic materials and equipment. Suzhou GCL New Energy indirectly owns a majority of solar power plants of GNE in the PRC.

Hubei GCL New Energy

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

Suzhou GCL Development

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

4. INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability. As at the date of this joint announcement, the Purchaser is directly wholly-owned by SPIC Chongqing Company, which is in turn indirectly wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會). The Purchaser is principally engaged in, among others, power generation, transmission, power supply business and power generation technical services in the PRC.

5. INFORMATION ON THE TARGET COMPANIES

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

No.	Second Phase Share Purchase Agreements	Information on the Target Companies
I	Shiyan Yunneng	Shiyan Yunneng is a company established in the PRC with limited liability, which is directly wholly-owned by Hubei GCL New Energy and an indirect subsidiary of GCL-Poly and GNE. Shiyan Yunneng is principally engaged in the operation of solar power plants in the PRC.
II	Jingshan GCL	Jingshan GCL is a company established in the PRC with limited liability, which is directly wholly-owned by Hubei GCL New Energy and an indirect subsidiary of GCL-Poly and GNE. Jingshan GCL is principally engaged in the operation of solar power plants in the PRC.
III	Jingshan Xinhui	Jingshan Xinhui is a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL Development and an indirect subsidiary of GCL-Poly and GNE. Jingshan Xinhui is principally engaged in the operation of solar power plants in the PRC.
IV	Shanggao County Lifeng	Shanggao County Lifeng is a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE. Shanggao County Lifeng is principally engaged in the operation of solar power plants in the PRC.
V	Shicheng GCL	Shicheng GCL is a company established in the PRC with limited liability, which is owned as to 70% by Suzhou GCL New Energy and 30% by Shicheng County Ganjiangyuan Agricultural Development, an independent third party to GCL-Poly and GNE, respectively, and an indirect subsidiary of GCL-Poly and GNE. Shicheng GCL is principally engaged in the operation of solar power plants in the PRC.

Second Phase Share		
No.	Purchase Agreements	Information on the Target Companies
VI	Anfu GCL	Anfu GCL is a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE. Anfu GCL is principally engaged in the operation of solar power plants in the PRC.

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

Second Phase Share Purchase Agreements	Target Companies	For the year ended 31 December			
		2020		2019	
		Profit before taxation RMB'000	Profit after taxation RMB'000	Profit before taxation RMB'000	Profit after taxation RMB'000
I	Shiyan Yunneng	2,374	2,077	3,511	3,511
II	Jingshan GCL	2,899	2,496	3,653	3,653
III	Jingshan Xinhui	1,886	1,886	2,245	2,245
IV	Shanggao County Lifeng	9,171	7,883	6,327	5,679
V	Shicheng GCL	23,538	20,593	21,799	21,799
VI	Anfu GCL	3,379	2,959	3,396	2,970

The unaudited net assets as at the Reference Date (i.e. 28 February 2021) and the audited net assets as at 31 December 2020 of the Target Companies amounted to approximately RMB344,045,725 and approximately RMB336,485,693, 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 gain on the Second Phase Disposals of approximately RMB3,112,561 and such gain is calculated with reference to the difference between the aggregate Consideration of approximately RMB275,263,600, minus the Rectification Cost of RMB2,400,000 and the net asset value of the disposed Sale Shares based on the unaudited financial statements of the Target

Companies as at the Reference Date of approximately RMB269,751,039, after deducting related transaction costs. The actual gain as a result of the Second 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 Second Phase Disposals.

7. USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (being the sum of (i) the aggregate Consideration amounting to approximately RMB275,263,600 and (ii) the Total Net Amount Payable amounting to approximately RMB134,405,050, minus (iii) Total Net Amount Receivable amounting to approximately RMB52,211,933 and (iv) the Rectification Cost amounting to approximately RMB2,400,000) is expected to be approximately RMB355,056,717, which GNE intends to use for repayment of its debts.

8. REASONS FOR 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 RMB688,400,000. Meanwhile, the cash derived from the Transactions amounting to approximately RMB355,056,717 will be used for further repayment of debts, and the gearing ratio of the GNE Group will decrease by approximately 0.5%, calculated with reference to the audited financial statements of the GNE Group as at 31 December 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 SPIC Chongqing Group 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 Second 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 Second Phase Share Purchase Agreements is in the interests of GCL-Poly and GCL-Poly Shareholders as a whole.

9. LISTING RULES IMPLICATIONS

GNE

As the Sellers, being indirect subsidiaries of GNE, entered into the First Phase Disposal and the Second Phase Disposals with the Purchaser within a 12-month period, the Disposals contemplated in the First Phase Share Purchase Agreement and the Second Phase Share Purchase Agreements shall be aggregated as a series of transactions for GNE pursuant to Rule 14.22 of the Listing Rules.

Since the highest applicable percentage ratio in respect of the Disposals exceeds 5% but is less than 25%, the entering into of the Second Phase Disposals constitutes a discloseable transaction for GNE and it shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The exercise of the Second Phase Put Options by the Purchaser is at the discretion of GNE and no premium was paid on the grant of the Second Phase Put Options to the Purchaser. Accordingly, the grant of the Second Phase Put Options does not constitute a notifiable transaction of GNE. GNE will comply with the requirements of Chapter 14 of the Listing Rules if and when the Second Phase Put Options are exercised.

GCL-Poly

As the Sellers, being indirect subsidiaries of GCL-Poly, entered into the First Phase Disposal and the Second Phase Disposals with the SPIC Chongqing Group within a 12-month period, the Disposals contemplated in the First Phase Share Purchase Agreement and the Second Phase Share Purchase Agreements shall be aggregated as a series of transactions for GCL-Poly pursuant to Rule 14.22 of the Listing Rules.

Since the highest applicable percentage ratio in respect of the First Phase Disposal and the Second Phase Disposals (as determined in accordance with the unaudited management accounts of GCL-Poly for the year ended 31 December 2020) is less than 5%, the entering into of the Second Phase Disposals does not constitute a notifiable transaction of GCL-Poly. In addition, the exercise of the Second Phase Put Options by the Purchaser is at the discretion of GCL-Poly and no premium was paid on the grant of the Second Phase Put Options to the Purchaser. Accordingly, the grant of the Second Phase Put Options also does not constitute a notifiable transaction of GCL-Poly, and this joint announcement merely constitute as an update announcement of GCL-Poly in respect of the First Phase Disposal.

10. CONTINUED SUSPENSION OF TRADING IN SHARES OF GCL-POLY

Trading in shares of GCL-Poly was suspended from 9:00 a.m. on 1 April 2021 and will remain suspended until further notice. Please refer to GCL-Poly's announcement dated 17 May 2021 for further details regarding the continued suspension of trading in shares of GCL-Poly.

Shareholders and potential investors of GCL-Poly are advised to exercise caution when dealing in the securities of GCL-Poly.

11. DEFINITIONS

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

“Amount Payable”	the amount payable (if any) by each of the Target Companies to the respective Seller and its affiliates (if applicable, including other subsidiaries of GCL-Poly and GNE) as set out in the respective Second Phase Share Purchase Agreement
“Amount Receivable”	the amount receivable (if any) by each of the Target Companies from the respective Seller and its affiliates (if applicable, including other subsidiaries of GCL-Poly and GNE) as set out in the respective Second Phase Share Purchase Agreement
“Anfu GCL”	Anfu GCL New Energy Co., Ltd.* (安福協鑫新能源有限公司), 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
“Anfu GCL Share Purchase Agreement”	an equity transfer agreement dated 24 June 2021 entered into between Suzhou GCL New Energy and the Purchaser in relation to the sale of 51% equity interest in Anfu GCL
“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
“Closing”	closing of the Second Phase Disposals in accordance with the Second Phase Share Purchase Agreements

“Closing Audit Report”	the closing audit report prepared by an auditing agency appointed by the Purchaser to audit the financial status of the Target Companies during the period from the Reference Date to the Closing Date in accordance with the Second Phase Share Purchase Agreements
“Closing Date”	the date of issuance as stated on the new business certificate of the Target Companies upon the completion of the Registration Procedures
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Second Phase Disposals
“Disposals”	the First Phase Disposal and the Second Phase Disposals
“First Phase Disposal”	the proposed disposal of the entire equity interest in Yongcheng Xin Neng Photovoltaic Electric Power Co., Ltd* (永城鑫能光伏電力有限公司) (“ Yongcheng Xin Neng ”) by Henan GCL New Energy to SPIC Chongqing Company as contemplated under the First Phase Share Purchase Agreement
“First Phase Put Option”	the put option granted to SPIC Chongqing Company under the First Phase Share Purchase Agreement, pursuant to which SPIC Chongqing Company may, upon the occurrence of certain specified events in relation to Yongcheng Xin Neng, request Henan GCL New Energy to repurchase the disposed entire equity interest in Yongcheng Xin Neng, the exercise of which is subject to the discretion of Henan GCL New Energy
“First Phase Share Purchase Agreement”	the equity transfer agreement dated 7 May 2021 entered into between Henan GCL New Energy and SPIC Chongqing Company, as detailed in the joint announcement of GCL-Poly and GNE dated 7 May 2021
“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, GNE is a subsidiary of GCL-Poly
“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 which is an indirect subsidiary of GCL-Poly and GNE, and the seller under the First Phase Share Purchase Agreement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hubei GCL New Energy”	Hubei GCL New Energy Investment Co., Ltd.* (湖北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
“Jingshan GCL”	Jingshan GCL Photovoltaic Energy Co., Ltd.* (京山協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Hubei GCL New Energy and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Jingshan GCL Share Purchase Agreement”	an equity transfer agreement dated 24 June 2021 entered into between Hubei GCL New Energy and the Purchaser in relation to the sale of the entire equity interest in Jingshan GCL
“Jingshan Xinhui”	Jingshan Xinhui Photovoltaic Energy Co., Ltd.* (京山鑫輝光伏電力有限責任公司), a company established in the PRC with limited liability, which is wholly-owned by Suzhou GCL Development and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement

“Jingshan Xinhui Share Purchase Agreement”	an equity transfer agreement dated 24 June 2021 entered into between Suzhou GCL Development and the Purchaser in relation to the sale of the entire equity interest in Jingshan Xinhui
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“Net Amount Payable”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable in the event that the Amount Payable is more than the Amount Receivable
“Net Amount Receivable”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable in the event that the Amount Receivable is more than the Amount Payable
“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”	Chongqing Lvxin Energy Development Co., Ltd.* (重慶綠欣能源發展有限公司), a company established in the PRC and a directly wholly-owned subsidiary of SPIC Chongqing Company
“Reference Date”	28 February 2021
“Registration Procedures”	the registration procedures in respect of the change of shareholders of the Target Companies and other relevant filing procedures in respect of the Second Phase Disposals in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	(i) the entire equity interest in Shiyan Yunneng, Jingshan GCL, Jingshan Xinhui and Shanggao County Lifeng, (ii) 70% equity interest in Shicheng GCL and (iii) 51% equity interest in Anfu GCL
“Second Phase Disposals”	the proposed disposal of (i) the entire equity interest in Shiyan Yunneng, Jingshan GCL, Jingshan Xinhui and Shanggao County Lifeng, (ii) 70% equity interest in Shicheng GCL and (iii) 51% equity interest in Anfu GCL as contemplated under the Second Phase Share Purchase Agreements

“Second Phase Put Options”	the put options granted to the Purchaser under the Second Phase Share Purchase Agreements, pursuant to which the Purchaser may be entitled to, upon the occurrence of certain specified events in relation to the Target Companies, request the respective Seller to repurchase the disposed Sale Shares, the exercise of which is subject to the discretion of the respective Seller
“Second Phase Share Purchase Agreements”	Shiyan Yunneng Share Purchase Agreement, Jingshan GCL Share Purchase Agreement, Jingshan Xinhui Share Purchase Agreement, Shanggao County Lifeng Share Purchase Agreement, Anfu GCL Share Purchase Agreement and Shicheng GCL Share Purchase Agreement
“Sellers”	Suzhou GCL New Energy, Hubei GCL New Energy and Suzhou GCL Development
“Shanggao County Lifeng”	Shanggao County Lifeng New Energy Co., Ltd.* (上高縣利豐新能源有限公司), 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
“Shanggao County Lifeng Share Purchase Agreement”	an equity transfer agreement dated 24 June 2021 entered into between Suzhou GCL New Energy and the Purchaser in relation to the sale of the entire equity interest in Shanggao County Lifeng
“Shicheng GCL”	Shicheng GCL Photovoltaic Energy Co., Ltd.* (石城協鑫光伏電力有限公司), a company established in the PRC with limited liability which is owned as to 70% by Suzhou GCL New Energy and 30% by Shicheng County Ganjiangyuan Agricultural Development, 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
“Shicheng GCL Share Purchase Agreement”	an equity transfer agreement dated 24 June 2021 entered into between Suzhou GCL New Energy and the Purchaser in relation to the sale of 70% equity interest in Shicheng GCL
“Shiyan Yunneng”	Shiyan Yunneng Photovoltaic Energy Development Co., Ltd.* (十堰鄖能光伏電力開發有限公司), a company established in the PRC with limited liability which is wholly-owned by Hubei GCL New Energy and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement

“Shiyan Yunneng Share Purchase Agreement”	an equity transfer agreement dated 24 June 2021 entered into between Hubei GCL New Energy and the Purchaser in relation to the sale of the entire equity interest in Shiyan Yunneng
“SPIC Chongqing Company”	State Power Investment Corporation Chongqing Electric Power Co., Ltd.* (國家電投集團重慶電力有限公司), a company established in the PRC with limited liability and an independent third party to GCL-Poly and GNE and the purchaser under the First Phase Share Purchase Agreement
“SPIC Chongqing Group”	SPIC Chongqing Company and its subsidiaries (including the Purchaser)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the same meaning ascribed to it under the Listing Rules
“Suzhou GCL Development”	Suzhou GCL New Energy Development Co., Ltd.* (蘇州協鑫新能源開發有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE and GCL-Poly as at the date of this joint announcement
“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 as at the date of this joint announcement
“Target Companies”	Shiyan Yunneng, Jingshan GCL, Jingshan Xinhui, Shanggao County Lifeng, Anfu GCL and Shicheng GCL
“Total Net Amount Payable”	the Net Amount Payable of all of the Target Companies
“Total Net Amount Receivable”	the Net Amount Receivable of all of the Target Companies
“Transactions”	the transactions contemplated under the Second 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, 24 June 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 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. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying as independent non-executive directors of GNE.