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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)**

**(1) VERY SUBSTANTIAL DISPOSAL  
OF SUBSIDIARIES**

**(2) POSSIBLE VERY SUBSTANTIAL ACQUISITION  
GRANT OF PUT OPTIONS**

**(1) VERY SUBSTANTIAL DISPOSAL  
OF SUBSIDIARIES**

**(2) POSSIBLE VERY SUBSTANTIAL ACQUISITION  
GRANT OF PUT OPTIONS**

**THE SECOND PHASE SHARE PURCHASE AGREEMENTS**

Reference is made to (i) the joint announcement of GCL-Poly and GNE dated 21 January 2020 and (ii) the circulars of GCL-Poly and GNE both dated 29 April 2020 in relation to the First Phase Disposals.

The GCL-Poly Board and the GNE Board jointly announce that on 29 September 2020 (after trading hours), the Seller(s) (each a wholly-owned subsidiary of the GNE) (as the seller(s)), the Guarantor (as the guarantor) and the Purchasers (as the purchasers) entered into the Second Phase Share Purchase Agreements. Pursuant to the Second Phase Share Purchase Agreements, the Sellers agreed to, among other things, (a) sell 60% of the Sale Shares to Huaneng No. 1 Fund and 40% of the Sale Shares to Huaneng No. 2 Fund; and (b) grant the Put Options to the Purchasers.

**USE OF PROCEEDS FROM THE TRANSACTIONS**

The net cash proceeds (net of estimated taxes and transaction costs) from the Transactions (including the Consideration, the Total Outstanding Balance, the payment of dividends payable at the Reference Date and dividends declared during the Transition Period by the Target Companies and Capital Cost) is expected to be approximately RMB1,376,344,000, which GNE intends to use for repayment of its debts.

## **LISTING RULES IMPLICATIONS**

### **GCL-Poly**

As the Sellers, being indirect subsidiaries of GCL-Poly, entered into the First Phase Disposals and Second Phase Disposals within a 12-month period, the First Phase Disposals and 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 of the applicable percentage ratios in respect of the First Phase Disposals and Second Phase Disposals exceeds 75%, the entering into of the Second Phase Disposals constitutes a very substantial disposal of GCL-Poly under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Sellers, being indirect subsidiaries of GCL-Poly, entered into the First Phase Put Options and the Second Phase Put Options with the Purchasers within a 12-month period, the First Phase Put Options and the Second Phase Put Options shall be aggregated as a series of transactions for GCL-Poly pursuant to Rule 14.22 of the Listing Rules.

The Put Options are exercisable at the discretion of the Purchasers upon the occurrence of certain specified events, with the exercise price for Put Options to be determined in accordance with the terms of the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements respectively. Given that the exercise of the Second Phase Put Options are not at GCL-Poly's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Second Phase Put Options will be classified as if they had been exercised. The grant of the Second Phase Put Options constitutes a possible very substantial acquisition for GCL-Poly and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **GNE**

As the Sellers, being indirect subsidiaries of GNE, entered into the First Phase Disposals and Second Phase Disposals with the Purchasers within a 12-month period, the First Phase Disposals and 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 of the applicable percentage ratios of the First Phase Disposals and Second Phase Disposals exceeds 75%, the entering into of the Second Phase Disposals constitutes a very substantial disposal of GNE under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

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

The Put Options are exercisable at the discretion of the Purchasers upon the occurrence of certain specified events, with the exercise price for the Put Options to be determined in accordance with the terms of the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements respectively. Given that the exercise of the Second Phase Put Options are not at GNE's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Second Phase Put Options will be classified as if they had been exercised. The grant of the Second Phase Put Options constitutes a possible very substantial acquisition for GNE and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The GCL-Poly EGM will be convened for the GCL-Poly Shareholders to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Second Phase Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Second Phase Share Purchase Agreements, is expected to be despatched to the GCL-Poly Shareholders on or before 30 October 2020, as additional time is required to prepare the information to be disclosed in the circular.

The GNE SGM will be convened for the GNE Shareholders to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Second Phase Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Second Phase Share Purchase Agreements, is expected to be despatched to the GNE Shareholders on or before 30 October 2020, as additional time is required to prepare the information to be disclosed in the circular.

## **1. INTRODUCTION**

Reference is made to (i) the joint announcement of GCL-Poly and GNE dated 21 January 2020 and (ii) the circulars of GCL-Poly and GNE both dated 29 April 2020 in relation to the First Phase Disposals.

The GCL-Poly Board and the GNE Board jointly announce that on 29 September 2020 (after trading hours), the Seller(s) (each a wholly-owned subsidiary of the GNE) (as the seller(s)), the Guarantor (as the guarantor) and the Purchasers (as the purchasers) entered into the Second

Phase Share Purchase Agreements. Pursuant to the Second Phase Share Purchase Agreements, the Sellers agreed to, among other things, (a) sell 60% of the Sale Shares to Huaneng No. 1 Fund and 40% of the Sale Shares to Huaneng No. 2 Fund; and (b) grant the Second Phase Put Options to the Purchasers.

## 2. THE SECOND PHASE SHARE PURCHASE AGREEMENTS

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

### Date

29 September 2020 (after trading hours)

### Parties

- |                      |  |
|----------------------|--|
| (i) The Sellers:     | (a) Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)  |
|                      | (b) Changzhou Zhonghui Photovoltaic Technology Co., Ltd.* (常州中暉光伏科技有限公司)   |
|                      | (c) Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司)   |
| (ii) The Purchasers: | (a) Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號(天津)股權投資基金合夥企業(有限合夥)) |
|                      | (b) Huaneng Gongrong No.2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號(天津)股權投資基金合夥企業(有限合夥)) |
| (iii) The Guarantor: | GCL Group Limited* (協鑫集團有限公司)  |

### Assets to be sold

The Sale Shares will be sold by the Sellers to the Purchasers, being the entire interest in each of the Target Companies.

The Target Companies own 10 Operational Solar Power Plant Projects in the PRC with an aggregate grid-connected capacity of approximately 403MW.

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	Baotou Shi Zhong Li Share Purchase Agreement	Baotou Shi Zhong Li Photovoltaic Co., Ltd.* (包頭市中利騰暉光伏發電有限公司)
II	Qi County GCL Share Purchase Agreement	Qi County GCL New Energy Co., Ltd.* (淇縣協鑫新能源有限公司)
III	Ningxia Zhongwei GCL Share Purchase Agreement	Ningxia Zhongwei GCL Photovoltaic Power Co., Ltd.* (寧夏中衛協鑫光伏電力有限公司)
IV	Huixian Shi GCL Share Purchase Agreement	Huixian Shi GCL Photovoltaic Power Co., Ltd.* (輝縣市協鑫光伏電力有限公司)
V	Ruyang GCL Share Purchase Agreement	Ruyang GCL New Energy Co., Ltd.* (汝陽協鑫新能源有限公司)
VI	Hubei Macheng Jinfu Share Purchase Agreement	Hubei Macheng Jinfu Solar Energy Co., Ltd.* (湖北省麻城市金伏太陽能電力有限公司)

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 RMB576,001,213 (subject to adjustments).

The table below sets out the Share Price attributable to each of the Target Companies:

No.	Second Phase Share Purchase Agreements	Attributable Share Price RMB
I	Baotou Shi Zhong Li Share Purchase Agreement	129,250,127
II	Qi County GCL Share Purchase Agreement	75,903,889
III	Ningxia Zhongwei GCL Share Purchase Agreement	78,997,736
IV	Huixian Shi GCL Share Purchase Agreement	33,221,857
V	Ruyang GCL Share Purchase Agreement	115,650,528
VI	Hubei Macheng Jinfu Share Purchase Agreement	142,977,076
Total		<u>576,001,213</u>

## **Basis of the Consideration**

The Share Price was determined after arm's length negotiations between the Sellers and the Purchasers, taking into account of, among other things:

- (i) the net asset value of each of the Target Companies as at the Reference Date (i.e. 30 September 2019);
- (ii) the profitability of the Target Companies for the financial years ended 31 December 2019, 31 December 2018 and the nine months ended 30 September 2019, details of which can be found in the section headed "Information on the Target Companies" of this joint announcement, and the dividend of RMB189,698,786 declared by the Target Companies during the Transition Period to be paid to the Sellers in respect of the profits accrued by the Target Companies for the nine months ended 30 September 2019, which such amount has been deducted when considering the Consideration;
- (iii) the cash flow position of the Target Companies as at the Reference Date. The aggregate net cash outflow (excluding financing of shareholders' loan) of the Target Companies for the nine months ended 30 September 2019 amounted to approximately RMB190,855,000; and
- (iv) ability of the Target Companies to collect outstanding receivables from the PRC government. Seven out of ten of the Operational Solar Power Plant Projects are Registered Solar Power Plant Projects and are entitled to receive the national subsidy for operating such Operational Solar Power Plant Projects. Amongst the other three Operational Solar Power Plant Projects, (i) it has been announced that two Operational Solar Power Plant Projects (Phase 3 solar power plant project operated by Baotou Shi Zhong Li and the solar power plant project operated by Qi County GCL) are eligible to be registered in the National Subsidy List (without any further condition required to be fulfilled), but pending final inclusion in the National Subsidy List, while (ii) one Operational Solar Power Plant Project (being the Phase 2 solar power plant project operated by Ruyang GCL) is currently awaiting to undergo the approval and registration process to be included in the National Subsidy List.

The timing for the final inclusion of the two Operational Solar Power Plant Projects in the National Subsidy List and the completion of the approval and registration process of one Operational Solar Power Plant Project to be included in the National Subsidy List and the conditions to be fulfilled before the completion of the approval and registration process are uncertain and are based on the policies in relation to the National Subsidy List as announced and implemented by the relevant government authorities in the PRC from time to time. As at the Reference Date and 30 June 2020, the total balance of national subsidy receivable by the Target Companies was approximately RMB645,188,038 and RMB761,595,463 respectively.

The table below sets out the balance of national subsidy receivable by each of the Target Companies as at the Reference Date and 30 June 2020, respectively:

Second Phase Share Purchase Agreements	Target Companies	As at	As at the Reference Date
		30 June 2020 Balance of national subsidy receivable RMB	Balance of national subsidy receivable RMB
I	Baotou Shi Zhong Li	127,310,794	125,957,296
II	Qi County GCL	168,913,958	138,305,837
III	Ningxia Zhongwei GCL	122,559,936	84,399,231
IV	Huixian Shi GCL	34,025,710	37,498,654
V	Ruyang GCL	126,987,998	109,141,713
VI	Hubei Macheng Jinfu	181,797,067	149,885,307
		761,595,463	645,188,038

As the gains or losses arising from the operation of the Target Companies during the Transition Period shall be accrued for the benefit of or borne by the Purchasers, the Consideration will not be adjusted with reference to the change in national subsidy receivable by the Target Companies after the Reference Date or the Closing Audit Report.

### Payment arrangements of the Consideration

The Consideration shall be settled by the Purchasers, the amount of which shall be proportional to their respective acquired equity interests in the Target Companies (subject to rounding to the nearest digit) and in the manner set out below:

No.	Second Phase Share Purchase Agreements	Attributable Share			
		First Instalment RMB	Second Instalment RMB	Third Instalment RMB	Price RMB
I	Baotou Shi Zhong Li Share Purchase Agreement	93,698,102	19,382,025	16,170,000	129,250,127
II	Qi County GCL Share Purchase Agreement	66,599,111	9,304,778	N/A	75,903,889
III	Ningxia Zhongwei GCL Share Purchase Agreement	63,198,189	15,799,547	N/A	78,997,736
IV	Huixian Shi GCL Share Purchase Agreement	27,363,486	5,858,371	N/A	33,221,857
V	Ruyang GCL Share Purchase Agreement	72,640,422	14,610,106	28,400,000	115,650,528
VI	Hubei Macheng Jinfu Share Purchase Agreement	114,381,661	28,595,415	N/A	142,977,076
Total		437,880,971	93,550,242	44,570,000	576,001,213

First instalment:

The Purchasers shall pay RMB437,880,971 in total (the “**First Instalment**”) to the Sellers within 15 Business Days after the Closing Date.

As Hubei Macheng Jinfu and Wuhan Rixin are in the process of confirming the outstanding balance of the construction fees payable by Hubei Macheng Jinfu to Wuhan Rixin as at the Reference Date under the Wuhan Rixin EPC Agreement, it is expected that Hubei Macheng Jinfu and Wuhan Rixin will enter into the Confirmation Agreement within two months after the date of the Second Phase Share Purchase Agreements. In the event that the outstanding balance of the construction fees payable by Hubei Macheng Jinfu to Wuhan Rixin as confirmed in the Confirmation Agreement is higher or lower than RMB8,507,266 (as the case may be), the Purchasers are required to pay up or entitled to deduct (as the case may be) such difference from the First Instalment.

Second instalment:

The Purchasers shall pay RMB93,550,242 in total (the “**Second Instalment**”) to the Sellers within 15 Business Days after the fulfilment or waiver by the Purchasers in writing of the following conditions:

- (a) the issuance of the Closing Audit Report; and
- (b) the delivery and/or the execution of the following documents:
  - (i) the relevant documents evidencing the fulfillment of conditions (b) to (h) and (k) to (m) (if applicable) of the Conditions Precedent and the Seller’s confirmation of the fulfillment of conditions (i) to (j) of the Conditions Precedent (assuming none of the conditions has been waived by the Purchasers);
  - (ii) the relevant documents evidencing the completion of the Registration Procedure; and
  - (iii) other documents, materials and items specified in the Second Phase Share Purchase Agreements.



Third instalment (applicable to Baotou Shi Zhong Li Share Purchase Agreement and Ruyang GCL Share Purchase Agreement only):

The Purchasers shall pay RMB44,570,000 (the “**Third Instalment**”) to the Sellers within 15 Business Days after the fulfilment or waiver by the Purchasers in writing of the following conditions:

- (a) the fulfillment of the payment conditions of the Second Instalment; and
- (b) the completion of the registration of the relevant solar power plant projects of Baotou Shi Zhong Li and Ruyang GCL in the National Subsidy List.

Although the First Instalment will only be settled after the Closing Date (i.e. upon the completion of the Registration Procedures in respect of the change of the shareholders of the Target Companies), taking into account that the Purchasers (i) are owned as to 51% by China Huaneng Group, whose ultimate beneficial owner is the State Council of the PRC and (ii) have complied their payment obligations in a timely manner under the First Phase Share Purchase Agreements, the Directors are of the view that the above payment arrangements facilitate the progression of the transaction and is in the interest of GCL-Poly Shareholders and GNE Shareholders as a whole.

### **Total Outstanding Balance**

The Total Outstanding Balance represents the difference between the Total Net Receivable Amount receivable by the Target Companies from its affiliates (including the Sellers) and the Total Net Payable Amount payable by the Target Companies to its affiliates (including the Sellers). The Total Outstanding Balance as at the Reference Date was approximately RMB240,624,579.

The table below sets out the Amount Payable, Amount Receivable, and Net Payable Amount or Net Receivable Amount (the deduction of the Total Net Payable Amount from the Total Net Receivable Amount constitutes the Total Outstanding Balance) of each of the Target Companies under each of the Second Phase Share Purchase Agreements as at the Reference Date:

No.	Second Phase Share Purchase Agreements	Amount	Amount	Net Payable
		Payable of the Target Companies RMB	Receivable of the Target Companies RMB	Amount/(Net Receivable Amount) of the Target Companies RMB
I	Baotou Shi Zhong Li Share Purchase Agreement	17,160,530	(330,500)	16,830,030
II	Qi County GCL Share Purchase Agreement	105,833,903	(37,521,456)	68,312,447
III	Ningxia Zhongwei GCL Share Purchase Agreement	116,068,203	(41,134,923)	74,933,280
IV	Huixian Shi GCL Share Purchase Agreement	24,299,432	(1,075,000)	23,224,432
V	Ruyang GCL Share Purchase Agreement	57,046,462	(39,071,453)	17,975,009
VI	Hubei Macheng Jinfu Share Purchase Agreement	39,349,381	0	39,349,381
<b>Total</b>		<u>359,757,911</u>	<u>(119,133,332)</u>	<u>240,624,579</u>

The Total Outstanding Balance as set out in the above table was estimated based on the carrying amount of the Total Outstanding Balance of the Target Companies as at the Reference Date (on a dollar-for-dollar basis). The final Total Outstanding Balance will be determined in accordance to the Closing Audit Report (subject to adjustment), and will be calculated based on the carrying amount of the Total Outstanding Balance of the Target Companies as at the Closing Date (on a dollar-for-dollar basis), taking into account of the interests incurred on the interest-bearing Amount Payable of all of the Target Companies at the interest rate of 4.9% during the Transition Period. If the original interest rate is less than 4.9%, the interest shall be calculated at the original interest rate. The interest rate of 4.9% was determined based on the current applicable benchmark lending rate promulgated by the People's Bank of China for a term of over 5 years. The Directors believe and consider that such interest rate is fair and reasonable.

Upon completion of the Transactions, the Target Companies will remain liable for the Total Outstanding Balance. To simplify the repayment process of the Total Outstanding Balance, prior to the completion of the Transactions, all debts and liabilities owed by the Target Companies to its affiliates (including the Sellers and other subsidiaries of GCL-Poly and GNE), being the Amount Payable of all of the Target Companies, shall be consolidated and classified as liabilities of the Target Companies payable to the Sellers and all debts and liabilities owed by the affiliates of the Target Companies (including the Sellers and other subsidiaries of GCL-Poly and GNE) to the Target Companies, being the Amount Receivable of all of the Target Companies, shall be consolidated and classified as assets of the Target Companies receivable from the Sellers.

In addition, the Purchasers shall procure the gradual payment of the Total Outstanding Balance and its interests by the Target Companies to the Sellers from the Closing Date onwards and the full payment of the Total Outstanding Balance and its interests by the Target Companies to the Sellers within 3 months from the Closing Date. The specific repayment timeline shall be determined by the Sellers and the Purchasers based on the financial status of the Target Companies such as cash flows and funding pressure after the Closing Date.

In the event that the Purchasers fail to procure the Target Companies to repay the Total Outstanding Balance in accordance with the Second Phase Share Purchase Agreements, the Sellers shall be entitled to claim liquidated damages at a rate of 0.02% of the unpaid portion of the Total Outstanding Balance against the Purchasers for each overdue day until the day of full settlement of the Total Outstanding Balance.

### **Other Undertakings**

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

- (i) in the event that any of the Target Companies provides any debt guarantees to any third party prior to the Closing, the Sellers undertake to execute the relevant legal documents that are necessary to release or terminate such guarantees before the Closing. Within 6 months from the Closing Date, the Purchasers undertake to procure the Target Companies' early repayment of their liabilities owed to financial institutions in order to release the guarantees provided by the Sellers or its affiliates in respect of such liabilities;
- (ii) the Purchasers shall be entitled to set off any amount payable by the Sellers as set out in the Second Phase Share Purchase Agreements (including default payment, damages, compensation and other fees) with any amounts payable by the Purchasers or the Target Companies in relation to the Transactions (including but not limited to the Share Price, Total Outstanding Balance, Capital Cost, Additional Amount and the dividends); and
- (iii) the Target Companies will pay the dividends payable as at the Reference Date of approximately RMB343,587,850 to the Sellers, subject to the progress of reimbursement of the national subsidy receivable under the National Subsidy Catalogue as explained in the section headed "Payment of dividends payable as at the Reference Date" below.

### **The Transition Period Arrangement**

The Purchasers shall pay the Sellers an amount equivalent to RMB31,431,290, being the Capital Cost, upon the payment of the First Instalment. The Capital Cost was determined based on the aggregate sum of the Share Price and Total Outstanding Balance x 4.9% (being the current applicable benchmark lending rate promulgated by the People's Bank of China for a term of over 5 years) x (240 ÷ 360) which was determined based on arm's length negotiations of the Sellers and Purchasers.

The Purchasers agreed the Target Companies to further declare the dividend of RMB189,698,786 during the Transition Period in respect of the profits accrued by the Target Companies for the nine months ended 30 September 2019 which the Purchasers shall procure the Target Companies to pay the declared dividend to the Sellers upon the payment of the First Instalment.

While the financial information of the Target Companies are still consolidated in the consolidated financial statements of GCL-Poly and GNE between the Transition Period, the parties agreed that the Target Companies shall not further declare any dividend to the Sellers or adjust the Consideration in respect of the profits accrued by the Target Companies during the Transition Period. After the Closing Date, the Target Companies will cease to be subsidiaries of GCL-Poly and GNE, and the profits and losses, 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 and will remain in the Target Companies, which will then be wholly-owned by the Purchasers. The profits and losses accrued by the Target Companies during the Transition Period will subsequently be reflected in the net asset value of the Target Companies and to be calculated in the gain or loss on disposal in the consolidated financial statements of GCL-Poly and GNE after the Closing Date.

#### **Payment of dividends payable as at the Reference Date**

The table below sets out the dividend payable by each of the Target Companies under each of the Second Phase Share Purchase Agreements as at the Reference Date:

<b>Second Phase Share Purchase Agreements</b>		<b>Target Companies</b>	<b>Dividend payable RMB</b>
I		Baotou Shi Zhong Li	120,989,442
II		Qi County GCL	N/A
III		Ningxia Zhongwei GCL	N/A
IV		Huixian Shi GCL	24,379,316
V		Ruyang GCL	73,534,626
VI		Hubei Macheng Jinfu	124,684,466
			343,587,850

It is generally expected that all Operational Solar Power Plant Projects will receive payment of national subsidy from the PRC government within the twelve months after their final inclusion in the National Subsidy Catalogue or the National Subsidy List. As such, having confirmed with the auditors of the Target Companies, the Sellers and the Purchasers have agreed that the

amount of national subsidy receivable by the Target Companies as at the Reference Date shall be recognized as revenue and trade receivables in the audited accounts of the Target Companies as at the Reference Date.

While the Target Companies are entitled to receive the national subsidy for operating the solar power plants registered in the National Subsidy Catalogue and/or National Subsidy List (as applicable), there has been an overdue of the payment of such national subsidy receivable by the Target Companies and the actual payment date of such national subsidy remains to be uncertain. National subsidy receivable has also been recognized as revenue and trade receivable in the audited accounts of the Target Companies, such that the dividend payable as recorded in the accounts of the Target Companies as at the Reference Date will only be paid when the Target Companies has cash inflow from receiving the national subsidy receivable and in proportionate to the progress of such receipt. As such, the Purchasers and the Sellers have agreed that the payment of the dividends payable as recorded in the accounts of the (i) Target Companies (save for Baotou Shi Zhong Li) as at the Reference Date by the Target Companies (save for Baotou Shi Zhong Li) to the Sellers post-completion shall correspond with, and be in proportionate to the progress of receipt of national subsidy by the Target Companies (save for Baotou Shi Zhong Li) as at the Reference Date; and (ii) Baotou Shi Zhong Li as at the Reference Date by Baotou Shi Zhong Li to the Sellers post-completion shall correspond with, and be in proportionate to the progress of receipt of the aggregate national subsidy by Baotou Shi Zhong Li, Qi County GCL and Ningxia Zhongwei GCL as at the Reference Date. As at the Reference Date, the dividends payable as recorded in the accounts of the Target Companies was approximately RMB343,587,850.

#### **Additional amount for the early payment of national subsidy**

As explained in the section headed “Basis of the Consideration” above, the delay of the payment of national subsidy to the Target Companies by the relevant PRC governmental entities has been taken into consideration when determining the amount of Consideration payable.

Within one year of the date of the Second Phase Share Purchase Agreements, in the event of accelerated receipt of national subsidy receivable by the Target Companies as a result of the bond issuance by the State Grid Corporation of China (the “**Bond Issuance**”), the Purchasers shall share the benefit of actual amount of national subsidy received by the Target Companies during the Prescribed Period, which shall be determined based on the actual amount of national subsidy recovered in proportion to the Bond Issuance, the timing of the receipt of such national subsidy and the rate of 2.45%, which represents 50% of the current applicable benchmark lending rate promulgated by the People's Bank of China for a term of over 5 years upon the payment of the First Instalment.

In the event of the receipt of national subsidy by Hubei Macheng Jinfu before the Closing Date, the Purchasers shall pay an amount, which is calculated based on 4.9% of the actual amount of the national subsidy received by Hubei Macheng Jinfu during the Transition Period upon the payment of the First Installment to the Sellers.

## Conditions Precedent

Closing under each of the Second Phase Share Purchase Agreements is subject to the fulfilment or (if applicable) waiver of certain Conditions Precedent:

- (a) the Sellers have duly executed and delivered to the Purchasers all the transaction documents in relation to the Transactions to which they act as parties;
- (b) the Sellers have approved the Transactions;
- (c) GCL-Poly and GNE have obtained board approval and shareholders' approval in respect of the Transactions;
- (d) the Target Companies have completed replacement of its directors, supervisors, senior management and legal representative;
- (e) the equity pledges of the Target Companies have been released;
- (f) consents from the creditors of the Target Companies have been obtained for the Transactions;
- (g) consolidation of debts and liabilities of affiliated parties of the Target Companies as set out in this joint announcement and the Second Phase Share Purchase Agreements has been completed;
- (h) the arrangement in respect of the personnel reorganization of the Target Companies as agreed by the Sellers and the Purchasers has been completed;
- (i) there has been no event which might render the Closing impracticable or illegal, including any event which has material adverse effect on the Target Companies;
- (j) there has been no law, judgment, decision, prohibition or order made by relevant authorities restricting, prohibiting or cancelling the transfer of the Sale Shares;
- (k) (applicable to Qi County GCL Share Purchase Agreement only) the solar power plant project owned by Qi County GCL has been listed in the first batch of National Subsidy List published after the signing of the Qi County GCL Share Purchase Agreement;
- (l) (applicable to Huixian Shi GCL Share Purchase Agreement only) consents from the relevant government authorities of Huixian City in the PRC have been obtained for the Transactions, which it is expected that such consent will be obtained within one month from the date of the Second Phase Share Purchase Agreements; and

- (m) (applicable to Hubei Macheng Jinfu Share Purchase Agreement only) the completion of the signing of the Confirmation Agreement in relation to amount of outstanding balance of the construction fees payable by Hubei Macheng Jinfu to Wuhan Rixin under the Wuhan Rixin EPC Agreement as at the Reference Date.

The Sellers undertake to the Purchasers that all of the Conditions Precedent shall be fulfilled or waived (as the case may be) within 90 days from the date of the Second Phase Share Purchase Agreements or such other date as agreed by the Sellers and the Purchasers. If any of the Conditions Precedent cannot be fulfilled or waived (as the case may be) within 120 days from the date of the Second Phase Share Purchase Agreements or such other date as agreed by the Sellers and the Purchasers, the Purchasers shall be entitled to terminate the Second Phase Share Purchase Agreements or waive any of the Conditions Precedent that has not been fulfilled except condition (c) above. None of the Conditions Precedent is waivable by the Sellers.

If any of the Conditions Precedent cannot be fulfilled within 90 days from the date of the Second Phase Share Purchase Agreements, the Purchasers shall be entitled to require the Sellers to pay a default payment equivalent to 0.02% of the Share Price for each day of delay, subject to an accumulated cap of 0.6% of the Share Price. If the failure to fulfill conditions (e) and (f) above leads to such delay, the Purchasers agreed not to charge the Sellers the above-mentioned default payment.

Based on GNE's previous experience, upon the end of the publication period of the eligibility of certain solar power plant projects to be included in the previous batches of national subsidy catalogue, it usually took a few months time for the final inclusion of those solar power plant projects in the national subsidy catalogue. The publication period of the eligibility of the Operational Solar Power Plant Project operated by Qi County GCL in the National Subsidy List will be completed in early October 2020. It is therefore expected that the final inclusion of the Operational Solar Power Plant Project operated by Qi County GCL in the National Subsidy List will take place by the end of 2020. As such, the Directors are of the view that the risk of condition (k) above being unfulfilled within 90 days from the date of the Second Phase Share Purchase Agreements is relatively low and hence, the default payment arrangement is fair and reasonable and in the interest of GCL-Poly and GNE and their respective shareholders as a whole.

## **Closing**

Closing shall take place within five Business Days (or any other date as agreed by the Sellers and the Purchasers) after all of the Conditions Precedent have been fulfilled or waived (as the case may be).

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.

## **Closing Audit Report**

Pursuant to the Second Phase Share Purchase Agreements, the Sellers and the Purchasers shall engage an auditing agency to audit the financial condition of the Target Companies for the Transition Period and prepare the Closing Audit Report within 30 days after the Closing Date.

## **Guarantee**

Pursuant to the Second Phase Share Purchase Agreements, the Guarantor agreed to provide a guarantee to secure the due performance by the Sellers of its obligations under the Second Phase Share Purchase Agreements.

## **Grant of the Second Phase Put Options**

### ***(a) General repurchase conditions of Target Companies***

Within five years from the Closing Date, the Sellers may be required to repurchase the entire equity interest in the respective Target Company(ies) and any outstanding shareholders' loan advanced to the respective Target Company(ies) by the Purchasers in accordance with each of the Second Phase Share Purchase Agreements (the "**Repurchase**") upon the exercise of the Second Phase Put Options by the Purchasers, upon the occurrence of any of the following events in relation to the relevant Target Company(ies) (the "**Repurchase Events**"):

- (i) failure to obtain relevant compliance documents, complete relevant compliance procedures or pay the relevant construction fees in accordance with the requirements of the applicable laws before the Closing Date which causes the suspension of the operation of the solar power plant(s) of the relevant Target Company(ies) and the operation failing to resume within 6 months;
- (ii) engineering quality matters, major irreparable defects or safety hazards of the main equipment of the solar power plant(s) existed before the Closing Date which cause the suspension of the operation of the solar power plant(s) of the relevant Target Company(ies) and the operation failing to resume within 6 months;
- (iii) the relevant Target Company(ies) being unable to receive the full amount of the national subsidy receivable from the PRC government to be determined based on the Closing Audit Report within 4 years from the Closing Date. As at the Reference Date, the total balance of national subsidy receivable by the Target Companies was approximately RMB 645,188,038;
- (iv) the disqualification of the relevant Target Company(ies) from receiving national subsidy under the National Subsidy Catalogue or National Subsidy List; and



- (v) material breach of the relevant Second Phase Share Purchase Agreement(s) by the Sellers which frustrates the purpose of the Transactions.

If the Purchasers fail to provide a written repurchase notice within one year from the occurrence of the Repurchase Events, it shall be deemed as a waiver by the Purchasers to exercise their rights to the Repurchase.

**(b) *Specific repurchase conditions of Baotou Shi Zhong Li and Ruyang GCL***

In the event of failure to register the Specified Solar Power Plant Projects under the National Subsidy List within two years from the Closing Date (the “**Registration Deadline**”), Changzhou Zhonghui and Suzhou GCL New Energy may be required to repurchase the equity interests of Baotou Shi Zhong Li and Ruyang GCL respectively from the day after the Registration Deadline.

If the Purchasers fail to provide a written repurchase notice within one year from the day after the Registration Deadline, it shall be deemed as a waiver by the Purchasers of their rights to require Changzhou Zhonghui and/or Suzhou GCL New Energy to repurchase the equity interests of Baotou Shi Zhong Li and/or Ruyang GCL. However, the Purchasers shall not be required to pay the Third Instalment to the Sellers.

**(c) *Repurchase price***

The repurchase price for the Target Companies (the “**Repurchase Price**”) shall be calculated in the following manner (whichever is higher):

- (a) the amount equivalent to the valuation of the shareholders’ rights and interests of the Target Companies as stated under the repurchase valuation report to be filed to the relevant PRC state assets regulatory authorities; or
- (b) the amount equivalent to the aggregation of (i) the Share Price, Capital Cost, Additional Amount and subsequent capital contribution to the Target Companies paid by the Purchasers, plus (ii) the expected investment income of the Purchasers (as defined below), less (iii) any dividend of the Target Companies actually paid to the Purchasers after the Closing Date, less (iv) any amount paid by the Sellers prior to the Repurchase to the Purchasers (including default payment, damages and compensation, but excluding any amount paid by the Sellers prior to the Repurchase to the Target Companies).

The expected investment income = the Share Price, Capital Cost, Additional Amount and subsequent capital contribution to the Target Companies paid by the Purchasers x 4.9% x the number of days since the Purchasers actually paid the Share Price or the amount of capital contribution until the date of the payment of the Repurchase Price by the Sellers ÷ 360 days.

### **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, owning and operation of solar farms. As at the date of this joint announcement, GCL-Poly is interested in approximately 62.28% 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 62.28% by GCL-Poly.

#### **Ningxia GCL New Energy**

Ningxia GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of GCL-Poly and GNE. Ningxia GCL New Energy directly wholly-owns the solar power plant project of Ningxia Zhongwei GCL.

#### **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 owns a majority of solar power plants of GNE in the PRC.

#### **Changzhou Zhonghui**

Changzhou Zhonghui is a company incorporated in the PRC with limited liability and an indirect subsidiary of GCL-Poly and GNE. Changzhou Zhonghui directly wholly-owns the solar power plant projects of Baotou Shi Zhong Li and is an indirect subsidiary of GCL-Poly and GNE.

#### 4. INFORMATION ON THE PURCHASERS

##### **Huaneng No. 1 Fund**

Huaneng No. 1 Fund is a limited partnership established in the PRC which was formed to invest in equities, investment instruments or vehicles related to debt-for-equity swap that are in compliance with the relevant laws, regulations and regulatory requirements.

The general partners of Huaneng No. 1 Fund are (i) Tianjin Huajing Shunhe New Energy Technology Development Co., Ltd.\* (天津華景順和新能源科技發展有限公司), a company established in the PRC which principally engages in technical services, development, consultation, communication, transfer and promotion etc., and is indirectly held as to (a) 50% by Huaneng Capital Services Limited\* (華能資本服務有限公司) (which is owned as to approximately 61% by China Huaneng Group as its ultimate beneficial owner managed by the State Council of the PRC) and (b) 50% by Invesco WLR Limited (a company established in Hong Kong and its ultimate beneficial owner is Invesco Ltd. (a company listed in New York, the United States, with New York Stock Exchange stock code IVZ)) and (ii) ICBC Capital Management Co., Ltd. (工銀資本管理有限公司), a company established in the PRC which principally engages in asset management, investment management, investment consultation and equity investment, whose ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

The limited partners of Huaneng No. 1 Fund are (i) China Huaneng Group, which owns a majority of properties in Huaneng No. 1 Fund and (ii) ICBC Financial Assets Investment Co., Ltd.\* (工銀金融資產投資有限公司) (a company established in the PRC which principally engages in acquisition of debts owed by enterprises to banks for the purpose of debt-for-equity swap, so as to convert the credit rights into equities and manage such equities, and its ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

Huaneng No. 1 Fund is owned as to approximately 51% by China Huaneng Group and approximately 49% by ICBC Financial Assets Investment Co., Ltd.\* (工銀金融資產投資有限公司).

## **Huaneng No. 2 Fund**

Huaneng No. 2 Fund is a limited partnership established in the PRC which was formed to invest in equities, investment instruments or vehicles related to debt-for-equity swap that are in compliance with the relevant laws, regulations and regulatory requirements.

The general partners of Huaneng No. 2 Fund are (i) Tianjin Huajing Shunhe New Energy Technology Development Co., Ltd.\* (天津華景順和新能源科技發展有限公司), a company established in the PRC which principally engages in technical services, development, consultation, communication, transfer and promotion etc., and is indirectly held as to (a) 50% by Huaneng Capital Services Limited\* (華能資本服務有限公司) (which is owned as to approximately 61% by China Huaneng Group as its ultimate beneficial owner managed by the State Council of the PRC) and (b) 50% by Invesco WLR Limited (a company established in Hong Kong and its ultimate beneficial owner is Invesco Ltd. (a company listed in New York, the United States, with New York Stock Exchange stock code IVZ)) and (ii) ICBC Capital Management Co., Ltd. (工銀資本管理有限公司), a company established in the PRC which principally engages in asset management, investment management, investment consultation and equity investment, whose ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

The limited partners of Huaneng No. 2 Fund are (i) China Huaneng Group, which owns a majority of properties in Huaneng No. 2 Fund and (ii) ICBC Financial Assets Investment Co., Ltd.\* (工銀金融資產投資有限公司) (a company established in the PRC which principally engages in acquisition of debts owed by enterprises to banks for the purpose of debt-for-equity swap, so as to convert the credit rights into equities and manage such equities, and its ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, respectively, with the respective stock codes being 601398 and 1398).

Huaneng No. 2 Fund is owned as to approximately 51% by China Huaneng Group and approximately 49% by ICBC Financial Assets Investment Co., Ltd.\* (工銀金融資產投資有限公司).

To the best of the GCL-Poly Directors and the GNE Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchasers, the general partners and the limited partners of the Purchasers and their ultimate beneficial owners are third parties independent of GCL-Poly and GNE and their connected persons.

## 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:

<b>No.</b>	<b>Second Phase Share Purchase Agreements</b>	<b>Information on the Target Companies</b>
I	Baotou Shi Zhong Li Share Purchase Agreement	Baotou Shi Zhong Li is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Baotou Shi Zhong Li is wholly owned by Changzhou Zhonghui and is an indirect subsidiary of GCL-Poly and GNE.
II	Qi County GCL Share Purchase Agreement	Qi County GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Qi County GCL is wholly owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE.
III	Ningxia Zhongwei GCL Share Purchase Agreement	Ningxia Zhongwei GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Ningxia Zhongwei GCL is wholly owned by Ningxia GCL and is an indirect subsidiary of GCL-Poly and GNE.
IV	Huixian Shi GCL Share Purchase Agreement	Huixian Shi GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Huixian Shi GCL is wholly owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE.
V	Ruyang GCL Share Purchase Agreement	Ruyang GCL is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Ruyang GCL is wholly owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE.

<b>No.</b>	<b>Second Phase Share Purchase Agreements</b>	<b>Information on the Target Companies</b>
VI	Hubei Macheng Jinfu Share Purchase Agreement	Hubei Macheng Jinfu is a company incorporated in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Hubei Macheng Jinfu is wholly owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE.

Set out below is an extract of the audited financial statements prepared for the financial years ended 31 December 2018 and 31 December 2019 and the unaudited management accounts for the nine months ended 30 September 2019 and the six months ended 30 June 2020 of the Target Companies prepared in accordance with China Accounting Standards:

Second Phase Share Purchase Agreements	Target Companies	Six months ended 30 June 2020		Year ended 31 December 2019		Nine months ended 30 September 2019		Year ended 31 December 2018	
		Profit before taxation <i>RMB'000</i>	Profit after taxation <i>RMB'000</i>	Profit before taxation <i>RMB'000</i>	Profit after taxation <i>RMB'000</i>	Profit before taxation <i>RMB'000</i>	Profit after taxation <i>RMB'000</i>	Profit before taxation <i>RMB'000</i>	Profit after taxation <i>RMB'000</i>
I	Baotou Shi Zhong Li	20,304	18,781	44,762	41,390	41,227	38,139	42,955	40,234
II	Qi County GCL	16,492	14,420	25,069	22,393	22,015	19,263	22,784	22,784
III	Ningxia Zhongwei GCL	12,290	11,546	23,299	23,282	17,478	17,478	20,725	20,725
IV	Huixian Shi GCL	6,420	5,546	8,875	7,758	8,146	7,128	7,787	7,787
V	Ruyang GCL	24,885	21,777	38,148	35,470	33,609	31,354	32,367	32,362
VI	Hubei Macheng Jinfu	26,956	23,421	55,124	48,234	49,507	43,318	49,942	49,942

The table below sets out the net asset value (net of the dividends payable as at Reference Date and dividends declared during the Transition Period) of each of the Target Companies extracted from the unaudited management accounts for the nine months ended 30 September 2019 and the six months ended 30 June 2020 of the Target Companies prepared in accordance with China Accounting Standards:

		As at 30 June 2020	As at the Reference Date
<b>Second Phase Share Purchase Agreements</b>			
	<b>Target Companies</b>	<b>Net asset value</b> <i>RMB'000</i>	<b>Net asset value</b> <i>RMB'000</i>
I	Baotou Shi Zhong Li	146,812	129,132
II	Qi County GCL	106,963	92,770
III	Ningxia Zhongwei GCL	78,780	69,002
IV	Huixian Shi GCL	61,418	55,579
V	Ruyang GCL	180,110	159,175
VI	Hubei Macheng Jinfu	233,379	211,649
		<u>807,642</u>	<u>717,307</u>

As at 31 December 2018, 30 September 2019, 31 December 2019 and 30 June 2020, the aggregate net assets (net of dividends payable as at Reference Date and dividends declared during the Transition Period) of the Target Companies amounted to approximately RMB874,782,000, RMB717,307,000, RMB710,516,000 and RMB807,642,000, respectively. As set out in the Second Phase Share Purchase Agreements, the Purchasers will be responsible for the Capital Costs for operating the Target Companies since the Reference Date and any gains and losses arising from the operations of the Target Companies since the Reference Date will be enjoyed or borne by the Purchasers. Coupled with the fact that GNE has not made any major capital contribution to the Target Companies since the Reference Date, any changes in the net asset value or financial position of the Target Companies during the Transition Period merely reflects changes in the financial position of the Target Companies due to their continued operation of their day-to-day businesses, which is in line with the historical financial performance of the Target Companies.

In addition, the increase in net asset value mainly reflects the increase in national subsidy receivable from the relevant PRC governmental authorities during the period. As set out in the section headed "Basis of the Consideration", GNE has experienced difficulties in collecting national subsidy from PRC governmental authorities, and it remains uncertain whether the Target Companies will be able to collect all the national subsidy that has been booked in a timely manner. As such, the Directors are of the strong view that the Consideration (which was determined based on, among other factors net assets value of the Target Companies as at the Reference Date), remains fair and reasonable and no further adjustments are required to take into account changes in the net assets value of the Target Companies during the Transition Period.

As at the date of this joint announcement, upon a review of the audited accounts of the Target Companies for the year ended 31 December 2019, the GCL-Poly Directors and the GNE Directors are not aware of any material change in operations and/or financial position of the Target Companies since the Reference Date up to the date of this joint announcement which may require adjustments to the Consideration. The GCL-Poly Directors and the GNE Directors therefore consider that the Consideration remains to be fair and reasonable.

## **6. FINANCIAL IMPACT OF THE TRANSACTIONS**

After the Closing Date, the Target Companies will cease to be subsidiaries of the GCL-Poly Group and the GNE Group, and the profits 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 Latest Practicable Date, it is estimated that the GCL-Poly Group and the GNE Group will realise a net loss on the Second Phase Disposals of approximately RMB205,029,141, which is calculated by reference to the difference between the Share Price of approximately RMB576,001,213 plus the Capital Cost of approximately RMB31,431,290 and the net asset value of the Target Companies (net of the dividends payable as at Reference Date and dividends declared during the Transition Period by the Target Companies) of approximately RMB807,461,644 based on the unaudited financial information of the Target Companies as at 30 June 2020, after deducting related transaction costs of the Second Phase Disposals of approximately RMB5,000,000. 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 based on the net asset value of the Target Companies as at the Closing Date in accordance with the Closing Audit Report.

Despite the net loss on the Second Phase Disposals, the net cash proceeds (net of estimated taxes and transaction costs) from the Transactions (including the Consideration, the Total Outstanding Balance, the payment of dividends payable as at Reference Date and dividends declared during the Transition Period by the Target Companies and the Capital Cost) of the GNE Group is expected to be approximately RMB1,376,344,000, which is substantially higher than the aggregate amount of the total cash investment to the Target Companies and the total shareholders' loans by the GNE Group amounting to approximately RMB885,044,579.

In addition, having taken into consideration of the reasons for the Second Phase Disposals as stated under the section headed "Reasons and Benefits of the Transactions" below, the GCL-Poly Group and the GNE Group are of the view that the Second Phase Disposals will be in the interests of the GNE Group, the GCL-Poly Group and the Shareholders respectively and as a whole as it will improve the cash flow position of the GCL-Poly Group and the GNE Group in the long run.



## 7. USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds (net of estimated taxes and transaction costs) from the Transactions (including the Consideration, the Total Outstanding Balance, the payment of dividends payable as at Reference Date and dividends declared during the Transition Period by the Target Companies and the Capital Cost) is expected to be approximately RMB1,376,344,000, which GNE intends to use for repayment of its debts.

The table below sets out the debt profile of the GNE Group for the upcoming 12 months as at 30 June 2020:

### Indebtedness repayable within one year

	<i>RMB'000</i>
Loans of investment holding companies	7,158,113
Project loans	3,265,179
Bonds and senior notes	3,802,242
Loans from related companies	438,056
Lease liabilities	110,397
Loans directly associated with assets held for sale	<u>754,939</u>
	<u><u>15,528,926</u></u>

Having considered (i) the business prospects and internal resources of the GNE Group, (ii) the net cash proceeds from the Transactions, (iii) the available committed and uncommitted financing facilities and arrangements of the GNE Group and (iv) ongoing transformation of the GNE Group to an asset-light model, the GNE Directors believe that the GNE Group has sufficient working capital to meet its financial obligations as they fall due in the foreseeable future. For the details of the reasons and benefits of the transformation of the GNE Group into an asset-light model and the Transactions, please refer to the section headed “Reasons and Benefits of the Transactions” below.

## 8. REASONS AND BENEFITS OF THE TRANSACTIONS

Solar power generating business is the principal business engaged by GNE, and one of the business segments (being the new energy business segment) operated by GCL-Poly through its subsidiary GNE and other subsidiaries. Solar power generating business is also a capital intensive industry, which highly relies on external financing in order to fund for the construction of solar power plants while the recovery of capital investment takes a long period of time. Given GCL-Poly, through GNE, highly relies on external financing in order to obtain investment capital for new solar power project development, any interest rate changes will have an impact on the capital expenditure and finance expenses of GCL-Poly, through GNE, hence,

affecting its operating results. Therefore, transformation into an asset-light model, being the business model adopted by GCL-Poly, through GNE, is an effective way to reduce its debts and interest rate exposure.

Since 2018, GCL-Poly, through GNE, has strived to promote its strategic transformation, actively introduced strategic investors for the disposals of its solar power plants. At the project level, in addition to the cooperation with China Huaneng Group, in 2018 and 2019, the GCL-Poly Group, through the GNE Group, disposed a total asset of approximately 1.7GW to CGN Solar Energy Development Co., Ltd.\* (中廣核太陽能開發有限公司), China Three Gorges New Energy Co., Ltd.\* (中國三峽新能源有限公司), Wuling Power Corporation Ltd.\* (五凌電力有限公司), Shanghai Rongyao New Energy Co., Ltd.\* (上海榕耀新能源有限公司), CNI (Nanjing) Energy Development Company Limited\* (中核(南京)能源發展有限公司) and CDB New Energy Technology Co., Ltd.\* (國開新能源科技有限公司) respectively to recover a total cash of approximately RMB2.86 billion (net of transaction costs) for the repayment of debts. As the debts related to such projects will no longer be consolidated into the GCL-Poly Group and the GNE Group, the scale of debts incurred by GNE will be reduced by approximately RMB10.18 billion in aggregate.

GCL-Poly, through GNE, reinforced the strategic cooperation with domestic centralized management enterprises and local state-owned enterprises, including the China Huaneng Group. After the completion of the First Phase Disposals and the Second Phase Disposals, the GCL-Poly Group, through the GNE Group, and China Huaneng Group will further explore other cooperation opportunities in relation to, including but not limited to, the GNE Group's existing solar power plants in the PRC. GCL-Poly, through GNE, and China Huaneng Group are proactively promoting other phases of disposals, and plan to reach and execute more agreements in relation to the disposals of solar power plants in the near future.

Upon completion of the Transactions, the Target Companies will no longer be subsidiaries of the GCL-Poly Group and the GNE Group, and the profits and losses 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 RMB1,813,279,000, of which approximately RMB379,911,000 will be due within one year. Meanwhile, the cash derived from the Transactions amounted to approximately RMB1,376,344,000, which will be used for further repayment of debts, and the gearing ratio of the GNE Group will decrease by approximately 1%, calculated with reference to the unaudited financial statements of the GNE Group as at 30 June 2020, effectively reducing the financial risks.

Although the Target Companies are profit-making, they have experienced a net cash outflow due to substantial delay in receiving the national subsidy from the relevant PRC governmental entities. The capital and operating expenses of the Target Companies have been substantially funded by shareholders' loans from the GNE Group from time to time. The Second Phase Disposals represents an opportunity for the GCL-Poly Group, through the GNE Group to recoup

its capital investments in the Target Companies and to relieve the GCL-Poly Group, through the GNE Group from its funding commitment to the Target Companies in the form of shareholders' loans, which are costly to maintain.

The table below sets out the respective number of solar power plants operated by the Remaining Group and their respective locations after the completion of the Transactions:

<b>Geographic location</b>	<b>Number of solar power plant(s)</b>	<b>Grid-connected Capacity (MW)</b>
<b>The GNE Group</b>		
Jiangsu	39	433
Shaanxi	19	1024
Anhui	11	390
Henan	10	414
Qinghai	9	286
Inner Mongolia	8	298
Yunnan	8	279
Guangdong	8	133
Shandong	6	190
Guizhou	6	235
Hunan	5	101
Jilin	4	51
Liaoning	3	47
Jiangxi	3	100
Hubei	3	49
Hainan	3	80
Zhejiang	3	62
Guangxi	3	160
Fujian	3	55
Xinjiang	2	47
Ningxia	2	60
Sichuan	2	85
Gansu	2	39
Hebei	1	21
Shanghai	1	7
United States	2	134
<b>Sub-total</b>	<b>166</b>	<b>4,780</b>

<b>Geographic location</b>	<b>Number of solar power plant(s)</b>	<b>Grid-connected Capacity (MW)</b>
<b>The GCL-Poly Group (excluding the GNE Group)</b>		
Jiangsu	4	83
Shanxi	2	100
Ningxia	2	130
Tibet	1	10
Xinjiang	1	30
United States	14	18
<b>Sub-total</b>	<b>24</b>	<b>371</b>
<b>Total</b>	<b>190</b>	<b>5,151</b>

Through the divestiture of the Operational Solar Power Plant Projects, the asset-light model allows the Remaining Group to optimize the finance structure by lowering gearing rate as well as reducing debt and interest rate exposure.

Based on the reasons above and having considered the scale of the Remaining Group's solar power plants business with an aggregate approximately 5.2 GW of grid-connected capacity, the Directors believe that the business model and the asset-light strategy of the Remaining Group (after completion of the First Phase Disposals and the Second Phase Disposals) could ensure its sufficient level of operations, viability and sustainability. As at the date of this joint announcement, GCL-Poly and GNE do not have any intention to acquire new business in the future.

GCL-Poly and GNE have considered other alternative fund-raising methods such as debt financing, rights issue or open offer with a view to lower their respective gearing ratio. The Directors considered that debt financing may incur interest burden on and further increase the gearing ratio of the GCL-Poly Group and the GNE Group and may be subject to (i) lengthy due diligence process, (ii) negotiations with banks and (iii) prevailing financial market condition, which may be relatively uncertain and time-consuming. In addition, it is usually more time consuming to raise funds by rights issue or open offer and it may not allow GCL-Poly and GNE to grasp potential opportunities in a timely manner. Rights issue and open offer may also incur high underwriting commission and involve extra administrative work and cost in relation to the trading arrangements. Although rights issue and open offer would be offered to the GCL-Poly Shareholders and GNE Shareholders on a pro rata entitlement basis, those qualifying shareholders who choose not to take up their assured entitlements in full would have dilution to their shareholding interests in GCL-Poly and GNE.

Due to the capital intensive nature of the Operational Solar Power Plant Projects, raising capital alone will only put on more financial pressure on the GCL-Poly Group and the GNE Group as further injection of capital into the Target Companies will be required in order to continuously operate the Operational Solar Power Plant Projects in the long run. Without continuously disposing solar power plants owned by GNE (including the Operational Solar Power Plant Projects) to transform GNE into an asset-light enterprise, GNE will fall into a vicious cycle, whereby GNE will require further rounds of fund raising, which causes the gearing ratio to continuously increase, hence negatively affecting the financial stability of GNE.

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

Since the highest of the applicable percentage ratios in respect of the Disposals exceeds 75%, the entering into of the Second Phase Disposals constitutes a very substantial disposal of GCL-Poly under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

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

The Put Options are exercisable at the discretion of the Purchasers upon the occurrence of certain specified events, with the exercise price of the Put Options to be determined in accordance with the terms of the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements respectively. Given that the exercise of the Second Phase Put Options are not at GCL-Poly's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Second Phase Put Options will be classified as if they had been exercised. The grant of the Second Phase Put Options constitutes a possible very substantial acquisition for GCL-Poly and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GNE**

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

Since the highest of the applicable percentage ratios in respect of the Disposals exceeds 75%, the entering into of the Second Phase Disposals constitutes a very substantial disposal of GNE under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

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

The Put Options are exercisable at the discretion of the Purchasers upon the occurrence of certain specified events, with the exercise price of the Put Options to be determined in accordance with the terms of the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements respectively. Given that the exercise of the Second Phase Put Options are not at GNE's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Second Phase Put Options will be classified as if they had been exercised. The grant of the Second Phase Put Options constitutes a possible very substantial acquisition for GNE and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **10. GENERAL**

The GCL-Poly EGM will be convened for the GCL-Poly Shareholders to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Second Phase Share Purchase Agreements. A circular, which will include, among other

things, further details of the Transactions and the transactions contemplated under the Second Phase Share Purchase Agreements, is expected to be despatched to the GCL-Poly Shareholders on or before 30 October 2020, as additional time is required to prepare the information to be disclosed in the circular.

The GNE SGM will be convened for the GNE Shareholders to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Second Phase Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Second Phase Share Purchase Agreements, is expected to be despatched to the GNE Shareholders on or before 30 October 2020, as additional time is required to prepare the information to be disclosed in the circular.

## 11. DEFINITIONS

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

“Additional Amount”	the additional amount payable by the Purchasers to the Sellers stated under the section headed “Additional amount for the early payment of national subsidy”
“Amount Payable”	the amount payable as set out in the Second Phase Share Purchase Agreements by each of the Target Companies to its affiliates (including the Sellers)
“Amount Receivable”	the amount receivable as set out in the Second Phase Share Purchase Agreements by each of the Target Companies from its affiliates (including the Sellers)
“Baotou Shi Zhong Li”	Baotou Shi Zhong Li Photovoltaic Co., Ltd.* (包頭市中利騰暉光伏發電有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Changzhou Zhonghui
“Baotou Shi Zhong Li Share Purchase Agreement”	an equity transfer agreement dated 29 September 2020 entered into between Changzhou Zhonghui and the Purchasers in relation to the sale of the entire equity interest in Baotou Shi Zhong Li
“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

“Capital Cost”	the cost of capital of operating the Target Companies during the Transition Period
“Changzhou Zhonghui”	Changzhou Zhonghui Photovoltaic Technology Co., Ltd.* (常州中暉光伏科技有限公司), a company established in the PRC with limited liability
“China Huaneng Group”	China Huaneng Group Co., Ltd.* (中國華能集團有限公司), a state-owned enterprise incorporated in the PRC with limited liability and one of the limited partners of the Purchasers
“Closing Audit Report”	the closing audit report prepared by an auditing agency appointed by the Sellers and the Purchasers to audit the financial status of the Target Companies during the Transition Period 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 Company(ies) upon the completion of the Registration Procedures
“Conditions Precedent”	the conditions under the section headed “Conditions Precedent” in this joint announcement
“Confirmation Agreement”	the agreement to be entered into among Hubei Macheng Jinfu and Wuhan Rixin to confirm the outstanding balance of the construction fees payable by Hubei Macheng Jinfu to Wuhan Rixin under the Wuhan Rixin EPC Agreement as at the Reference Date
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the transactions contemplated under the Second Phase Share Purchase Agreements, being the aggregate of the Share Price
“Directors”	the GCL-Poly Directors and the GNE Directors
“Disposals”	the First Phase Disposals and the Second Phase Disposals
“First Phase Disposals”	the proposed disposals of the entire equity interest in certain subsidiaries by Suzhou GCL New Energy and Ningxia GCL New Energy to the Purchasers as contemplated under the First Phase Share Purchase Agreements



“First Phase Put Options”	the put options granted to the Purchasers under each First Phase Share Purchase Agreement, pursuant to which the Purchasers are entitled to, upon the occurrence of certain specified events in relation to a relevant target company of the First Phase Disposals, request Suzhou GCL New Energy and/or Ningxia GCL New Energy to repurchase the respective target company’s (a) entire equity share; and (b) the relevant outstanding shareholders’ loan at the time
“First Phase Share Purchase Agreements”	the series of five share purchase agreements dated 21 January 2020 entered into between Suzhou GCL New Energy, the Guarantor and the Purchasers and the share purchase agreement dated 21 January 2020 entered into between Ningxia GCL New Energy, Suzhou GCL New Energy, the Guarantor and the Purchasers, as detailed in (i) the joint announcement of GCL-Poly and GNE dated 21 January 2020 and (ii) the circulars of GCL-Poly and GNE both dated 29 April 2020 in relation to the First Phase Disposals
“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 62.28% 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 EGM”	the extraordinary general meeting of GCL-Poly to be convened to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Second Phase Share Purchase Agreements
“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 SGM”	the special general meeting of GNE to be convened to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Second Phase Share Purchase Agreements
“GNE Shareholders”	the shareholders of GNE
“Guarantor”	GCL Group Limited* (協鑫集團有限公司), a company established in the PRC and is indirectly held under a discretionary trust under which Mr. Zhu Gongshan (an executive director and chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, an executive director of GCL-Poly and GNE and the son of Mr. Zhu Gongshan) are beneficiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huaneng No. 1 Fund”	Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號(天津)股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Huaneng No. 2 Fund”	Huaneng Gongrong No.2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號(天津)股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Hubei Macheng Jinfu”	Hubei Macheng Jinfu Solar Energy Limited* (湖北省麻城市金伏太陽能電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“Hubei Macheng Jinfu Share Purchase Agreement”	an equity transfer agreement dated 29 September 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Hubei Macheng Jinfu

“Huixian Shi GCL”	Huixian Shi GCL Photovoltaic Power Co., Ltd.* (輝縣市協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“Huixian Shi GCL Share Purchase Agreement”	an equity transfer agreement dated 29 September 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Huixian Shi GCL
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“National Renewable Energy Development Fund”	National Renewable Energy Development Fund (國家可再生能源發展基金), a fund established by the PRC government for the provision of national subsidy to renewable energy investments
“National Subsidy Catalogue”	National Renewable Energy Tariff Surcharge Subsidy Catalogue (可再生能源電價附加資金補助目錄) under the Renewable Energy Law (中華人民共和國可再生能源法) promulgated on 28 February 2005 and implemented on 1 January 2006
“National Subsidy List”	Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單)
“Net Payable Amount”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable of each of the Target Companies in the event that the Amount Payable is more than the Amount Receivable of each of the Target Companies
“Net Receivable Amount”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable of each of the Target Companies in the event that the Amount Payable is less than the Amount Receivable of each of the Target Companies
“Ningxia GCL New Energy”	Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GCL-Poly and GNE

“Ningxia Zhongwei GCL”	Ningxia Zhongwei GCL Photovoltaic Power Co., Ltd.* (寧夏中衛協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Ningxia GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“Ningxia Zhongwei GCL Share Purchase Agreement”	an equity transfer agreement dated 29 September 2020 entered into between Ningxia GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Ningxia Zhongwei GCL
“Operational Solar Power Plant Project(s)”	the operational solar power plant project(s) of the Target Companies
“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
“Prescribed Period”	the period from the date of announcement of the Bond Issuance to the expiry of one year from the date of the Second Phase Share Purchase Agreements
“Purchasers”	Huaneng No. 1 Fund and Huaneng No. 2 Fund
“Put Options”	First Phase Put Options and Second Phase Put Options
“Qi County GCL”	Qi County GCL New Energy Limited* (淇縣協鑫新能源有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“Qi County GCL Share Purchase Agreement”	an equity transfer agreement dated 29 September 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Qi County GCL
“Reference Date”	30 September 2019
“Registration Procedures”	the registration procedures in respect of the change of the respective shareholders of each of the Target Companies and other relevant filing procedures in respect of the Transactions in the PRC

“Registered Solar Power Plant Projects”	Operational Solar Power Plant Projects which are registered in the 6th and 7th batches of the National Subsidy Catalogue and 1st batch of the National Subsidy List
“Remaining Group”	the GCL-Poly Group and the GNE Group after completion of the First Phase Disposals and the Second Phase Disposals
“RMB”	Renminbi, the lawful currency of the PRC
“Ruyang GCL”	Ruyang GCL New Energy Limited* (汝陽協鑫新能源有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“Ruyang GCL Share Purchase Agreement”	an equity transfer agreement dated 29 September 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Ruyang GCL
“Sale Shares”	the entire equity interest in the Target Companies held by the Sellers
“Second Phase Disposals”	the proposed disposals of the Sale Shares by the Sellers to the Purchasers as contemplated under the Second Phase Share Purchase Agreements
“Second Phase Put Options”	the put options granted to the Purchasers under the Second Phase Share Purchase Agreements, pursuant to which the Purchasers are entitled to, upon the occurrence of certain specified events in relation to a relevant Target Company, request the respective Sellers to repurchase the respective Target Company’s (a) entire equity interest; and (b) the relevant outstanding shareholders’ loan at the time
“Second Phase Share Purchase Agreements”	Baotou Shi Zhong Li Share Purchase Agreement, Qi County GCL Share Purchase Agreement, Ningxia Zhongwei GCL Share Purchase Agreement, Huixian Shi GCL Share Purchase Agreement, Ruyang GCL Share Purchase Agreement and Hubei Macheng Jinfu Share Purchase Agreement
“Sellers”	Changzhou Zhonghui, Ningxia GCL New Energy, and Suzhou GCL New Energy
“Share Price”	the Consideration for the Sale Shares

“Specified Solar Power Plant Projects”	Phase 3 solar power plant project operated by Baotou Shi Zhong Li and Phase 2 solar power plant project operated by Ruyang GCL
“State Grid”	State Grid Corporation of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Suzhou GCL New Energy”	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GCL-Poly and GNE
“Target Company(ies)”	Baotou Shi Zhong Li, Qi County GCL, Ningxia Zhongwei GCL, Huixian Shi GCL, Ruyang GCL and Hubei Macheng Jinfu, the six target companies being the subject of the Second Phase Disposals, details of which can be found in the section headed “Information on the Target Companies” of this joint announcement
“Total Net Payable Amount”	the Net Payable Amount of all of the Target Companies
“Total Net Receivable Amount”	the Net Receivable Amount of all of the Target Companies
“Total Outstanding Balance”	the outstanding balance of the Total Net Receivable Amount and the Total Net Payable Amount, which is equivalent to the amount after the deduction of the Total Net Payable Amount from the Total Net Receivable Amount
“Transactions”	the transactions contemplated under the Second Phase Share Purchase Agreements, including the Second Phase Disposals and the grant of Second Phase Put Options
“Transition Period”	the period between the Reference Date and the Closing Date

“Wuhan Rixin”

Wuhan Rixin Technology Co., Ltd. (武漢日新科技股份有限公司), a company established in the PRC and listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) (stock code: 835679), which principally engaged in, among others, provision of design, construction and operation services for solar power plants and wind power generation. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, Wuhan Rixin and its ultimate beneficial owner(s) are third parties independent of GCL-Poly and GNE and their respective connected persons

“Wuhan Rixin EPC Agreement”

the agreement dated 13 December 2015 entered into between Hubei Macheng Jinfu as the principal and Wuhan Rixin as the contractor under which Wuhan Rixin undertakes to provide engineering, procurement and construction services in relation to the Operational Solar Power Plant Project operated by Hubei Macheng Jinfu

“%”

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, 29 September 2020

*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. Mo Jicai and Ms. Hu Xiaoyan as executive directors of GNE; Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. He Deyong 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.*