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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

PREVIOUS DE MINIMIS DISPOSALS

On 21 May 2021 (after trading hours), Suzhou GCL New Energy, an indirect subsidiary of GCL-Poly and GNE (as the seller) and Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) (as the purchaser) entered into the Previous De Minimis Agreements. Pursuant to the Previous De Minimis Agreements, Suzhou GCL New Energy agreed to, among other things, sell the entire equity interest in Anlong Maoan and Haifeng GCL to the Purchaser.

THE FIRST PHASE SHARE PURCHASE AGREEMENTS

The GCL-Poly Board and the GNE Board jointly announce that on 25 June 2021 (after trading hours), Suzhou GCL New Energy and Yunnan GCL New Energy, being indirect subsidiaries of GCL-Poly and GNE (as the sellers) and Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) (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 (i) 80% equity interest in Yuanmou Green Power and (ii) the entire equity interest in each of Honghe Xian Ruixin, Kunming Xufeng, Luquan GCL, Heqing Xinhua, Menghai GCL and Yuxi Zhongtai to the Purchaser.

Upon completion of the First Phase Disposals, the Target Companies will cease to be subsidiaries of GNE and GCL-Poly. Accordingly, the financial results of the Target Companies will no longer be consolidated into the financial statements of GNE and GCL-Poly upon Closing.

USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (including the Consideration and the Total Amount Payable as at the Reference Date by the Target Companies) is expected to be approximately RMB781,213,017, which GNE intends to use for repayment of its debts.

LISTING RULES IMPLICATIONS

GCL-Poly

As the Sellers, being the indirect subsidiaries of GCL-Poly, entered into the Previous De Minimis Agreements and the First Phase Share Purchase Agreements with Guizhou West Power within a 12-month period, the Previous De Minimis Disposals and the First Phase Disposals 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 Disposals exceeds 5% but is less than 25%, the entering into of the First Phase Disposals constitutes a discloseable transaction for GCL-Poly and it shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GNE

As the Sellers, being the indirect subsidiaries of GNE, entered into the Previous De Minimis Agreements and the First Phase Share Purchase Agreements with Guizhou West Power within a 12-month period, the Previous De Minimis Disposals and the First Phase Disposals 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 First 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.

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

On 21 May 2021 (after trading hours), Suzhou GCL New Energy, an indirect subsidiary of GCL-Poly and GNE (as the seller) and Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) (as the purchaser) entered into the Previous De Minimis Agreements. Pursuant to the Previous De Minimis Agreements, Suzhou GCL New Energy agreed to, among other things, sell the entire equity interest in Anlong Maoan and Haifeng GCL to the Purchaser. For more details of the Previous De Minimis Disposals, please refer to the section headed “Previous De Minimis Agreements” in this joint announcement.

The GCL-Poly Board and the GNE Board jointly announce that on 25 June 2021 (after trading hours), Suzhou GCL New Energy and Yunnan GCL New Energy, being indirect subsidiaries of GCL-Poly and GNE (as the sellers) and Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) (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 (i) 80% equity interest in Yuanmou Green Power and (ii) the entire equity interest in each of Honghe Xian Ruixin, Kunming Xufeng, Luquan GCL, Heqing Xinhua, Menghai GCL and Yuxi Zhongtai to the Purchaser.

Upon completion of the First Phase Disposals, the Target Companies will cease to be subsidiaries of GNE and GCL-Poly. Accordingly, the financial results of the Target Companies will no longer be consolidated into the financial statements of GNE and GCL-Poly upon Closing.

2. THE FIRST PHASE SHARE PURCHASE AGREEMENTS

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

Date

25 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) Yunnan GCL New Energy Co., Ltd.* (雲南協鑫新能源有限公司) |
| (ii) The Purchaser: | Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) |

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

Subject Matter

The equity interests held in the Target Companies will be sold by the Sellers to the Purchaser, being (i) 80% equity interest in Yuanmou Green Power and (ii) the entire equity interest in each of Honghe Xian Ruixin, Kunming Xufeng, Luquan GCL, Heqing Xinhua, Menghai GCL and Yuxi Zhongtai.

The Target Companies collectively own seven operational solar power plants in the PRC with an aggregate grid-connected capacity of approximately 229MW.

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

No.	First Phase Share Purchase Agreements	Target Companies
I	Honghe Xian Ruixin Share Purchase Agreement	Honghe Xian Ruixin Photovoltaic Power Generation Company Limited*(紅河縣瑞欣光伏發電有限公司)
II	Kunming Xufeng Share Purchase Agreement	Kunming Xufeng Photovoltaic Power Generation Company Limited*(昆明旭峰光伏發電有限公司)
III	Luquan GCL Share Purchase Agreement	Luquan GCL Photovoltaic Power Co., Ltd.* (祿勸協鑫光伏發電有限公司)
IV	Yuanmou Green Power Share Purchase Agreement	Yuanmou Green Power New Energy Development Limited*(元謀綠電新能源開發有限公司)
V	Heqing Xinhua Share Purchase Agreement	Heqing Xinhua Photovoltaic Power Co., Ltd.(鶴慶鑫華光伏發電有限公司)
VI	Menghai GCL Share Purchase Agreement	Menghai GCL Solar Agricultural Power Co., Ltd.*(勐海協鑫光伏農業電力有限公司)
VII	Yuxi Zhongtai Share Purchase Agreement	Yuxi Zhongtai New Energy Technology Co., Ltd.*(玉溪市 中太新能源科技有限公司)

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 RMB218,960,000.

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

No.	First Phase Share Purchase Agreements	Consideration <i>RMB</i>
I	Honghe Xian Ruixin Share Purchase Agreement	74,600,000
II	Kunming Xufeng Share Purchase Agreement	65,200,000
III	Luquan GCL Share Purchase Agreement	62,400,000
IV	Yuanmou Green Power Share Purchase Agreement	31,760,000
V	Heqing Xinhua Share Purchase Agreement	(20,400,000) <i>(Note)</i>
VI	Menghai GCL Share Purchase Agreement	(3,700,000) <i>(Note)</i>
VII	Yuxi Zhongtai Share Purchase Agreement	<u>9,100,000</u>
Total		<u>218,960,000</u>

Note:

- (1) Such negative consideration will be set off against the Amount Payable payable by Guizhou West Power on behalf of Heqing Xinhua and Menghai GCL to Suzhou GCL New Energy under the Heqing Xinhua Share Purchase Agreement and Menghai GCL Share Purchase Agreement;
- (2) The negative consideration merely reflects the consideration attributed to Heqing Xinhua and Menghai GCL 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 under each of the First Phase Share Purchase Agreements was determined after arm’s length negotiations between the respective Seller and the Purchaser, having taken into account of, among other things:

- (i) the net asset value of each of the Target Companies as at the Reference Date;
- (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 for and Benefits of the Transactions” below;
- (iv) the cash flow position of the Target Companies as at the Reference Date; and
- (v) (Applicable to Heqing Xinhua and Menghai GCL only)

The following factors have been considered in determining the negative consideration of Heqing Xinhua and Menghai GCL:

(a) Weak cash flow and high indebtedness position

The negative consideration for Heqing Xinhua and Menghai GCL were mainly attributable to their weak cash flow and high indebtedness position as set out below:

- (i) Heqing Xinhua and Menghai GCL recorded a total net cash outflow (excluding financing of shareholders' loan) of approximately RMB79 million for the year ended 31 December 2019 and approximately RMB1 million for the year ended 31 December 2020;
- (ii) As at 31 December 2020, the total bank balances and cash of Heqing Xinhua and Menghai GCL is approximately RMB3 million; and
- (iii) As at 31 December 2020, the total outstanding indebtedness of Heqing Xinhua and Menghai GCL (including bank loans and construction payables but excluding shareholder's loan of RMB251 million) amounted to approximately RMB146 million, amongst which approximately RMB23 million will be repayable by Heqing Xinhua and Menghai GCL within one year.

Considering the abovementioned factors, Heqing Xinhua and Menghai GCL will not be able to repay their outstanding indebtedness in the near future without the provision of further funding by the GCL-Poly Group and the GNE Group.

As such, upon the completion of the disposal of Heqing Xinhua and Menghai GCL to Guizhou West Power, the GCL-Poly Group and the GNE Group will be able to shift their funding commitment to Heqing Xinhua and Menghai GCL to Guizhou West Power, while being able to receive net cash proceeds of approximately RMB227 million from the disposal of Heqing Xinhua and Menghai GCL after netting off the relevant initial amount payable receivable by Suzhou GCL New Energy amounting to approximately RMB251 million against the total negative consideration of Heqing Xinhua and Menghai GCL amounting to approximately RMB24 million. This presents a good opportunity for the GCL-Poly Group and the GNE Group (i) to recoup their capital investments in Heqing Xinhua and Menghai GCL, (ii) to relieve the GCL-Poly Group and the GNE Group from their funding commitment to Heqing Xinhua and Menghai GCL in the form of shareholders' loans and (iii) to use the net cash proceeds for repayment of debts of the GCL-Poly Group and the GNE Group which will further lower the gearing ratio, finance cost and debt scale of the GCL-Poly Group and the GNE Group as a whole.

(b) Loss making and/or low profit margin

For the year ended 31 December 2020, the average gross profit margin of Heqing Xinhua and Menghai GCL is approximately 38%, which is relatively lower than the GNE Group's average of 64% and the industrial average of 60% to 70%. Heqing Xinhua and Menghai GCL have relatively low profit margin because of the following reasons:

- (i) While the total capacity of the solar power plants operated by Heqing Xinhua and Menghai GCL as stated in the construction filings with the relevant PRC government authorities was 130MW, and related infrastructure such as booster station and distribution lines were designed and constructed with an aggregate capacity of 130MW, Heqing Xinhua and Menghai GCL only completed the construction and on-grid connection of solar power plant projects of approximately 47MW, 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; and
- (ii) Heqing Xinhua and Menghai GCL were required to pay one-off cultivated land occupation tax and land rent of approximately RMB211 million during the initial development stage of their solar power plant projects. As such, Heqing Xinhua and Menghai GCL incurred a higher initial investment cost which is mainly funded by external financing, and led to their high amount of outstanding indebtedness and finance cost, which further lower the profitability of Heqing Xinhua and Menghai GCL.

Together with all of the abovementioned factors, it is undesirable for Guizhou West Power to acquire Heqing Xinhua and Menghai GCL on a standalone basis. Therefore, the First Phase Disposals involved the bundling of the disposal of solar power plants operated by the other target companies to be disposed under the First Phase Disposals with the solar power plants operated by Heqing Xinhua and Menghai GCL and a negative consideration has been agreed for the disposals of Heqing Xinhua and Menghai GCL.

Payment Arrangements of the Consideration

Taking into account the negative consideration under the Heqing Xinhua Share Purchase Agreement and Menghai GCL Share Purchase Agreement, which will be set off against the Amount Payable payable by Guizhou West Power on behalf of Heqing Xinhua and Menghai GCL to Suzhou GCL New Energy under the Heqing Xinhua Share Purchase Agreement and

Menghai GCL Share Purchase Agreement, the aggregate Consideration under each of the First Phase Share Purchase Agreements shall be paid by the Purchaser to the respective Seller in the following manner:

No.	First Phase Share Purchase Agreements	First Instalment RMB	Second Instalment RMB
I	Honghe Xian Ruixin Share Purchase Agreement	44,760,000	29,840,000
II	Kunming Xufeng Share Purchase Agreement	39,120,000	26,080,000
III	Luquan GCL Share Purchase Agreement	37,440,000	24,960,000
IV	Yuanmou Green Power Share Purchase Agreement	19,056,000	12,704,000
V	Heqing Xinhua Share Purchase Agreement	N/A	N/A
VI	Menghai GCL Share Purchase Agreement	N/A	N/A
VII	Yuxi Zhongtai Share Purchase Agreement	<u>5,460,000</u>	<u>3,640,000</u>
Total		<u>145,836,000</u>	<u>97,224,000</u>

First instalment
(Applicable to all Target Companies except Heqing Xinhua and Menghai GCL)

The Purchaser shall pay a total of RMB145,836,000 (the “**First Instalment**”) to the Sellers within seven Business Days after the fulfilment of the following conditions:

- (a) the First Phase Share Purchase Agreements have become effective;
- (b) the delivery and handover of the corporate and statutory documents of the respective Target Company specified in the First Phase Share Purchase Agreements have been completed; and
- (c) the Purchaser has received the valid invoice from the respective Seller stating the amount of First Instalment payable by the Purchaser.

Second instalment
(Applicable to all Target Companies except Heqing Xinhua and Menghai GCL)

The Purchaser shall pay a total of RMB97,224,000 (the “**Second Instalment**”) to the Sellers within seven Business Days after the Closing Date and upon receiving the valid invoice from the respective Seller stating the amount of Second Instalment payable by the Purchaser.

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:

No.	First Phase Share Purchase Agreements	Amount Payable RMB
I	Honghe Xian Ruixin Share Purchase Agreement	41,099,207
II	Kunming Xufeng Share Purchase Agreement	53,581,868
III	Luquan GCL Share Purchase Agreement	4,989,545
IV	Yuanmou Green Power Share Purchase Agreement	166,607,427
V	Heqing Xinhua Share Purchase Agreement	75,236,629 ^(Note)
VI	Menghai GCL Share Purchase Agreement	151,761,569 ^(Note)
VII	Yuxi Zhongtai Share Purchase Agreement	44,876,772
Total		538,153,017 ^(Note)

Note:

The initial Amount Payable receivable by Suzhou GCL New Energy under the Heqing Xinhua Share Purchase Agreement and Menghai GCL Share Purchase Agreement were RMB95,636,629 and RMB155,461,569, respectively, which will be set off against the negative consideration under the Heqing Xinhua Share Purchase Agreement and Menghai GCL Share Purchase Agreement. After the aforementioned set-off, the actual Amount Payable receivable by Suzhou GCL New Energy under Heqing Xinhua Share Purchase Agreement and Menghai GCL Share Purchase Agreement will be RMB75,236,629 and RMB151,761,569, respectively.

The Purchaser shall repay on behalf of the Target Companies the actual Total Amount Payable, which shall be determined in accordance with the Closing Audit Report, in full within one month after the completion of the Registration Procedures.

Other Undertakings by the Sellers

The Sellers agreed to be subject to, including but not limited to, the following undertakings and shall be responsible for the relevant expenses incurred:

- (i) all necessary procedures and relevant authorisations in relation to the First Phase Disposals have been performed and obtained;
- (ii) all the relevant approvals, licenses, permits and qualifications for the business operation of the Target Companies have been obtained legally and effectively;

- (iii) the Target Companies have no material violations of laws and regulations and contingent risks. The Sellers shall be responsible for all administrative penalties, litigation costs and expenses, and relevant losses of the Target Companies resulting from any event occurred before the Closing Date or non-disclosure of material events or liabilities to the Purchaser; and
- (iv) the Sellers shall cooperate with the Purchaser and the Target Companies to release the existing pledge on the equity of the Target Companies.

Other Undertakings by the Purchaser

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

- (i) the Purchaser shall cooperate with the Sellers and the Target Companies to release the existing pledge on the equity of the Target Companies;
- (ii) all necessary procedures and relevant authorisations in relation to the First Phase Disposals have been performed and obtained;
- (iii) if the Target Companies incur any loss resulting from any act of the Purchaser after the delivery and handover of the corporate statutory documents of the Target Companies from the Sellers, the Purchaser shall be responsible for the relevant loss incurred; and
- (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 respective Seller or their respective affiliates from the existing guarantees (if any) related to the Target Companies.

Transition Period Arrangement

During the Transition Period, the Sellers and the Purchaser agreed to be subject to, including but not limited to, the following arrangements:

- (i) profit or loss of the Target Companies during the Transition Period shall be enjoyed or borne by the Purchaser; and
- (ii) the Target Companies shall not take various actions, such as payment of dividend, specified in the First Phase Share Purchase Agreements during the Transition Period before obtaining the written consent from the Purchaser.

Closing

The Purchaser and the Sellers shall strive to complete with the Registration Procedures within 30 Business Days after receiving the First Instalment from the Purchaser and upon the approval by the board of directors or the shareholders (if required) of each of GNE and GCL-Poly in respect of the entering of the First Phase Share Purchase Agreements and the Transactions.

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.

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 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 incorporated 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.

Yunnan GCL New Energy

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

4. INFORMATION ON THE PURCHASER

Guizhou West Power is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of State Power Investment Corporation Guizhou Jinyuan Co., Ltd.* (國家電投集團貴州金元股份有限公司) (“**SPIC Guizhou Jinyuan**”). As confirmed by Guizhou West Power, SPIC Guizhou Jinyuan is (i) indirectly wholly-owned as to approximately 68.05% by the 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), (ii) indirectly wholly-owned as to approximately 25.21% by the State-owned Assets Supervision and Administration Commission of Guizhou Provincial People’s Government* (貴州省人民政府國有資產監督管理委員會) and (iii) directly owned as to 6.74% by other shareholders who are natural person, amongst which, no individual shareholder owned over 1% equity interest in Guizhou West Power. Guizhou West Power is principally engaged in the new energy photovoltaic power generation and renewable hydropower business in the PRC.

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		
No.	Purchase Agreements	Information on the Target Companies
I	Honghe Xian Ruixin Share Purchase Agreement	Honghe Xian Ruixin is a company incorporated in the PRC with limited liability, which is directly wholly-owned by Yunnan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE. Honghe Xian Ruixin is principally engaged in the operation of solar power plants in the PRC.
II	Kunming Xufeng Share Purchase Agreement	Kunming Xufeng is a company incorporated in the PRC with limited liability, which is directly wholly-owned by Yunnan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE. Kunming Xufeng is principally engaged in the operation of solar power plants in the PRC.

First Phase Share		
No.	Purchase Agreements	Information on the Target Companies
III	Luquan GCL Share Purchase Agreement	Luquan GCL is a company incorporated in the PRC with limited liability, which is directly wholly-owned by Yunnan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE. Luquan GCL is principally engaged in the operation of solar power plants in the PRC.
IV	Yuanmou Green Power Share Purchase Agreement	Yuanmou Green Power is a company incorporated in the PRC with limited liability, which is directly owned as to 80% equity interest by Suzhou GCL New Energy and 20% by Kunming Rongcui Investment Co., Ltd. * (昆明容翠投资有限公司), an independent third party to GCL-Poly and GNE, respectively and an indirect subsidiary of GCL-Poly and GNE. Yuanmou Green Power is principally engaged in the operation of solar power plants in the PRC.
V	Heqing Xinhua Share Purchase Agreement	Heqing Xinhua is a company incorporated 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. Heqing Xinhua is principally engaged in the operation of solar power plants in the PRC.
VI	Menghai GCL Share Purchase Agreement	Menghai GCL is a company incorporated 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. Menghai GCL is principally engaged in the operation of solar power plants in the PRC.
VII	Yuxi Zhongtai Share Purchase Agreement	Yuxi Zhongtai is a company incorporated in the PRC with limited liability, which is directly wholly-owned by Yunnan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE. Yuxi Zhongtai 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 financial year ended 31 December 2020 of each of the Target Companies prepared in accordance with China Accounting Standards:

		For the year ended 31 December			
		2020		2019	
First Phase Share Purchase Agreements	Target Companies	Profit		Profit	
		before taxation	Profit after taxation	before taxation	Profit after taxation
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
I	Honghe Xian Ruixin	8,527,352	8,527,352	11,297,050	11,297,050
II	Kunming Xufeng	10,754,293	10,754,293	2,262,485	2,262,485
III	Luquan GCL	6,611,121	6,611,121	9,020,284	9,020,284
IV	Yuanmou Green Power	15,624,682	14,594,158	14,007,104	12,920,723
V	Heqing Xinhua	5,002,831	5,002,831	4,733,213	4,733,213
VI	Menghai GCL	(2,201,927)	(2,196,405)	4,974,398	4,941,720
VII	Yuxi Zhongtai	781,072	781,072	2,413,316	2,413,316

As at 31 December 2019 and the Reference Date (i.e. 31 December 2020), the audited net assets of the Target Companies amounted to approximately RMB363,894,345 and approximately RMB354,124,291, respectively.

6. FINANCIAL IMPACT OF THE DISPOSALS

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 RMB116,896,161 and such loss is calculated with reference to the difference between the aggregate Consideration of approximately RMB218,960,000 and the net asset value attributed to the disposed Sale Shares based on the audited financial statements of the Target Companies as at the Reference Date of approximately RMB335,856,161, after deducting related transaction costs. The net loss mainly arose from the negative consideration of Heqing Xinhua and Menghai GCL due to the factors set out in paragraph (v) of the section headed “Basis of the Consideration” above. 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 DISPOSALS

The net cash proceeds from the Transactions (including the Consideration and the Total Amount Payable as at the Reference Date by the Target Companies) is expected to be approximately RMB781,213,017, which GNE intends to use for repayment of its debts.

8. REASONS FOR AND BENEFITS OF THE DISPOSALS

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 RMB1,204,720,000. Meanwhile, the cash derived from the Transactions amounting to approximately RMB781,213,017 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 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 Guizhou West Power to achieve an asset-light model. After entering into the Transactions, the GNE Group and Guizhou West Power 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 Guizhou West Power are proactively promoting the aforementioned cooperation, and plan to reach and execute more agreements in relation to disposals or 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. PREVIOUS DE MINIMIS AGREEMENTS

The principal terms of the Previous De Minimis Agreements are set out below:

Date:	21 May 2021
Parties:	The Seller: Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司) The Purchaser: Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司)
Subject Matter:	The entire equity interest in Anlong Maoan and Haifeng GCL
Consideration:	RMB82,264,000
Basis of consideration:	The consideration under the Previous De Minimis Agreements was determined after arm's length negotiations between Suzhou GCL New Energy and the Purchaser, having taken into account of, among other things, the net asset value of Anlong Maoan and Haifeng GCL as at 31 December 2020.
Payment arrangements of the consideration:	The Purchaser shall pay Suzhou GCL New Energy: (i) the first instalment of RMB49,350,000 in aggregate, within seven Business Days following (a) the signing of the Previous De Minimis Agreements, (b) the delivery and handover of the corporate and statutory documents of the respective target company, and (c) receipt of the relevant receipt from Suzhou GCL New Energy; and (ii) the balance of the consideration, i.e. RMB32,914,000 in aggregate, within seven Business Days after the closing date under the Previous De Minimis Agreements and upon receiving the relevant receipt from Suzhou GCL New Energy.

Upon completion of the Previous De Minimis Disposals, Anlong Maoan and Haifeng GCL will cease to be subsidiaries of GNE and GCL-Poly and the financial results of Anlong Maoan and Haifeng GCL will no longer be consolidated into the financial statements of GNE and GCL-Poly.

10. LISTING RULES IMPLICATIONS

GCL-Poly

As the Sellers, being the indirect subsidiaries of GCL-Poly, entered into the Previous De Minimis Agreements and the First Phase Share Purchase Agreements with Guizhou West Power within a 12-month period, the Previous De Minimis Disposals and the First Phase Disposals 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 Disposals exceeds 5% but is less than 25%, the entering into of the First Phase Disposals constitutes a discloseable transaction for GCL-Poly and it shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GNE

As the Sellers, being the indirect subsidiaries of GNE, entered into the Previous De Minimis Agreements and the First Phase Share Purchase Agreements with Guizhou West Power within a 12-month period, the Previous De Minimis Disposals and the First Phase Disposals 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 First 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.

11. 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.

12. DEFINITIONS

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

“affiliates” for the purpose of the joint announcement, means affiliates of each of the Target Companies, which shall include Suzhou GCL New Energy and Yunnan GCL New Energy

“Amount Payable”	the amount payable by each of the Target Companies to the Sellers and their 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
“Anlong Maoan”	Anlong Maoan New Energy Development Company Limited* (安龍縣茂安新能源發展有限公司), 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
“Anlong Maoan Share Purchase Agreement”	an equity transfer agreement dated 21 May 2021 entered into between Suzhou GCL New Energy and Guizhou West Power in relation to the sale of the entire equity interest in Anlong Maoan
“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 First Phase Disposals 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 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
“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 First Phase Disposals
“Disposals”	the Previous De Minimis Disposals and the First Phase Disposals

“First Phase Disposals”	the proposed disposals of 80% equity interest in Yuanmou Green Power and the entire equity interest in each of Honghe Xian Ruixin, Kunming Xufeng, Luquan GCL, Heqing Xinhua, Menghai GCL and Yuxi Zhongtai by Suzhou GCL New Energy and Yunnan GCL New Energy to Guizhou West Power as contemplated under the First Phase Share Purchase Agreements
“First Phase Share Purchase Agreements”	Honghe Xian Ruixin Share Purchase Agreement, Kunming Xufeng Share Purchase Agreement, Luquan GCL Share Purchase Agreement, Yuanmou Green Power Share Purchase Agreement, Heqing Xinhua Share Purchase Agreement, Menghai GCL Share Purchase Agreement and Yuxi Zhongtai 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, 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

“Guizhou West Power” or “Purchaser”	Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司), a company established in the PRC with limited liability and an independent third party to GCL-Poly and GNE
“Haifeng GCL”	Haifeng County GCL Solar Power Co., Ltd.* (海豐縣協鑫光伏電力有限公司), 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
“Haifeng GCL Share Purchase Agreement”	an equity transfer agreement dated 21 May 2021 entered into between Suzhou GCL New Energy and Guizhou West Power in relation to the sale of the entire equity interest in Haifeng GCL
“Heqing Xinhua”	Heqing Xinhua Photovoltaic Power Co., Ltd. (鶴慶鑫華光伏發電有限公司), 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
“Heqing Xinhua Share Purchase Agreement”	an equity transfer agreement dated 25 June 2021 entered into between Suzhou GCL New Energy and Guizhou West Power in relation to the sale of the entire equity interest in Heqing Xinhua
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Honghe Xian Ruixin”	Honghe Xian Ruixin Photovoltaic Power Generation Company Limited* (紅河縣瑞欣光伏發電有限公司), a company established in the PRC with limited liability, which is wholly-owned by Yunnan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Honghe Xian Ruixin Share Purchase Agreement”	an equity transfer agreement dated 25 June 2021 entered into between Yunnan GCL New Energy and Guizhou West Power in relation to the sale of the entire equity interest in Honghe Xian Ruixin

“Kunming Xufeng”	Kunming Xufeng Photovoltaic Power Generation Company Limited* (昆明旭峰光伏發電有限公司), a company established in the PRC with limited liability, which is wholly-owned by Yunnan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Kunming Xufeng Share Purchase Agreement”	an equity transfer agreement dated 25 June 2021 entered into between Yunnan GCL New Energy and Guizhou West Power in relation to the sale of the entire equity interest in Kunming Xufeng
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luquan GCL”	Luquan GCL Photovoltaic Power Co., Ltd.* (祿勸協鑫光伏發電有限公司), a company established in the PRC with limited liability, which is wholly-owned by Yunnan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Luquan GCL Share Purchase Agreement”	an equity transfer agreement dated 25 June 2021 entered into between Yunnan GCL New Energy and Guizhou West Power in relation to the sale of the entire equity interest in Luquan GCL
“Menghai GCL”	Menghai GCL Solar Agricultural Power Co., Ltd.* (勐海協鑫光伏農業電力有限公司), 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
“Menghai GCL Share Purchase Agreement”	an equity transfer agreement dated 25 June 2021 entered into between Suzhou GCL New Energy and Guizhou West Power in relation to the sale of the entire equity interest in Menghai GCL
“MW”	megawatt(s)
“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

“Previous De Minimis Agreements”	Anlong Maoan Share Purchase Agreement and Haifeng GCL Share Purchase Agreement
“Previous De Minimis Disposals”	the disposal of the entire equity interest in each of Anlong Maoan and Haifeng GCL by Suzhou GCL New Energy to Guizhou West Power as contemplated under the Previous De Minimis Agreements
“Reference Date”	31 December 2020
“Registration Procedures”	the registration procedures in respect of the change of shareholders of the respective Target Company and other relevant filing procedures in respect of the First Phase Disposals in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	80% equity interest in Yuanmou Green Power and the entire equity interest in each of Honghe Xian Ruixin, Kunming Xufeng, Luquan GCL, Heqing Xinhua, Menghai GCL and Yuxi Zhongtai
“Seller(s)”	Suzhou GCL New Energy and Yunnan GCL New Energy
“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 as at the date of this joint announcement
“Target Company(ies)”	Honghe Xian Ruixin, Kunming Xufeng, Luquan GCL, Yuanmou Green Power, Heqing Xinhua, Menghai GCL and Yuxi Zhongtai
“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

“Yuanmou Green Power”	Yuanmou Green Power New Energy Development Limited* (元謀綠電新能源開發有限公司) is a company incorporated in the PRC with limited liability, which is directly owned as to 80% by Suzhou GCL New Energy and 20% by Kunming Rongcui Investment Co., Ltd.* (昆明容翠投資有限公司), 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
“Yuanmou Green Power Share Purchase Agreement”	an equity transfer agreement dated 25 June 2021 entered into between Suzhou GCL New Energy and Guizhou West Power in relation to the sale of 80% equity interest in Yuanmou Green Power
“Yuxi Zhongtai”	Yuxi Zhongtai New Energy Technology Co., Ltd.* (玉溪市太新能源科技有限公司), a company established in the PRC with limited liability, which is wholly-owned by Yunnan GCL New Energy and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Yuxi Zhongtai Share Purchase Agreement”	an equity transfer agreement dated 25 June 2021 entered into between Yunnan GCL New Energy and Guizhou West Power in relation to the sale of the entire equity interest in Yuxi Zhongtai
“Yunnan GCL New Energy”	Yunnan GCL New Energy Co., Ltd.* (雲南協鑫新能源有限公司), 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

“%”

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, 25 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.