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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF SUBSIDIARIES

THE SECOND PHASE SHARE PURCHASE AGREEMENTS

Reference is made to the joint announcement of GCL-Poly and GNE dated 10 December 2020 (after trading hours) in relation to the First Phase Disposals and Previous De Minimis Disposal (the “**Joint Announcement**”). Unless otherwise defined herein, the capitalised terms used in this joint announcement shall have the same meanings as those defined in the Joint Announcement.

The GCL-Poly Board and the GNE Board jointly announce that on 26 April 2021 (after trading hours), Guizhou Zhongxinneng New Energy, Sanya GCL New Energy and Suzhou GCL New Energy, being indirect subsidiaries of GCL-Poly and GNE (as the sellers) and Guangdong Jinyuan New Energy Co., Ltd.* (廣東金元新能源有限公司) and State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司) (as the purchasers) entered into the Second Phase Share Purchase Agreements. Pursuant to the Second Phase Share Purchase Agreements, the respective Seller agreed to, among other things, sell (i) 99.0% equity interest in Ceheng Precision and (ii) the entire equity interest in each of Dingan GCL, Luodian GCL and Suixi GCL to the respective Purchaser.

Upon completion of the Second 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 respective Reference Date by the Target Companies) is expected to be approximately RMB354,753,000, which GNE intends to use for repayment of its debts.

LISTING RULES IMPLICATIONS

GCL-Poly

As the Sellers and Guangxi GCL New Energy, being the indirect subsidiaries of GCL-Poly, entered into the Previous De Minimis Agreement, the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements with Weining Group within a 12-month period, the Previous De Minimis Disposal, the First Phase Disposals and the Second 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 Second 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 and Guangxi GCL New Energy, being the indirect subsidiaries of GNE, entered into the Previous De Minimis Agreement, the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements with Weining Group within a 12-month period, the Previous De Minimis Disposal, the First Phase Disposals and the Second 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 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.

1. INTRODUCTION

Reference is made to the joint announcement of GCL-Poly and GNE dated 10 December 2020 (after trading hours) in relation to the First Phase Disposals and Previous De Minimis Disposal (the “**Joint Announcement**”). Unless otherwise defined herein, the capitalised terms used in this joint announcement shall have the same meanings as those defined in the Joint Announcement.

The GCL-Poly Board and the GNE Board jointly announce that on 26 April 2021 (after trading hours), Guizhou Zhongxinneng New Energy, Sanya GCL New Energy and Suzhou GCL New Energy, being indirect subsidiaries of GCL-Poly and GNE (as the sellers) and Guangdong Jinyuan New Energy Co., Ltd.* (廣東金元新能源有限公司) and State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司) (as the purchasers) entered into the Second Phase Share Purchase Agreements. Pursuant to the Second Phase Share Purchase Agreements, the respective Seller agreed to, among other things, sell (i) 99.0% equity interest in Ceheng Precision and (ii) the entire equity interest in each of Dingan GCL, Luodian GCL and Suixi GCL to the respective Purchaser.

Upon completion of the Second 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 SECOND PHASE SHARE PURCHASE AGREEMENTS

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

Date

26 April 2021 (after trading hours)

Parties

- (i) The Sellers:
- (i) Guizhou Zhongxinneng New Energy Development Co., Ltd* (貴州中新能新能源發展有限公司)
 - (ii) Sanya GCL New Energy Co., Ltd.* (三亞協鑫新能源有限公司)
 - (iii) Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)
- (ii) The Purchasers:
- (i) State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司)
 - (ii) Guangdong Jinyuan New Energy Co., Ltd.* (廣東金元新能源有限公司)

To the best of the GCL-Poly Directors and GNE Directors' knowledge, information and belief, having made all reasonable enquiries, Weining Energy, Guangdong Jinyuan and their respective 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 respective Purchaser, being (i) 99.0% equity interest in Ceheng Precision and (ii) the entire equity interest in each of Dingan GCL, Luodian GCL and Suixi GCL.

The Target Companies collectively own 4 operational solar power plants in the PRC with an aggregate grid-connected capacity of approximately 127MW.

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

No.	Second Phase Share Purchase Agreements	Target Companies
I	Ceheng Precision Share Purchase Agreement	Ceheng Precision Photovoltaic Power Co., Ltd.* (冊亨精準光伏電力有限公司)
II	Dingan GCL Share Purchase Agreement	Dingan GCL Photovoltaic Power Co., Ltd.* (定安協鑫光伏電力有限公司)
III	Luodian GCL Share Purchase Agreement	Luodian GCL Photovoltaic Power Co., Ltd.* (羅甸協鑫光伏電力有限公司)
IV	Suixi GCL Share Purchase Agreement	Suixi GCL Photovoltaic Power Co., Ltd.* (遂溪協鑫光伏電力有限公司)

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

Consideration

The aggregate Consideration under the Second Phase Share Purchase Agreements is RMB146,950,300.

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

No.	Second Phase Share Purchase Agreements	Consideration <i>RMB</i>
I	Ceheng Precision Share Purchase Agreement	(10,692,000) ^(Note)
II	Dingan GCL Share Purchase Agreement	41,000,000
III	Luodian GCL Share Purchase Agreement	45,920,000
IV	Suixi GCL Share Purchase Agreement	<u>70,722,300</u>
Total		<u><u>146,950,300</u></u>

Note:

- (1) Such negative consideration will be set off against the Amount Payable payable by Weining Energy on behalf of Ceheng Precision to Guizhou Zhongxinneng New Energy under the Ceheng Precision Share Purchase Agreement;
- (2) The negative consideration merely reflects the consideration attributed to Ceheng Precision on a standalone basis due to the factors set out in paragraph (vi) of the section headed “Basis of the Consideration” below.

Basis of the Consideration

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

- (i) the net asset value of each of the Target Companies as at the respective 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 Second 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 respective Reference Date; and
- (v) (Applicable to Ceheng Precision only)
 - (a) the relatively low profitability of Ceheng Precision as compared to the other Target Companies due to the following reasons:
 - (i) as the solar power plant operated by Ceheng Precision is a poverty alleviation project in the PRC, Ceheng Precision is required to pay approximately RMB3 million poverty alleviation expenses each year to the local government which increased its operation cost;
 - (ii) as the solar power plant operated by Ceheng Precision is located at mountainous terrain in Guizhou Province with higher precipitation rate, Ceheng Precision incurred higher finance costs due to higher initial construction costs of the solar power plant and higher maintenance costs and the overall power generation of the solar power plant operated by Ceheng Precision is lower; and
 - (b) the cash inflow to be generated from the Amount Payable paid by Weining Energy to Guizhou Zhongxinneng New Energy.

As such, the Transactions involved the bundling of the disposal of solar power plants operated by three other Target Companies as well as the solar power plant operated by Ceheng Precision (which is comparatively less desirable to Weining Energy as a standalone transaction) and a negative consideration has been agreed for the disposal of Ceheng Precision.

Payment Arrangements of the Consideration

Taking into account the negative consideration under the Ceheng Precision Share Purchase Agreement, which will be set off against the Amount Payable payable by Weining Energy on behalf of Ceheng Precision to Guizhou Zhongxinneng New Energy under the Ceheng Precision

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

No.	Second Phase Share Purchase Agreements	First Instalment RMB	Second Instalment RMB
I	Ceheng Precision Share Purchase Agreement	N/A	N/A
II	Dingan GCL Share Purchase Agreement	24,600,000	16,400,000
III	Luodian GCL Share Purchase Agreement	27,552,000	18,368,000
IV	Suixi GCL Share Purchase Agreement	<u>42,433,380</u>	<u>28,288,920</u>
Total		<u>94,585,380</u>	<u>63,056,920</u>

First instalment (Applicable to all Target Companies except Ceheng Precision) The Purchasers shall pay a total of RMB94,585,380 (the “**First Instalment**”) to the Sellers within seven Business Days after the fulfilment of the following conditions:

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

Second instalment (Applicable to all Target Companies except Ceheng Precision) The Purchasers shall pay a total of RMB63,056,920 (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 respective Purchaser.

The Second Phase Share Purchase Agreements shall become effective upon after (i) the Second Phase Share Purchase Agreements have been duly signed by the parties, (ii) the entering of the Second Phase Share Purchase Agreements have been approved by the board of directors or shareholders’ meeting of the Purchasers, and (iii) the parties have agreed on the schedules to the Second Phase Share Purchase Agreements including, among others, handover list of corporate and statutory documents and disclosure schedule.

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 Second Phase Share Purchase Agreements as at the respective Reference Date:

Second Phase Share Purchase Agreements		Amount Payable
		<i>RMB</i>
I	Ceheng Precision Share Purchase Agreement	40,476,000 ^(Note)
II	Dingan GCL Share Purchase Agreement	33,338,600
III	Luodian GCL Share Purchase Agreement	72,937,400
IV	Suixi GCL Share Purchase Agreement	<u>61,050,700</u>
Total		<u>207,802,700</u> ^(Note)

Note: RMB40,476,000 represents the initial Amount Payable receivable by Guizhou Zhongxinneng New Energy under the Ceheng Precision Share Purchase Agreement, which will be set off against the negative consideration under the Ceheng Precision Share Purchase Agreement amounting to RMB10,692,000. After the aforementioned set-off, the actual Amount Payable receivable by Guizhou Zhongxinneng New Energy under Ceheng Precision Share Purchase Agreement and the actual Total Amount Payable receivable by the Sellers will be RMB29,784,000 and RMB197,110,700, respectively.

The Purchasers 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 Second 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 Purchasers; and
- (iv) the Sellers shall cooperate with the Purchasers and the Target Companies to release the existing pledge on the equity of the Target Companies.

Other Undertakings by the Purchasers

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

- (i) the Purchasers 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 Second Phase Disposals have been performed and obtained;
- (iii) if the Target Companies incur any loss resulting from any act of the Purchasers after the delivery and handover of the corporate statutory documents of the Target Companies from the Sellers, the Purchasers shall be responsible for the relevant loss incurred;
- (iv) after Closing, the respective Target Companies (except Ceheng Precision and Luodian GCL) shall be operated and maintained by the respective Seller or the designated party appointed by the respective Seller for a term of three years; and
- (v) within 90 Business Days following the Closing Date, the Purchasers 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.

Conditions Precedent

The Closing shall be conditional 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 Second Phase Share Purchase Agreements and the Transactions.

Transition Period Arrangement

During the Transition Period, the Sellers and the Purchasers 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 Purchasers; and
- (ii) the Target Companies shall not take various actions, such as payment of dividend, specified in the Second Phase Share Purchase Agreements during the Transition Period before obtaining the written consent from the Purchasers.

Closing

The Purchasers and the Sellers shall strive to complete with the Registration Procedures within 30 Business Days after receiving the First Instalment from the Purchasers 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 Second 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 Second Phase Share Purchase Agreements.

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 interested in approximately 53.34% of the issued share capital of GNE.

The GNE Group

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

The GNE Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. As at the date of this joint announcement, GNE is owned as to approximately 53.34% by GCL-Poly.

Guizhou Zhongxinneng New Energy

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

Sanya GCL New Energy

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

Suzhou GCL New Energy

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

4. INFORMATION ON THE PURCHASERS

Guangdong Jinyuan is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Weining Energy. Guangdong Jinyuan is principally engaged in the new energy photovoltaic power generation and renewable hydropower business in the PRC.

Weining Energy is a company incorporated in the PRC with limited liability, the stock of which is listed on the National Equities Exchange and Quotations (stock code: 873359), and is principally engaged in the new energy photovoltaic power generation and renewable hydropower business in the PRC.

As at the date of this joint announcement and as confirmed by Weining Energy, Weining Energy is held as to approximately:

- (i) 35.94% by State Power Investment Corporation Guizhou Jinyuan Co., Ltd.* (國家電投集團貴州金元股份有限公司) (which is owned as to (a) approximately 68.05% by State Power Investment Group Co., Ltd.* (國家電力投資集團有限公司), a company which is ultimately controlled 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) and (b) approximately 25.21% by 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), as the ultimate beneficial owners);
- (ii) 30.40% by State Power Investment Group Industrial Fund Management Co., Ltd. — Ronghe Dongneng (Jiaying) New Energy Investment Partnership (Limited Partnership)* (國家電投集團產業基金管理有限公司 — 融和東能(嘉興)新能源投資合夥企業(有限合夥)), a subsidiary of Founder Securities Co., Ltd.* (方正證券股份有限公司), the stock of which is listed in the Shanghai Stock Exchange (stock code: 601901);
- (iii) 15.02% by Beijing Chengtong ICBC Equity Investment Fund (Limited Partnership)* (北京誠通工銀股權投資基金(有限合夥)) (which is ultimately owned as to (a) 50% by Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司), the stock of which is listed on the Shanghai Stock Exchange (stock code: 601398) and the Stock Exchange (stock

code:1398), and (b) 50% by China Chengtong Holdings Group Co., Ltd.* (中國誠通控股集團有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council);

- (iv) 9.78% by Guizhou Province Guixin Ruihe Venture Capital Management Co., Ltd. — Guizhou Green Industry Poverty Alleviation Investment Fund (Limited Partnership) (貴州省貴鑫瑞和創業投資管理有限責任公司 — 貴州綠色產業扶貧投資基金(有限合夥)), which is controlled by Guizhou Province Guixin Ruihe Venture Capital Management Co., Ltd.* (貴州省貴鑫瑞和創業投資管理有限責任公司) and ultimately controlled by Guizhou Provincial Department of Finance* (貴州省財政廳);
- (v) 7.98% by Guizhou China Water Energy Co., Ltd.* (貴州中水能源股份有限公司), a 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); and
- (vi) remaining 0.88% by other shareholders (including public shareholders).

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	Ceheng Precision Share Purchase Agreement	Ceheng Precision is a company incorporated in the PRC with limited liability, which is directly owned as to 99.0% by Guizhou Zhongxinneng New Energy and 1.0% by Guizhou Yunpanshan Tourism Development Co., Ltd.* (貴州省雲盤山旅遊開發有限公司), an independent third party to GCL-Poly and GNE, respectively and an indirect subsidiary of GNE and GCL-Poly. Ceheng Precision is principally engaged in the operation of solar power plants in the PRC.
II	Dingan GCL Share Purchase Agreement	Dingan GCL is a company incorporated in the PRC with limited liability, which is directly wholly-owned by Sanya GCL New Energy and an indirect subsidiary of GNE and GCL-Poly. Dingan GCL is principally engaged in the operation of solar power plants in the PRC.

No.	Second Phase Share Purchase Agreements	Information on the Target Companies
III	Luodian GCL Share Purchase Agreement	Luodian 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 GNE and GCL-Poly. Luodian GCL is principally engaged in the operation of solar power plants in the PRC.
IV	Suixi GCL Share Purchase Agreement	Suixi 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 GNE and GCL-Poly. Suixi 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 the unaudited financial statement prepared for the financial year ended 31 December 2020 of each 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	Profit after taxation	Profit before taxation	Profit after taxation
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
I	Ceheng Precision	2,784	2,783	1,038	1,038
II	Dingan GCL	8,209	8,209	8,780	8,780
III	Luodian GCL	5,701	4,860	5,826	5,821
IV	Suixi GCL	9,719	9,719	12,560	12,560

As at 31 December 2020 (i.e. reference date for the Second Phase Share Purchase Agreements except Dingan GCL Share Purchase Agreement), the total unaudited net assets of the Target Companies (save for Dingan GCL) amounted to approximately RMB170,779,574. As at 28 February 2021 (i.e. reference date for Dingan GCL Share Purchase Agreement), the total unaudited net assets of Dingan GCL amounted to approximately RMB41,788,919.

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 Second Phase Disposals of approximately RMB65,187,348 and such loss is calculated with reference to the difference between the aggregate Consideration of approximately RMB146,950,300 and the net asset value attributed to the disposed Sale Shares based on the unaudited financial statements of the Target Companies as at the respective Reference Date of approximately RMB212,137,648, after deducting related transaction costs. The net loss mainly arose from the negative consideration of Ceheng Precision due to the factors set out in paragraph (vi) of the section headed “Basis of the Consideration” above. The actual loss 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 DISPOSALS

The net cash proceeds from the Transactions (including the Consideration and the Total Amount Payable as at the respective Reference Date by the Target Companies) is expected to be approximately RMB354,753,000, 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 RMB463,712,000. Meanwhile, the cash derived from the Transactions amounting to approximately RMB354,753,000 will be used for further repayment of debts, and the gearing ratio of the GNE Group will decrease by approximately 0.4%, 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 Weining Group to achieve an asset-light model. After entering into the Transactions, the GNE Group and Weining 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 Weining Group 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

GCL-Poly

As the Sellers and Guangxi GCL New Energy, being the indirect subsidiaries of GCL-Poly, entered into the Previous De Minimis Agreement, the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements with Weining Group within a 12-month period, the Previous De Minimis Disposal, the First Phase Disposals and the Second 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 Second 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 and Guangxi GCL New Energy, being the indirect subsidiaries of GNE, entered into the Previous De Minimis Agreement, the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements with Weining Group within a 12-month period, the Previous De Minimis Disposal, the First Phase Disposals and the Second 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 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.

10. 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 Guangxi GCL New Energy
“Amount Payable”	the amount payable by each of the Target Companies to the Sellers and its affiliates (if applicable, including other subsidiaries of GCL-Poly and GNE) as at the respective Reference Date as set out in the respective Second Phase Share Purchase Agreement
“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
“Ceheng Precision”	Ceheng Precision Photovoltaic Power Co., Ltd.* (冊亨精準光伏電力有限公司) is a company incorporated in the PRC with limited liability, which is directly owned as to 99.0% by Guizhou Zhongxinneng New Energy and 1.0% by Guizhou Yunpanshan Tourism Development Co., Ltd.* (貴州省雲盤山旅遊開發有限公司), an independent third party to GCL-Poly and GNE, respectively and an indirect subsidiary of GNE and GCL-Poly
“Ceheng Precision Share Purchase Agreement”	an equity transfer agreement dated 26 April 2021 entered into between Guizhou Zhongxinneng New Energy and Weining Energy in relation to the sale of 99.0% equity interest in Ceheng Precision
“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 Purchasers to audit the financial status of the Target Companies in the period from the respective 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
“Dingan GCL”	Dingan GCL Photovoltaic Power Co., Ltd.* (定安協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Sanya GCL New Energy and an indirect subsidiary of GCL-Poly and GNE as at the date of this joint announcement
“Dingan GCL Share Purchase Agreement”	an equity transfer agreement dated 26 April 2021 entered into between Sanya GCL New Energy and Guangdong Jinyuan in relation to the sale of the entire equity interest in Dingan GCL
“Disposals”	the Previous De Minimis Disposal, the First Phase Disposals and the Second Phase Disposals
“First Phase Disposals”	the proposed disposals of (i) 70.36% equity interest in Qinzhou Xin Jin, (ii) 67.95% equity interest in Shanglin GCL and (iii) the entire equity interest in each of Nanning Jinfu and Hainan Tianlike by Suzhou GCL New Energy and Guangxi GCL New Energy to Weining Energy as contemplated under the First Phase Share Purchase Agreements
“First Phase Share Purchase Agreements”	the series of two share purchase agreements dated 10 December 2020 entered into between Suzhou GCL New Energy and Weining Energy and the share purchase agreement dated 10 December 2020 entered into between Guangxi GCL New Energy and Weining Energy, as detailed in the joint announcement of GCL-Poly and GNE dated 10 December 2020
“GCL-Poly”	GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800. As at the date of this joint announcement, GCL-Poly is interested in approximately 53.34% of the issued share capital of GNE
“GCL-Poly Board”	the board of GCL-Poly Directors
“GCL-Poly Directors”	the directors of GCL-Poly
“GCL-Poly Group”	GCL-Poly and its subsidiaries
“GCL-Poly Shareholders”	the shareholders of GCL-Poly

“GNE”	GCL New Energy Holdings Limited (協鑫新能源控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 451
“GNE Board”	the board of GNE Directors
“GNE Directors”	the directors of GNE
“GNE Group”	GNE and its subsidiaries
“GNE Shareholders”	the shareholders of GNE
“Guangdong Jinyuan”	Guangdong Jinyuan New Energy Co., Ltd.* (廣東金元新能源有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Weining Energy and an independent third party to GCL-Poly and GNE
“Guizhou Zhongxinneng New Energy”	Guizhou Zhongxinneng New Energy Development Co., Ltd* (貴州中新能新能源發展有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GCL-Poly and GNE
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luodian GCL”	Luodian GCL Photovoltaic Power Co., Ltd.* (羅甸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
“Luodian GCL Share Purchase Agreement”	an equity transfer agreement dated 26 April 2021 entered into between Suzhou GCL New Energy and Weining Energy in relation to the sale of the entire equity interest in Luodian 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 Disposal”	the disposal of 60% equity interest in Qinzhou Xin Ao by Suzhou GCL New Energy to Weining Energy and Guangxi Jinyuan (each acquiring 30% equity interest in Qinzhou Xin Ao) as contemplated under the Previous De Minimis Agreement
“Purchasers”	Weining Energy and Guangdong Jinyuan
“Reference Date”	31 December 2020 (for all Target Companies except Dingan GCL) and 28 February 2021 (for Dingan GCL)
“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 Second Phase Disposals in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	99.0% equity interest in Ceheng Precision and the entire equity interest in each of Dingan GCL, Luodian GCL and Suixi GCL
“Sanya GCL New Energy”	Sanya GCL New Energy Co., Ltd.* (三亞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
“Second Phase Disposals”	the proposed disposals of 99.0% equity interest in Ceheng Precision and the entire equity interest in each of Dingan GCL, Luodian GCL and Suixi GCL by Guizhou Zhongxinneng New Energy, Sanya GCL New Energy and Suzhou GCL New Energy to Guangdong Jinyuan and Weining Energy as contemplated under the Second Phase Share Purchase Agreements
“Second Phase Share Purchase Agreements”	Ceheng Precision Share Purchase Agreement, Dingan GCL Share Purchase Agreement, Luodian GCL Share Purchase Agreement and Suixi GCL Share Purchase Agreement
“Seller(s)”	Guizhou Zhongxinneng New Energy, Sanya GCL New Energy and Suzhou GCL New Energy
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Suixi GCL”	Suixi GCL Photovoltaic Power Co., Ltd.* (遂溪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

“Suixi GCL Share Purchase Agreement”	an equity transfer agreement dated 26 April 2021 entered into between Suzhou GCL New Energy and Guangdong Jinyuan in relation to the sale of the entire equity interest in Suixi GCL
“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
“Target Company(ies)”	Ceheng Precision, Dingan GCL, Luodian GCL and Suixi GCL
“Total Amount Payable”	the Amount Payable 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
“Weining Energy”	State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司), a company established in the PRC with limited liability, the stock of which is listed on the National Equities Exchange and Quotations (stock code: 873359) and an independent third party to GCL-Poly and GNE
“Weining Group”	Weining Energy and Guangdong Jinyuan
“%”	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, 26 April 2021

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

As at the date of this joint announcement, the GNE Board comprises Mr. Zhu Yufeng (Chairman), Mr. Liu Genyu and Ms. Hu Xiaoyan as executive directors of GNE; Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai as non-executive directors of GNE; and Mr. Wang Bohua, Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying as independent non-executive directors of GNE.