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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you have sold or transferred** all your shares in GCL New Energy Holdings Limited 協鑫新能源控股有限公司, you should at once hand this circular to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**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) PAST SHANGHAI CHAORI MAJOR TRANSACTIONS**  
**(2) PAST NINGXIA MAJOR TRANSACTIONS**  
**AND**  
**(3) PAST YULIN MAJOR TRANSACTIONS**
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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

|                                 |  |
|---------------------------------|--|
| “associate(s)”                  | has the same meaning ascribed to it under the Listing Rules  |
| “Board”                         | the board of the Directors   |
| “Company”                       | 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. As at the Latest Practicable Date, Elite Time Global held 8,640,000,000 Shares representing approximately 62.28% of the issued share capital of the Company |
| “connected person(s)”           | has the same meaning ascribed to it under the Listing Rules  |
| “Director(s)”                   | director(s) of the Company   |
| “Elite Time Global”             | Elite Time Global Limited, a company incorporated in British Virgin Islands with limited liability, a wholly-owned subsidiary of GCL-Poly which, as at the Latest Practicable Date, held 8,640,000,000 Shares representing approximately 62.28% of the issued share capital of the Company   |
| “First Module Sales Agreement”  | the agreement dated 12 September 2014 entered into between Nanjing GCL New Energy as the customer and Shanghai Chaori as supplier in relation to sales of solar photovoltaic modules   |
| “Fourth Module Sales Agreement” | the agreement dated 25 September 2014 entered into between Nanjing GCL New Energy as the customer and Shanghai Chaori as the supplier in relation to sales of solar photovoltaic modules   |
| “GCL-Poly”                      | GCL-Poly Energy Holdings Limited, 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   |
| “Group”                         | the Company and its subsidiaries   |
| “Hengshan Jinghe”               | Hengshan Jinghe Solar Energy Co., Ltd.* (橫山晶合太陽能發電有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company  |

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## DEFINITIONS

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|                                 |   |
|---------------------------------|---|
| “HK\$”                          | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                     | Hong Kong Special Administrative Region of the PRC  |
| “Jiangsu Golden Concord”        | Jiangsu Golden Concord Energy Co., Ltd.* (江蘇協鑫能源有限公司), a company incorporated in the PRC with limited liability   |
| “Jinhu Zhenghui”                | Jinhu Zhenghui PV Company Limited* (金湖正輝太陽能電力有限公司), a company incorporated in the PRC with limited liability and is a subsidiary of the Company   |
| “Jinli Zhongwei EPC Agreement”  | the agreement dated 30 May 2014 entered into between Ningxia Jinli Photovoltaic as the principal, Ningxia Jiangnan Construction as the contractor and Yinyang New Energy as the guarantor under which Ningxia Jiangnan Construction undertakes to provide the engineering, procurement and construction services in relation to a photovoltaic solar power station in Zhongwei City, Ningxia Hui Autonomous Region  |
| “Jinxin Zhongwei EPC Agreement” | the agreement dated 30 May 2014 entered into between Ningxia Jinxin Photovoltaic as the principal, Ningxia Jiangnan Construction as the contractor and Yinyang New Energy as the guarantor under which Ningxia Jiangnan Construction undertakes to provide the engineering, procurement and construction services in relation to a photovoltaic solar power station in Zhongwei City, Ningxia Hui Autonomous Region |
| “Latest Practicable Date”       | 24 December 2014  |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Mr. Zhu”                       | Mr. Zhu Gongshan, an executive Director of the Company  |
| “Mr. Zhu Yufeng”                | Mr. Zhu Yufeng, son of Mr. Zhu  |
| “MW”                            | megawatt(s)   |
| “Nanjing GCL New Energy”        | Nanjing GCL New Energy Development Company Limited* (南京協鑫新能源發展有限公司), a company incorporated in the PRC with limited liability and is a subsidiary of the Company  |
| “Ningxia EPC Agreements”        | collectively, the Jinxin Zhongwei EPC Agreement and Jinli Zhongwei EPC Agreement  |

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## DEFINITIONS

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|---|--|
| “Ningxia Jinli Photovoltaic”              | Ningxia Jinli Photovoltaic Electric Power Co., Ltd.* (寧夏金禮光伏電力有限公司), a company incorporated in the PRC with limited liability and is a subsidiary of the Company                         |
| “Ningxia Jinxin Photovoltaic”             | Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.* (寧夏金信光伏電力有限公司), a company incorporated in the PRC with limited liability and is a subsidiary of the Company                        |
| “Past Major Transactions”                 | collectively, the Past Shanghai Chaori Major Transactions, the Past Ningxia Major Transactions and the Past Yulin Major Transactions   |
| “Past Ningxia Major Transactions”         | all the transactions entered into pursuant to the Ningxia EPC Agreements   |
| “Past Shanghai Chaori Major Transactions” | all the transactions entered into pursuant to the Shanghai Chaori Agreements   |
| “Past Yulin Major Transactions”           | all the transactions entered into pursuant to the Yulin EPC Agreement  |
| “PRC”                                     | the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan          |
| “RMB”                                     | Renminbi, the lawful currency of the PRC   |
| “Second Module Sales Agreement”           | the agreement dated 15 September 2014 entered into between Nanjing GCL New Energy as the customer and Shanghai Chaori as the supplier in relation to sales of solar photovoltaic modules |
| “SFO”                                     | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong as amended and supplemented from time to time)  |
| “Shanghai Chaori”                         | Shanghai Chaori Solar Energy Science & Technology Co., Ltd. (上海超日太陽能科技股份有限公司), a limited liability company incorporated in the PRC   |
| “Shanghai Chaori Agreements”              | collectively, the First Module Sales Agreement, the Second Module Sales Agreement, the Third Module Sales Agreement and the Fourth Module Sales Agreement                                |

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## DEFINITIONS

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|--------------------------------|---|
| “Share(s)”                     | ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.00416) each in the share capital of the Company   |
| “Shareholder(s)”               | holder(s) of the Share(s)   |
| “Stock Exchange”               | The Stock Exchange of Hong Kong Limited   |
| “subsidiaries”                 | has the same meaning ascribed to it under the Listing Rules   |
| “Third Module Sales Agreement” | the agreement dated 20 September 2014 entered into between Nanjing GCL New Energy as the customer and Shanghai Chaori as the supplier in relation to sales of solar photovoltaic modules  |
| “Xiangdao New Energy”          | Inner Mongolia Xiangdao New Energy Development Company Limited* (內蒙古香島新能源發展有限公司), a company incorporated in the PRC with limited liability and is a subsidiary of the Company   |
| “Yulin EPC Agreement”          | the agreement dated 28 August 2014 entered into between Hengshan Jinghe as the principal and Xi’an Huanghe Photovoltaic as the contractor under which Xi’an Huanghe Photovoltaic undertakes to provide the engineering, procurement and construction services in relation to a photovoltaic solar power station in Yulin City, Shaanxi Province |
| “%”                            | per cent.   |

*This circular (except for the section headed “Working Capital” in Appendix I) contains translations between Renminbi and Hong Kong dollar amounts at RMB1=HK\$1.25. The translations should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars at that rate or at all.*

\* For identification purpose only

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LETTER FROM THE BOARD

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**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)**

*Executive Directors:*

Mr. Zhu Gongshan  
Mr. Tang Cheng  
Mr. Zhang Guoxin  
Mr. Gu Xin  
Ms. Hu Xiaoyan  
Mr. Yip Sum Yin

*Non-executive Directors:*

Ms. Sun Wei  
Mr. Yu Baodong

*Independent non-executive Directors:*

Mr. Wang Bohua  
Mr. Xu Songda  
Mr. Han Qing-hua  
Mr. Lee Conway Kong Wai

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Principal place of business in  
Hong Kong:*

Unit 1707A, Level 17  
International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

30 December 2014

Dear Sir or Madam,

**(1) PAST SHANGHAI CHAORI MAJOR TRANSACTIONS  
(2) PAST NINGXIA MAJOR TRANSACTIONS  
AND  
(3) PAST YULIN MAJOR TRANSACTIONS**

**1. PAST SHANGHAI CHAORI MAJOR TRANSACTIONS ENTERED INTO BY THE  
COMPANY WITH SHANGHAI CHAORI**

The Board announced on 10 November 2014 that Nanjing GCL New Energy (an indirect wholly-owned subsidiary of the Company) as the customer entered into the First Module Sales Agreement, the Second Module Sales Agreement, the Third Module Sales Agreement and the

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## LETTER FROM THE BOARD

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Fourth Module Sales Agreement on 12 September 2014, 15 September 2014, 20 September 2014 and 25 September 2014 respectively, with Shanghai Chaori as the supplier in relation to the supply of certain 255-watt, 300-watt, 305-watt and 310-watt solar modules by Shanghai Chaori to Nanjing GCL New Energy in accordance with the respective terms and conditions of the Shanghai Chaori Agreements (the “**10 November Announcement**”).

The aggregate value of consideration under the Shanghai Chaori Agreements is RMB1,401,589,457.25 (equivalent to approximately HK\$1,751,986,821.56).

### **A. Principal Terms of the First Module Sales Agreement**

(i) *Date*

12 September 2014

(ii) *Parties*

Supplier: Shanghai Chaori

Customer: Nanjing GCL New Energy

(iii) *Subject matter*

Shanghai Chaori agreed to supply, and Nanjing GCL New Energy agreed to purchase, (a) 6,000,050 watts of 310-watt solar modules at the unit price of RMB3.99 (equivalent to approximately HK\$4.99) per watt for a total consideration of RMB23,940,199.50 (equivalent to approximately HK\$29,925,249.38); and (b) 27,000,125 watts of 305-watt solar modules at the unit price of RMB3.99 (equivalent to approximately HK\$4.99) per watt for a total consideration of RMB107,730,498.75 (equivalent to approximately HK\$134,663,123.44). Nanjing GCL New Energy shall receive one free solar module of the same model for each one million watts of solar modules purchased.

The total consideration under the First Module Sales Agreement is RMB131,670,698.25 (equivalent to approximately HK\$164,588,372.81).

Nanjing GCL New Energy shall pay to Shanghai Chaori (a) 20% of the total purchase price within one week of signing of the First Module Sales Agreement; (b) 70% of the total purchase price within six months of acceptance of the solar modules following the inspection by Nanjing GCL New Energy; and (c) the remaining 10% of the total purchase price within two weeks following the expiration of the one year warranty period of the solar modules provided that by then there are no quality issues with the solar modules or such issues have been properly resolved.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, an amount of RMB26,334,139.65 (equivalent to approximately HK\$32,917,674.56) has been paid in cash by Nanjing GCL New Energy to Shanghai Chaori, with a total outstanding amount of RMB100,051,070.70 (equivalent to approximately HK\$125,063,838.38) due to be payable to Shanghai Chaori for the solar modules delivered pursuant to the First Module Sales Agreement.

(iv) *Basis of consideration*

The consideration pursuant to the First Module Sales Agreement was calculated on the basis of the market price of similar products which was determined after arm's length negotiation between the parties.

According to prices reported by SolarZoom, an authoritative pricing agency in China, the average price of solar modules was RMB4.00 (equivalent to approximately HK\$5.00) per watt. On the basis of this average price, Shanghai Chaori agreed to sell the 310-watt and 305-watt solar modules to the Company at the unit price of RMB3.99 (equivalent to approximately HK\$4.99) per watt under the First Module Sales Agreement.

### **B. Principal Terms of the Second Module Sales Agreement**

(i) *Date*

15 September 2014

(ii) *Parties*

Supplier: Shanghai Chaori

Customer: Nanjing GCL New Energy

(iii) *Subject matter*

Shanghai Chaori agreed to supply, and Nanjing GCL New Energy agreed to purchase 100,000,200 watts of 300-watt solar modules at the unit price of RMB3.95 (equivalent to approximately HK\$4.94) per watt for a total consideration of RMB395,000,790 (equivalent to approximately HK\$493,750,988). Nanjing GCL New Energy shall receive one free solar module for each one million watts of solar modules purchased.

Nanjing GCL New Energy shall pay to Shanghai Chaori (a) 20% of the total purchase price within one week of signing of the Second Module Sales Agreement; (b) 70% of the total purchase price within six months of acceptance of the solar modules following the inspection by Nanjing GCL New Energy; and (c) the remaining 10% of the total purchase price within two weeks following the expiration of the one year warranty period of the solar modules provided that by then there are no quality issues with the solar modules or such issues have been properly resolved.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, Nanjing GCL New Energy has paid a total amount of RMB79,000,158 (equivalent to approximately HK\$98,750,198) in cash to Shanghai Chaori, with a total outstanding amount of RMB315,785,890 (equivalent to approximately HK\$394,732,363) due to be payable to Shanghai Chaori for the solar modules delivered pursuant to the Second Module Sales Agreement.

(iv) *Basis of consideration*

The consideration pursuant to the Second Module Sales Agreement was calculated on the basis of the market price of similar products which was determined after arm's length negotiation between the parties.

According to prices reported by SolarZoom, an authoritative pricing agency in China, the average price of solar modules was RMB4.00 (equivalent to approximately HK\$5.00) per watt. On the basis of this average price, Shanghai Chaori agreed to sell the solar modules to the Company at the unit price of RMB3.95 (equivalent to approximately HK\$4.94) per watt under the Second Module Sales Agreement, a discount of RMB0.05 (equivalent to approximately HK\$0.06) per watt to the average price.

### C. Principal Terms of the Third Module Sales Agreement

(i) *Date*

20 September 2014

(ii) *Parties*

Supplier: Shanghai Chaori

Customer: Nanjing GCL New Energy

(iii) *Subject matter*

Shanghai Chaori agreed to supply, and Nanjing GCL New Energy agreed to purchase 60,000,000 watts of 300-watt solar modules at the unit price of RMB3.95 (equivalent to approximately HK\$4.94) per watt for a total consideration of RMB237,000,000 (equivalent to approximately HK\$296,250,000). Nanjing GCL New Energy shall receive one free solar module for each one million watts of solar modules purchased.

Nanjing GCL New Energy shall pay to Shanghai Chaori (a) 20% of the total purchase price within one week of signing of the Third Module Sales Agreement; (b) 70% of the total purchase price within six months of acceptance of the solar modules following the inspection by Nanjing GCL New Energy; and (c) the remaining 10% of the

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## LETTER FROM THE BOARD

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total purchase price within two weeks following the expiration of the one year warranty period of the solar modules provided that by then there are no quality issues with the solar modules or such issues have been properly resolved.

As at the Latest Practicable Date, an amount of RMB220,343,900 (equivalent to approximately HK\$275,429,875) has been paid by Nanjing GCL New Energy to Shanghai Chaori in respect of the solar modules delivered pursuant to the Third Module Sales Agreement and a total outstanding amount of RMB16,656,100 (equivalent to approximately HK\$20,820,125) is due to be payable to Shanghai Chaori.

(iv) *Basis of consideration*

The consideration pursuant to the Third Module Sales Agreement was calculated on the basis of market price of similar products which was determined after arm's length negotiation between the parties.

According to prices reported by SolarZoom, an authoritative pricing agency in China, the average price of solar modules was RMB4.00 (equivalent to approximately HK\$5.00) per watt. On the basis of this average price, Shanghai Chaori agreed to sell the solar modules to the Company at the unit price of RMB3.95 (equivalent to approximately HK\$4.94) per watt under the Third Module Sales Agreement, a discount of RMB0.05 (equivalent to approximately HK\$0.06) per watt to the average price.

### **D. Principal Terms of the Fourth Module Sales Agreement**

(i) *Date*

25 September 2014

(ii) *Parties*

Supplier: Shanghai Chaori

Customer: Nanjing GCL New Energy

(iii) *Subject matter*

Shanghai Chaori agreed to supply, and Nanjing GCL New Energy agreed to purchase (a) 38,291,400 watts of 300-watt solar modules at the unit price of RMB3.95 (equivalent to approximately HK\$4.94) per watt for a total consideration of RMB151,251,030 (equivalent to approximately HK\$189,063,788); and (b) 123,206,820 watts of 255-watt solar modules at the unit price of RMB3.95 (equivalent to approximately HK\$4.94) per watt for a total consideration of RMB486,666,939 (equivalent to approximately HK\$608,333,674). Nanjing GCL New Energy shall receive one free solar module for each one million watts of solar modules purchased.

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## LETTER FROM THE BOARD

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The total consideration under the Fourth Module Sales Agreement is RMB637,917,969 (equivalent to approximately HK\$797,397,461).

Nanjing GCL New Energy shall pay to Shanghai Chaori (a) 20% of the total purchase price within one week of signing of the Fourth Module Sales Agreement; (b) 70% of the total purchase price within six months of acceptance of the solar modules following the inspection by Nanjing GCL New Energy; and (c) the remaining 10% of the total purchase price within two weeks following the expiration of the one year warranty period of the solar modules provided that by then there are no quality issues with the solar modules or such issues have been properly resolved.

As at the Latest Practicable Date, an amount of RMB391,687,673 (equivalent to approximately HK\$489,609,591.25) has been paid by Nanjing GCL New Energy to Shanghai Chaori in respect of the solar modules delivered pursuant to the Fourth Module Sales Agreement and a total outstanding amount of RMB117,066,521 (equivalent to approximately HK\$146,333,151.25) is due to be payable to Shanghai Chaori.

(iv) *Basis of consideration*

The consideration pursuant to the Fourth Module Sales Agreement was calculated on the basis of market price of similar products which was determined after arm's length negotiation between the parties.

According to prices reported by SolarZoom, an authoritative pricing agency in China, the average price of solar modules was RMB4.00 (equivalent to approximately HK\$5.00) per watt. On the basis of this average price, Shanghai Chaori agreed to sell the solar modules to the Company at the unit price of RMB3.95 (equivalent to approximately HK\$4.94) per watt under the Fourth Module Sales Agreement, a discount of RMB0.05 (equivalent to approximately HK\$0.06) per watt to the average price.

### **E. Aggregated New Shanghai Chaori Agreements**

In addition to the Shanghai Chaori Agreements, Nanjing GCL New Energy as the customer and Shanghai Chaori as the supplier further entered into 3 additional module sales agreement, each of which dated 28 November 2014, in relation to the supply of 300-watt and 305-watt solar modules (the "**Aggregated New Shanghai Chaori Agreements**").

As one of more of the applicable percentage ratios in respect of the Aggregated New Shanghai Chaori Agreements (in aggregate) exceeds 5% but less than 25%, the entering into of the Aggregated New Shanghai Chaori Agreements constitutes a discloseable transaction of the Company and the Company shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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## LETTER FROM THE BOARD

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The transactions contemplated under the Aggregated New Shanghai Chaori Agreements when aggregated with the Past Shanghai Chaori Major Transactions would result in a major transaction of the Company but not a higher transaction classification, and the Company is therefore not required to reclassify the Aggregated New Shanghai Chaori Transactions by aggregating them with the Past Shanghai Chaori Major Transactions.

Please refer to the announcement of the Company dated 28 November 2014 for the details of the Aggregated New Shanghai Chaori Transactions.

### **F. Reasons and Benefits of the Past Shanghai Chaori Major Transactions to the Company**

Since May 2014, the Company has announced various photovoltaic power station projects showing the new nature and scope of the business of Group (please refer to the Company's announcements dated (i) 21 May 2014 and 28 August 2014 regarding the cooperation agreement in relation to the development and construction of the Yulin Project; (ii) 26 August 2014 regarding a discloseable transaction for a subscription of equity interests in Jinhu Zhenghui; (iii) 8 September 2014 regarding a discloseable transaction for a subscription of equity interest in Hengshan Jinghe; and (iv) 6 October 2014 regarding the acquisition of equity interests and capital increase in Xiangdao New Energy).

As a developer of photovoltaic power station projects, the Group has to source equipment, such as solar modules. The Company does not have stable suppliers for the supply of solar modules. After comparing potential suppliers on the market, the Company found that Shanghai Chaori were able to supply the Company with sufficient solar modules to meet the work schedule of the relevant projects at a reasonable cost. As a result, the Company negotiated with the administrators of Shanghai Chaori for the purchase of solar modules from Shanghai Chaori. Following the negotiations, the Company selected Shanghai Chaori as its supplier under the Past Shanghai Chaori Major Transactions.

As the management of the Company has conducted the Past Shanghai Chaori Major Transactions with reference to the prevailing market price of the raw materials and/or products concerned, the Directors consider, confirm and ratify that the terms of the Shanghai Chaori Agreements are fair and reasonable and that the Past Shanghai Chaori Major Transactions have been carried out on normal commercial terms in the ordinary course of business of the Company and in the interests of the Company and the Shareholders as a whole.

### **G. Financial Effect of the Past Shanghai Chaori Major Transactions**

Based on current facts and circumstances, it is estimated that the entering into of the above First Module Sales Agreements, Second Module Sales Agreements, Third Module Sales Agreements and Fourth Module Sales Agreements and the transactions contemplated thereunder by the Group, with a total consideration of RMB1,401,589,457.25 (equivalent to approximately HK\$1,751,986,821.56) would constitute capital commitments of the Group by

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## LETTER FROM THE BOARD

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the same amount immediately after entering into the above module sales agreements. The Group would have to incur cash outflow to settle these capital commitments according to the payment schedules as stipulated in the above module sales agreements.

The Directors do not expect that the entering into of the First Module Sales Agreements, Second Module Sales Agreements, Third Module Sales Agreements and Fourth Module Sales Agreements would have any material adverse financial impact on the earnings, assets and liabilities of the Group.

### **H. Information on the Parties to the Past Shanghai Chaori Major Transactions**

Shanghai Chaori researches, manufactures and exports solar energy products, including solar module, solar cells and solar lights. Shanghai Chaori is listed on the Shenzhen Stock Exchange under stock code 2506. Shanghai Chaori defaulted on its corporate bonds on 7 March 2014 and has been subject to a restructuring plan in which Jiangsu Golden Concord, Mr. Zhu and/or their respective associates may acquire a 30% or more direct or indirect interest in Shanghai Chaori.

As at the Latest Practicable Date, the Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Chaori and the ultimate beneficial owners of Shanghai Chaori are third parties independent of the Company and the connected persons of the Company.

### **I. Listing Rules Implications**

#### *Shanghai Chaori Agreements*

As one or more of the applicable percentage ratios in respect of the Shanghai Chaori Agreements (in aggregate) exceed 25% but less than 100%, the entering into of the Shanghai Chaori Agreements constituted a major transaction of the Company and the Company should have complied with the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Company did not make an announcement after entering into the relevant Shanghai Chaori Agreements or hold a Shareholders' meeting to seek the Shareholders' approval on the relevant Past Shanghai Chaori Major Transactions pursuant to the requirements under Chapter 14 of the Listing Rules, the Company is required to seek the ratification and approval of the Past Shanghai Chaori Major Transactions in accordance with the Chapter 14 of the Listing Rules. To the best knowledge, information and belief of the Directors and after having made all reasonable enquiries, as at the date of the 10 November Announcement, none of the Shareholders had a material interest in the Past Shanghai Chaori Major Transactions and therefore none of them would be required to abstain from voting if the Company were to convene a general meeting for approving the Past Shanghai Chaori Major Transactions.

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## LETTER FROM THE BOARD

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The Company has obtained a written approval from Elite Time Global (which as at the date of the 10 November Announcement, held 2,160,000,000 Shares in the Company, representing approximately 62.28% of the issued share capital of the Company) on 10 November 2014 to approve, among others, the Past Shanghai Chaori Major Transactions pursuant to Rule 14.44 of the Listing Rules. As the aforesaid written approval has been obtained, the Company is not required to convene a general meeting for approving the Past Shanghai Chaori Major Transactions.

### 2. PAST NINGXIA MAJOR TRANSACTIONS

The Board announced on 10 November 2014 that the Jinxin Zhongwei EPC Agreement was entered into between Ningxia Jinxin Photovoltaic (a subsidiary of the Company) as the principal, Ningxia Jiangnan Construction as the contractor and Yinyang New Energy as the guarantor on 30 May 2014 under which Ningxia Jiangnan Construction undertakes to provide the engineering, procurement and construction services in relation to a photovoltaic solar power station in Zhongwei City, Ningxia Hui Autonomous Region, PRC.

The Jinli Zhongwei EPC Agreement was entered into between Ningxia Jinli Photovoltaic (a subsidiary of the Company) as the principal, Ningxia Jiangnan Construction as the contractor and Yinyang New Energy as the guarantor on 30 May 2014 under which Ningxia Jiangnan Construction undertakes to provide the engineering, procurement and construction services in relation to a photovoltaic solar power station in Zhongwei City, Ningxia Hui Autonomous Region, PRC.

The aggregate value of consideration under the Jinxin Zhongwei EPC Agreement and the Jinli Zhongwei EPC Agreement is RMB850,000,000 (equivalent to approximately HK\$1,062,500,000).

#### A. Principal Terms of the Jinxin Zhongwei EPC Agreement

(i) *Date*

30 May 2014

(ii) *Parties*

Principal: Ningxia Jinxin Photovoltaic

Contractor: Ningxia Jiangnan Construction Engineering Co., Ltd.\* (寧夏江南建設工程有限公司) (“**Ningxia Jiangnan Construction**”)

Guarantor: Zhongwei City Yinyang New Energy Co., Ltd.\* (中衛市銀陽新能源有限公司) (“**Yinyang New Energy**”)

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## LETTER FROM THE BOARD

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(iii) *Subject matter*

Ningxia Jinxin Photovoltaic as the principal agreed to engage Ningxia Jiangnan Construction as the contractor to provide the engineering, procurement and construction services in relation to a 50MW photovoltaic solar power station in Zhongwei City, Ningxia Hui Autonomous Region, PRC (the “**Jinxin Project**”).

(iv) *Consideration*

The consideration for the services under the Jinxin Zhongwei EPC Agreement shall be RMB425,000,000 (equivalent to approximately HK\$531,250,000) at a unit price of RMB8.5 (equivalent to approximately HK\$10.6) per watt.

The Jinxin Zhongwei EPC Agreement was negotiated and entered into on an arm’s length basis and on normal commercial terms. The consideration under the Jinxin Zhongwei EPC Agreement was determined with reference to (a) the quality standard of the services to be provided under the Jinxin Zhongwei EPC Agreement; (b) the completion schedule requirements; (c) the conditions of construction of the project; (d) the expected return of the project; and (e) the prevailing market price. The prevailing market price as observed from the recent transactions on the market was around RMB9.0 (equivalent to approximately HK\$11.25) per watt. As compared with the prevailing market price, the Company believes that the unit price of RMB8.5 (equivalent to approximately HK\$10.6) per watt under the Jinxin Zhongwei EPC Agreement was a reasonable price.

(v) *Payment terms*

The consideration for the services under the Jinxin Zhongwei EPC Agreement shall be paid by Ningxia Jinxin Photovoltaic in seven instalments in accordance with the following milestones:

1. First instalment: RMB31,500,000 (equivalent to approximately HK\$39,375,000) (i.e. approximately 7.41% of the consideration) to be paid within seven days from the date on which the invoice for the first instalment is issued by Ningxia Jiangnan Construction, provided that (a) all preliminary approvals have been obtained and all preliminary work has been completed in accordance with the Jinxin Zhongwei EPC Agreement; and (b) all design documents have been finalized and accepted by Ningxia Jinxin Photovoltaic;
2. Second instalment: RMB31,500,000 (equivalent to approximately HK\$39,375,000) (i.e. approximately 7.41% of the consideration) to be paid within seven days from the date on which the invoice for the second instalment is issued by Ningxia Jiangnan Construction, provided that (a) the infrastructure construction work for the inverter rooms and the box-type transformer substations have been completed; and (b) braces and pile foundations with an aggregate power rating of 25MW have been completed;



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## LETTER FROM THE BOARD

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3. Third instalment: RMB42,000,000 (equivalent to approximately HK\$52,500,000) (i.e. approximately 9.88% of the consideration) to be paid within seven days from the date on which the invoice for the third instalment is issued by Ningxia Jiangnan Construction, provided that (a) all civil engineering works have been completed; (b) all equipment has arrived at the construction site and are ready to be installed; and (c) modules with an aggregate power rating of 25MW have been installed;
4. Fourth instalment: RMB42,000,000 (equivalent to approximately HK\$52,500,000) (i.e. approximately 9.88% of the consideration) to be paid within seven days on which the invoice for the fourth instalment is issued by Ningxia Jiangnan Construction, provided that (a) the quality inspection report has been obtained; (b) the instalment of the Jinxin Project has been completed; and (c) the photovoltaic power plant constructed under the Jinxin Zhongwei EPC Agreement has been amalgamated with the national grid and started to generate power;
5. Fifth instalment: RMB31,500,000 (equivalent to approximately HK\$39,375,000) (i.e. approximately 7.41% of the consideration) to be paid within seven days from the date on which the invoice for the fifth instalment is issued by Ningxia Jiangnan Construction, provided that (a) the trial operation of the solar power station has been successful; (b) the process of handing over the Jinxin Project has been completed; and (c) the agreement on handing over of the Jinxin Project for production has been signed;
6. Sixth instalment: RMB204,000,000 (equivalent to approximately HK\$255,000,000) (i.e. 48% of the consideration) to be paid within seven days from the date on which the invoice for the sixth instalment is issued by Ningxia Jiangnan Construction, provided that the procedures for inspection and acceptance of the solar power station upon the completion of the construction of the Jinxin Project has been completed; and
7. Seventh instalment: RMB42,500,000 (equivalent to approximately HK\$53,125,000) (i.e. 10% of the consideration) to be paid within one week upon the issuance of the final inspection and acceptance certificate by Ningxia Jinxin Photovoltaic within 12 months after the inspection and acceptance of the completed construction of the Jinxin Project pursuant to the terms and conditions of the Jinxin Zhongwei EPC Agreement.

As at the Latest Practicable Date, Ningxia Jinxin Photovoltaic has paid a total amount of RMB25,000,000 (equivalent to approximately HK\$31,250,000) in cash to Ningxia Jiangnan Construction.

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## LETTER FROM THE BOARD

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(vi) *Guarantee*

Yinyang New Energy shall use all of the assets being operated by it to guarantee, on a joint and several basis, the performance by Ningxia Jiangnan Construction of its obligations under the Jinxi Zhongwei EPC Agreement.

**B. Principal Terms of the Jinli Zhongwei EPC Agreement**

(i) *Date*

30 May 2014

(ii) *Parties*

Principal: Ningxia Jinli Photovoltaic

Contractor: Ningxia Jiangnan Construction

Guarantor: Yinyang New Energy

(iii) *Subject matter*

Ningxia Jinli Photovoltaic as the principal agreed to engage Ningxia Jiangnan Construction as the contractor to provide the engineering, procurement and construction services in relation to a 50MW photovoltaic solar power station in Zhongwei City, Ningxia Hui Autonomous Region, PRC (the “**Jinli Project**”).

(iv) *Consideration*

The consideration for the services under the Jinli Zhongwei EPC Agreement shall be RMB425,000,000 (equivalent to approximately HK\$531,250,000) at the unit price of RMB8.5 (equivalent to approximately HK\$10.6) per watt.

The Jinli Zhongwei EPC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration under the Jinli Zhongwei EPC Agreement was determined with reference to (a) the quality standard of the services to be provided under the Jinli Zhongwei EPC Agreement; (b) the completion schedule requirements; (c) the conditions of construction of the project; (d) the expected return of the project; and (e) the prevailing market price. The prevailing market price as observed from the recent transactions on the market was around RMB9.0 (equivalent to approximately HK\$11.25) per watt. As compared with the prevailing market price, the Company believes that the unit price of RMB8.5 (equivalent to approximately HK\$10.6) per watt under the Jinli Zhongwei EPC Agreement was a reasonable price.

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## LETTER FROM THE BOARD

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(v) *Payment terms*

The consideration for the services under the Jinli Zhongwei EPC Agreement shall be paid by Ningxia Jinli Photovoltaic in seven instalments in accordance with the following milestones:

1. First instalment: RMB31,500,000 (equivalent to approximately HK\$39,375,000) (i.e. approximately 7.41% of the consideration) to be paid within seven days from the date on which the invoice for the first instalment is issued by Ningxia Jiangnan Construction, provided that (a) all preliminary approvals have been obtained and all preliminary work has been completed in accordance with the Jinli Zhongwei EPC Agreement; and (b) all design documents have been finalized and accepted by Ningxia Jinli Photovoltaic;
2. Second instalment: RMB31,500,000 (equivalent to approximately HK\$39,375,000) (i.e. approximately 7.41% of the consideration) to be paid within seven days from the date on which the invoice for the second instalment is issued by Ningxia Jiangnan Construction, provided that (a) the infrastructure construction work for the inverter rooms and the box-type transformer substations have been completed; and (b) braces and pile foundations with an aggregate power rating of 25MW have been completed;
3. Third instalment: RMB42,000,000 (equivalent to approximately HK\$52,500,000) (i.e. approximately 9.88% of the consideration) to be paid within seven days from the date which the invoice for the third instalment is issued by Ningxia Jiangnan Construction, provided that (a) all civil engineering works have been completed; (b) all equipment has arrived at the construction site and are ready to be installed; and (c) modules with an aggregate power rating of 25MW have been installed;
4. Fourth instalment: RMB42,000,000 (equivalent to approximately HK\$52,500,000) (i.e. approximately 9.88% of the consideration) to be paid within seven days on which the invoice for the fourth instalment is issued by Ningxia Jiangnan Construction, provided that (a) the quality inspection report has been obtained; (b) the instalment of the Jinli Project has been completed; and (c) the power grid constructed under the Jinli Zhongwei EPC Agreement has been amalgamated with the national grid and started to generate power;
5. Fifth instalment: RMB31,500,000 (equivalent to approximately HK\$39,375,000) (i.e. approximately 7.41% of the consideration) to be paid within seven days from the date on which the invoice for the fifth instalment is issued by Ningxia Jiangnan Construction, provided that (a) the trial operation of the solar power station has been successful; (b) the process of handing over the Jinli Project has been completed; and (c) the agreement on handing over of the Jinli Project for production has been signed;

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## LETTER FROM THE BOARD

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6. Sixth instalment: RMB204,000,000 (equivalent to approximately HK\$255,000,000) (i.e. 48% of the consideration) to be paid within seven days from the date on which the invoice for the sixth instalment is issued by Ningxia Jiangnan Construction, provided that the procedures for inspection and acceptance of the solar power station upon the completion of the construction of the Jinli Project have been completed; and
7. Seventh instalment: RMB42,500,000 (equivalent to approximately HK\$53,125,000) (i.e. 10% of the consideration) to be paid within one week upon the issuance of the final inspection and acceptance certificate by Ningxia Jinli Photovoltaic within 12 months after the inspection and acceptance of the completed construction of the Jinli Project pursuant to the terms and conditions of the Jinli Zhongwei EPC Agreement.

As at the Latest Practicable Date, Ningxia Jinli Photovoltaic has paid a total amount of RMB25,000,000 (equivalent to approximately HK\$31,250,000) in cash to Ningxia Jiangnan Construction.

(vi) *Guarantee*

Yinyang New Energy shall use all of the assets being operated by it to guarantee, on a joint and several basis, the performance by Ningxia Jiangnan Construction of its obligations under this Jinli Zhongwei EPC Agreement.

### **C. Reasons and Benefits of the Past Ningxia Major Transactions to the Company**

As a developer of photovoltaic power station EPC projects in Ningxia, the Group has to engage contractors to provide engineering, procurement and construction services. Ningxia Jiangnan Construction was recommended by business partners from the relevant photovoltaic power station projects and offered a reasonable price under the Ningxia EPC Agreements. Ningxia Jiangnan Construction is a well-known EPC contractor and will be conducting both the general and basic designs of the projects. Ningxia Jiangnan Construction has rich local resources, has experience in the management and execution of sophisticated EPC contracts and its performance is guaranteed by Yinyang New Energy. The Group believes that Ningxia Jiangnan Construction can deliver a reliable service at a quality standard which meets the expectations of the Group.

Based on the above reasons, the Directors consider, confirm and ratify that the terms of the Ningxia EPC Agreements are fair and reasonable and that the Past Ningxia Major Transactions have been carried out on normal commercial terms in the ordinary course of business of the Company and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **D. Financial Effect of the Past Ningxia Major Transactions**

Based on current facts and circumstances, it is estimated that the entering into of the Jinxin Zhongwei EPC Agreement and Jinli Zhongwei EPC Agreement and the transactions contemplated thereunder by the Group, with a total consideration of RMB850,000,000 (equivalent to approximately HK\$1,062,500,000) would constitute capital commitments of the Group by the same amount immediately after entering into the above EPC agreements. The Group would have to incur cash outflow to settle these capital commitments according to the payment schedules as stipulated in the above EPC agreements.

The Directors do not expect that the entering into of the Jinxin Zhongwei EPC Agreement and Jinli Zhongwei EPC Agreement would have any adverse financial impact on the earnings, assets and liabilities of the Group.

### **E. Information on the Parties to the Past Ningxia Major Transactions**

#### *Ningxia Jiangnan Construction*

Ningxia Jiangnan Construction is principally engaged in (i) providing general contracting services for construction projects; and (ii) selling electrical equipment, metal products, building materials, computers, software and auxiliary equipment, non-metallic minerals and products, silicon chips, monocrystalline wafers, polysilicon wafers, photovoltaic equipment and components.

As at the Latest Practicable Date, the Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ningxia Jiangnan Construction and the ultimate beneficial owners of Ningxia Jiangnan Construction are third parties independent of the Company and the connected persons of the Company.

#### *Yinyang New Energy*

Yinyang New Energy is principally engaged in (i) manufacturing solar photovoltaic products (pull rods, sections, battery accessories); (ii) researching, developing, sales of solar photovoltaic products (pull rods, sections, battery accessories); (iii) importing and exporting and domestic sales of solar photovoltaic products and technologies (other than the products and technologies which are not allowed to be owned and managed by companies or be exported or imported in accordance with applicable PRC laws); and (iv) designing, constructing the solar photovoltaic power station and installation of generators (to the extent permitted by the professional qualifications of the company).

Yinyang New Energy is a substantial shareholder of Ningxia Qingyang New Energy Co., Ltd.\* (寧夏慶陽新能源有限公司) (a subsidiary of GCL-Poly), which is an insignificant subsidiary of GCL-Poly pursuant to Rule 14A.09 of the Listing Rules. Therefore, the Past Ningxia Major Transactions do not constitute a connected transaction between the Company and GCL-Poly.

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## LETTER FROM THE BOARD

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### **F. Listing Rules Implications**

Each of the Jinxin Zhongwei EPC Agreement and the Jinli Zhongwei EPC Agreement was entered into by Ningxia Jinxin Photovoltaic and Ningxia Jinli Photovoltaic respectively prior to each of them becoming a subsidiary of the Company. However, the abovementioned agreements were entered into upon the commercial understanding between the relevant parties that each of Ningxia Jinxin Photovoltaic and Ningxia Jinli Photovoltaic would become a subsidiary of the Company. Therefore, the Board considers that the abovementioned agreements shall be deemed to be transactions entered into by the Group.

The transactions contemplated under the Jinxin Zhongwei EPC Agreement are aggregated with the transactions contemplated under the Jinli Zhongwei EPC Agreement on the basis that both the Jinxin Zhongwei EPC Agreement and Jinli Zhongwei EPC Agreement are in relation to engineering, procurement and construction services being provided by the same contractor, Ningxia Jiangnan Construction on the photovoltaic solar power stations in Zhongwei City, Ningxia Hui Autonomous Region, PRC.

As one or more of the applicable percentage ratios in respect of the Ningxia EPC Agreements (in aggregate) exceeds 25% but less than 100%, the entering into of the Ningxia EPC Agreements constituted a major transaction of the Company and the Company should have complied with the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Company did not make an announcement after entering into the Ningxia EPC Agreements or hold a Shareholders' meeting to seek the Shareholders' approval on the relevant Past Ningxia Major Transactions pursuant to the requirements under Chapter 14 of the Listing Rules, the Company has obtained written shareholders' approval for the ratification and approval of the Past Ningxia Major Transactions in accordance with Chapter 14 of the Listing Rules.

### **3. PAST YULIN MAJOR TRANSACTIONS**

The Board announced on 10 November 2014 that the Yulin EPC Agreement was entered into between Hengshan Jinghe (a subsidiary of the Company) as the principal and Xi'an Huanghe Photovoltaic as the contractor on 28 August 2014 under which Xi'an Huanghe Photovoltaic undertakes to provide the engineering, procurement and construction services in relation to a photovoltaic solar power station in Yulin City, Shaanxi Province.

#### **A. Principal Terms of the Yulin EPC Agreement**

(i) *Date*

28 August 2014

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## LETTER FROM THE BOARD

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(ii) *Parties*

Principal: Hengshan Jinghe

Contractor: Xi'an Huanghe Photovoltaic Technology Co., Ltd.\* (西安黄河光伏科技股份有限公司) (“**Xi'an Huanghe Photovoltaic**”)

(iii) *Subject matter*

Hengshan Jinghe as the principal agreed to engage Xi'an Huanghe Photovoltaic as the contractor to provide engineering, procurement and construction services in relation to a 100MW photovoltaic solar power station in Yulin City, Shaanxi Province, PRC (the “**Yulin Project**”).

(iv) *Consideration*

The consideration for the services under the Yulin EPC Agreement shall be RMB853,000,000 (equivalent to approximately HK\$1,066,250,000) at a unit price of RMB8.53 (equivalent to approximately HK\$10.66) per watt excluding the fees and expenses to be paid in the name of Hengshan Jinghe.

The Yulin EPC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration under the Yulin EPC Agreement was determined with reference to (a) the quality standard of the services to be provided under the Yulin EPC Agreement; (b) the completion schedule requirements; (c) the conditions of construction of the project; (d) the expected return of the project; and (e) the prevailing market price. The prevailing market price as observed from the recent transactions on the market was around RMB9.0 (equivalent to approximately HK\$11.25) per watt. As compared with the prevailing market price, the Company believes that the unit price of RMB8.53 (equivalent to approximately HK\$10.66) per watt under the Yulin EPC Agreement was a reasonable price.

(v) *Payment terms*

The consideration for the services under the Yulin EPC Agreement consists of, among other things, (a) an equipment purchase price of RMB654,755,600 (equivalent to approximately HK\$818,444,500); (b) construction and installation fees of RMB155,610,000 (equivalent to approximately HK\$194,512,500); (c) design consultation fees of RMB5,000,000 (equivalent to approximately HK\$6,250,000); (d) equipment commissioning fees of RMB7,114,400 (equivalent to approximately HK\$8,893,000); and (e) compliance fees, rent for use of land and other fees of

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## LETTER FROM THE BOARD

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RMB30,520,000 (equivalent to approximately HK\$38,150,000), which shall be paid by Hengshan Jinghe in instalments in accordance with the following milestones:

1. Pre-payment:
  - a. RMB127,950,000 (equivalent to approximately HK\$159,937,500) (i.e. approximately 15.56% of the consideration) shall be paid within two weeks after signing of the Yulin EPC Agreement;
  - b. RMB42,650,000 (equivalent to approximately HK\$53,312,500) (i.e. approximately 4.44% of the consideration) shall be paid within two weeks after the approval of the 100MW power rating for the solar power station project is issued by the competent governmental authorities; and
  - c. If the aforementioned governmental approval is not issued by 30 April 2015, Xi'an Huanghe Photovoltaic shall return RMB42,650,000 (equivalent to approximately HK\$53,312,500) (i.e. approximately 4.44% of the consideration) (along with applicable interest accrued thereupon) to Hengshan Jinghe within two weeks of its receipt of the written notice from Hengshan Jinghe.

2. Equipment purchase price:

For each piece of equipment,

- a. 30% of the equipment purchase price shall be paid within two weeks of delivery of such equipment to the construction site or upon the inspection and acceptance of such equipment;
- b. 25% of the equipment purchase price shall be paid within two weeks after the installation of such equipment;
- c. 40% of the equipment purchase price shall have been paid (to the extent in excess of the amount equal to the pre-payment amount multiplied by the equipment purchase price and divided by RMB853,000,000 (equivalent to approximately HK\$1,066,250,000)) within two weeks upon the execution of the confirmation letter of the trial operation of the project and the handing over of the equipment to the project for production; and
- d. 5% of the equipment purchase price shall be paid within one month upon the expiration of the warranty period of the solar power station and the fulfillment of the quality assurance obligations of Xi'an Huanghe Photovoltaic.

The equipment purchase price that becomes due and payable shall be paid on or before the fifteenth day of each month.



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## LETTER FROM THE BOARD

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3. Construction and installation fees:

For construction work that has been completed,

- a. 75% of the construction and installation fees shall be paid (to the extent in excess of the amount equal to the pre-payment amount multiplied by the amount of the construction and installation fees and divided by RMB853,000,000 (equivalent to approximately HK\$1,066,250,000)) before the 15th day of the following month;
- b. 20% of the construction and installation fees shall be paid within two weeks upon the inspection and acceptance of the construction work and the provision of the confirmation letter of the completion of the construction work of phase I of the 100MW Yulin Project; and
- c. 5% of the construction and installation fees shall be retained as a quality assurance deposit which shall be paid within one month of the expiration of the warranty period for the solar power station and the fulfillment of the quality assurance obligations of Xi'an Huanghe Photovoltaic.

4. Compliance fees and design consultation fees:

- a. 95% of the compliance fees and design consultation fees shall be paid (to the extent in excess of the amount equal to the pre-payment amount multiplied by the sum of the compliance fees and design consultation fees and divided by RMB853,000,000 (equivalent to approximately HK\$1,066,250,000)) within two weeks upon the inspection and acceptance of the construction work and the provision of the confirmation letter of the completion of the construction work of phase I of the 100MW Yulin Project; and
- b. 5% of the compliance fees and design consultation fees shall be retained as a quality assurance deposit which shall be paid within two weeks of expiration of the warranty period for the solar power station and the fulfillment of the quality assurance obligations of Xi'an Huanghe Photovoltaic.

5. Rent for use of land shall be paid in accordance with the relevant land plot lease agreements.

6. Equipment commissioning fees:

- a. 95% of the equipment commissioning fees shall be paid (to the extent in excess of the amount equal to the pre-payment amount multiplied by the amount of the equipment commissioning fees and divided by RMB853,000,000 (equivalent to approximately HK\$1,066,250,000))

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## LETTER FROM THE BOARD

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within two weeks after the Yulin Project is handed over for production and the provision of the report on commissioning of equipment in relation to phase I of the 100MW Yulin Project; and

- b. 5% of the equipment commissioning fees shall be retained as the quality assurance deposit which shall be paid within two weeks of expiration of the warranty period for the solar power station and the fulfillment of the quality assurance obligations of Xi'an Huanghe Photovoltaic.

As at the Latest Practicable Date, Hengshan Jinghe has paid a total amount of RMB153,900,000 (equivalent to approximately HK\$192,375,000) in cash to Xi'an Huanghe Photovoltaic.

### **B. Reasons and Benefits of the Past Yulin Major Transactions to the Company**

As a developer of photovoltaic power station projects in Shaanxi, the Group has to engage contractors to provide engineering, procurement and construction services. Xi'an Huanghe Photovoltaic was recommended by business partners from the relevant photovoltaic power station projects and offered a reasonable price under the Yulin EPC Agreement. Xi'an Huanghe Photovoltaic is a well-known solar energy company and has rich local resources. The general and basic designs of the projects are both conducted by Xi'an Huanghe Photovoltaic, which guarantees the project to be completed on schedule. Xi'an Huanghe Photovoltaic has experience in the management and execution of sophisticated EPC contracts. The Group believes that Xi'an Huanghe Photovoltaic can deliver a reliable service at a quality standard which meets the expectations of the Group.

Based on the above reasons, the Directors consider, confirm and ratify that the terms of the Yulin EPC Agreement are fair and reasonable and that the Past Yulin Major Transactions have been carried out on normal commercial terms in the ordinary course of business of the Company and in the interests of the Company and the Shareholders as a whole.

### **C. Financial Effect of the Past Yulin Major Transactions**

Based on current facts and circumstances, it is estimated that the entering into of the above Yulin EPC Agreement and the transactions contemplated thereunder by the Group, with a total consideration of RMB853,000,000 (equivalent to approximately HK\$1,066,250,000) would constitute capital commitments of the Group by the same amount immediately after entering into the above EPC agreement. The Group would have to incur cash outflow to settle these capital commitments according to the payment schedules as stipulated in the above EPC agreement.

The Directors do not expect that the entering into of the Yulin EPC Agreement would have any adverse financial impact on the earnings, assets and liabilities of the Group.

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## LETTER FROM THE BOARD

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### **D. Information on the Parties to the Past Yulin Major Transaction**

#### *Xi'an Huanghe Photovoltaic*

Xi'an Huanghe Photovoltaic is principally engaged in (i) researching, developing, producing, sales and providing after-sales service for silicon wafers, solar cells, battery accessories, inverters and controllers; (ii) designing and constructing solar power generation systems; and (iii) providing installation services for mechanical and electrical appliances.

As at the Latest Practicable Date, the Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Xi'an Huanghe Photovoltaic and the ultimate beneficial owners of Xi'an Huanghe Photovoltaic are third parties independent of the Company and the connected persons of the Company.

### **E. Listing Rules Implications**

The Yulin EPC Agreement was entered into by Hengshan Jinghe prior to it becoming a subsidiary of the Company. However, the Yulin EPC Agreement was entered into upon the commercial understanding between the parties that Hengshan Jinghe would become a subsidiary of the Company. Therefore, the Board considers that the Yulin EPC Agreement shall be deemed to be a transaction entered into by the Group.

As one or more of the applicable percentage ratios in respect of the Yulin EPC Agreement exceeds 25% but less than 100%, the entering into of the Yulin EPC Agreement constituted a major transaction of the Company and the Company should have complied with the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Company did not make an announcement after entering into the Yulin EPC Agreement or hold a Shareholders' meeting to seek the Shareholders' approval on the relevant Past Yulin Major Transactions pursuant to the requirements under Chapter 14 of the Listing Rules, the Company has obtained written shareholders' approval for the ratification and approval of the Past Yulin Major Transactions in accordance with Chapter 14 of the Listing Rules.

## **4. REMEDIAL ACTIONS**

Since May 2014, the Company has announced various photovoltaic power station projects showing the new nature and scope of the business of Group (please refer to the Company's announcements dated (i) 21 May 2014 and 28 August 2014 regarding the cooperation agreement in relation to the development and construction of the Yulin Project; (ii) 26 August 2014 regarding a discloseable transaction for a subscription of equity interests in Jinhu Zhenghui; (iii) 8 September

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## LETTER FROM THE BOARD

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2014 regarding a discloseable transaction for a subscription of equity interest in Hengshan Jinghe; and (iv) 6 October 2014 regarding the acquisition of equity interests and capital increase in Xiangdao New Energy).

As a result, the Group is now primarily engaged in development, construction, investment, operation and management of solar power station projects, the provision of energy storage, energy efficiency, intelligent micro-grid and energy distribution solutions to its customers and joint venture partners and the manufacturing and selling of printed circuit boards. As one of the Group's primary businesses is development of solar power station projects, the Company treated purchase of solar modules under the Past Shanghai Chaori Major Transactions and the engineering, procurement and construction (“EPC”) arrangements under the Past Ningxia Major Transactions and the Past Yulin Major Transactions as its ordinary course of business.

In general business sense, solar modules are bought for generating revenue and the EPC is treated as expense. The Company therefore initially believed that the Past Shanghai Chaori Major Transactions, Past Ningxia Major Transactions and Past Yulin Major Transactions were of revenue nature and would fall into the exemption of Rule 14.04(1)(g) of the Listing Rules and so did not disclose these transactions under Chapter 14 of the Listing Rules.

When the Company assessed whether the Past Shanghai Chaori Major Transactions needed to be disclosed as possible future connected transactions during the first week of November 2014, the Company revisited the issue on whether the Past Shanghai Chaori Major Transactions are of revenue nature. This also resulted in discussion on whether the EPC arrangements under the Past Ningxia Major Transactions and Past Yulin Major Transactions were of revenue nature. After consulting with legal counsel, the Company understood that these transactions did not fall into the exemption of Rule 14.04(1)(g) of the Listing Rules and are subject to the relevant requirements under Chapter 14 of the Listing Rules. As a result, the Company issued an announcement on 10 November 2014 in respect of the Past Shanghai Chaori Major Transactions, Past Ningxia Major Transactions and Past Yulin Major Transactions.

In light of the above, the Group has taken steps to tighten their internal control procedure with a view to ensuring ongoing compliance with the relevant requirements of the Listing Rules and to preventing a recurrence of a similar event. These measures have included:

- (a) a letter being issued to all the directors and senior management of the Company and subsidiaries of the Group to remind them of the strict compliance with the internal control procedures and in particular, to consult the financial controller, company secretary or the legal advisor (where appropriate) of the Company prior to entering into any transactions which may constitute a notifiable transaction, connected transaction or any other transaction that may be subject to any reporting, announcement or shareholders' approval requirements under the Listing Rules or other applicable laws or regulations; and
- (b) re-training on the Listing Rules being given to the Directors and other senior management staff of the Company and other subsidiaries of the Group.

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## LETTER FROM THE BOARD

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### 5. INFORMATION ON THE GROUP

The Group is principally engaged in development, construction, investment, operation and management of photovoltaic power station projects as well as providing energy storage, energy efficiency, intelligent micro-grid and energy distribution solutions to its customers and joint venture partners. The Group is also engaged in manufacturing and selling of printed circuit boards.

### 6. GENERAL

Pursuant to the Listing Rules, Shareholders' approval is required for a major transaction. To the best knowledge, information and belief of the Directors and after having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders has a material interest in the Past Major Transactions and therefore none of them would be required to abstain from voting if the Company were to convene a general meeting for ratifying and approving the Past Major Transactions.

Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval from Elite Time Global on 10 November 2014 (which as at the Latest Practicable Date, held 8,640,000,000 Shares in the Company, representing approximately 62.28% of the issued share capital of the Company) to ratify and approve the Past Major Transactions. Pursuant to Rule 14.44 of the Listing Rules, as the aforesaid written approval has been obtained, the Company is not required to convene a general meeting for ratifying and approving the Past Major Transactions.

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board  
**GCL New Energy Holdings Limited**  
協鑫新能源控股有限公司  
**Tang Cheng**  
*Chairman*

## 1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2014, and the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2014, together with the relevant notes thereto are disclosed in the following documents, which were published on both the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.gclnewenergy.com](http://www.gclnewenergy.com)):

- the annual report of the Company for the year ended 31 March 2012 published on 10 July 2012 (pages 33–115);
- the annual report of the Company for the year ended 31 March 2013 published on 21 June 2013 (pages 34–115);
- the annual report of the Company for the year ended 31 March 2014 published on 15 July 2014 (pages 31–100); and
- the interim report of the Company for the six months ended 30 September 2014 published on 9 December 2014 (pages 15–56).

## 2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2014, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following indebtedness:

|                                  | Secured<br><i>HK\$'000</i> | Unsecured                     |                                   | Total<br><i>HK\$'000</i> |
|----------------------------------|----------------------------|-------------------------------|-----------------------------------|--------------------------|
|                                  |                            | Guaranteed<br><i>HK\$'000</i> | Non-Guaranteed<br><i>HK\$'000</i> |                          |
| Bank borrowings                  | 198,087                    | 63,092                        | —                                 | 261,179                  |
| Shareholder's loan               | —                          | —                             | 20,000                            | 20,000                   |
| Obligations under finance leases | <u>78,725</u>              | <u>—</u>                      | <u>—</u>                          | <u>78,725</u>            |
|                                  | <u>276,812</u>             | <u>63,092</u>                 | <u>20,000</u>                     | <u>359,904</u>           |

The Group had outstanding borrowings of approximately HK\$359,904,000, comprising (i) unsecured current bank borrowings of approximately HK\$63,092,000; (ii) secured current bank borrowings of approximately HK\$198,087,000; (iii) secured obligations under finance lease contracts of approximately HK\$78,725,000; and (iv) unsecured shareholder's loan of HK\$20,000,000.

The Group's secured bank borrowings were secured by a legal charge on (i) the Group's property, plant and equipment with aggregate net book amounts of approximately HK\$263,904,000; (ii) the Group's land use rights situated in the PRC ranged from 10 to 50 years with aggregate net book amounts of approximately HK\$19,965,000; and (iii) pledged bank deposits of approximately HK\$9,085,000 as at 31 October 2014. The Group's obligations under finance leases were secured by a legal charge on the Group's plant and equipment with aggregate net book amounts of approximately HK\$108,603,000 as at 31 October 2014.

Save as aforesaid and apart from intra-Group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 October 2014, the Group did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding.

### 3. WORKING CAPITAL

According to the Group's cash flow projections, the total budgeted capital expenditure relating to the acquisition and construction of solar energy farms to be settled in the coming twelve months from the date of this circular, including the consideration required to be settled in connection with the Past Major Transactions, is approximately HK\$8,391 million (equivalent to approximately RMB6,650 million). The Group expects that such amount will be funded through the following sources and/or measures, which will generate adequate financing and operating cash flows for the Group:

- (i) as at 31 October 2014, the Group had cash and cash equivalents of HK\$1,609 million;
- (ii) the Group has been actively negotiating with its banks to renew its borrowings before the borrowings become due in the coming twelve months. Since 1 April 2014, the Group has successfully renewed its borrowings in the aggregate amount of approximately HK\$101 million. Up to the date of this circular, the Group has not encountered any significant difficulties in renewing its borrowings and the Directors are confident that all borrowings can be renewed should the Group apply to the banks for renewal;
- (iii) in March 2014, GCL-Poly together with three of its subsidiaries (“**GCL-Poly Subsidiaries**”) jointly signed a framework borrowing agreement with a state-owned bank in the PRC for an uncommitted loan facility of HK\$6,309 million (equivalent to approximately RMB5,000 million) specifically to finance solar energy projects undertaken by GCL-Poly and its subsidiaries. As subsidiaries of GCL-Poly, members of the Group may request borrowings under this facility. Up to the date of this circular, approximately HK\$2,524 million (equivalent to RMB2,000 million) had been borrowed under the facility by GCL-Poly and its subsidiaries, but none of those borrowings were made by members of the Group. The remaining undrawn amount under the facility of approximately HK\$3,785 million (equivalent to RMB3,000 million) is available for

GCL-Poly and its subsidiaries (including the Group) to draw down to finance solar energy projects. Under this framework agreement, guarantees from GCL-Poly and GCL-Poly Subsidiaries are required for borrowings under the facility, which the Group would seek from GCL-Poly and GCL-Poly Subsidiaries on a borrowing-by-borrowing basis. In addition, the terms of the borrowings under the facility, including the borrowing amounts, pledges or guarantees required and repayment terms, are subject to the approval of the bank upon application by the relevant borrower;

- (iv) the Group has been actively negotiating with several banks in both Hong Kong and the PRC for additional financing. Up to the date of this circular, the Group has received detailed proposals from three banks for loan facilities of an aggregate amount of approximately HK\$1,428 million (equivalent to approximately RMB1,132 million) and with repayment periods from one year to five years. The Group has also received letters of intent from two banks which tentatively indicated that they would offer loan facilities of an aggregate amount of approximately HK\$7,571 million (equivalent to approximately RMB6,000 million) to the Group;
- (v) the Group is currently in preliminary discussions with a potential investor whereby such investor will invest in some of the Group's solar power projects through a joint venture with the Group; and
- (vi) the Group targets to have its 23 solar farms (including the solar farms acquired since 30 September 2014) achieving on-grid connection in the near future. These solar farms have an aggregate installed capacity of approximately 1,085MW and are expected to generate operating cash inflows for the Group.

After taking into account the Group's business prospects, internal resources and available financing facilities, the Directors are of the opinion that, in the absence of unforeseeable circumstances and subject to the successful implementation of the above measures, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of this circular is dependent on the Group's ability to generate adequate financing and operating cash flows through renewing its bank borrowings when they become due, obtaining borrowings under the loan facility described in paragraph (iii) above by agreeing on the borrowing terms with the bank and securing the required guarantees from GCL-Poly and GCL-Poly Subsidiaries for such borrowings, obtaining new bank financing with repayment terms beyond twelve months from the date of this circular, agreeing with the potential investor on the investment referred to in paragraph (v) above, and completing the construction of its solar farms as scheduled and generating adequate cash inflows, all as described above.

For the purpose of this section headed "Working Capital", Hong Kong dollar amounts have been translated into Renminbi at RMB1=HK\$1.2618, being the historical exchange prevailing on 31 October 2014. The translations should not be taken as a representation that the Hong Kong dollars could actually be converted into Renminbi at that rate or at all.



#### 4. RECENT DEVELOPMENTS

Since 31 March 2014, being the date to which the latest published audited accounts of the Group were made up, the Company entered into a number of agreements to diversify their scope of business into renewable energy business, which includes the development, construction, operation and management of solar energy power plants. These agreements are summarised as follows:

- (i) on 26 August 2014, the Company (through an indirect wholly-owned subsidiary) agreed to subscribe to equity interests representing 95.02% of the issued share capital of Jinhu Zhenghui for total subscription monies of RMB152.6 million (equivalent to approximately HK\$190.75 million). Jinhu Zhenghui has a 100 MW photovoltaic power generation project under development in the Jiangsu Province, PRC;
- (ii) on 28 August 2014, the Company (through the an indirect wholly-owned subsidiary) agreed to subscribe to equity interests representing 91.0% of the issued share capital of Hengshan Jinghe for a total consideration of RMB81.9 million (equivalent to approximately HK\$102.38 million). Hengshan Jinghe has a 150 MW photovoltaic power generation project under development in Xi'an Province, PRC;
- (iii) on 6 October 2014, the Company (through the an indirect wholly-owned subsidiary) agreed to acquire shares representing 90.1% of the issued share capital of Xiangdao New Energy for RMB45.05 million (approximately HK\$56.31 million) in cash. Xiangdao New Energy has a 31 MW photovoltaic power generation project and a 130 MW building-integrated photovoltaic project under development in the city of Hohhot in the Inner Mongolia Autonomous Region;
- (iv) on 12 November 2014, the Company (through the an indirect wholly-owned subsidiary) agreed to acquire 100% equity interest in Shuozhou GCL Solar Energy Limited\* (朔州市協鑫光伏電力有限公司) (“**Shuozhou GCL**”), Jiuquan GCL New Energy Limited\* (酒泉協鑫新能源有限公司) (“**Jiuquan GCL**”) and Licheng GCL Solar Energy Limited\* (黎城協鑫光伏電力有限公司) (“**Licheng GCL**”) and 50% equity interest in Yili GCL New Energy Limited\* (伊犁協鑫能源有限公司) (“**Yili GCL**”) for approximately RMB10,805,000 (equivalent to approximately HK\$13,506,250) in cash. Shuozhou GCL, Jiuquan GCL, Licheng GCL and Yili GCL hold power plants of installed capacity of 50MW, 50MW, 30MW and 30MW, respectively.
- (v) on 3 December 2014, the Company (through the an indirect wholly-owned subsidiary) agreed to, among other things, acquire (i) the entire equity interest of Delingha Century Concord Photovoltaic Power Co., Ltd.\* (德令哈協合光伏發電有限公司) (“**Delingha**”) for a consideration of RMB229.38 million (equivalent to approximately HK\$286.73 million) in cash and (ii) 40% equity interest in Hainanzhou Shineng Photovoltaic Power Co., Ltd.\* (海南州世能光伏發電有限公司) (“**Shineng**”) for a consideration of RMB36 million (equivalent to approximately HK\$45 million) in cash. Delingha owns solar power generation projects with an aggregate production capacity of 70MW and Shineng owns a solar power generation station with a production capacity of 30MW.

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2014, being the date to which the latest published audited consolidated accounts of the Group have been made up.

**6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Directors consider the Past Major Transactions to be a good investment for the Company as part of the Company's development of its solar energy business. The Past Major Transactions will provide the solar modules and the engineering, procurement and construction services required by the Company for the development and construction of solar farms which can be additional revenue streams to the Company once the solar farms are connected to the grid. The Directors believe that the above transactions would meet the Group's investment objectives and enhance the financial results of the Group. As the PRC government has selected solar energy as one of the key ways to promote clean energy over the next decade, the prospects of the solar energy industry in the PRC as well as the solar energy business of the Company are promising.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### *Long positions in the Shares*

| Name of Director        | Nature of interests              | Number of Shares        | Number of underlying Shares<br>(Note 1) | Percentage of the Company's issued share capital<br>(approximately) |
|-------------------------|----------------------------------|-------------------------|---|---|
| Gu Xin                  | Beneficial owner                 |                         | 18,000,000 (Note 3)                     | 0.13%   |
| Han Qing-hua            | Beneficial owner                 |                         | 2,000,000 (Note 3)                      | 0.01%   |
| Hu Xiaoyan              | Beneficial owner                 |                         | 16,000,000 (Note 3)                     | 0.12%   |
| Lee Conway,<br>Kong Wai | Beneficial owner                 |                         | 2,000,000 (Note 3)                      | 0.01%   |
| Sun Wei                 | Beneficial owner                 |                         | 24,000,000 (Note 3)                     | 0.17%   |
| Tang Cheng              | Beneficial owner                 |                         | 26,000,000 (Note 3)                     | 0.19%   |
| Wang Bohua              | Beneficial owner                 |                         | 2,000,000 (Note 3)                      | 0.01%   |
| Xu Songda               | Beneficial owner                 |                         | 2,000,000 (Note 3)                      | 0.01%   |
| Yip Sum Yin             | Settlor and beneficiary of trust | 847,055,352<br>(Note 2) |   | 6.10%   |
|                         | Beneficial owner                 |                         | 12,000,000 (Note 3)                     | 0.09%   |
| Yu Baodong              | Beneficial owner                 |                         | 12,000,000 (Note 3)                     | 0.09%   |
| Zhang Guoxin            | Beneficial owner                 |                         | 24,000,000 (Note 3)                     | 0.17%   |

#### *Notes:*

- (1) This refers to underlying Shares of the Company covered by share options granted on 23 October 2014 under the share option scheme of the Company (“Share Options”).

- (2) 760,691,400 Shares were beneficially owned by Sum Tai Holdings Limited (“**Sum Tai**”), which is wholly owned by Aberdare Assets Limited (“**Aberdare**”). Aberdare is wholly owned by Mr. Yip How Yin, Maurice as trustee of a discretionary trust established for the benefit of Mr. Yip Sum Yin, Madam Yu Hung Min and their family (including Mr. Yip Wing Fung). 86,363,952 Shares were beneficially owned by Maroc Ventures Inc. (“**Maroc**”), which is wholly owned by Mr. Yip Sum Yin as trustee of a discretionary trust established for the benefit of Mr. Yip How Yin, Maurice and his family.
- (3) Exercise of the Share Options are divided into 5 tranches exercisable from 24 November 2014, 23 October 2015, 23 October 2016, 23 October 2017 and on 23 October 2018. Consideration for the grant is HK\$1.00. The exercise price per Share Option is HK\$1.1875. The validity period is from 23 October 2014 to 22 October 2024.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

**(ii) Interests of substantial shareholders**

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) *Interests in the Company*

| Name                          | Capacity and nature of interests   | Number of Shares or securities interested |                | Percentage of the Company’s issued share capital (approximately) |
|-------------------------------|------------------------------------|---|----------------|--|
|                               |                                    | Long position                             | Short position |  |
| Elite Time Global<br>(Note 1) | Beneficial owner                   | 8,640,000,000<br>(Note 2)                 | —              | 62.28%   |
| GCL-Poly (Note 3)             | Interest of controlled corporation | 8,640,000,000<br>(Note 2)                 | —              | 62.28%   |

*Notes:*

- (1) As at the Latest Practicable Date, Ms. Sun Wei (a non-executive Director of the Company) and Mr. Yu Baodong (a non-executive Director of the Company) are directors of Elite Time Global.
- (2) As at the Latest Practicable Date, 8,640,000,000 Shares were beneficially owned by Elite Time Global, which is wholly-owned by GCL-Poly.
- (3) As at the Latest Practicable Date, (i) Mr. Zhu Gongshan (an executive Director of the Company) is the chairman, the chief executive officer, an executive director and a member of the Strategic Planning Committee of GCL-Poly, (ii) Ms. Sun Wei (a non-executive Director of the Company) is an executive director and a member of the Remuneration Committee and Strategic Planning Committee of GCL-Poly and (iii) Mr. Yu Baodong (a non-executive Director of the Company) is a vice-president of GCL-Poly.

(b) *Interests in other members of the Group*

| Name of member of the Group  | Name of substantial shareholder  | Percentage of issued share capital (approximately) |
|--|--|--|
| Yili GCL New Energy Limited*<br>(伊犁協鑫能源有限公司)   | Xinjiang Shengchan Jianshe Bingtuan Investment Limited* (新疆生產建設兵團投資有限責任公司) | 50%  |
| Jiangsu GCL Haibin New Energy Technological Development Limited* (江蘇協鑫海濱新能源科技發展有限公司) | Jiangsu Haibin New Energy Investment Limited* (江蘇海濱新能源投資有限公司)              | 40%  |
| GCL Investment Wuxi Limited* (協鑫投資無錫有限公司)  | Wuxi Zhongjia Investment Management Limited* (無錫中嘉投資管理有限公司)                | 30%  |

Save as disclosed above and so far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, no person (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or has, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### 3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

#### (i) Interests in competing interests

| Name of Director | Name of company in which the relevant Director has interest | Competing activities  | % interest in competing company  |
|------------------|---|-----------------------|--|
| Zhu Gongshan     | GCL-Poly  | 10 solar power plants | 32.40% is indirectly held by a discretionary trust, of which Mr. Zhu Gongshan and his family are beneficiaries |
| Sun Wei          | GCL-Poly  | 10 solar power plants | 0.06% held directly as beneficial owner  |
| Yu Baodong       | GCL-Poly  | 10 solar power plants | 0.02% held directly as beneficial owner  |

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates was considered to have an interest in any business which competes or is likely to compete or have any other conflict of interest, either directly or indirectly, with the business of the Group.

#### (ii) Interests in contracts or arrangements

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any subsisting contract or arrangement which was significant in relation to the business of the Group.

#### (iii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or been proposed to enter, into any service contract with the Company or any other member of the Group which is not expiring or may not be terminable by the Group within one year without payment of compensation (other than statutory compensation).

## 5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (i) the placing agreement dated 30 October 2013 entered into between the Company and Fortune (HK) Securities Limited (“**Fortune Securities**”) in respect of the placing of up to 20,000,000 placing shares and convertible redeemable bonds which are convertible into shares of the Company to independent third parties (the “**Company Original Placing Agreement**”);
- (ii) the subscription agreement dated 13 February 2014 entered into between GCL-Poly, the Company and Same Time International (B.V.I.) Limited in respect of the subscription of 360,000,000 shares of the Company by GCL-Poly at a consideration of HK\$1,440,000,000;
- (iii) the deed dated 28 February 2014 executed by the Company and Fortune Securities which contains the entire agreement between the Company and Fortune Securities relating to the amendments made to the Company Original Placing Agreement and supersedes all previous understanding, arrangements and agreements between the parties or any of the them in relation to the Company Original Placing Agreement (the “**Amendment Deed**”);
- (iv) the Company Original Placing Agreement as amended and restated pursuant to the Amendment Deed which was entered into between the Company and Fortune Securities on 28 February 2014 immediately after the entering into of the Amendment Deed;
- (v) the amendment deed dated 30 April 2014 entered into between the Company, Same Time International (B.V.I.) Limited and GCL-Poly in relation to the subscription agreement mentioned in 5(ii) above;
- (vi) the placing agreement dated 8 October 2014 entered into between the Company, Elite Time Global and Sun Hung Kai Investment Services Limited (as placing agent) in respect of placing of up to 291,000,000 Shares to independent third parties at the placing price of HK\$2.55 per top-up placing share; and
- (vii) the subscription agreement dated 8 October 2014 entered into between the Company and Elite Time Global in respect of subscription of up to 291,000,000 new Shares by Elite Time Global at a consideration of HK\$742,050,000.

## 6. CLAIMS AND LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

**7. GENERAL**

- (i) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (ii) The principal place of business of the Company in Hong Kong is situated at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company is Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) The company secretary of the Company is Ms. Ip Mei Ho, who is an associate member of the Hong Kong Institute of Chartered Secretaries and also an associate member of the Institute of Chartered Secretaries and Administrators (UK).
- (v) In case of inconsistencies, the English texts of this circular shall prevail over the Chinese texts thereof.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from 9:00 a.m. to 5:30 p.m. on any business day from the date of this circular up to 14 January 2015:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the material contracts referred to in the section headed "Material contracts" in this appendix;
- (iii) the annual reports of the Company for the years ended 31 March 2013 and 31 March 2014; and
- (iv) this circular.