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GCL-Poly Energy Holdings Limited

保利協鑫能源控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 3800)



GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

**JOINT ANNOUNCEMENT
CONNECTED TRANSACTION
PAYMENT OF DEPOSIT UNDER HEADS OF AGREEMENT**

THE HOA

The GCL-Poly Board and the GNE Board are pleased to announce that on 19 December 2021, GNE Hong Kong (an indirect wholly-owned subsidiary of GNE) (as the purchaser) entered into the HOA with POLY-GCL Petroleum (as the supplier) in relation to the exclusivity of a 12-month period (commencing after the payment of the first payment (US\$15 million) of the Deposit) to enter into the sale and purchase agreement with POLY-GCL Petroleum for the Possible Purchase of natural gas to facilitate the development of GNE's Hydrogen Energy Business.

Under the HOA, GNE Hong Kong shall pay a refundable amount of US\$30 million to POLY-GCL Petroleum as the Deposit upon fulfilment of the Conditions Precedent.

LISTING RULES IMPLICATIONS

GCL-POLY

As at the date of this joint announcement, GNE is a subsidiary of GCL-Poly.

Mr. Zhu Gongshan and Mr. Zhu Yufeng are both executive directors of GCL-Poly and are therefore connected persons of GCL-Poly. As POLY-GCL Petroleum is an associate (as defined under the Listing Rules) of Mr. Zhu Gongshan and Mr. Zhu Yufeng, POLY-GCL Petroleum is a connected person of GCL-Poly and the payment of the Deposit by GNE Hong Kong under the HOA constitutes a connected transaction for GCL-Poly under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the payment of the Deposit by GNE Hong Kong under the HOA is more than 0.1% but less than 5% of GCL-Poly, the payment of the Deposit is subject to reporting and announcement requirements but is exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

GNE

GNE Hong Kong is an indirect wholly-owned subsidiary of GNE. As at the date of this joint announcement, Mr. Zhu Yufeng is an executive director of GNE and is a connected person of GNE. As POLY-GCL Petroleum is an associate (as defined under the Listing Rules) of Mr. Zhu Yufeng, POLY-GCL Petroleum is a connected person of GNE and the payment of the Deposit by GNE Hong Kong under the HOA constitutes a connected transaction for GNE under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the payment of the Deposit by GNE Hong Kong under the HOA is more than 0.1% but less than 5% of GNE, the payment of the Deposit is subject to reporting and announcement requirements but is exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

INFORMATION ON POLY-GCL PETROLEUM

POLY-GCL Petroleum is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of POLY-GCL Petroleum Group. Its principal business is exploration, development, production and marketing of oil and natural gas, including natural gas exploration business in Ethiopia. The business of POLY-GCL Petroleum is independent of GCL-Poly and GNE.

POLY-GCL Petroleum Group is owned as to (i) 90% by Charm Max Limited (祥盛有限公司), which is ultimately owned by Mr. Zhu Yufeng and Golden Concord, which is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan and his family as beneficiaries; and (ii) 10% by Port Beauty Limited (港美有限公司), which is ultimately owned by Mr. Yu Baodong, who is a director of POLY-GCL Petroleum Group. POLY-GCL Petroleum is ultimately controlled by Golden Concord and its concert parties.

The Transaction (which is the subject of this joint announcement) relates to the payment of the Deposit under the terms of the HOA. The Possible Purchase itself may or may not proceed. If it proceeds, GCL-Poly and GNE will comply with all applicable requirements under the Listing Rules as and when appropriate. Shareholders and potential investors of GCL-Poly and GNE are advised to exercise caution when dealing in the shares of GCL-Poly and GNE.

Reference is made to the joint announcement of GCL-Poly and GNE dated 28 July 2021 (the “**Previous Joint Announcement**”) in relation to the establishment of hydrogen energy business unit (the “**Hydrogen Energy Business Unit**”) by GNE and the entering into of a non-legally binding memorandum of understanding with POLY-GCL Petroleum Group to capitalize on its abundant overseas natural gas resources. The GCL-Poly Board and the GNE Board are pleased to announce that on 19 December 2021, GNE Hong Kong (an indirect wholly-owned subsidiary of GNE) entered into the HOA with POLY-GCL Petroleum in relation to the exclusivity of a 12-month period (commencing after the payment of the first payment (US\$15 million) under the Deposit) (the “**Exclusivity Period**”) to enter into the sale and purchase agreement with POLY-GCL Petroleum for the Possible Purchase of natural gas at not higher than US\$0.1335 (equivalent to approximately RMB0.85) per cubic meter subject to adjustments and relevant approval to facilitate the development of GNE’s Hydrogen Energy Business as detailed below.

HOA

The principal terms of the HOA are set out as follows:

Date

19 December 2021

Parties

- (1) GNE Hong Kong (as the purchaser); and
- (2) POLY-GCL Petroleum (as the supplier).

Subject matter

The purpose of the HOA is to set out the proposed substantial terms and to facilitate parties’ negotiation to the entering into of the sale and purchase agreement in respect of the Possible Purchase.

Term and exclusivity

The HOA shall be terminated upon the earlier of (i) the execution of the sale and purchase agreement in respect of the Possible Purchase; (ii) 12 months from the date of the payment of the Deposit; or (iii) if any of the Conditions Precedent has not been fulfilled on or before the last day of the three months from the date of the HOA (or on a date which may be further agreed by the parties).

POLY-GCL Petroleum undertakes that after the commencement of the Exclusivity Period and prior to the termination of the HOA, it shall not and shall procure that no affiliated entity and/or any of its employees, agents, or advisers shall make any initial or further approach to or enter into or continue negotiations with any other party or enter into any arrangement, undertaking, agreement or understanding with any other party in respect of the sale of natural gas.

Deposit

To secure the Possible Purchase of natural gas, which is presently agreed to be not higher than US\$0.1335 (equivalent to approximately RMB0.85) per cubic meter with annual inflation indexation to be agreed in the sale and purchase agreement in respect of the Possible Purchase (subject to approval obtained from the Ethiopian government), GNE Hong Kong agrees to pay POLY-GCL Petroleum a total of US\$30 million being the Deposit. In particular, US\$15 million shall be paid within 14 days upon the fulfillment of the Conditions Precedent to the satisfaction of GNE Hong Kong while the remaining US\$15 million will be paid within one month after the settlement of the initial payment.

The Conditions Precedent include, among others, GNE Hong Kong having (i) completed its legal due diligence on POLY-GCL Petroleum, its respective holding companies and its subsidiaries; (ii) completed its technical due diligence on the supply and transfer of natural gas from the POLY-GCL Petroleum Plant to a hydrogen facility to be built in Djibouti by GNE Hong Kong (and/or its affiliates); (iii) obtaining relevant shareholders' and/or regulatory approval in respect of the Possible Purchase (if applicable); and (iv) obtaining the required consent from the scheme creditors of the Senior Notes for approving the execution of the HOA.

The Deposit (together with an interest of 10% of the Deposit per annum) shall be refunded to GNE Hong Kong within five days upon the termination of the HOA for whichever reason save for entering into the sale and purchase agreement in respect of the Possible Purchase.

It is expected that the Deposit will be funded by equity financing or GNE's existing funds. As mentioned in the Previous Joint Announcement, GNE proposed to establish hydrogen energy industrial investment fund(s) with fund size of more than RMB10 billion (or denominated in US\$) with different domestic and overseas financial institutions to develop hydrogen energy projects. It is expected that GNE will maintain stable gearing ratio. GNE and/or GCL-Poly will make timely disclosures in accordance with the relevant requirements of the Listing Rules if there are any material progress in the establishment of hydrogen energy industrial investment fund(s) for GNE or any material agreements to be signed.

If GNE decides to proceed with the Hydrogen Energy Business, it is the intention of GNE to enter into the definitive sale and purchase agreement with POLY-GCL Petroleum for the Possible Purchase of natural gas within 12 months (subject to mutual agreement).

Save for the terms in relation to term and exclusivity, confidentiality and governing law, the price of the Possible Purchase of natural gas, the payment of the Deposit and expenses contained in the HOA, the HOA is non-legally binding nor enforceable.

INFORMATION ON GNE HONG KONG

GNE Hong Kong is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of GNE. Its principal business is investment holding.

INFORMATION ON POLY-GCL PETROLEUM

POLY-GCL Petroleum is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of POLY-GCL Petroleum Group. Its principal business is exploration, development, production and marketing of oil and natural gas, including natural gas exploration business in Ethiopia. The business of POLY-GCL Petroleum is independent of GCL-Poly and GNE.

POLY-GCL Petroleum Group is owned as to (i) 90% by Charm Max Limited (祥盛有限公司), which is ultimately owned by Mr. Zhu Yufeng and Golden Concord, which is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan and his family as beneficiaries; and (ii) 10% by Port Beauty Limited (港美有限公司), which is ultimately owned by Mr. Yu Baodong, who is a director of POLY-GCL Petroleum Group. POLY-GCL Petroleum is ultimately controlled by Golden Concord and its concert parties.

INFORMATION ON GCL-POLY AND GNE

GCL-Poly

GCL-Poly is an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800. The principal business of GCL-Poly is investment holding.

The GCL-Poly Group is principally engaged in the manufacturing and sale of polysilicon and wafers products, and developing and operating solar farms. As at the date of this joint announcement, GCL-Poly is the parent company of GNE.

GNE

GNE is incorporated in Bermuda as exempted company with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 451.

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 a subsidiary of GCL-Poly.

REASONS FOR AND BENEFITS OF THE TRANSACTION

With reference to the Previous Joint Announcement, GNE has established the Hydrogen Energy Business Unit to actively conduct the research and development of the Hydrogen Energy Business.

Natural gas accounts for over 70% of the current global hydrogen production and is the main source of hydrogen energy. With the advantages of being an abundant resource, low in production cost and mature technologies, generating hydrogen from natural gas as “transitional clean energy” will play an important role in the implementation of the strategy of “carbon peak and carbon neutrality”. To this end, taking into account of its future diversified layout in hydrogen energy, on 28 July 2021, GNE entered into a non-legally binding memorandum of understanding with POLY-GCL Petroleum Group, a connected person of GNE, to capitalize on its abundant overseas natural gas resources, which can be processed into the form of liquid ammonia and subsequently shipped to the PRC for the production of hydrogen. This would potentially enable GNE to meet the hydrogen demand of domestic steel mills, glass factories, ceramic factories and other major customers in order to rapidly expand GNE’s production capacity and meet the huge market demand so as to develop GNE into a major international hydrogen energy supplier and integrated service provider.

Following the date of the Previous Joint Announcement, GNE’s Hydrogen Energy Business Unit has (i) appointed relevant industrial experts to lead a project team of 15 staff to perform a preliminary assessment of the Hydrogen Energy Business; (ii) engaged professionals to prepare feasibility study reports on the Hydrogen Energy Business including but not limited to technical feasibility study and products market research; and (iii) discussing with relevant local governments on our potential investment plan.

In view of the strategic location of the POLY-GCL Petroleum Plant and its proximity to the proposed location for the development of the Hydrogen Energy Business, the natural gas supply from POLY-GCL Petroleum, being the main raw material for the Hydrogen Energy Business, is the only feasible source of natural gas supply for the Hydrogen Energy Business. Therefore, it is necessary for GNE and in the interest of GNE to secure the supply of natural gas.

By entering into the HOA, GNE would be entitled the Exclusivity Period to enter into the sale and purchase agreement with POLY-GCL Petroleum at a pre-determined price for the Possible Purchase of natural gas in order to secure the raw materials at a lower cost for the Hydrogen Energy Business so that GNE can move on to the next stage and commit substantial resources to devise concrete plan for the development of the Hydrogen Energy Business.

Based on the above reasons and having considered all relevant factors, the GNE Directors (including GNE’s independent non-executive directors) believe and consider that the terms of the Transaction is on normal commercial terms, are fair and reasonable and has been entered into in the ordinary and usual course of business of the GNE Group and that the entering into of the HOA 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 (including GCL-Poly’s independent non-executive directors) believe and consider that, through GNE, the Hydrogen Energy Business would promote the diversification of GCL-Poly’s operations and the terms of the Transaction is on normal commercial terms, are fair and reasonable and has been entered into in the ordinary and usual course of business of the GNE Group and that the entering into of the HOA is in the interests of GCL-Poly and GCL-Poly Shareholders as a whole.

For GCL-Poly, as (i) Mr. Zhu Gongshan and Mr. Zhu Yufeng are the ultimate beneficial owners of POLY-GCL Petroleum Group; and (ii) Ms. Sun Wei and Mr. Yeung Man Chung, Charles, are members of the senior management of Golden Concord and/or its associate companies, they are deemed to have a material interest in the Transaction. Accordingly, they have abstained from voting on the resolutions of the GCL-Poly Board in respect of the approval of the Transaction.

For GNE, as (i) Mr. Zhu Yufeng is one of the ultimate beneficial owners of POLY-GCL Petroleum Group; and (ii) Ms. Hu Xiaoyan, Ms. Sun Wei, Mr. Yeung Man Chung, Charles, and Mr. Fang Jiancai are member of the senior management of Golden Concord and/or its associate companies, they are deemed to have a material interest in the Transaction. Accordingly, they have abstained from voting on the resolutions of the GNE Board in respect of the approval of the Transaction.

LISTING RULES IMPLICATIONS

GCL-POLY

As at the date of this joint announcement, GNE is a subsidiary of GCL-Poly.

Mr. Zhu Gongshan and Mr. Zhu Yufeng are both executive directors of GCL-Poly and are therefore connected persons of GCL-Poly. As POLY-GCL Petroleum is an associate (as defined under the Listing Rules) of Mr. Zhu Gongshan and Mr. Zhu Yufeng, POLY-GCL Petroleum is a connected person of GCL-Poly and the payment of the Deposit by GNE Hong Kong under the HOA constitutes a connected transaction for GCL-Poly under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the payment of the Deposit by GNE Hong Kong under the HOA is more than 0.1% but less than 5% of GCL-Poly, the payment of the Deposit is subject to reporting and announcement requirements but is exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

GNE

GNE Hong Kong is an indirect wholly-owned subsidiary of GNE. As at the date of this joint announcement, Mr. Zhu Yufeng is an executive director of GNE and is a connected person of GNE. As POLY-GCL Petroleum is an associate (as defined under the Listing Rules) of Mr. Zhu Yufeng, POLY-GCL Petroleum is a connected person of GNE and the payment of the Deposit by GNE Hong Kong under the HOA constitutes a connected transaction for GNE under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the payment of the Deposit by GNE Hong Kong under the HOA is more than 0.1% but less than 5% of GNE, the payment of the Deposit is subject to reporting and announcement requirements but is exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

The Transaction (which is the subject of this joint announcement) relates to the payment of the Deposit under the terms of the HOA. The Possible Purchase itself may or may not proceed. If it proceeds, GCL-Poly and GNE will comply with all applicable requirements under the Listing Rules as and when appropriate. Shareholders and potential investors of GCL-Poly and GNE are advised to exercise caution when dealing in the shares of GCL-Poly and GNE.

DEFINITIONS

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

“Conditions Precedent”	the conditions precedent to be fulfilled prior to the settlement of the Deposit
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Deposit”	the payment of US\$30 million by GNE Hong Kong to POLY-GCL Petroleum to secure POLY-GCL Petroleum’s obligations under the HOA
“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, GNE is a subsidiary of GCL-Poly
“GCL-Poly Board”	the board of GCL-Poly Directors
“GCL-Poly Directors”	the directors of GCL-Poly
“GCL-Poly Group”	GCL-Poly, together with 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, together with its subsidiaries
“GNE Hong Kong”	GCL New Energy Hong Kong Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of GNE as at the date of this joint announcement
“GNE Shareholders”	the shareholders of GNE
“Golden Concord”	Golden Concord Group Limited, a company incorporated in Hong Kong with limited liability
“HOA”	the heads of agreement dated 19 December 2021 entered into between GNE Hong Kong (as purchaser) and POLY-GCL Petroleum (as supplier) in respect of the Transaction
“Hydrogen Energy Business”	the hydrogen energy business and related business in Djibouti proposed to be developed by GNE
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“POLY-GCL Petroleum”	POLY-GCL Petroleum Investments Limited (保利協鑫天然氣投資有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of POLY-GCL Petroleum Group as at the date of this joint announcement and holds the right to operate the POLY-GCL Petroleum Plant
“POLY-GCL Petroleum Group”	POLY-GCL Petroleum Group Limited (保利協鑫天然氣集團有限公司), a company incorporated in the British Virgin Islands with limited liability
“POLY-GCL Petroleum Plant”	the natural gas facility based on Ogaden Basin, Ethiopia and is operated by POLY-GCL Petroleum

“Possible Purchase”	the possible purchase of natural gas by GNE Hong Kong from POLY-GCL Petroleum, the terms and conditions of which shall be set out in a sale and purchase agreement subject to parties’ negotiation
“Senior Notes”	the US\$496,869,839 10.0% senior notes due in 2024 issued by GNE and is listed on the Singapore Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the payment of the Deposit under the HOA

This joint announcement contains translations between US\$ and Renminbi amounts at US\$1 = RMB6.3651, being the exchange rates prevailing on 17 December 2021. The translations should not be taken as a representation that the US\$ could actually be converted into Renminbi at that rate or at all.

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 December 2021

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

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