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)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF SUBSIDIARY AND PROFIT WARNING

DISPOSAL OF SUBSIDIARY

The Board is pleased to announce that, on 28 December 2018 (after trading hours), Suzhou GCL Photovoltaic Technologies Co., Ltd.* ("**Suzhou GCL Photovoltaic**"), a non-wholly owned subsidiary of the Company, entered into the Suzhou Kezhun Share Purchase Agreement for the sale of the entire issued share capital of Suzhou Kezhun Photovoltaic Technologies Co., Ltd.* ("**Suzhou Kezhun**") to Liaoning Huajun Asset Management Co., Ltd.* (the "**Purchaser**") for a purchase price of RMB850,000,000 (equivalent to approximately HK$970,098,000) (the "**Disposal**").

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Group and its connected persons.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company's technical transformation of diamond-wire sawing polysilicon wafers was completed at the end of 2017, and it has been proved in experiments that diamond-wire sawing technology has the following advantages when compared with the traditional sawing technology:

(a) efficient slicing — slicing efficiency is improved when compared with traditional slicing technology using free abrasive materials;

(b) yield rate increased — precision of silicon wafer slicing is stabilised, and metamorphic layers are reduced during the production;

(c) reduction in comprehensive costs — the comprehensive costs are reduced when compared with traditional processes; and

(d) energy saving and environmentally-friendly — the amount of waste wire saws and mortar produced during the process has been dramatically reduced as slicing mortar can be recycled and slicing powder is convenient for recycling.

As a result of the enhanced production efficiency brought from the diamond-wire sawing technology, the Company is able to maintain the production capacity with fewer wafer manufacturing facilities.

Moreover, as disclosed in the Company's announcement dated 27 October 2018, the polysilicon production plant in Xinjiang Uyghur Autonomous Region, the PRC has officially commenced trial production and the production capacity of the newly-built facilities is 60,000 tonnes. With the low electricity cost in Xinjiang Uyghur Autonomous Region, the Company's polysilicon base in Xinjiang Uyghur Autonomous Region may become the world's leading low-cost, high-quality polysilicon production base.

Therefore, with the continuous technological and production improvement of the wafer manufacturing facilities, the production cost of wafer is expected to further decrease in the future. In addition, after years of research, the utilisation of mono-like technology has been developed and mono-like wafer with higher cost-performance value will be launched next year. Considering the effects of enhancing wafer production efficiency, the mono-like wafer with higher cost-performance value and the lower polysilicon production cost from the polysilicon base in Xinjiang Uyghur Autonomous Region, it is expected that the profitability of the Company will greatly improve next year.

With cost-cutting being a continuous goal, the Company is focused on shifting production facilities from high-cost locations to low-cost locations. As Suzhou Kezhun locates in a high-cost location, the shifting of its production capacity to a low-cost location will improve the overall profitability of the Company. In addition, the Company considers the Disposal to be a good opportunity for the Company to realise part of its investment given that the Disposal will be made at a gain. Moreover, with reference to the prevailing market conditions and the fact that the proceeds from the Disposal will strengthen the financial position of the Group and enhance its cashflow, the Directors consider now a good time for the Disposal.

Based on the above, the Directors are of the view that the terms of the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE DISPOSAL

The Company intends to use the net proceeds from the Disposal for working capital purposes.

LISTING RULES IMPLICATIONS

Since the highest of the applicable percentage ratios in respect of the amount of the Disposal is more than 5% but less than 25%, the entering into of the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the Shareholders and potential investors that based on a preliminary review of the unaudited consolidated management accounts of the Group and other information currently available to the Group, the Group has recorded a consolidated loss attributable to owners of the Company of approximately RMB534,000,000 (equivalent to approximately HK$609,450,000) for the ten months ended 31 October 2018. Despite the Group currently expecting to record a gain arising from the Disposal of approximately RMB446,000,000 (equivalent to approximately HK$509,016,000) upon the Suzhou Kezhun Closing, since the completion of the Disposal will take place after 31 October 2018, the financial effect of the Disposal could not be reflected in the consolidated loss attributable to owners of the Company recorded by the Group for the ten months ended 31 October 2018. The consolidated profit attributable to owners of the Company for the year ended 31 December 2017 was approximately RMB1,974,000,000 (equivalent to approximately HK$2,252,910,000). It is expected that the operating performance of the Group for the year ending 31 December 2018 will substantially decline as compared with that of 2017. However, the management of the Group has implemented a series of measures which will improve the operating performance of the Group for the subsequent year:

1. Technical research and development: (a) the technical transformation of diamond-wire sawing wafers completed at the end of 2017 will enhance the production efficiency and enable further upgrade of the existing sawing facilities which is expected to be finished in the first quarter of 2019; (b) after years of research, the utilisation of mono-like technology has been developed and the production in batches is currently in process. It is expected that mono-like wafer with higher cost-performance value will be launched next year.

2. New plant commencing production: the polysilicon production plant in Xinjiang Uyghur Autonomous Region has officially commenced trial production and the production capacity of the newly-built facilities is 60,000 tonnes. With the low electricity cost in Xinjiang Uyghur Autonomous Region, the Company's Xinjiang Uyghur Autonomous Region polysilicon base may become the world's leading low-cost, high-quality polysilicon production base. Meanwhile, monosilicon project joint-ventured by the Group and Tianjin Zhonghuan Semiconductor Co., Ltd.* has commenced production and it is expected to launch high-quality silicon wafers in large scale. The productions commenced for the two new projects will become the major sources of profit for the Group in 2019.

3. In respect of asset and equity structure optimisation, the Group improved its asset liquidity and reduced its costs and expenses through selling redundant wafer manufacturing capacity, such as the Disposal. Meanwhile, the Group is progressively implementing the asset and equity disposal program of the Xuzhou manufacturing base to stably, healthily and properly dispose its idle assets and substantially reduce the electricity costs in relation to molding in the Xuzhou manufacturing base. Such measures shall enhance the Group's asset efficiency and profitability.

Based on the above, with the commencement of the Group's new projects, the relocation of capacity to low-cost regions, the improvement of existing wafer manufacturing facilities and mono-like technology as well as asset disposals, together with the steady implementation of the asset and equity disposal program, it is expected that the profitability of the Group's principal business and gearing ratio will be substantially improved.

The operating performance of the Group for the Period has been adversely affected by, among other factors:

(a) the decline in the selling price of wafer; and

(b) the increase in finance costs and exchange loss.

The information contained in this announcement is based on a preliminary review of the unaudited consolidated management accounts of the Group and other information currently available to the Group, which has not been audited or reviewed by the independent auditor of the Company or the audit committee of the Company. Such information will be subject to finalisation and necessary adjustments.

The audited consolidated financial results of the Group for the year ending 31 December 2018 is expected to be published in March 2019.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

1. INTRODUCTION

The Board is pleased to announce that, on 28 December 2018 (after trading hours), Suzhou GCL Photovoltaic (a non-wholly owned subsidiary of the Company) entered into the Suzhou Kezhun Share Purchase Agreement with the Purchaser.

2. PRINCIPAL TERMS OF THE SUZHOU KEZHUN SHARE PURCHASE AGREEMENT

The principal terms of the Suzhou Kezhun Share Purchase Agreement are set out below.

Date

28 December 2018 (after trading hours)

Parties

(i) The Seller: Suzhou GCL Photovoltaic Technologies Co., Ltd.*

(ii) The Purchaser: Liaoning Huajun Asset Management Co., Ltd.*

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Group and its connected persons.

Subject Matter

Suzhou GCL Photovoltaic has agreed to sell and the Purchaser has agreed to purchase the entire issued share capital of Suzhou Kezhun.

Consideration

The purchase price will be RMB850,000,000 (equivalent to approximately HK$970,098,000) (the "**Suzhou Kezhun Purchase Price**"), which shall be paid by the Purchaser to Suzhou GCL Photovoltaic in the following manner:

(i) RMB297,500,000 (equivalent to approximately HK$339,534,000), being 35% of the Suzhou Kezhun Purchase Price, on or before 31 January 2019 (the "**Suzhou Kezhun First Instalment**");

(ii) RMB170,000,000 (equivalent to approximately HK$194,020,000), being 20% of the Suzhou Kezhun Purchase Price, on or before 31 December 2019;

(iii) RMB170,000,000 (equivalent to approximately HK$194,020,000), being 20% of the Suzhou Kezhun Purchase Price, on or before 31 December 2020; and

(iv) RMB212,500,000 (equivalent to approximately HK$242,524,000), being 25% of the Suzhou Kezhun Purchase Price, on or before 30 June 2021.

Basis of the Consideration

The Suzhou Kezhun Purchase Price was determined after arm's length negotiations between the Company and the Purchaser taking into account, *inter alia*, the net asset value of Suzhou Kezhun.

Closing

Closing shall take place on the date of the Purchaser's payment of the Suzhou Kezhun First Instalment, which must be settled on or before 31 January 2019 (the "**Suzhou Kezhun Closing**").

Share Pledge

On the record date as disclosed on the industrial and commercial registration, Suzhou GCL Photovoltaic and the Purchaser will enter into the Suzhou Kezhun Share Pledge Agreement pursuant to which the Purchaser shall pledge 65% of its equity interest in Suzhou Kezhun to Suzhou GCL Photovoltaic as security for the payment of RMB552,500,000 (equivalent to approximately HK$630,564,000), being the balance of the Suzhou Kezhun Purchase Price.

The share pledge pursuant to the Suzhou Kezhun Share Pledge Agreement shall only be discharged when both parties have discharged their respective obligations under Suzhou Kezhun Share Purchase Agreement.

3. FINANCIAL EFFECTS OF THE DISPOSAL

Immediately after the Suzhou Kezhun Closing, Suzhou Kezhun will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the Group's financial statements.

Subject to the review of the Company's auditor, based on (i) the unaudited net asset value of Suzhou Kezhun of approximately RMB150,000,000 (equivalent to approximately HK$171,194,000) as at 25 December 2018; and (ii) the Suzhou Kezhun Purchase Price of RMB850,000,000 (equivalent to approximately HK$970,098,000), the Group currently expects to record a gain arising from the Disposal of approximately RMB446,000,000 (equivalent to approximately HK$509,016,000) upon the Suzhou Kezhun Closing.

4. USE OF PROCEEDS FROM THE DISPOSAL

The Company intends to use the net proceeds from the Disposal for working capital purposes.

5. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company's technical transformation of diamond-wire sawing polysilicon wafers was completed at the end of 2017, and it has been proved in experiments that diamond-wire sawing technology has the following advantages when compared with the traditional sawing technology:

(a) efficient slicing — slicing efficiency is improved when compared with traditional slicing technology using free abrasive materials;

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As a result of the enhanced production efficiency brought from the diamond-wire sawing technology, the Company is able to maintain the production capacity with fewer wafer manufacturing facilities.

Moreover, as disclosed in the Company's announcement dated 27 October 2018, the polysilicon production plant in Xinjiang Uyghur Autonomous Region, the PRC has officially commenced trial production and the production capacity of the newly-built facilities is 60,000 tonnes. With the low electricity cost in Xinjiang Uyghur Autonomous Region, the Company's polysilicon base in Xinjiang Uyghur Autonomous Region may become the world's leading low-cost, high-quality polysilicon production base.

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With cost-cutting being a continuous goal, the Company is focused on shifting production facilities from high-cost locations to low-cost locations. As Suzhou Kezhun is in a high-cost location, the shifting of its production capacity to a low-cost location will improve the overall profitability of the Company. In addition, the Company considers the Disposal to be a good opportunity for the Company to realise part of its investment given that the Disposal will be made at a gain. Moreover, with reference to the prevailing market conditions and the fact that the proceeds from the Disposal will strengthen the financial position of the Group and enhance its cashflow, the Directors consider now a good time for the Disposal.

Based on the above, the Directors are of the view that the terms of the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. INFORMATION ABOUT THE TARGET COMPANY

Suzhou Kezhun is a company incorporated in the PRC with limited liability on 29 November 2018 and is engaged in the production of wafer.

Set out below are the unaudited results of Suzhou Kezhun for the period starting from the 29 November 2018 to 25 December 2018 prepared under the general accepted accounting principles in the PRC:

	From 29 November 2018 to 25 December 2018 *(RMB)*
Turnover	Nil
Loss before tax	184,000
Loss after tax	184,000

7. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the PRC with limited liability and is principally engaged in asset management, project investment, equity investment, investment advisory and intermediary services.

8. INFORMATION ON THE COMPANY AND THE SELLERS

The Company

The Company is an investment company and its subsidiaries are principally engaged in the manufacturing and sale of polysilicon and wafers products, and developing, owning and operation of solar farms.

Suzhou GCL Photovoltaic

Suzhou GCL Photovoltaic is a company incorporated in the PRC and a non-wholly owned subsidiary of the Company. It is principally engaged in the business of manufacturing and sale of wafer.

9. LISTING RULES IMPLICATIONS

Since the highest of the applicable percentage ratios in respect of the amount of the Disposal is more than 5% but less than 25%, the entering into of the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

10. PROFIT WARNING

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The Board wishes to inform the Shareholders and potential investors that based on a preliminary review of the unaudited consolidated management accounts of the Group and other information currently available to the Group, the Group has recorded a consolidated loss attributable to owners of the Company of approximately RMB534,000,000 (equivalent to approximately HK$609,450,000) for the ten months ended 31 October 2018. Despite the Group currently expecting to record a gain arising from the Disposal of approximately RMB446,000,000 (equivalent to approximately HK$509,016,000) upon the Suzhou Kezhun Closing, since the completion of the Disposal will take place after 31 October 2018, the financial effect of the Disposal could not be reflected in the consolidated loss attributable to owners of the Company recorded by the Group for the ten months ended 31 October 2018. The consolidated profit attributable to owners of the Company for the year ended 31 December 2017 was approximately RMB1,974,000,000 (equivalent to approximately HK$2,252,910,000). It is expected that the operating performance of the Group for the year ending 31 December 2018 will substantially decline as compared with that of 2017. However, the management of the Group has implemented a series of measures which will improve the operating performance of the Group for the subsequent year:

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3. In respect of asset and equity structure optimisation, the Group improved its asset liquidity and reduced its costs and expenses through selling redundant wafer manufacturing capacity, such as the Disposal. Meanwhile, the Group is progressively implementing the asset and equity disposal program of the Xuzhou manufacturing base to stably, healthily and properly dispose its idle assets and substantially reduce the electricity costs in relation to molding in the Xuzhou manufacturing base. Such measures shall enhance the Group's asset efficiency and profitability.

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The operating performance of the Group for the Period has been adversely affected by, among other factors:

(a) the decline in the selling price of wafer; and

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The information contained in this announcement is based on a preliminary review of the unaudited consolidated management accounts of the Group and other information currently available to the Group, which has not been audited or reviewed by the independent auditor of the Company or the audit committee of the Company. Such information will be subject to finalisation and necessary adjustments.

The audited consolidated financial results of the Group for the year ending 31 December 2018 is expected to be published in March 2019.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

11. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of Directors of the Company
"Company"	GCL-Poly Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange with stock code 3800

"connected person(s)"	has the meaning given to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Disposal"	the transaction contemplated under the Suzhou Kezhun Share Purchase Agreement
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Inside Information Provisions"	as defined under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Period"	the ten months ended 31 October 2018
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Purchaser"	Liaoning Huajun Asset Management Co., Ltd.* (遼寧華君資產管理有限公司), a company incorporated in the PRC with limited liability and is ultimately beneficially owned by Mr. Meng Guangbao (孟廣寶)
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholders"	the shareholders of the Company
"subsidiary"	has the meaning given to it under the Listing Rules
"Suzhou GCL Photovoltaic"	Suzhou GCL Photovoltaic Technologies Co., Ltd* (蘇州協鑫光伏科技有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company
"Suzhou Kezhun"	Suzhou Kezhun Photovoltaic Technologies Co., Ltd.* (蘇州客准光伏科技有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company

"Suzhou Kezhun Closing"	closing of the Suzhou Kenzhun Share Purchase Agreement, being the date of the Purchaser's payment of the Suzhou Kezhun First Instalment
"Suzhou Kezhun First Instalment"	the first instalment of the Suzhou Kezhun Purchase Price to be paid by the Purchaser to Suzhou GCL Photovoltaic
"Suzhou Kezhun Purchase Price"	the purchase price of Suzhou Kezhun pursuant to the Suzhou Kezhun Share Purchase Agreement
"Suzhou Kezhun Share Pledge Agreement"	the agreement to be entered into between Suzhou GCL Photovoltaic and the Purchaser on the record date as disclosed on the industrial and commercial registration pursuant to which the Purchaser has agreed to pledge 65% of its equity interest in Suzhou Kezhun to Suzhou GCL Photovoltaic
"Suzhou Kezhun Share Purchase Agreement"	the agreement dated 28 December 2018 entered into between Suzhou GCL Photovoltaic and the Purchaser relating to the sale and purchase of Suzhou Kezhun, the principal terms of which are set out in section 2 of this announcement
"%"	per cent.

This announcement contains translations between Renminbi and Hong Kong dollar amounts at HK$1 = RMB0.8762, being the exchange rate prevailing on 28 December 2018. The translations should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars at that rate or at all.

* *For identification purposes only*

By order of the Board
GCL-Poly Energy Holdings Limited
保利協鑫能源控股有限公司
Zhu Gongshan
Chairman

Hong Kong, 28 December 2018

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