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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**

THE THIRD PHASE SHARE PURCHASE AGREEMENTS

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

The GCL-Poly Board and the GNE Board jointly announce that on 19 November 2020 (after trading hours), the Sellers (as the sellers), the Guarantor (as the guarantor) and the Purchasers (as the purchasers) entered into the Third Phase Share Purchase Agreements. Pursuant to the Third Phase Share Purchase Agreements, the Sellers agreed to, among other things, (a) sell (i) the entire equity interest in each of Baoying Xinyuan, Delingha Century Concord, Delingha Energy Power, Delingha Shidai, Hainanzhou Shineng, Hetian GCL, Gaotang GCL, Lanxi Jinrui, Lianshui Xinyuan, Liaocheng Xiechang, Yanbian Xinneng, and Zhongli Tenghui, (ii) 56.51% equity interest in Yili GCL and (iii) 51% equity interest in Yuncheng Xinhua to the Purchasers 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) is expected to be approximately RMB2,007,980,000, 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, the Second Phase Disposals and the Third Phase Disposals within a 12-month period, the First Phase Disposals, the Second Phase Disposals and the Third 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, the Second Phase Disposals and the Third Phase Disposals exceeds 75%, the entering into of the Third 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, the Second Phase Put Options and the Third Phase Put Options with the Purchasers within a 12-month period, the First Phase Put Options, the Second Phase Put Options and the Third 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 the Put Options to be determined in accordance with the terms of the First Phase Share Purchase Agreements, the Second Phase Share Purchase Agreements and the Third Phase Share Purchase Agreements respectively. Given that the exercise of the Third Phase Put Options is not at GCL-Poly's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Third Phase Put Options will be classified as if they had been exercised. The grant of the Third 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, the Second Phase Disposals and the Third Phase Disposals with the Purchasers within a 12-month period, the First Phase Disposals, the Second Phase Disposals and the Third 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, the Second Phase Disposals and the Third Phase Disposals exceeds 75%, the entering into of the Third 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, the Second Phase Put Options and the Third Phase Put Options with the Purchasers within a 12-month period, the First Phase Put Options, the Second Phase Put Options and the Third Phase Put Options 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, the Second Phase Share Purchase Agreements and the Third Phase Share Purchase Agreements respectively. Given that the exercise of the Third Phase Put Options is not at GNE's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Third Phase Put Options will be classified as if they had been exercised. The grant of the Third 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 Third Phase Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Third Phase Share Purchase Agreements, is expected to be despatched to the GCL-Poly Shareholders on or before 28 February 2021, 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 Third Phase Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Third Phase Share Purchase Agreements, is expected to be despatched to the GNE Shareholders on or before 28 February 2021, 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 in relation to the First Phase Disposals, (ii) the circulars of GCL-Poly and GNE both dated 29 April 2020 in relation to the First Phase Disposals and (iii) the joint announcement of GCL-Poly and GNE dated 29 September 2020 in relation to the Second Phase Disposals.

The GCL-Poly Board and the GNE Board jointly announce that on 19 November 2020 (after trading hours), the Sellers (as the sellers), the Guarantor (as the guarantor) and the Purchasers (as the purchasers) entered into the Third Phase Share Purchase Agreements. Pursuant to the Third Phase Share Purchase Agreements, the Sellers agreed to, among other things, (a) sell (i) the entire equity interest in each of Baoying Xinyuan, Delingha Century Concord, Delingha Energy Power, Delingha Shidai, Hainanzhou Shineng, Hetian GCL, Gaotang GCL, Lanxi Jinrui, Lianshui Xinyuan, Liaocheng Xiechang, Yanbian Xinneng and Zhongli Tenghui, (ii) 56.51% equity interest in Yili GCL and (iii) 51% equity interest in Yuncheng Xinhua to the Purchasers and (b) grant the Put Options to the Purchasers.

2. THE THIRD PHASE SHARE PURCHASE AGREEMENTS

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

Date

19 November 2020 (after trading hours)

Parties

- (i) The Sellers:
- (i) Suzhou GCL New Energy Investment Company Limited* (蘇州協鑫新能源投資有限公司)
 - (ii) Jiangsu GCL New Energy Co., Ltd.* (江蘇協鑫新能源有限公司)
 - (iii) Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司)
 - (iv) Qinghai GCL New Energy Co., Ltd.* (青海協鑫新能源有限公司)
 - (v) Shandong GCL New Energy Co., Ltd.* (山東協鑫新能源有限公司)
- (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:
- (a) 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 (i) the entire equity interest in each of Baoying Xinyuan, Delingha Century Concord, Delingha Energy Power, Delingha Shidai, Hainanzhou Shineng, Hetian GCL, Gaotang GCL, Lanxi Jinrui, Lianshui Xinyuan, Liaocheng Xiechang, Yanbian Xinneng and Zhongli Tenghui, (ii) 56.51% equity interest in Yili GCL and (iii) 51% equity interest in Yuncheng Xinhua.

The Target Companies collectively own 18 Operational Solar Power Plant Projects in the PRC with an aggregate grid-connected capacity of approximately 430 MW.

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

No.	Third Phase Share Purchase Agreements	Target Companies
I.	Baoying Xinyuan Share Purchase Agreement	Baoying Xinyuan Photovoltaic Power Co., Ltd.* (寶應鑫源光伏發電有限公司)
II.	Delingha Century Concord Share Purchase Agreement	Delingha Century Concord Photovoltaic Power Co., Ltd.* (德令哈協合光伏發電有限公司)
III.	Delingha Energy Power Share Purchase Agreement	Delingha Energy Power Co., Ltd.* (德令哈陽光能源電力有限公司)
IV.	Delingha Shidai Share Purchase Agreement	Delingha Shidai New Energy Power Co., Ltd.* (德令哈時代新能源發電有限公司)
V.	Hainanzhou Shineng Share Purchase Agreement	Hainanzhou Shineng Photovoltaic Power Co., Ltd.* (海南海州世能光伏發電有限公司)
VI.	Hetian GCL Share Purchase Agreement	Hetian GCL Photovoltaic Power Co., Ltd.* (和田協鑫光伏電力有限公司)
VII.	Gaotang GCL Share Purchase Agreement	Gaotang County GCL Jinghui Photovoltaic Co., Ltd.* (高唐縣協鑫晶輝光伏有限公司)
VIII.	Lanxi Jinrui Share Purchase Agreement	Lanxi Jinrui Photovoltaic Power Co., Ltd.* (蘭溪金瑞太陽能發電有限公司)

No.	Third Phase Share Purchase Agreements	Target Companies
IX.	Lianshui Xinyuan Share Purchase Agreement	Lianshui Xinyuan Photovoltaic Power Co., Ltd.* (澧水鑫源光伏電力有限公司)
X.	Liaocheng Xiechang Share Purchase Agreement	Liaocheng Xiechang Photovoltaic Power Co., Ltd.* (聊城協昌光伏電力有限公司)
XI.	Yanbian Xinneng Share Purchase Agreement	Yanbian Xinneng Photovoltaic Power Co., Ltd.* (鹽邊鑫能光伏電力有限公司)
XII.	Yili GCL Share Purchase Agreement	Yili GCL Energy Limited* (伊犁協鑫能源有限公司)
XIII.	Yuncheng Xinhua Share Purchase Agreement	Yuncheng Xinhua Energy Development Co., Ltd.* (鄆城鑫華能源開發有限公司)
XIV.	Zhongli Tenghui Share Purchase Agreement	Zhongli Tenghui Hainan Electric Power Co., Ltd.* (中利騰暉海南電力有限公司)

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 Third Phase Share Purchase Agreements is RMB666,653,912 (subject to adjustments).

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

No.	Third Phase Share Purchase Agreements	Attributable Share Price RMB
I	Baoying Xinyuan Share Purchase Agreement	13,490,998
II	Delingha Century Concord Share Purchase Agreement	221,546,425
III	Delingha Energy Power Share Purchase Agreement	27,813,239
IV	Delingha Shidai Share Purchase Agreement	67,200,572
V	Hainanzhou Shineng Share Purchase Agreement	47,802,843
VI	Hetian GCL Share Purchase Agreement	3,403,932
VII	Gaotang GCL Share Purchase Agreement	48,104,127
VIII	Lanxi Jinrui Share Purchase Agreement	26,326,223

No.	Third Phase Share Purchase Agreements	Attributable Share Price RMB
IX	Lianshui Xinyuan Share Purchase Agreement	29,582,410
X	Liaocheng Xiechang Share Purchase Agreement	8,425,800
XI	Yanbian Xinneng Share Purchase Agreement	40,098,153
XII	Yili GCL Share Purchase Agreement	26,509,592
XIII	Yuncheng Xinhua Share Purchase Agreement	27,930,300
XIV	Zhongli Tenghui Share Purchase Agreement	<u>78,419,298</u>
Total		<u>666,653,912</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 June 2020);
- (ii) the profitability of the Target Companies for the financial years ended 31 December 2019, 31 December 2018 and the six months ended 30 June 2020, details of which can be found in the section headed "Information on the Target Companies" of this joint announcement, and the dividend of RMB68,119,217 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 period from 1 December 2019 to 30 June 2020, 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 six months ended 30 June 2020 amounted to approximately RMB285,466,000; and
- (iv) the ability of the Target Companies to collect outstanding receivables from the PRC government. 16 out of 18 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. It has been announced that the remaining two Operational Solar Power Plant Projects (i.e. the Specified Solar Power Plant Projects) are eligible to be registered in the National Subsidy List (without any further condition required to be fulfilled), but pending their final inclusion in the National Subsidy List. The timing of the final inclusion of the Specified Solar Power Plant Projects in the National Subsidy List is uncertain and is 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, the total balance of national subsidy receivable by the Target Companies was approximately RMB1,127,494,138.

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

Third Phase		As at 30 June 2020
Share		Balance of national
Purchase		subsidy receivable
Agreements	Target Companies	RMB
I	Baoying Xinyuan	10,964,625
II	Delingha Century Concord	208,912,372
III	Delingha Energy Power	39,975,338
IV	Delingha Shidai	88,952,890
V	Hainanzhou Shineng	77,554,111
VI	Hetian GCL	45,875,466
VII	Gaotang GCL	59,041,601
VIII	Lanxi Jinrui	75,437,657
IX	Lianshui Xinyuan	45,071,370
X	Liaocheng Xiechang	56,445,936
XI	Yanbian Xinneng	78,939,223
XII	Yili GCL	59,692,711
XIII	Yuncheng Xinhua	38,854,626
XIV	Zhongli Tenghui	241,776,212
		241,776,212
Total		1,127,494,138

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 issuance of 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 interest in the Target Companies (subject to rounding to the nearest digit) and in the manner set out below:

No.	Third Phase Share Purchase Agreements	First Instalment RMB	Second Instalment RMB	Third Instalment RMB	Attributable Share Price RMB
I	Baoying Xinyuan Share Purchase Agreement	10,792,798	2,698,200	-	13,490,998
II	Delingha Century Concord Share Purchase Agreement	177,237,140	44,309,285	-	221,546,425
III	Delingha Energy Power Share Purchase Agreement	22,250,591	5,562,648	-	27,813,239
IV	Delingha Shidai Share Purchase Agreement	42,240,458	10,560,114	14,400,000	67,200,572
V	Hainanzhou Shineng Share Purchase Agreement	38,242,274	9,560,569	-	47,802,843
VI	Hetian GCL Share Purchase Agreement	2,723,146	680,786	-	3,403,932
VII	Gaotang GCL Share Purchase Agreement	38,483,302	9,620,825	-	48,104,127
VIII	Lanxi Jinrui Share Purchase Agreement	21,060,978	5,265,245	-	26,326,223
IX	Lianshui Xinyuan Share Purchase Agreement	23,665,928	5,916,482	-	29,582,410
X	Liaocheng Xiechang Share Purchase Agreement	6,740,640	1,685,160	-	8,425,800
XI	Yanbian Xinneng Share Purchase Agreement	32,078,522	8,019,631	-	40,098,153
XII	Yili GCL Share Purchase Agreement	21,207,674	5,301,918	-	26,509,592
XIII	Yuncheng Xinhua Share Purchase Agreement	22,344,240	5,586,060	-	27,930,300
XIV	Zhongli Tenghui Share Purchase Agreement	49,407,439	12,351,859	16,660,000	78,419,298
Total		<u>508,475,130</u>	<u>127,118,782</u>	<u>31,060,000</u>	<u>666,653,912</u>

First instalment: The Purchasers shall pay RMB508,475,130 in total (the “**First Instalment**”) to the Sellers within 15 Business Days after the Closing Date.

Second instalment: The Purchasers shall pay RMB127,118,782 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 (r) (if applicable) of the Conditions Precedent and the respective 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 Procedures; and
 - (iii) other documents, materials and items specified in the Third Phase Share Purchase Agreements.

Third instalment (applicable to Delingha Shidai Share Purchase Agreement and Zhongli Tenghui Share Purchase Agreement only): The Purchasers shall pay RMB31,060,000 (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 Closing has taken place; and
- (b) the completion of the registration of the relevant Operational Solar Power Plant Projects of Delingha Shidai and Zhongli Tenghui in the National Subsidy List.

It is expected that the abovementioned registration will be completed within two months from the date of this joint announcement. As such, the Directors are of the view that the timing and conditions for the payment of the Third Instalment are fair and reasonable. For the avoidance of doubt, the Third Instalment amount is not determined with reference to the national subsidy receivable by Delingha Shidai and Zhongli Tenghui, but is determined after arm's length negotiation between the Sellers and the Purchasers.

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 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 arrangement facilitates the progression of the transaction and is in the interest of the GCL-Poly Shareholders and the GNE Shareholders as a whole.

Consolidation of debts and liabilities of affiliates of the Target Companies

To simplify the repayment process of the amount receivables and payables as at the Reference Date between the Target Companies and their respective affiliates (including the Sellers and other subsidiaries of GCL-Poly and GNE), prior to the Closing Date, (i) all debts and liabilities owed by each of the Target Companies to each of the Seller or its affiliates, being the Amount Payable, shall be consolidated and classified as liabilities of each of the Target Companies payable to the respective Seller and (ii) all debts and liabilities owed to each of the Target Companies by the respective Sellers or its affiliates, being the Amount Receivable, shall be consolidated and classified as assets of each of the Target Companies receivable from the respective Seller. The Amount Payable of each of the Target Companies (which mainly consists of (i) the funds provided by the respective Sellers and its affiliates to the Target Companies for general working capital and repayment of project-related borrowings and (ii) the cost for the procurement of machineries and equipment for the Target Companies paid by the respective Sellers and its affiliates to the Target Companies) will be set off against the Amount Receivable of each of the Target Companies (which mainly consists of the funds provided by the Target Companies to the respective Sellers and its affiliates for general working capital). Therefore, the Target Companies shall either (i) repay the Net Payable Amount to the relevant Seller or (ii) receive the Net Receivable Amount from the relevant Seller.

The table below sets out the carrying amount of the Amount Payable, Amount Receivable and Net Payable Amount (which excluded the dividends payable as at Reference Date) of each of the Target Companies under each of the Third Phase Share Purchase Agreements as at the Reference Date:

No.	Third Phase Share Purchase Agreements	Amount	Amount	Net Payable
		Payable of the Target Companies <i>RMB</i>	Receivable of the Target Companies <i>RMB</i>	Amount of the Target Companies <i>RMB</i>
I	Baoying Xinyuan Share Purchase Agreement	2,038,696	(1,209,822)	828,874
II	Delingha Century Concord Share Purchase Agreement	22,917,361	(31,447)	22,885,914
III	Delingha Energy Power Share Purchase Agreement	13,290,900	(4,330,000)	8,960,900
IV	Delingha Shidai Share Purchase Agreement	26,085,350	(19,852,361)	6,232,989
V	Hainanzhou Shineng Share Purchase Agreement	65,958,924	(3,197,419)	62,761,505
VI	Hetian GCL Share Purchase Agreement	147,855,292	0	147,855,292
VII	Gaotang GCL Share Purchase Agreement	22,128,187	(60,667)	22,067,520
VIII	Lanxi Jinrui Share Purchase Agreement	49,413,785	(6,839,505)	42,574,280
IX	Lianshui Xinyuan Share Purchase Agreement	29,146,578	0	29,146,578
X	Liaocheng Xiechang Share Purchase Agreement	51,139,819	(3,570,000)	47,569,819
XI	Yanbian Xinneng Share Purchase Agreement	115,682,795	(1,000)	115,681,795
XII	Yili GCL Share Purchase Agreement	144,349,022	(108,500)	144,240,522
XIII	Yuncheng Xinhua Share Purchase Agreement	195,918,686	(771,845)	195,146,841
XIV	Zhongli Tenghui Share Purchase Agreement	126,416,576	(2,155,750)	124,260,826
Total		<u>1,012,341,971</u>	<u>(42,128,316)</u>	<u>970,213,655</u>

The final Net Payable Amount or Net Receivable Amount will be determined in accordance with the Closing Audit Report (subject to adjustment), and will be calculated based on the carrying amount of the Net Payable Amount or Net Receivable Amount as at the Reference Date (on a dollar-for-dollar basis), which is interest bearing. If the originally agreed interest rate over the Net Payable Amount or Net Receivable Amount was higher than or equal to 4.9%, the interest rate incurred over such Net Payable Amount or Net Receivable Amount during the Transition Period shall be 4.9% (the “**Assumed Interest Rate**”). If the originally agreed interest rate over the Net Payable Amount or Net Receivable Amount was lower than 4.9%, the interest rate incurred over the Net Payable Amount or Net Receivable Amount during the Transition Period shall be the same as the originally agreed interest rate. The Amount Payable or the Amount Receivable (if any) after the Closing Date shall be also be subject to the interest rate of 4.9%, being the Assumed Interest Rate. The interest rate of 4.9% was determined with reference to the current applicable loan prime rate promulgated by the People’s Bank of China for a term of over five years with certain adjustment. The Directors believe and consider that such interest rate is fair and reasonable.

During the Transition Period, if the Target Companies require additional cash flow for operation, the Sellers and their affiliates will provide additional funding for the operation of the Target Companies, which will increase the Net Payable Amount as at the Closing Date to be paid by the Target Companies to the Sellers and their affiliates. As at the date of this joint announcement, the Directors are not aware of any material change to the Net Payable Amount during the Transition Period. The Net Receivable Amount and the interests incurred shall be repaid in full by the relevant Seller to the relevant Target Company before the Closing Date. In the event that the relevant Seller fails to repay the relevant Target Company before the Closing Date, the Purchasers are entitled to deduct such outstanding amount (including the interests) accrued as of the date of the First Instalment from the First Instalment payable by the Purchasers to the relevant Seller. In case of any discrepancy between the amount deducted from the First Instalment and the final Net Receivable Amount as confirmed by the Closing Audit Report, the relevant Seller and the Purchasers agreed to settle such difference by adjusting the excess or shortfall amounts from the Second Instalment (as the case may be).

The Purchasers shall procure the relevant Target Company to (i) gradually repay the Net Payable Amount and its interests to the relevant Seller from the Closing Date onwards and (ii) repay the Net Payable Amount and its interests to the respective Seller in full within 3 months from the Closing Date (the “**Payment Deadline**”). The specific repayment timeline (which should occur before the Payment Deadline) shall be determined by the relevant Seller and the Purchasers based on the financial status of the relevant Target Company such as cash flows and funding pressure after the Closing Date. For the avoidance of doubt, the Purchasers do not have any discretion to postpone the repayment of Net Payable Amount to a date after the Payment Deadline.

As a measure to safeguard the Sellers' right to receive the Net Payable Amount on or before the Payment Deadline, in the event that the Purchasers fail to procure the relevant Target Company to repay the Net Payable Amount in accordance with the Third 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 Net Payable Amount against the Purchasers for each overdue day until the day of full settlement of the Net Payable Amount. Although the Net Payable Amount will only be settled on or before the Payment Deadline, 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 arrangement facilitates the progression of the Transactions and is in the interest of the GCL-Poly Shareholders and the GNE Shareholders as a whole.

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 six months from the Closing Date, the Purchasers undertake to procure the Target Companies' early repayment of their liabilities owed to the financial institutions in order to release the guarantees provided by the Sellers or its affiliates in respect of such liabilities;
- (ii) (applicable to Yuncheng Xinhua Share Purchase Agreement only) as Yuncheng Xinhua required additional cash flow for its operation, Suzhou GCL New Energy (being an indirect holding company of Yuncheng Xinhua) provided funding to Yuncheng Xinhua. The funding was obtained by Suzhou GCL New Energy through a bank loan (the "**Suzhou GCL New Energy Bank Loan**"), which was secured by certain assets of Yuncheng Xinhua. As Suzhou GCL New Energy will no longer be the indirect holding company of Yuncheng Xinhua after the Closing, Yuncheng Xinhua undertakes to early repay such funding provided by Suzhou GCL New Energy. Upon the repayment of such funding by Yuncheng Xinhua to Suzhou GCL New Energy, Suzhou GCL New Energy undertakes to early repay the Suzhou GCL New Energy Bank Loan and upon which, the security over certain assets of Yuncheng Xinhua will be released. Prior to the full repayment of the Suzhou GCL New Energy Bank Loan, the relevant Seller undertakes that there will be no breach in respect of such bank loan and Suzhou GCL New Energy will be responsible for any damages arising thereof (if any);
- (iii) in the event of any circumstance that may cause the Sellers to be liable for any damages or compensation to the Purchasers or the Target Companies, the Purchasers are entitled to temporarily withhold an amount not exceeding the maximum damages or compensation payable by the Sellers under such circumstance from the amount payable to the Sellers. After the determination of the actual loss and reasonable expenses, the Sellers and the Purchasers agreed to settle such difference by refunding the excess amount or making up the shortfall (as the case may be);

- (iv) the Purchasers shall be entitled to set off any amounts payable by the Sellers as set out in the Third 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, Additional Amount and the dividends); and
- (v) the Target Companies will pay the dividends payable as at the Reference Date (which were declared on or before the Reference Date in respect of the profits accrued by the Target Companies from the respective operation commencement date of the respective Operational Solar Power Plant Projects up to 30 November 2019) of approximately RMB309,993,244 to the Sellers, subject to the progress of receipt 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

While the financial information of the Target Companies remains consolidated in the consolidated financial statements of GCL-Poly and GNE between the Transition Period, the parties agreed that profit and loss during the Transition Period shall be enjoyed and borne by the Purchasers.

The Purchasers agreed the Target Companies to further declare the dividend of RMB68,119,217 during the Transition Period to the Sellers in respect of the profits accrued by the Target Companies for the period from 1 December 2019 to 30 June 2020 (the “**Further Dividend**”) which the Purchasers shall procure the Target Companies to pay the Further Dividend upon the payment of the First Instalment. Save for the Further Dividend, the parties agreed that the Target Companies shall not further declare any dividend to the Sellers or adjust the Consideration in respect of the profit 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 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 and will remain in the Target Companies, which will then be owned by the Purchasers. The profit and loss accrued by the Target Companies during the Transition Period will subsequently be reflected in the net asset value of the Target Companies and will 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 dividends payable by each of the Target Companies to the respective Seller and its affiliates (if any) under each of the Third Phase Share Purchase Agreements as at the Reference Date (which were declared on or before the Reference Date in respect of the profits accrued by the Target Companies from the respective operation commencement date of the Operational Solar Power Plant Projects up to 30 November 2019):

Third Phase Share Purchase Agreements	Target Companies	Dividends payable RMB
I	Baoying Xinyuan	17,412,852
II	Delingha Century Concord	37,165,654
III	Delingha Energy Power	11,804,421
IV	Delingha Shidai	29,548,120
V	Hainanzhou Shineng	47,333,120
VI	Hetian GCL	16,223,396
VII	Gaotang GCL	11,353,018
VIII	Lanxi Jinrui	15,719,625
IX	Lianshui Xinyuan	21,605,873
X	Liaocheng Xiechang	13,568,624
XI	Yanbian Xinneng	20,840,321
XII	Yili GCL	5,561,797
XIII	Yuncheng Xinhua	18,722,987
XIV	Zhongli Tenghui	<u>43,133,436</u>
Total		<u>309,993,244</u>

It is generally expected that all Operational Solar Power Plant Projects will receive payment of national subsidy from the PRC government within the 12 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 recognised 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 recognised as revenue and trade receivables in the

audited accounts of the Target Companies, such that the dividends 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 will be paid 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 Target Companies as at the Reference Date by the Target Companies to the Sellers post-completion shall correspond with, and be in proportionate to the progress of the receipt of national subsidy by the Target Companies as at the Reference Date. As at the Reference Date, the dividends payable as recorded in the accounts of the Target Companies was approximately RMB309,993,244.

Additional amount for the early payment of national subsidy and the preferential tax treatment

(i) Early payment of national subsidy

As explained in the 2020 interim report of GNE, substantial development of solar power installed capacities in the PRC in the past few years has widen the funding deficit of National Renewable Energy Development Fund. Therefore, solar energy operators in the PRC which were registered in the National Subsidy Catalogue and National Subsidy List have experienced a substantial delay in receiving the national subsidy from the relevant PRC governmental authorities. At the same time, most of the Operational Solar Power Plant Projects of the Target Companies were also included the National Subsidy Catalogue and National Subsidy List and experienced the same delay.

In the event that the relevant government authorities or their designated entities decided to implement new measures such as the issuance of bond or other financial instruments (the “**Issuance**”) to reduce the funding deficit of National Renewable Energy Development Fund, the payment of the national subsidy to solar energy operators in the PRC will be accelerated. It is expected that the Issuance will only accelerate the payment of national subsidy and will not increase the amount of national subsidy receivable by solar energy operators in the PRC.

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 authorities has been taken into consideration when determining the amount of Consideration payable.

Within one year of the date of the Third Phase Share Purchase Agreements, in the event of accelerated receipt of national subsidy receivable by the Target Companies as a result of the Issuance (the “**Accelerated National Subsidy Receivable**”), the Sellers shall be entitled to share the benefit of actual amount of Accelerated National Subsidy Receivable received by the Target Companies with the Purchasers during the Prescribed Period, which shall be determined with reference to, among others, the amount of Accelerated National Subsidy Receivable, the timing of the receipt of the Accelerated National Subsidy Receivable, the respective equity interests in the Target Companies held by the Sellers before the Closing and the rate of 2.45%, which was determined with reference to 50% of the current applicable loan prime rate promulgated by the People’s Bank of China for a term of over five years with certain adjustments upon the payment of the First Instalment.

As at the date of this joint announcement, the relevant government authorities or their designated entities has not announced the Issuance. As such, the Issuance may or may not materialise as contemplated or at all and the abovementioned additional amount may or may not be payable to the Sellers.

(ii) Preferential tax treatment

Under the existing tax preferential policies in the PRC, Yanbian Xinneng has been exempted from paying the PRC income tax for three years commencing from the year which it first generated taxable income, followed by a three-year exemption from paying 50% of the PRC income tax.

It has been announced that new tax preferential policies will be implemented in the western region in the PRC (including Sichuan province, where the Operational Solar Power Plant Project of Yanbian Xinneng is located). Pursuant to the new tax preferential policies, it is expected that Yanbian Xinneng should be able to enjoy a preferential income tax rate of 15% from January 2021 to December 2030. As at the date of this joint announcement, Yanbian Xinneng is still awaiting to apply for such tax benefit. The aggregate tax benefit pursuant to the abovementioned tax preferential policies is expected to be up to RMB12,000,000.

As such, in the event that the relevant Seller is able to provide the Purchasers with the relevant documentation issued by the relevant government authorities in the PRC confirming that Yanbian Xinneng is entitled to the abovementioned preferential tax treatment before 31 May 2021, the Purchasers shall pay a maximum amount of RMB12,000,000 to the relevant Seller upon the payment of the First Instalment or within 15 Business Days after the receipt of the relevant documentation (whichever is later).

Conditions Precedent

The Closing under each of the Third 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 shareholders of the Target Companies have approved the Transactions by way of shareholders' resolutions;
- (c) GCL-Poly and GNE have obtained board approval and shareholders' approval in respect of the Transactions;
- (d) the Target Companies and their subsidiaries (if any) have completed replacement of their directors, supervisors, senior management and legal representative;
- (e) the equity pledges of the Target Companies (if any) have been released;
- (f) consents from the creditors of the Target Companies (if any) have been obtained for the Transactions;
- (g) consolidation of debts and liabilities of the affiliates of the Target Companies as set out in this joint announcement and the Third Phase Share Purchase Agreements has been completed;
- (h) the arrangement in respect of the personnel reorganisation 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 enactment, issue, promulgation, implementation or passing of any law or government order made by the relevant authorities restricting, prohibiting or cancelling the transfer of the Sale Shares or rendering the transfer of the Sale Shares illegal;
- (k) (applicable to Yuncheng Xinhua Share Purchase Agreement and Yili GCL Share Purchase Agreement only) written consent has been obtained from Yuncheng Shuihu Construction and Xinjiang Production and Construction Corps in relation to their respective pre-emptive rights and other similar rights under the Yuncheng Xinhua Share Purchase Agreement and the Yili GCL Share Purchase Agreement;

- (l) (applicable to Zhongli Tenghui Share Purchase Agreement only) the signing of the confirmation agreement in relation to the outstanding balance of the construction fees payable by Zhongli Tenghui to an independent third party EPC contractor regarding the construction of the Operational Solar Power Plant Project operated by Zhongli Tenghui;
- (m) (applicable to Zhongli Tenghui Share Purchase Agreement only) the signing of the Settlement Agreement in relation to the settlement of compensation payable by Suzhou Tenghui to Suzhou GCL New Energy under the terms of the Changzhou Xintian New Energy Share Purchase Agreement;
- (n) (applicable to Yuncheng Xinhua Share Purchase Agreement only) Yuncheng Xinhua has resolved the dispute with the local village committee in relation to the outstanding agricultural subsidy payable by Yuncheng Xinhua to the local village committee and obtained the relevant land use permit for its Operational Solar Power Plant Project;
- (o) (applicable to Yuncheng Xinhua Share Purchase Agreement only) consent from the bank of the Suzhou GCL New Energy Bank Loan has been obtained for the transactions contemplated under Yuncheng Xinhua Share Purchase Agreement as it was stipulated under the facility agreement in relation to the Suzhou GCL New Energy Bank Loan that any early repayment of the principal amount under such facility agreement required the prior consent of the bank;
- (p) (applicable to Lanxi Jinrui Share Purchase Agreement only) the subsidiary of Lanxi Jinrui has completed the capital reduction by completing the relevant company filing or registration procedures with the competent administration for industry and commerce in the PRC and obtain the new business licence;
- (q) (applicable to Liaocheng Xiechang Share Purchase Agreement only) Shandong GCL New Energy has procured Liaocheng Xiechang to liaise with Gaotang County Natural Resources and Planning Bureau* (高唐縣自然資源和規劃局) to issue a certificate confirming that the construction and operation of the Operational Solar Power Plant Project operated by Liaocheng Xiechang has not changed the nature of the agricultural land; and
- (r) (only applicable to the Yanbian Xinneng Share Purchase Agreement) Panzhi Agriculture has provided a written undertaking to the Purchasers and Yanbian Xinneng to undertake, among others, the transfer of the agricultural-related project by Panzhi Agriculture at nil consideration to Yanbian Xinneng.

For the avoidance of doubt, the completion of the Third Phase Disposals are not conditional upon the completion of the Second Phase Disposals. The Directors considered that the settlement of the compensation under condition (m) and the dispute under condition (n) above

will not have any material impact on the financial statement of the relevant Target Companies. In addition, the fulfillment of conditions (m) and (n) will not lead to any adjustment of the relevant Consideration.

As at the date of this joint announcement, conditions (k) and (r) above have been fulfilled. It is expected that (i) conditions (l), (m), (o) and (p) above will be fulfilled within 1 to 2 months from the date of this joint announcement and (ii) conditions (n) and (q) above will be fulfilled within 4 months from the date of this joint announcement.

The Sellers undertake to the Purchasers that all of the Conditions Precedent shall be fulfilled or waived (as the case may be) within 120 days from the date of the Third 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 150 days from the date of the Third Phase Share Purchase Agreements, the Purchasers shall be entitled to terminate the Third 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 of the Third Phase Share Purchase Agreements except conditions (e) and (f) above cannot be fulfilled within 120 days from the date of the Third 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.

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 Third Phase Share Purchase Agreements.

Closing Audit Report

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

Grant of the Third Phase Put Options

(a) General repurchase conditions of the Target Companies

Within five years from the Closing Date, the Sellers may be required to repurchase the disposed Sale Shares in the respective Target Company(ies), any outstanding shareholders' loan advanced to the respective Target Company(ies) by the Purchasers and the respective interests in accordance with each of the Third Phase Share Purchase Agreements (the "**Repurchase**") upon the exercise of the Third Phase Put Options by the Purchasers and 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 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 six months;
- (ii) the occurrence of engineering quality issues, 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 six 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 four years from the Closing Date. As at the Reference Date, the total balance of national subsidy receivable by the Target Companies was approximately RMB1,127,494,138;
- (iv) the disqualification of the relevant Target Company(ies) from receiving national subsidy under the National Subsidy Catalogue or National Subsidy List due to reasons existed before the Closing Date;
- (v) the actual on-grid tariff of the relevant Operational Solar Power Plant Projects after the receipt of national subsidy being lower than the respective on-grid tariff specified in the Third Phase Share Purchase Agreements due to reasons existed before the Closing Date; and

- (vi) material breach of the relevant Third 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

- (i) *Failure to register the Specified Solar Power Plant Projects under the National Subsidy List (applicable to Delingha Shidai and Zhongli Tenghui only)*

In the event of any failure to register the Specified Solar Power Plant Projects under the National Subsidy List within two years from the Closing Date (the “**Registration Deadline**”), the respective Seller may be required to repurchase the disposed Sale Shares of the respective Target Company at the Repurchase Price set out in paragraph (f) below 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 the respective Seller to repurchase the disposed Sale Shares of the respective Target Company. However, the Purchasers shall not be required to pay the Third Instalment to the respective Seller.

- (ii) *Effects of the Transactions to the Poverty Alleviation Project Investment Agreement (applicable to Yuncheng Xinhua only)*

On 28 February 2019, Shandong GCL New Energy and Yuncheng Shuihu Construction entered into a poverty alleviation project investment agreement in relation to the investment arrangement in Yuncheng Xinhua (the “**Poverty Alleviation Project Investment Agreement**”). Pursuant to the Poverty Alleviation Project Investment Agreement, (i) Yuncheng Xinhua shall be owned as to 51% by Shandong GCL New Energy and 49% by Yuncheng Shuihu Construction, (ii) Yuncheng Xinhua shall pay an annual operational and maintenance fee to Shandong GCL New Energy, (iii) Yuncheng Xinhua shall pay a poverty alleviation fee from its profits to Yuncheng Shuihu Construction for the purpose of alleviating poverty in the Yuncheng County (the “**Poverty Alleviation Fee**”); (iv) Shandong GCL New Energy and Yuncheng Shuihu Construction shall share the profits of Yuncheng Xinhua in proportionate to their respective equity interests in Yuncheng Xinhua after deducting the Poverty Alleviation Fee; and (v) Yuncheng Shuihu Construction shall actively assist Shandong GCL New Energy to liaise with the relevant government authorities in the PRC to obtain preferential tax treatment and other favourable government policies.

In the event that the transactions under the Yuncheng Xinhua Share Purchase Agreement causes (i) a material adverse impact on the implementation of Poverty Alleviation Project Investment Agreement, (ii) a material adverse impact on the implementation of the relevant national and local government policies on poverty alleviation solar power plant projects by Yuncheng Xinhua after the Closing Date, (iii) the request by Yuncheng Shuihu Construction to terminate the Poverty Alleviation Project Investment Agreement or (iv) any defects to the transfer of the disposed Sale Shares of Yuncheng Xinhua, the Purchasers have the right to request Shandong GCL New Energy to repurchase the disposed Sale Shares of Yuncheng Xinhua at the Repurchase Price set out in paragraph (f) below.

(iii) *Inclusion of the Operational Solar Power Plants in the ecological protection areas (applicable to all Target Companies except Baoying Xinyuan, Lanxi Jinrui, Lianshui Xinyuan and Yanbian Xinneng)*

In order to conserve and protect the ecosystem of certain areas in the PRC, the PRC government may from time to time announce and implement policies to designate certain areas as ecological protection areas, which restrict or prohibit the construction or operation of solar power plants in such areas, the violation of which may result in the removal of the solar power plants within the ecological protection areas and the solar power plant operators may be subject to fines or other penalties.

If all or part of the Operational Solar Power Plants of any Target Company except Baoying Xinyuan, Lanxi Jinrui, Lianshui Xinyuan and Yanbian Xinneng are being included in the ecological protection areas being announced for the first time after the Closing Date by the relevant government authorities in the PRC, the Purchasers are entitled to require the respective Seller to repurchase the respective Sales Shares of the respective Target Company at the Repurchase Price set out in paragraph (f) below.

(f) 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 multiplied by the respective equity interests in the Target Companies held by the Sellers before the Closing; or
- (b) the amount equivalent to the aggregation of (i) the Share Price, the Additional Amount, and subsequent capital contribution to the Target Companies paid by the Purchasers (but excluding shareholders’ loans provided by the Purchasers to the

Target Companies), 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, the 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.

Under the Delingha Shidai Share Purchase Agreement and the Zhongli Tenghui Share Purchase Agreement, in the event that the Repurchase Price is determined by above manner based on the repurchase valuation report, the Purchasers are entitled to set off the unpaid portion of the Third Instalment with the Repurchase Price payable by the Seller.

3. INFORMATION ON THE PARTIES TO THE THIRD 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.

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 indirectly owns a majority of solar power plants of GNE in the PRC and directly wholly-owns the solar power plant project of Delingha Century Concord, Delingha Energy Power, Delingha Shidai, Hetian GCL, Gaotang GCL, Yanbian Xinneng and holds 56.51% equity interest in Yili GCL.

Jiangsu GCL New Energy

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

Nanjing GCL New Energy

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

Qinghai GCL New Energy

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

Shandong GCL New Energy

Shandong GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of GCL-Poly and GNE. Shandong GCL New Energy directly wholly-owns the solar power plant project of Liaocheng Xiechang and holds 51% equity interest in Yuncheng Xinhua.

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 Third Phase Share Purchase Agreements:

No.	Third Phase Share Purchase Agreements	Information on the Target Companies
I.	Baoying Xinyuan Share Purchase Agreement	Baoying Xinyuan is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Baoying Xinyuan is wholly-owned by Jiangsu GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE
II.	Delingha Century Concord Share Purchase Agreement	Delingha Century Concord is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Delingha Century Concord is wholly-owned by Suzhou GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE

No.	Third Phase Share Purchase Agreements	Information on the Target Companies
III.	Delingha Energy Power Share Purchase Agreement	Delingha Energy Power is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Delingha Energy Power is wholly-owned by Suzhou GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE
IV.	Delingha Shidai Share Purchase Agreement	Delingha Shidai is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Delingha Shidai is wholly-owned by Suzhou GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE
V.	Hainanzhou Shineng Share Purchase Agreement	Hainanzhou Shineng is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Hainanzhou Shineng is wholly-owned by Qinghai GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE
VI.	Hetian GCL Share Purchase Agreement	Hetian GCL is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Hetian GCL is wholly-owned by Suzhou GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE
VII.	Gaotang GCL Share Purchase Agreement	Gaotang GCL is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Gaotang GCL is wholly-owned by Suzhou GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE
VIII.	Lanxi Jinrui Share Purchase Agreement	Lanxi Jinrui is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Lanxi Jinrui is wholly-owned by Nanjing GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE

No.	Third Phase Share Purchase Agreements	Information on the Target Companies
IX.	Lianshui Xinyuan Share Purchase Agreement	Lianshui Xinyuan is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Lianshui Xinyuan is wholly-owned by Jiangsu GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE
X.	Liaocheng Xiechang Share Purchase Agreement	Liaocheng Xiechang is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Liaocheng Xiechang is wholly-owned by Shandong GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE
XI.	Yanbian Xinneng Share Purchase Agreement	Yanbian Xinneng is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Yanbian Xinneng is wholly-owned by Suzhou GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE
XII.	Yili GCL Share Purchase Agreement	Yili GCL is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Yili GCL is owned as to 56.51% by Suzhou GCL New Energy and 43.49% by Xinjiang Production and Construction Corps
XIII.	Yuncheng Xinhua Share Purchase Agreement	Yuncheng Xinhua is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Yuncheng Xinhua is owned as to 51% by Shandong GCL New Energy and 49% by Yuncheng Shuihu Construction

No.	Third Phase Share Purchase Agreements	Information on the Target Companies
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XIV.	Zhongli Tenghui Share Purchase Agreement	Zhongli Tenghui is a company incorporated in the PRC with limited liability, which is principally engaged in the operation of solar power plant in the PRC. Zhongli Tenghui is wholly-owned by Qinghai GCL New Energy and is an indirect subsidiary of GCL-Poly and GNE
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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 six months ended 30 June 2020 of the Target Companies prepared in accordance with China Accounting Standards:

Third Phase Share Purchase Agreements	Target Companies	Six months ended 30 June 2020		Year ended 31 December 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>
I	Baoying Xinyuan	2,270	1,986	3,897	3,401	3,895	3,393
II	Delingha Century Concord	14,752	12,309	20,202	17,699	55,749	52,167
III	Delingha Energy Power	2,456	2,268	4,110	3,805	4,736	4,736
IV	Delingha Shidai	6,182	5,691	10,276	9,586	10,896	10,896
V	Hainanzhou Shineng	3,321	2,816	8,022	6,906	17,323	15,762
VI	Hetian GCL	4,887	4,154	10,327	10,327	7,056	7,056
VII	Gaotang GCL	5,763	5,043	9,508	8,318	7,284	7,284
VIII	Lanxi Jinrui	2,411	2,067	6,485	6,485	9,382	9,382
IX	Lianshui Xinyuan	4,990	4,349	8,780	8,700	6,134	6,069
X	Liaocheng Xiechang	3,801	3,321	6,101	5,333	6,440	6,440
XI	Yanbian Xinneng	12,013	10,504	17,986	17,985	8,187	8,089
XII	Yili GCL	12,604	12,604	13,477	13,477	6,420	6,420
XIII	Yuncheng Xinhua	12,157	10,638	16,014	16,014	12,954	12,954
XIV	Zhongli Tenghui	7,280	6,732	18,805	17,436	22,078	22,078

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 six months ended 30 June 2020 of the Target Companies prepared in accordance with China Accounting Standards:

Third Phase Share Purchase Agreements	Target Companies	As at 30 June 2020 Net asset value RMB'000
I	Baoying Xinyuan	12,140
II	Delingha Century Concord	235,313
III	Delingha Energy Power	18,891
IV	Delingha Shidai	37,847
V	Hainanzhou Shineng	67,612
VI	Hetian GCL	34,534
VII	Gaotang GCL	84,591
VIII	Lanxi Jinrui	63,404
IX	Lianshui Xinyuan	21,507
X	Liaocheng Xiechang	31,185
XI	Yanbian Xinneng	58,643
XII	Yili GCL	59,197
XIII	Yuncheng Xinhua	57,041
XIV	Zhongli Tenghui	114,248
		<hr/>
Total		896,153 <hr/> <hr/>

As at 31 December 2018, 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 RMB1,006,053,735, RMB937,535,967 and RMB896,152,520, respectively. As set out in the Third Phase Share Purchase Agreements, any gains and losses arising from the operations of the Target Companies since the Reference Date shall 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 the relevant 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, the GCL-Poly Directors and the GNE Directors are not aware of any material change in the 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 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 Third Phase Disposals of approximately RMB182,805,816, which is calculated by reference to the difference between the Share Price of approximately RMB666,653,912 and the acquired proportion of 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 RMB842,459,728 based on the unaudited financial information of the Target Companies as at 30 June 2020, after deducting related transaction costs of the Third Phase Disposals of approximately RMB7,000,000. The actual loss as a result of the Third 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 Third 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 the dividends declared during the Transition Period by the Target Companies) of the GNE Group is expected to be approximately RMB2,007,980,000, 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 RMB1,830,434,000.

In addition, having taken into consideration of the reasons for the Third 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 Third 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 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>
Bank loans and other loans from independent third parties	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>

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 the dividends declared during the Transition Period (if any) by the Target Companies) is expected to be approximately RMB2,007,980,000, which GNE intends to use for repayment of its bank loans and other loans from independent third parties which are repayable on or before 30 June 2021 amounting to RMB7,158,113,000 as set out above.

As at 30 June 2020, GCL-Poly and GNE have bank balances and cash of RMB1,056 million and RMB667 million respectively. Such bank balances and cash will be used as general working capital.

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, intends to reinforce the strategic cooperation with domestic centralised management enterprises and local state-owned enterprises, including the China Huaneng Group to achieve an asset-light model. After the completion of the First Phase Disposals, the Second Phase Disposals and the Third 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.

On 16 November 2020, the GNE Group and Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司) (“**Xuzhou State Investment**”) entered into to a series of five share purchase agreements, pursuant to which the GNE Group agreed to, among other things, sell equity interest in five subsidiaries of the GNE Group to Xuzhou State Investment (the “**Xuzhou Disposals**”). Please refer to the joint announcement of GCL-Poly and GNE dated 16 November 2020 in relation to the Xuzhou Disposals for further details. In addition, the GCL-Poly Group and the GNE Group are currently under negotiation with certain new energy companies in the PRC (including domestic centralised management

enterprises, local state-owned enterprises and listed companies) for further potential disposals of their respective subsidiaries and will make further announcement as and when appropriate in compliance with the Listing Rules. Save as disclosed above, as at the date of this joint announcement, GCL-Poly and GNE have not entered into any memorandum of understanding or agreement regarding further disposal or downsize of their existing businesses.

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 RMB2,039,886,000, of which approximately RMB621,519,000 will be due within one year. Meanwhile, the cash derived from the Transactions amounted to approximately RMB2,007,980,000, which will be used for further repayment of debts, and the gearing ratio of the GNE Group will decrease by approximately 1.6%, 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 authorities. The capital and operating expenses of the Target Companies have been substantially funded by shareholder's loans from the GNE Group from time to time. The Third 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 shareholder's 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 Second Phase Disposals and the Transactions:

Geographic location	Number of solar power plant(s)	Grid-connected Capacity (MW)
The GNE Group		
Jiangsu	37	409
Shaanxi	19	1,024
Anhui	11	390
Henan	10	414
Qinghai	4	100
Inner Mongolia	8	298
Yunnan	8	279
Guangdong	8	133
Shandong	3	93
Guizhou	6	235
Hunan	5	101
Jilin	4	51
Liaoning	3	47

Geographic location	Number of solar power plant(s)	Grid-connected Capacity (MW)
Jiangxi	3	100
Hubei	3	49
Hainan	3	80
Zhejiang	2	21
Guangxi	3	160
Fujian	3	55
Xinjiang	0	0
Ningxia	2	60
Sichuan	1	50
Gansu	2	39
Hebei	1	21
Shanghai	1	7
United States	2	134
	<hr/>	<hr/>
Sub-total	152	4,350
The GCL-Poly Group (excluding the GNE Group)		
Jiangsu	4	83
Shaanxi	2	100
Ningxia	2	130
Tibet	1	10
Xinjiang	1	30
United States	14	18
	<hr/>	<hr/>
Sub-total	24	371
	<hr/>	<hr/>
Total	176	4,721
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Through the divestiture of the Operational Solar Power Plant Projects, the asset-light model allows the Remaining Group to optimise 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 4.7 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, the Second Phase Disposals and the Third 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 the 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 Third 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 Third 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, the Second Phase Disposals and the Third Phase Disposals with the Purchasers within a 12-month period, the Disposals contemplated in the First Phase Share Purchase Agreements, the Second Phase Share Purchase Agreements and the Third 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 First Phase Disposals, the Second Phase Disposals and the Third Phase Disposals exceeds 75%, the entering into of the Third 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, the Second Phase Put Options and the Third Phase Put Options with the Purchasers within a 12-month period, the First Phase Put Options, the Second Phase Put Options and the Third 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 of the Put Options to be determined in accordance with the terms of the First Phase Share Purchase Agreements, the Second Phase Share Purchase Agreements and the Third Phase Share Purchase Agreements respectively. Given that the exercise of the Third Phase Put Options is not at GCL-Poly's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Third Phase Put Options will be classified as if they had been exercised. The grant of the Third 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, the Second Phase Disposals and the Third Phase Disposals with the Purchasers within a 12-month period, the Disposals contemplated in the First Phase Share Purchase Agreements, the Second Phase Share Purchase Agreements and the Third 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 First Phase Disposals, the Second Phase Disposals and the Third Phase Disposals exceeds 75%, the entering into of the Third 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, the Second Phase Put Options and the Third Phase Put Options with the Purchasers within a 12-month period, the First Phase Put Options, the Second Phase Put Options and the Third Phase Put Options 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, the Second Phase Share Purchase Agreements and the Third Phase Share Purchase Agreements respectively. Given that the exercise of the Third Phase Put Options is not at GNE’s discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Third Phase Put Options will be classified as if they had been exercised. The grant of the Third 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 Third Phase Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Third Phase Share Purchase Agreements, is expected to be despatched to the GCL-Poly Shareholders on or before 28 February 2021, 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 Third Phase Share Purchase Agreements. A circular, which will include, among other things, further details of the Transactions and the transactions contemplated under the Third Phase Share Purchase Agreements, is expected to be despatched to the GNE Shareholders on or before 28 February 2021, 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 and the preferential tax treatment”

“Amount Payable” the amount payable as set out in the Third Phase Share Purchase Agreements by each of the Target Companies to its affiliates (including the Sellers and other subsidiaries of GCL-Poly and GNE) as at the Reference Date

“Amount Receivable”	the amount receivable as set out in the Third Phase Share Purchase Agreements by each of the Target Companies from its affiliates (including the Sellers and other subsidiaries of GCL-Poly and GNE) as at the Reference Date
“Baoying Xinyuan”	Baoying Xinyuan Photovoltaic Power Co., Ltd.* (寶應鑫源光伏發電有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“Baoying Xinyuan Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Jiangsu GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Baoying Xinyuan
“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
“Changzhou Xintian New Energy Share Purchase Agreement”	an equity transfer agreement dated 30 December 2014 entered into between Suzhou Tenghui and Changshu Zhongli Talesun (as the sellers) and Suzhou GCL New Energy (as the purchaser) in relation to the sale of the entire equity interest in Changzhou Xintian New Energy
“Changzhou Xintian New Energy”	Changzhou Xintian New Energy Co., Ltd.* (常州新天新能源有限公司) a company established in the PRC with limited liability, which was directly wholly-owned by Suzhou GCL New Energy and previously owned the Operational Solar Power Plant operated by Zhongli Tenghui before transferring the same to Zhongli Tenghui
“Changshu Zhongli Talesun”	Changshu Zhongli Talesun Solar Co., Ltd.* (常熟中利騰暉光伏材料有限公司), a company established in the PRC which principally engaged in assembly and sale of solar photovoltaic modules and accessories. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, Changshu Zhongli Talesun and its ultimate beneficial owner(s) are third parties independent of GCL-Poly and GNE and their respective connected person

“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”	the closing of the Third Phase Disposals in accordance with the Third Phase Share Purchase Agreements
“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 Third 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
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the transactions contemplated under the Third Phase Share Purchase Agreements, being the aggregate of the Share Price
“Delingha Century Concord”	Delingha Century Concord Photovoltaic Power Co., Ltd.* (德令哈協合光伏發電有限公司), 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
“Delingha Century Concord Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Delingha Century Concord

“Delingha Energy Power”	Delingha Energy Power Co., Ltd.* (德令哈陽光能源電力有限公司), 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
“Delingha Energy Power Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Delingha Energy Power
“Delingha Shidai”	Delingha Shidai New Energy Power Co., Ltd.* (德令哈時代新能源發電有限公司), 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
“Delingha Shidai Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Delingha Shidai
“Directors”	the GCL-Poly Directors and the GNE Directors
“Disposals”	the First Phase Disposals, the Second Phase Disposals and the Third 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 Third 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 Third 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
“Hainanzhou Shineng”	Hainanzhou Shineng Photovoltaic Power Co., Ltd.* (海南州世能光伏發電有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Qinghai GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“Hainanzhou Shineng Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Qinghai GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Hainanzhou Shineng
“Hetian GCL”	Hetian GCL Photovoltaic Power Co., Ltd.* (和田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
“Hetian GCL Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Hetian GCL
“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
“Jiangsu GCL New Energy”	Jiangsu GCL New Energy Co., Ltd.* (江蘇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
“Gaotang GCL”	Gaotang County GCL Jinghui Photovoltaic Co., Ltd.* (高唐縣協鑫晶輝光伏有限公司), 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
“Gaotang GCL Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Gaotang GCL
“Lanxi Jinrui”	Lanxi Jinrui Photovoltaic Power Co., Ltd.* (蘭溪金瑞太陽能發電有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Nanjing GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“Lanxi Jinrui Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Nanjing GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Lanxi Jinrui
“Lianshui Xinyuan”	Lianshui Xinyuan Photovoltaic Power Co., Ltd.* (漣水鑫源光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Jiangsu GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“Lianshui Xinyuan Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Jiangsu GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Lianshui Xinyuan

“Liaocheng Xiechang”	Liaocheng Xiechang Photovoltaic Power Co., Ltd.* (聊城協昌光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Shandong GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“Liaocheng Xiechang Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Shandong GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Liaocheng Xiechang
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“Nanjing GCL New Energy”	Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫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
“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
“Operational Solar Power Plant Project(s)”	the operational solar power plant project(s) of the Target Companies
“Panzhuhua Agriculture”	Panzhuhua GCL New Agriculture Technology Co., Ltd.* (攀枝花協鑫新農業科技有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Nanjing GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“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 completion of the Issuance to the expiry of one year from the date of the Third Phase Share Purchase Agreements
“Purchasers”	Huaneng No. 1 Fund and Huaneng No. 2 Fund
“Put Options”	the First Phase Put Options, the Second Phase Put Options and the Third Phase Put Options
“Qinghai GCL New Energy”	Qinghai GCL New Energy Co., Ltd.* (青海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
“Reference Date”	30 June 2020
“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 4th to the 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, the Second Phase Disposals and the Third Phase Disposals
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the (i) entire equity interest in each of Baoying Xinyuan, Delingha Century Concord, Delingha Energy Power, Delingha Shidai, Hainanzhou Shineng, Hetian GCL, Gaotang GCL, Lanxi Jinrui, Lianshui Xinyuan, Liaocheng Xiechang, Yanbian Xinneng, and Zhongli Tenghui, (ii) 56.51% equity interest in Yili GCL and (iii) 51% equity interest in Yuncheng Xinhua held by the Sellers
“Second Phase Disposals”	the proposed disposals of the entire equity interest in certain subsidiaries by the Suzhou GCL New Energy, Changzhou Zhonghui and Ningxia GCL New Energy 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 of the Second Phase Disposals, 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”	the series of six share purchase agreements dated 29 September 2020 entered into between Suzhou GCL New Energy, Changzhou Zhonghui and Ningxia GCL New Energy, the Guarantor and the Purchasers, as detailed in the joint announcement of GCL-Poly and GNE dated 29 September 2020
“Sellers”	Suzhou GCL New Energy, Jiangsu GCL New Energy, Nanjing GCL New Energy, Qinghai GCL New Energy and Shandong GCL New Energy

“Settlement Agreement”	the agreement to be entered into among Suzhou GCL New Energy and Suzhou Tenghui in relation to the settlement of compensation payable by Suzhou Tenghui to Suzhou GCL New Energy under the terms of the Changzhou Xintian New Energy Share Purchase Agreement
“Shandong GCL New Energy”	Shandong GCL New Energy Co., Ltd.* (山東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
“Share Price”	the Consideration for the Sale Shares
“Suzhou Tenghui”	Suzhou Tenghui Photovoltaic Technology Co., Ltd.* (蘇州騰暉光伏技術有限公司), previously known as Zhongli Tenghui Photovoltaic Technology Co., Ltd.* (中利騰暉光伏科技有限公司), a company established in the PRC which principally engaged in research and development, manufacturing and sales of solar photovoltaic products. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Suzhou Tenghui and its ultimate beneficial owner(s) are third parties independent of GCL-Poly and GNE and their respective connected person
“Yuncheng Shuihu Construction”	Yuncheng County Water Margin City Construction Co., Ltd.* (鄆城縣水滸城市建設置業有限公司), a company established in the PRC with limited liability which is owned as to approximately 49.54% by China Development Fund Co., Ltd.* (國開發基金有限公司), 34.94% by China Agricultural Development Key Construction Fund Co., Ltd.* (中國農發重點建設基金有限公司) and 15.52% by Yuncheng County State-owned Assets Operation Center* (鄆城縣國有資產運營中心), which are all state-owned and independent third parties of GCL-Poly and GNE
“Specified Solar Power Plant Projects”	the two Operational Solar Power Plant Projects operated by Delingha Shidai and Zhongli Tenghui respectively which are pending final inclusion in the National Subsidy List as at the date of this joint announcement
“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 Company Limited* (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)”	Baoying Xinyuan, Delingha Century Concord, Delingha Energy Power, Delingha Shidai, Hainanzhou Shineng, Hetian GCL, Gaotang GCL, Lanxi Jinrui, Lianshui Xinyuan, Liaocheng Xiechang, Yanbian Xinneng, Yili GCL, Yuncheng Xinhua and Zhongli Tenghui, the 14 target companies being the subject of the Third Phase Disposals, details of which can be found in the section headed “Information on the Target Companies” of this joint announcement
“Third Phase Disposals”	the proposed disposals of the Sale Shares by the Sellers to the Purchasers as contemplated under the Third Phase Share Purchase Agreements
“Third Phase Put Options”	the put options granted to the Purchasers under the Third 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) disposed Sale Shares; and (b) the relevant outstanding shareholders’ loan at the time
“Third Phase Share Purchase Agreements”	Baoying Xinyuan Share Purchase Agreement, Delingha Century Concord Share Purchase Agreement, Delingha Energy Power Share Purchase Agreement, Delingha Shidai Share Purchase Agreement, Hainanzhou Shineng Share Purchase Agreement, Hetian GCL Share Purchase Agreement, Gaotang GCL Share Purchase Agreement, Lanxi Jinrui Share Purchase Agreement, Lianshui Xinyuan Share Purchase Agreement, Liaocheng Xiechang Share Purchase Agreement, Yanbian Xinneng Share Purchase Agreement, Yili GCL Share Purchase Agreement, Yuncheng Xinhua Share Purchase Agreement and Zhongli Tenghui Share Purchase Agreement
“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 Third Phase Share Purchase Agreements, including the Third Phase Disposals and the grant of Third Phase Put Options
“Transition Period”	the period between the Reference Date and the Closing Date
“Xinjiang Production and Construction Corps”	Xinjiang Production and Construction Corps Investment Co., Ltd.* (新疆生產建設兵團投資有限責任公司), a company established in the PRC with limited liability and an independent third party of GCL-Poly and GNE
“Yanbian Xinneng”	Yanbian Xinneng Photovoltaic Power Co., Ltd.* (鹽邊鑫能光伏電力有限公司), 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
“Yanbian Xinneng Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Yanbian Xinneng
“Yili GCL”	Yili GCL Energy Limited* (伊犁協鑫能源有限公司), a company established in the PRC with limited liability, which is owned as to 56.51% by Suzhou GCL New Energy and 43.49% by Xinjiang Production and Construction Corps
“Yili GCL Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of 56.51% equity interest in Yili GCL
“Yuncheng Xinhua”	Yuncheng Xinhua Energy Development Co., Ltd.* (鄆城鑫華能源開發有限公司), a company established in the PRC with limited liability, which is owned as to 51% by Shandong GCL New Energy and 49% by Yuncheng Shuihu Construction

“Yuncheng Xinhua Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Shandong GCL New Energy and the Purchasers in relation to the sale of 51% equity interest in Yuncheng Xinhua
“Zhongli Tenghui”	Zhongli Tenghui Hainan Electric Power Co., Ltd.* (中利騰暉海南電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Qinghai GCL New Energy and an indirect subsidiary of GCL-Poly and GNE
“Zhongli Tenghui Share Purchase Agreement”	an equity transfer agreement dated 19 November 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Zhongli Tenghui
“%”	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, 19 November 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 nonexecutive directors of GNE.