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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)

KEY FINDINGS OF THE SUPPLEMENTAL FORENSIC INVESTIGATION

This announcement is made by the board (the “**Board**”) of directors of GCL-Poly Energy Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

We refer to:

- (a) the Company’s announcements dated 31 March 2021, 6 April 2021 and 11 April 2021, where the Company announced:
 - (i) that the publication of the 2020 Annual Results had been delayed until further notice;
 - (ii) that the Board Meeting for considering and approving, among other matters, the 2020 Annual Results and its publication, and considering the payment of a final dividend, if any, had been further postponed until further notice; and
 - (iii) that the suspension of trading in the shares of the Company on Stock Exchange with effect from 9:00 a.m. on 1 April 2021;
- (b) the Company’s announcement dated 19 April 2021 in relation to, among other things, the publication of the unaudited management accounts of the Company for the year ended 31 December 2020;
- (c) the Company’s announcement dated 28 April 2021 in relation to certain updates on the delay in despatch of the 2020 Annual Results and the 2020 Annual Report;

- (d) the Company's announcement dated 4 May 2021 in relation to the Resumption Guidance issued by the Stock Exchange;
- (e) the Company's announcement dated 7 May 2021 in relation to the appointment of Forensic Accountant;
- (f) the Company's announcement dated 17 May 2021 in relation the change of auditor;
- (g) the Company's announcement dated 29 June 2021 in relation to the formal appointment of new auditor of the Company;
- (h) the Company's announcement dated 30 June 2021 in relation to its quarterly update on resumption progress;
- (i) the Company's announcement dated 14 July 2021 in relation to the key findings of the Independent Forensic Investigation;
- (j) the Company's announcement dated 29 July 2021 in relation to the additional Resumption Guidance;
- (k) the Company's announcement dated 31 August 2021 in relation to the delay in publication of 2021 Interim Results and the 2021 Interim Report;
- (l) the Company's announcement dated 30 September 2021 in relation to its quarterly update on resumption progress; and
- (m) the Company's announcement dated 3 October 2021 in relation to a clarification in the announcement related to the quarterly update on resumption progress on 30 September 2021,

(together, the “**Previous Announcements**”).

Unless otherwise defined, capitalised terms in this announcement have the meanings as set out in the Previous Announcements.

BACKGROUND

As disclosed in the Company's announcement dated 7 May 2021, Mazars Certified Public Accountants LLP* (the “**Forensic Accountant**”) was engaged to conduct a forensic investigation to address various concerns raised by Deloitte in the Audit Letter (the “**Forensic Investigation**”). The key findings of the Forensic Investigation are set out in the Company's announcement dated 14 July 2021.

As disclosed in the Company's quarterly update announcement dated 30 September 2021, the Company subsequently instructed the Forensic Accountant to take various follow-up investigative steps (the "**Supplemental Forensic Investigation**") and prepare a supplemental investigation report (the "**Supplemental Forensic Review Report**").

THE SCOPE OF THE SUPPLEMENTAL FORENSIC INVESTIGATION

The Supplemental Forensic Investigation focused on, but was not limited to:

- (1) whether the SOE Lead Contractor transferred any portion of the RMB510 million received from Jiangsu Zhongneng under the EPC Contract (the "**Prepayment**") to the Sub-Contractor or any third party, including as payment made in relation to any procurement under the EPC Contract;
- (2) whether the Company properly monitored the SOE Lead Contractor's work performed under the EPC Contract; and
- (3) whether the Company and the Board were aware of Jiangsu Zhongneng entering into the EPC Contract and making the Prepayment at the relevant time.

During the Supplemental Forensic Investigation, the Forensic Accountant:

- (i) obtained a written confirmation from the SOE Lead Contractor in relation to whether it used or transferred of any portion of the Prepayment (the "**SOE Written Confirmation**");
- (ii) conducted a supplemental interview with senior representatives of the SOE Lead Contractor and its parent company (the "**SOE Parent Group**") in relation to the Prepayment; and
- (iii) conducted a supplemental interview with representatives of the Sub-Contractor in relation to the Prepayment.

The Supplemental Forensic Review Report confirms that, with respect to matters relating to the EPC Contract, the Forensic Accountant considers that it has (i) exhausted all legal means of commercial investigation under PRC law; and (ii) utilised all appropriate resources in its efforts.

KEY FINDINGS OF THE SUPPLEMENTAL FORENSIC INVESTIGATION

The Company understands that:

- (i) On 24 August 2021, the Forensic Accountant submitted the draft Supplemental Forensic Review Report to the Special Committee;
- (ii) On 26 August 2021, the Special Committee reviewed, confirmed and agreed to submit the draft Supplemental Forensic Review Report to the Board for its approval; and
- (iii) On 14 September 2021, the Board reviewed and approved the signed Supplemental Forensic Review Report.

The Company sets out below the Supplemental Forensic Review Report's key findings and its responses to those findings:

1. Whether the SOE Lead Contractor has transferred any portion of Prepayment to the Sub-Contractor or any third party, including as payment made in relation to any procurement under the EPC Contract

Summary of the Forensic Accountant's findings

Senior representatives from the SOE Lead Contractor and the SOE Parent Group specifically confirmed in their supplemental interview with the Forensic Accountant, and the SOE Lead Contractor specifically confirmed in the SOE Written Confirmation, that it had incurred costs in relation to project design and preparation work which were paid with a small portion of the Prepayment, and the SOE Lead Contractor had not in fact transferred any portion of the Prepayment to the Sub-Contractor or to any other third party.

Representatives from the Sub-Contractor also specifically confirmed in their supplemental interview with the Forensic Accountant that the Sub-Contractor had neither (i) received any portion of the Prepayment from the SOE Lead Contractor; nor (ii) made any payment to any supplier to make procurements under the EPC Contract.

2. Whether the Company has properly monitored the SOE Lead Contractor's work performed under the EPC Contract

Summary of the Forensic Accountant's findings

After the EPC Contract was signed in September 2019, Jiangsu Zhongneng, the SOE Lead Contractor and the Sub-Contractor engaged in various discussions about the design plan for the project and variations on that plan. With the outbreak of the COVID-19 pandemic in early 2020, the project was suspended, in part because

the resulting disruption meant that relevant personnel could not travel. The project was ultimately severely delayed such that it did not reach the stage where procurement of equipment was required.

Accordingly, the SOE Lead Contractor did not transfer any portion of the Prepayment to the Sub-Contractor and did not instruct the Sub-Contractor to pay any deposit to suppliers. Accordingly, no specific reporting to Jiangsu Zhongneng was required and Jiangsu Zhongneng did not fail to properly monitor the SOE Lead Contractor's work under the EPC Contract.

3. Whether the Company and the Board were aware of Jiangsu Zhongneng entering into the EPC Contract and making the Prepayment at the relevant time

Summary of the Forensic Accountant's findings

Based on findings from the Forensic Accountant's investigative work, details pertaining to Jiangsu Zhongneng entering into the EPC Contract and the Prepayment were not specifically reported to the Company's Board at the relevant time of each event.

The Company's further comments

The Company wishes to add that, having made reasonable enquiries, it understands as follows:

- (a) all members of the Board were aware of, and approved of, the Company's efforts and intent to increase production capacity;
- (b) apart from Mr. Jiang Wenwu (who was an Executive Director of the Company and Jiangsu Zhongneng's General Manager when the EPC Contract was entered into and the Prepayment was made), the Company's Directors were not specifically aware of the EPC Contract and the Prepayment at the time of each event; and
- (c) subsequently, sometime around the end of November 2019 or beginning of December 2019, following enquiries made by both Mr. Zhu Gongshan (Executive Director and Chairman of the Company) and Mr. Zhu Zhanjun (Executive Director and Chief Executive Officer of the Company) about progress to increase production capacity, Mr. Jiang Wenwu reported that Jiangsu Zhongneng had made good progress with respect to the project and had paid to the SOE Lead Contractor a deposit to take forward Jiangsu Zhongneng's efforts to develop the project.

OPINION OF THE SPECIAL COMMITTEE AND THE BOARD ON THE SUPPLEMENTAL FORENSIC REVIEW REPORT

The Special Committee and the Board have reviewed the Supplemental Forensic Review Report and consider that the content and findings in the Supplemental Forensic Review Report are reasonable and acceptable, and the Board considers that the Forensic Accountant's findings in the Supplemental Forensic Review Report, together with the Forensic Review Report, adequately address the concerns that the Former Auditor raised in the Auditor Letter.

CONTINUED SUSPENSION OF TRADING

Trading in shares in the Company was suspended from 9:00 a.m. on 1 April 2021 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 25 October 2021

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

** For identification purposes only*