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**GCL-Poly Energy Holdings Limited**  
**保利協鑫能源控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3800)**



**GCL New Energy Holdings Limited**  
**協鑫新能源控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 451)**

## **DISCLOSEABLE TRANSACTION WITH CITIC FINANCIAL LEASING CO., LTD**

On 20 December 2016 (after trading hours), the GNE Group entered into:

- (a) the Shanglin Finance Lease Agreements, pursuant to which (i) Citic Financial Leasing shall purchase from Nanjing GCL New Energy (an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE) the Shanglin Leased Assets at a consideration of RMB325,000,000.00 (equivalent to approximately HK\$364,130,000.00) which is payable in two tranches of RMB200,000,000.00 (equivalent to approximately HK\$224,080,000.00) and RMB125,000,000.00 (equivalent to approximately HK\$140,050,000.00) and (ii) following the acquisition, Citic Financial Leasing as lessor shall lease the Shanglin Leased Assets to Shanglin GCL (an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE) as lessee for a term of ten years at an aggregate estimated rent of RMB433,273,373.35 (equivalent to approximately HK\$485,439,487.50). In addition, pursuant to the Shanglin Finance Lease Agreements, the GNE Group engaged Citic Financial Leasing to provide certain (i) asset management services for an aggregate fee of RMB15,925,000.00 (equivalent to approximately HK\$17,842,370.00) and (ii) consulting services for an aggregate fee of RMB10,075,000.00 (equivalent to approximately HK\$11,288,030.00);
- (b) the Urad Finance Lease Agreements, pursuant to which (i) Citic Financial Leasing shall purchase from Urad Yuanhai (an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE) the Urad Leased Assets at a consideration of RMB320,000,000.00 (equivalent to approximately HK\$358,528,000.00) and (ii) following the acquisition, Citic Financial Leasing as lessor shall lease the Urad Leased Assets to Urad Yuanhai as lessee for a term of nine years at an aggregate estimated rent of RMB415,237,709.99 (equivalent to approximately HK\$465,232,330.27). In addition, pursuant to the Urad Finance Lease Agreements, the GNE Group shall pay Citic Financial Leasing (i) an administrative fee of RMB13,440,000.00 (equivalent to approximately HK\$15,058,176.00); and (ii) consulting services fee of RMB5,120,000.00 (equivalent to approximately HK\$5,736,448.00);

- (c) the Jinxi Finance Lease Agreements, pursuant to which (i) Citic Financial Leasing shall purchase from Inner Mongolia Jinxi (an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE) the Jinxi Leased Assets at a consideration of RMB75,000,000.00 (equivalent to approximately HK\$84,030,000.00) and (ii) following the acquisition, Citic Financial Leasing as lessor shall lease the Jinxi Leased Assets to Inner Mongolia Jinxi as lessee for a term of nine years at an aggregate estimated rent of RMB97,321,338.47 (equivalent to approximately HK\$109,038,827.62). In addition, pursuant to the Jinxi Finance Lease Agreements, the GNE Group shall pay Citic Financial Leasing (i) an administrative fee of RMB3,150,000.00 (equivalent to approximately HK\$3,529,260.00); and (ii) consulting services fee of RMB1,200,000.00 (equivalent to approximately HK\$1,344,480.00);
- (d) the Taoyuan Finance Lease Agreements I, pursuant to which (i) Citic Financial Leasing shall purchase from Taoyuan Xinneng (an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE) the Taoyuan Leased Assets I at a consideration of RMB104,000,000.00 (equivalent to approximately HK\$116,521,600.00) and (ii) following the acquisition, Citic Financial Leasing as lessor shall lease the Taoyuan Leased Assets I to Taoyuan Xinneng as lessee for a term of ten years at an aggregate estimated rent of RMB137,389,036.80 (equivalent to approximately HK\$153,930,676.83). In addition, pursuant to the Taoyuan Finance Lease Agreements I, the GNE Group engaged Citic Financial Leasing to provide certain (i) asset management services for a fee of RMB3,744,000.00 (equivalent to approximately HK\$4,194,777.60) and (ii) consulting services for a fee of RMB3,432,000.00 (equivalent to approximately HK\$3,845,212.80);
- (e) the Taoyuan Finance Lease Agreements II, pursuant to which (i) Citic Financial Leasing shall purchase from Taoyuan Xinhui (an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE) the Taoyuan Leased Assets II at a consideration of RMB112,000,000.00 (equivalent to approximately HK\$125,484,800.00) and (ii) following the acquisition, Citic Financial Leasing as lessor shall lease the Taoyuan Leased Assets II to Taoyuan Xinhui as lessee for a term of ten years at an aggregate estimated rent of RMB147,957,424.08 (equivalent to approximately HK\$165,771,497.94). In addition, pursuant to the Taoyuan Finance Lease Agreements II, the GNE Group engaged Citic Financial Leasing to provide certain (i) asset management services for a fee of RMB4,032,000.00 (equivalent to approximately HK\$4,517,452.80) and (ii) consulting services for a fee of RMB3,696,000.00 (equivalent to approximately HK\$4,140,998.40); and
- (f) the Taoyuan Finance Lease Agreements III, pursuant to which (i) Citic Financial Leasing shall purchase from Taoyuan Xinyuan (an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE) the Taoyuan Leased Assets III at a consideration of RMB111,000,000.00 (equivalent to approximately HK\$124,364,400.00) and (ii) following the acquisition, Citic Financial Leasing as lessor shall lease the Taoyuan Leased Assets III to Taoyuan Xinyuan as lessee for a term of ten years at an aggregate estimated rent of RMB146,636,375.76 (equivalent to approximately HK\$164,291,395.40). In addition, pursuant to the Taoyuan Finance Lease Agreements III, the GNE Group engaged Citic Financial Leasing to provide certain (i) asset management services for a fee of RMB3,996,000.00 (equivalent to approximately HK\$4,477,118.40) and (ii) consulting services for a fee of RMB3,663,000.00 (equivalent to approximately HK\$4,104,025.20),

(together, the “**Finance Lease Agreements**”).

In addition, on 19 February 2016, the GNE Group entered into the Previous Licheng Finance Lease Agreements with Citic Financial Leasing in relation to the financing of the Licheng Leased Assets, pursuant to which (i) Citic Financial Leasing purchased from Licheng GCL (an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE) the Licheng Leased Assets at an aggregate consideration of RMB190,000,000.00 (equivalent to approximately HK\$212,876,000.00) and (ii) following the acquisition, Citic Financial Leasing as lessor leased the Licheng Leased Assets to Licheng GCL for a term of nine years at an aggregate estimated rent of RMB248,479,644.82 (equivalent to approximately HK\$278,396,594.06). Under the Previous Licheng Finance Lease Agreements, the GNE Group shall also pay an administrative fee to Citic Financial Leasing of RMB7,600,000.00 (equivalent to approximately HK\$8,515,040.00). In addition, pursuant to the Previous Licheng Finance Lease Agreements, the GNE Group engaged Citic Financial Leasing to provide certain asset management services for a fee of RMB5,700,000.00 (equivalent to approximately HK\$6,386,280.00).

## **LISTING RULE IMPLICATIONS**

### **GCL-Poly**

As none of the applicable percentage ratio in respect of the Previous Licheng Finance Lease Agreements (on their own) exceeded 5% for GCL-Poly, the entering into of the Previous Licheng Finance Lease Agreements did not constitute a discloseable transaction for GCL-Poly under Chapter 14 of the Listing Rules.

As the Previous Licheng Finance Lease Agreements were entered into with Citic Financial Leasing within a 12-month period prior to and inclusive of the date of the Finance Lease Agreements, the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements will be aggregated as a series of transactions for GCL-Poly pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements (in aggregate) exceeds 5% but is less than 25% for GCL-Poly, the entering into of the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements, in aggregate, constitutes a discloseable transaction of GCL-Poly and GCL-Poly shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **GNE**

As none of the applicable percentage ratio in respect of the Previous Licheng Finance Lease Agreements (on their own) exceeded 5% for GNE, the entering into of the Previous Licheng Finance Lease Agreements did not constitute a discloseable transaction for GNE under Chapter 14 of the Listing Rules.

As the Previous Licheng Finance Lease Agreements were entered into with Citic Financial Leasing within a 12-month period prior to and inclusive of the date of the Finance Lease Agreements, the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements will be aggregated as a series of transactions for GNE pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements (in aggregate) exceeds 5% but is less than 25% for GNE, the entering into of the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements, in aggregate, constitutes a discloseable transaction of GNE and GNE shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## 1. THE FINANCE LEASE AGREEMENTS

### A. Principal terms of the Shanglin Finance Lease Agreements

(i) *Date* 20 December 2016

(ii) *Parties*

- (1) Seller: Nanjing GCL New Energy
- (2) Lessee: Shanglin GCL
- (3) Purchaser and lessor: Citic Financial Leasing

(iii) *The Shanglin Finance Lease*

Pursuant to the Shanglin Finance Lease, (i) Citic Financial Leasing shall purchase the Shanglin Leased Assets from Nanjing GCL New Energy at a consideration of RMB325,000,000.00 (equivalent to approximately HK\$364,130,000.00) and (ii) following the acquisition, Citic Financial Leasing shall lease the Shanglin Leased Assets to Shanglin GCL at an aggregate estimated rent of RMB433,273,373.35 (equivalent to approximately HK\$485,439,487.50) for a term of ten years. Citic Financial Leasing shall pay the consideration to Nanjing GCL New Energy in two instalments:

- (a) RMB200,000,000.00 (equivalent to approximately HK\$224,080,000.00) shall be paid within 10 working days after certain conditions are met, including: (i) all transaction documents for the finance lease transaction being in effect and not being in breach, (ii) Shanglin GCL having obtained all approvals for the transaction, (iii) copies of all corporate authorisations for the security under the finance lease having been given to Citic Financial Leasing, (iv) all security documents having been signed and not being in breach (v) Nanjing GCL New Energy having made an application for payment; (vi) evidence is provided showing all security requiring registration having been registered; (vii) Citic Financial Leasing having received the security deposit for the transaction; (viii) all representation and warranties remaining true and accurate; (ix) there being no material change in PRC tax, financial policy and government regulation on finance leases and no material change in market financing costs; and (x) Citic Financial Leasing having agreed that such conditions having been fulfilled; and
- (b) the remaining RMB125,000,000.00 (equivalent to approximately HK\$140,050,000.00) shall be paid within 10 working days after receiving all relevant transfer documents for the transfer of the Shanglin Leased Assets.

*(iv) Payment of Rent*

The estimated aggregate amount of rent payable by Shanglin GCL to Citic Financial Leasing under the Shanglin Finance Lease Agreements is RMB433,273,373.35 (equivalent to approximately HK\$485,439,487.50) and is payable in a total of 40 quarterly instalments. The initial five instalments are RMB4,379,375.00 (equivalent to approximately HK\$4,906,651.75), RMB4,428,034.74 (equivalent to approximately HK\$4,961,170.12), RMB4,476,694.44 (equivalent to approximately HK\$5,015,688.45), RMB4,476,694.44 (equivalent to approximately HK\$5,015,688.45) and RMB4,379,375.00 (equivalent to approximately HK\$4,906,651.75), and the remaining 35 instalments are RMB11,746,662.85 (equivalent to approximately HK\$13,160,961.06) each based on the estimated commencement date of 15 January 2017.

The estimated aggregate amount of rent was calculated based on the principal lease cost plus the lease interest rate. The principal lease cost under the Shanglin Finance Lease was RMB325,000,000.00 (equivalent to approximately HK\$364,130,000.00). The interest rate under the Shanglin Finance Lease was calculated at an annualised interest rate of 5.39%, representing 110% of the current benchmark lending rate promulgated by the People's Bank of China for a term of five years or more. During the term of the Shanglin Finance Lease, if the applicable benchmark lending rate is adjusted by the People's Bank of China, the interest rate applicable shall be adjusted proportionally in the same direction.

*(v) Asset Management Services*

Pursuant to the Shanglin Asset Management Agreements, Citic Financial Leasing agreed to provide to Shanglin GCL certain asset management services, including asset inspection, operational monitoring and related consulting services for an aggregate service fee of RMB15,925,000.00 (equivalent to approximately HK\$17,842,370.00).

Under the Shanglin Asset Management Agreement I, Shanglin GCL shall pay a total service fee of RMB9,800,000.00 (equivalent to approximately HK\$10,979,920.00) in nine annual instalments beginning on 15 December 2017, of which the first four instalments will be RMB646,154.00 (equivalent to approximately HK\$723,950.94) each, the next four instalments will be RMB1,446,154.00 (equivalent to approximately HK\$1,620,270.94) each and the final instalment will be RMB1,430,768.00 (equivalent to approximately HK\$1,603,032.47).

Under the Shanglin Asset Management Agreement II, Shanglin GCL shall pay a total service fee of RMB6,125,000.00 (equivalent to approximately HK\$6,862,450.00) in nine annual instalments beginning on 15 December 2017, of which the first four instalments will be RMB403,846.00 (equivalent to approximately HK\$452,469.06) each, the next four instalments will be RMB903,846.00 (equivalent to approximately HK\$1,012,669.06) each and the final instalment will be RMB894,232.00 (equivalent to approximately HK\$1,001,897.53).



*(vi) Consulting Services*

Pursuant to the Shanglin Consulting Services Agreements, Citic Financial Leasing agreed to provide to Shanglin GCL certain consulting services, including consulting in relation to the structuring and arranging of finance leases and related financial, tax and economic issues for an aggregate service fee of RMB10,075,000.00 (equivalent to approximately HK\$11,288,030.00).

Under the Shanglin Consulting Services Agreement I, Shanglin GCL shall pay a total service fee of RMB6,200,000.00 (equivalent to approximately HK\$6,946,480.00) in five instalments, of which the first instalment RMB3,000,000.00 (equivalent to approximately HK\$3,361,200.00) shall be payable on 23 December 2016 and the remaining four instalments of RMB800,000.00 (equivalent to approximately HK\$896,320.00) each will be paid annually from 15 December 2017.

Under the Shanglin Consulting Services Agreement II, Shanglin GCL shall pay a total service fee of RMB3,875,000.00 (equivalent to approximately HK\$4,341,550.00) in five instalments, of which the first instalment RMB1,875,000.00 (equivalent to approximately HK\$2,100,750.00) shall be payable on 15 March 2017 and the remaining four instalments of RMB500,000.00 (equivalent to approximately HK\$560,200.00) each will be paid annually from 15 December 2017.

The terms of the Shanglin Finance Lease, the Shanglin Asset Management Agreements and the Shanglin Consulting Services Agreements including the lease rent, lease interest rate, and services fee were determined after arm's length negotiation between Citic Financial Leasing and Shanglin GCL with reference to the prevailing market rates for (i) finance leases for similar assets and (ii) similar consulting and asset management services.

The price for the purchase of the Shanglin Leased Assets payable by Citic Financial Leasing under the Shanglin Finance Lease was determined through arm's length negotiation between the parties with reference to the average fair market price of similar photovoltaic power generation equipment and the amount of financing agreed to be provided by Citic Financial Leasing.

*(vii) Ownership of the Shanglin Leased Assets*

During the term of the Shanglin Finance Lease, the ownership of the Shanglin Leased Assets shall vest in Citic Financial Leasing. During the lease period, the Shanglin Leased Assets will be used by Shanglin GCL for the Shanglin Project. Upon expiry of the term of the Shanglin Finance Lease and subject to the full payment of the entire amount of the lease rent, and any other amounts due under the Shanglin Finance Lease, Shanglin GCL shall purchase the Shanglin Leased Assets on an "as is" basis from Citic Financial Leasing for the nominal purchase price of RMB1.00 (equivalent to approximately HK\$1.12).

*(viii) Security Arrangements for the Shanglin Finance Lease*

Pursuant to the Shanglin Finance Lease Agreements, Shanglin GCL shall pay to Citic Financial Leasing the Shanglin Security Deposit which shall be paid prior to Citic Financial Leasing paying the consideration for the Shanglin Leased Assets to secure Shanglin GCL's obligations under the Shanglin Finance Lease. Citic Financial Leasing shall be entitled to deduct from the Shanglin Security Deposit any unpaid rent, interest, default interest and any other amount due and payable by Shanglin GCL. In the event of

such deduction, Shanglin GCL shall make up for the deduction and restore the amount of the Shanglin Security Deposit to RMB14,625,000.00 (equivalent to approximately HK\$16,385,850.00) upon notice from Citic Financial Leasing. Following the expiry of the Shanglin Finance Lease, any remaining balance of the Shanglin Security Deposit shall be used to offset amounts due from Shanglin GCL. The Shanglin Security Deposit shall not bear any interest during the term of the Shanglin Finance Lease.

In addition, the obligations under the Shanglin Finance Lease Agreements are secured by the following:

- (1) Suzhou GCL Shanglin Guarantee: pursuant to the Suzhou GCL Shanglin Guarantee, Suzhou GCL New Energy has agreed to provide a guarantee to secure Shanglin GCL's obligations under the Shanglin Finance Lease, Shanglin Asset Management Agreements and Shanglin Consulting Services Agreements, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;
- (2) Nanjing GCL Shanglin Guarantee: pursuant to the Nanjing GCL Shanglin Guarantee, Nanjing GCL New Energy has agreed to provide a guarantee to secure Shanglin GCL's obligations under the Shanglin Finance Lease, Shanglin Asset Management Agreements and Shanglin Consulting Services Agreements, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;
- (3) Suzhou GCL Shanglin Share Pledge Agreement: pursuant to the Suzhou GCL Shanglin Share Pledge Agreement, Suzhou GCL New Energy has pledged 100% of the equity interest in Shanglin GCL to secure all of Shanglin GCL's obligations under the Shanglin Finance Lease, Shanglin Asset Management Agreements and Shanglin Consulting Services Agreements;
- (4) Shanglin Leased Assets Mortgage Agreement: pursuant to the Shanglin Leased Assets Mortgage Agreement, Shanglin GCL has mortgaged the Shanglin Leased Assets to secure all of Shanglin GCL's obligations under the Shanglin Finance Lease, Shanglin Asset Management Agreements and Shanglin Consulting Services Agreements; and
- (5) Shanglin Electricity Fees Pledge Agreement: pursuant to the Shanglin Electricity Fees Pledge Agreement, Shanglin GCL has pledged its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Shanglin GCL and Guangxi Power Grid for the Shanglin Project to secure its obligations under the Shanglin Finance Lease, Shanglin Asset Management Agreements and Shanglin Consulting Services Agreements.

## **B. Principal terms of the Urad Finance Lease Agreements**

- |                     |  |
|---------------------|--|
| <i>(i) Date</i>     | 20 December 2016   |
| <i>(ii) Parties</i> | (1) Seller and lessee: Urad Yuanhai<br>(2) Purchaser and lessor: Citic Financial Leasing |

*(iii) The Urad Finance Lease*

Pursuant to the Urad Finance Lease, (i) Citic Financial Leasing shall purchase the Urad Leased Assets from Urad Yuanhai at a consideration of RMB320,000,000.00 (equivalent to approximately HK\$358,528,000.00) and (ii) following the acquisition, Citic Financial Leasing shall lease the Urad Leased Assets to Urad Yuanhai at an aggregate estimated rent of RMB415,237,709.99 (equivalent to approximately HK\$465,232,330.27) for a term of nine years, commencing from a date to be notified in writing by Citic Financial Leasing.

*(iv) Payment of Rent and Administrative Fees*

The estimated aggregate amount of rent payable by Urad Yuanhai to Citic Financial Leasing under the Urad Finance Lease Agreements is RMB415,237,709.99 (equivalent to approximately HK\$465,232,330.27) and is payable in a total of 36 quarterly instalments based on the estimated commencement date of 15 January 2017. The initial eight instalments are between approximately RMB7,300,000.00 (equivalent to approximately HK\$8,178,920.00) and RMB7,500,000.00 (equivalent to approximately HK\$8,403,000.00) each, and the remaining 28 instalments are approximately RMB12,000,000.00 (equivalent to approximately HK\$13,444,800.00) to RMB13,000,000.00 (equivalent to approximately HK\$14,565,200.00) each.

The estimated aggregate amount of rent was calculated based on the principal lease cost plus the lease interest rate. The principal lease cost under the Urad Finance Lease was RMB320,000,000.00 (equivalent to approximately HK\$358,528,000.00). The interest rate under the Urad Finance Lease was calculated at an annualised interest rate of 5.39%, representing 110% of the current benchmark lending rate promulgated by the People's Bank of China for a term of five years or more. During the term of the Urad Finance Lease, if the applicable benchmark lending rate is adjusted by the People's Bank of China, the interest rate applicable shall be adjusted proportionally in the same direction.

The administrative fee of RMB13,440,000.00 (equivalent to approximately HK\$15,058,176.00) shall be paid in seven equal annual instalments of RMB1,920,000.00 (equivalent to approximately HK\$2,151,168.00) between 2017 and 2023 on the last instalment date of each year.

*(v) Consulting Services*

Pursuant to the Urad Consulting Services Agreement, Citic Financial Leasing agreed to provide to Urad Yuanhai certain consulting services, including consulting in relation to the structuring and arranging of finance leases and related financial, tax and economic issues, for a total service fee of RMB5,120,000.00 (equivalent to approximately HK\$5,736,448.00). Urad Yuanhai shall pay the service fee in full within three working days after the date of the Urad Consulting Services Agreement.

The terms of the Urad Finance Lease and the Urad Consulting Services Agreement including the lease rent, lease interest rate, and services fee were determined after arm's length negotiation between Citic Financial Leasing and Urad Yuanhai with reference to the prevailing market rates for (i) finance leases for similar assets and (ii) similar consulting services.



The price for the purchase of the Urad Leased Assets payable by Citic Financial Leasing under the Urad Finance Lease was determined through arm's length negotiation between the parties with reference to the average fair market price of similar photovoltaic power generation equipment and the amount of financing agreed to be provided by Citic Financial Leasing.

*(vi) Ownership of the Urad Leased Assets*

During the term of the Urad Finance Lease, the ownership of the Urad Leased Assets shall vest in Citic Financial Leasing. During the lease period, the Urad Leased Assets will be used by Urad Yuanhai for the Urad Project. Upon expiry of the term of the Urad Finance Lease and subject to the full payment of the entire amount of the lease rent, and any other amounts due under the Urad Finance Lease, Urad Yuanhai shall purchase the Urad Leased Assets on an "as is" basis from Citic Financial Leasing for the nominal purchase price of RMB1.00 (equivalent to approximately HK\$1.12).

*(vii) Security Arrangements for the Urad Finance Lease*

Pursuant to the Urad Finance Lease Agreements, Urad Yuanhai shall pay to Citic Financial Leasing the Urad Security Deposit which shall be paid prior to Citic Financial Leasing paying the consideration for the Urad Leased Assets to secure Urad Yuanhai's obligations under the Urad Finance Lease. Citic Financial Leasing shall be entitled to deduct from the Urad Security Deposit any unpaid rent, interest, default interest and any other amount due and payable by Urad Yuanhai. In the event of such deduction, Urad Yuanhai shall make up for the deduction and restore the amount of the Urad Security Deposit to RMB6,400,000.00 (equivalent to approximately HK\$7,170,560.00) upon notice from Citic Financial Leasing. Following the expiry of the Urad Finance Lease, any remaining balance of the Urad Security Deposit shall be used to offset amounts due from Urad Yuanhai. The Urad Security Deposit shall not bear any interest during the term of the Urad Finance Lease.

In addition, the obligations under the Urad Finance Lease Agreements are secured by the following:

- (1) Suzhou GCL Urad Guarantee: pursuant to the Suzhou GCL Urad Guarantee, Suzhou GCL New Energy has agreed to provide a guarantee to secure Urad Yuanhai's obligations under the Urad Finance Lease and Urad Consulting Services Agreement, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;
- (2) Nanjing GCL Urad Guarantee: pursuant to the Nanjing GCL Urad Guarantee, Nanjing GCL New Energy has agreed to provide a guarantee to secure Urad Yuanhai's obligations under the Urad Finance Lease and Urad Consulting Services Agreement, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;
- (3) Urad Share Pledge Agreement: pursuant to the Urad Share Pledge Agreement, Inner Mongolia Yuanhai has pledged 100% of the equity interest in Urad Yuanhai to secure all of Urad Yuanhai's obligations under the Urad Finance Lease and Urad Consulting Services Agreement;

- (4) Urad Leased Assets Mortgage Agreement: pursuant to the Urad Leased Assets Mortgage Agreement, Urad Yuanhai has mortgaged the Urad Leased Assets to secure all of Urad Yuanhai's obligations under the Urad Finance Lease and Urad Consulting Services Agreement; and
- (5) Urad Electricity Fees Pledge Agreement: pursuant to the Urad Electricity Fees Pledge Agreement, Urad Yuanhai has pledged its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Urad Yuanhai and Inner Mongolia Power for the Urad Project to secure its obligations under the Urad Finance Lease and Urad Consulting Services Agreement.

### **C. Principal terms of the Jinxi Finance Lease Agreements**

- (i) *Date* 20 December 2016
- (ii) *Parties*
  - (1) Seller and lessee: Inner Mongolia Jinxi
  - (2) Purchaser and lessor: Citic Financial Leasing
- (iii) *The Jinxi Finance Lease*

Pursuant to the Jinxi Finance Lease, (i) Citic Financial Leasing shall purchase the Jinxi Leased Assets from Inner Mongolia Jinxi at a consideration of RMB75,000,000.00 (equivalent to approximately HK\$84,030,000.00) and (ii) following the acquisition, Citic Financial Leasing shall lease the Jinxi Leased Assets to Inner Mongolia Jinxi at an aggregate estimated rent of RMB97,321,338.47 (equivalent to approximately HK\$109,038,827.62) for a term of nine years, commencing from a date to be notified in writing by Citic Financial Leasing.

#### *(iv) Payment of Rent and Administrative Fees*

The estimated aggregate amount of rent payable by Inner Mongolia Jinxi to Citic Financial Leasing under the Jinxi Finance Lease Agreements is RMB97,321,338.47 (equivalent to approximately HK\$109,038,827.62) and is payable in a total of 36 quarterly instalments based on the estimated commencement date of 15 January 2017. The initial eight instalments are approximately RMB1,700,000.00 (equivalent to approximately HK\$1,904,680.00) and the remaining 28 instalments are approximately RMB3,000,000.00 each (equivalent to approximately HK\$3,361,200.00).

The estimated aggregate amount of rent was calculated based on the principal lease cost plus the lease interest rate. The principal lease cost under the Jinxi Finance Lease was RMB75,000,000.00 (equivalent to approximately HK\$84,030,000.00). The interest rate under the Jinxi Finance Lease was calculated at an annualised interest rate of 5.39%, representing 110% of the current benchmark lending rate promulgated by the People's Bank of China for a term of five years or more. During the term of the Jinxi Finance Lease, if the applicable benchmark lending rate is adjusted by the People's Bank of China, the interest rate applicable shall be adjusted proportionally in the same direction.

The administrative fee of RMB3,150,000.00 (equivalent to approximately HK\$3,529,260.00) shall be paid in seven equal annual instalments of RMB450,000.00 (equivalent to approximately HK\$504,180.00) between 2017 and 2023 on the last instalment date of each year.

*(v) Consulting Services*

Pursuant to the Jinxi Consulting Services Agreement, Citic Financial Leasing agreed to provide to Inner Mongolia Jinxi certain consulting services, including consulting in relation to the structuring and arranging of finance leases and related financial, tax and economic issues, for a total service fee of RMB1,200,000.00 (equivalent to approximately HK\$1,344,480.00). Inner Mongolia Jinxi shall pay the service fee in full within three working days after the date of the Jinxi Consulting Services Agreement.

The terms of the Jinxi Finance Lease and the Jinxi Consulting Services Agreement including the lease rent, lease interest rate, and services fee were determined after arm's length negotiation between Citic Financial Leasing and Inner Mongolia Jinxi with reference to the prevailing market rates for (i) finance leases for similar assets and (ii) similar consulting services.

The price for the purchase of the Jinxi Leased Assets payable by Citic Financial Leasing under the Jinxi Finance Lease was determined through arm's length negotiation between the parties with reference to the average fair market price of similar photovoltaic power generation equipment and the amount of financing agreed to be provided by Citic Financial Leasing.

*(vi) Ownership of the Jinxi Leased Assets*

During the term of the Jinxi Finance Lease, the ownership of the Jinxi Leased Assets shall vest in Citic Financial Leasing. During the lease period, the Jinxi Leased Assets will be used by Inner Mongolia Jinxi for the Jinxi Project. Upon expiry of the term of the Jinxi Finance Lease and subject to the full payment of the entire amount of the lease rent and any other amounts due under the Jinxi Finance Lease, Inner Mongolia Jinxi shall purchase the Jinxi Leased Assets on an "as is" basis from Citic Financial Leasing for the nominal purchase price of RMB1.00 (equivalent to approximately HK\$1.12).

*(vii) Security Arrangements for the Jinxi Finance Lease*

Pursuant to the Jinxi Finance Lease Agreements, Inner Mongolia Jinxi shall pay to Citic Financial Leasing the Jinxi Security Deposit which shall be paid prior to Citic Financial Leasing paying the consideration for the Jinxi Leased Assets to secure Inner Mongolia Jinxi's obligations under the Jinxi Finance Lease. Citic Financial Leasing shall be entitled to deduct from the Jinxi Security Deposit any unpaid rent, interest, default interest and any other amount due and payable by Inner Mongolia Jinxi. In the event of such deduction, Inner Mongolia Jinxi shall make up for the deduction and restore the amount of the Jinxi Security Deposit to RMB1,500,000.00 (equivalent to approximately HK\$1,680,600.00) upon notice from Citic Financial Leasing. Following the expiry of the Jinxi Finance Lease, any remaining balance of the Jinxi Security Deposit shall be used to offset amounts due from Inner Mongolia Jinxi. The Jinxi Security Deposit shall not bear any interest during the term of the Jinxi Finance Lease.

In addition, the obligations under the Jinxi Finance Lease Agreements are secured by the following:

- (1) Suzhou GCL Jinxi Guarantee: pursuant to the Suzhou GCL Jinxi Guarantee, Suzhou GCL New Energy has agreed to provide a guarantee to secure Inner Mongolia Jinxi's obligations under the Jinxi Finance Lease and Jinxi Consulting Services Agreement, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;
- (2) Nanjing GCL Jinxi Guarantee: pursuant to the Nanjing GCL Jinxi Guarantee, Nanjing GCL New Energy has agreed to provide a guarantee to secure Inner Mongolia Jinxi's obligations under the Jinxi Finance Lease and Jinxi Consulting Services Agreement, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;
- (3) Suzhou GCL Jinxi Share Pledge Agreement: pursuant to the Suzhou GCL Jinxi Share Pledge Agreement, Suzhou GCL New Energy has pledged 100% of the equity interest in Inner Mongolia Jinxi to secure all of Inner Mongolia Jinxi's obligations under the Jinxi Finance Lease and Jinxi Consulting Services Agreement;
- (4) Jinxi Leased Assets Mortgage Agreement: pursuant to the Jinxi Leased Assets Mortgage Agreement, Inner Mongolia Jinxi has mortgaged the Jinxi Leased Assets to secure all of Inner Mongolia Jinxi's obligations under the Jinxi Finance Lease and Jinxi Consulting Services Agreement; and
- (5) Jinxi Electricity Fees Pledge Agreement: pursuant to the Jinxi Electricity Fees Pledge Agreement, Inner Mongolia Jinxi has pledged its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Inner Mongolia Jinxi and Inner Mongolia Power for the Jinxi Project to secure its obligations under the Jinxi Finance Lease and Jinxi Consulting Services Agreement.

#### **D. Principal terms of the Taoyuan Finance Lease Agreements I**

(i) *Date*                      20 December 2016

(ii) *Parties*                    (1) Seller and lessee: Taoyuan Xinneng  
  (2) Purchaser and lessor: Citic Financial Leasing

(iii) *The Taoyuan Finance Lease I*

Pursuant to the Taoyuan Finance Lease I, (i) Citic Financial Leasing shall purchase the Taoyuan Leased Assets I from Taoyuan Xinneng at a consideration of RMB104,000,000.00 (equivalent to approximately HK\$116,521,600.00) and (ii) following the acquisition, Citic Financial Leasing shall lease the Taoyuan Leased Assets I to Taoyuan Xinneng at an aggregate estimated rent of RMB137,389,036.80 (equivalent to approximately HK\$153,930,676.83) for a term of ten years, commencing from a date to be notified in writing by Citic Financial Leasing.

(iv) *Payment of Rent*

The estimated aggregate amount of rent payable by Taoyuan Xinneng to Citic Financial Leasing under the Taoyuan Finance Lease Agreements I is RMB137,389,036.80 (equivalent to approximately HK\$153,930,676.83) and is payable in a total of 39

quarterly instalments. Based on the estimated commencement date of 15 January 2017, the initial three instalments are RMB2,767,128.00 (equivalent to approximately HK\$3,100,290.21), RMB1,406,496.00 (equivalent to approximately HK\$1,575,838.12) and RMB1,406,496.00 (equivalent to approximately HK\$1,575,838.12), and the remaining 36 instalments shall be in equal amounts of RMB3,661,358.80 (equivalent to approximately HK\$4,102,186.40).

The estimated aggregate amount of rent was calculated based on the principal lease cost plus the lease interest rate. The principal lease cost under the Taoyuan Finance Lease I was RMB104,000,000.00 (equivalent to approximately HK\$116,521,600.00). The interest rate under the Taoyuan Finance Lease I was calculated at an annualised interest rate of 5.292%, representing 108% of the current benchmark lending rate promulgated by the People's Bank of China for a term of five years or more. During the term of the Taoyuan Finance Lease I, if the applicable benchmark lending rate is adjusted by the People's Bank of China, the interest rate applicable shall be adjusted proportionally in the same direction.

*(v) Asset Management Services*

Pursuant to the Taoyuan Asset Management Agreement I, Citic Financial Leasing agreed to provide to Taoyuan Xinneng certain asset management services, including asset inspection, operational monitoring and related consulting services, for a total service fee of RMB3,744,000.00 (equivalent to approximately HK\$4,194,777.60). Taoyuan Xinneng shall pay the service fee in nine equal annual instalments of RMB416,000.00 (equivalent to approximately HK\$466,086.40) beginning on 23 December 2017.

*(vi) Consulting Services*

Pursuant to the Taoyuan Consulting Services Agreement I, Citic Financial Leasing agreed to provide to Taoyuan Xinneng certain consulting services, including consulting in relation to the structuring and arranging of finance leases and related financial, tax and economic issues, for a total service fee of RMB3,432,000.00 (equivalent to approximately HK\$3,845,212.80). Taoyuan Xinneng shall pay the service fee in ten instalments, with the first instalment being RMB1,560,000.00 (equivalent to approximately HK\$1,747,824.00) payable on 23 December 2016 and the remaining nine instalments payable in equal annual instalments of RMB208,000.00 (equivalent to approximately HK\$233,043.20) each from 23 December 2017.

The terms of the Taoyuan Finance Lease I, the Taoyuan Asset Management Agreement I and the Taoyuan Consulting Services Agreement I including the lease rent, lease interest rate, and services fee were determined after arm's length negotiation between Citic Financial Leasing and Taoyuan Xinneng with reference to the prevailing market rates for (i) finance leases for similar assets and (ii) similar consulting and asset management services.

The price for the purchase of the Taoyuan Leased Assets I payable by Citic Financial Leasing under the Taoyuan Finance Lease I was determined through arm's length negotiation between the parties with reference to the average fair market price of similar photovoltaic power generation equipment and the amount of financing agreed to be provided by Citic Financial Leasing.



*(vii) Ownership of the Taoyuan Leased Assets I*

During the term of the Taoyuan Finance Lease I, the ownership of the Taoyuan Leased Assets I shall vest in Citic Financial Leasing. During the lease period, the Taoyuan Leased Assets I will be used by Taoyuan Xinneng for the Taoyuan Project I. Upon expiry of the term of the Taoyuan Finance Lease I and subject to the full payment of the entire amount of the lease rent, and any other amounts due under the Taoyuan Finance Lease I, Taoyuan Xinneng shall purchase the Taoyuan Leased Assets I on an “as is” basis from Citic Financial Leasing for the nominal purchase price of RMB1.00 (equivalent to approximately HK\$1.12).

*(viii) Security Arrangements for the Taoyuan Finance Lease I*

The obligations under the Taoyuan Finance Lease Agreements I are secured by the following:

- (1) Suzhou GCL Taoyuan Guarantee: pursuant to the Suzhou GCL Taoyuan Guarantee, Suzhou GCL New Energy has agreed to provide a guarantee to secure, among other things, Taoyuan Xinneng’s obligations under the Taoyuan Finance Lease I, Taoyuan Asset Management Agreement I and Taoyuan Consulting Services Agreement I, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;
- (2) Nanjing GCL Taoyuan Guarantee: pursuant to the Nanjing GCL Taoyuan Guarantee, Nanjing GCL New Energy has agreed to provide a guarantee to secure, among other things, Taoyuan Xinneng’s obligations under the Taoyuan Finance Lease I, Taoyuan Asset Management Agreement I and Taoyuan Consulting Services Agreement I, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;
- (3) Suzhou GCL Taoyuan Share Pledge Agreement I: pursuant to the Suzhou GCL Taoyuan Share Pledge Agreement I, Suzhou GCL New Energy has pledged 100% of the equity interest in Taoyuan Xinneng to secure all of Taoyuan Xinneng’s obligations under the Taoyuan Finance Lease I, Taoyuan Asset Management Agreement I and Taoyuan Consulting Services Agreement I;
- (4) Taoyuan Leased Assets Mortgage Agreement I: pursuant to the Taoyuan Leased Assets Mortgage Agreement I, Taoyuan Xinneng has mortgaged the Taoyuan Leased Assets I to secure all of Taoyuan Xinneng’s obligations under the Taoyuan Finance Lease I, Taoyuan Asset Management Agreement I and Taoyuan Consulting Services Agreement I; and
- (5) Taoyuan Electricity Fees Pledge Agreement I: pursuant to the Taoyuan Electricity Fees Pledge Agreement I, Taoyuan Xinneng has pledged its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Taoyuan Xinneng and State Grid Hunan Province for the Taoyuan Project I to secure its obligations under the Taoyuan Finance Lease I, Taoyuan Asset Management Agreement I and Taoyuan Consulting Services Agreement I.

## **E. Principal terms of the Taoyuan Finance Lease Agreements II**

- (i) *Date* 20 December 2016
- (ii) *Parties* (1) Seller and lessee: Taoyuan Xinhui  
(2) Purchaser and lessor: Citic Financial Leasing

### *(iii) The Taoyuan Finance Lease II*

Pursuant to the Taoyuan Finance Lease II, (i) Citic Financial Leasing shall purchase the Taoyuan Leased Assets II from Taoyuan Xinhui at a consideration of RMB112,000,000.00 (equivalent to approximately HK\$125,484,800.00) and (ii) following the acquisition, Citic Financial Leasing shall lease the Taoyuan Leased Assets II to Taoyuan Xinhui at an aggregate estimated rent of RMB147,957,424.08 (equivalent to approximately HK\$165,771,497.94) for a term of ten years, commencing from a date to be notified in writing by Citic Financial Leasing.

### *(iv) Payment of Rent*

The estimated aggregate amount of rent payable by Taoyuan Xinhui to Citic Financial Leasing under the Taoyuan Finance Lease Agreements II is RMB147,957,424.08 (equivalent to approximately HK\$165,771,497.94) and is payable in a total of 39 quarterly instalments. Based on the estimated commencement date of 15 January 2017, the initial three instalments are RMB2,979,984.00 (equivalent to approximately HK\$3,338,774.07), RMB1,514,688.00 (equivalent to approximately HK\$1,697,056.44) and RMB1,514,688.00 (equivalent to approximately HK\$1,697,056.44), and the remaining 36 instalments shall be in equal amounts of RMB3,943,001.78 (equivalent to approximately HK\$4,417,739.19).

The estimated aggregate amount of rent was calculated based on the principal lease cost plus the lease interest rate. The principal lease cost under the Taoyuan Finance Lease II was RMB112,000,000.00 (equivalent to approximately HK\$125,484,800.00). The interest rate under the Taoyuan Finance Lease II was calculated at an annualised interest rate of 5.292%, representing 108% of the current benchmark lending rate promulgated by the People's Bank of China for a term of five years or more. During the term of the Taoyuan Finance Lease II, if the applicable benchmark lending rate is adjusted by the People's Bank of China, the interest rate applicable shall be adjusted proportionally in the same direction.

### *(v) Asset Management Services*

Pursuant to the Taoyuan Asset Management Agreement II, Citic Financial Leasing agreed to provide to Taoyuan Xinhui certain asset management services, including asset inspection, operational monitoring and related consulting services, for a total service fee of RMB4,032,000.00 (equivalent to approximately HK\$4,517,452.80). Taoyuan Xinhui shall pay the service fee in nine equal annual instalments of RMB448,000.00 (equivalent to approximately HK\$501,939.20) beginning on 23 December 2017.

*(vi) Consulting Services*

Pursuant to the Taoyuan Consulting Services Agreement II, Citic Financial Leasing agreed to provide to Taoyuan Xinhui certain consulting services, including consulting in relation to the structuring and arranging of finance leases and related financial, tax and economic issues, for a total service fee of RMB3,696,000.00 (equivalent to approximately HK\$4,140,998.40). Taoyuan Xinhui shall pay the service fee in ten instalments, with the first instalment being RMB1,680,000.00 (equivalent to approximately HK\$1,882,272.00) payable on 23 December 2016 and the remaining nine instalments payable in equal annual instalments of RMB224,000.00 (equivalent to approximately HK\$250,969.60) each from 23 December 2017.

The terms of the Taoyuan Finance Lease II, the Taoyuan Asset Management Agreement II and the Taoyuan Consulting Services Agreement II including the lease rent, lease interest rate, and services fee were determined after arm's length negotiation between Citic Financial Leasing and Taoyuan Xinhui with reference to the prevailing market rates for (i) finance leases for similar assets and (ii) similar consulting and asset management services.

The price for the purchase of the Taoyuan Leased Assets II payable by Citic Financial Leasing under the Taoyuan Finance Lease II was determined through arm's length negotiation between the parties with reference to the average fair market price of similar photovoltaic power generation equipment and the amount of financing agreed to be provided by Citic Financial Leasing.

*(vii) Ownership of the Taoyuan Leased Assets II*

During the term of the Taoyuan Finance Lease II, the ownership of the Taoyuan Leased Assets II shall vest in Citic Financial Leasing. During the lease period, the Taoyuan Leased Assets II will be used by Taoyuan Xinhui for the Taoyuan Project II. Upon expiry of the term of the Taoyuan Finance Lease II and subject to the full payment of the entire amount of the lease rent, and any other amounts due under the Taoyuan Finance Lease II, Taoyuan Xinhui shall purchase the Taoyuan Leased Assets II on an "as is" basis from Citic Financial Leasing for the nominal purchase price of RMB1.00 (equivalent to approximately HK\$1.12).

*(viii) Security Arrangements for the Taoyuan Finance Lease II*

The obligations under the Taoyuan Finance Lease Agreements II are secured by the following:

- (1) Suzhou GCL Taoyuan Guarantee: pursuant to the Suzhou GCL Taoyuan Guarantee, Suzhou GCL New Energy has agreed to provide a guarantee to secure, among other things, Taoyuan Xinhui's obligations under the Taoyuan Finance Lease II, Taoyuan Asset Management Agreement II and Taoyuan Consulting Services Agreement II, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;
- (2) Nanjing GCL Taoyuan Guarantee: pursuant to the Nanjing GCL Taoyuan Guarantee, Nanjing GCL New Energy has agreed to provide a guarantee to secure, among other things, Taoyuan Xinhui's obligations under the Taoyuan Finance Lease

II, Taoyuan Asset Management Agreement II and Taoyuan Consulting Services Agreement II, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;

- (3) Suzhou GCL Taoyuan Share Pledge Agreement II: pursuant to the Suzhou GCL Taoyuan Share Pledge Agreement II, Suzhou GCL New Energy has pledged 100% of the equity interest in Taoyuan Xinhui to secure all of Taoyuan Xinhui's obligations under the Taoyuan Finance Lease II, Taoyuan Asset Management Agreement II and Taoyuan Consulting Services Agreement II;
- (4) Taoyuan Leased Assets Mortgage Agreement II: pursuant to the Taoyuan Leased Assets Mortgage Agreement II, Taoyuan Xinhui has mortgaged the Taoyuan Leased Assets II to secure all of Taoyuan Xinhui's obligations under the Taoyuan Finance Lease II, Taoyuan Asset Management Agreement II and Taoyuan Consulting Services Agreement II; and
- (5) Taoyuan Electricity Fees Pledge Agreement II: pursuant to the Taoyuan Electricity Fees Pledge Agreement II, Taoyuan Xinhui has pledged its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Taoyuan Xinhui and State Grid Hunan Province for the Taoyuan Project II to secure its obligations under the Taoyuan Finance Lease II, Taoyuan Asset Management Agreement II and Taoyuan Consulting Services Agreement II.

#### **F. Principal terms of the Taoyuan Finance Lease Agreements III**

(i) *Date*                      20 December 2016

(ii) *Parties*                    (1) Seller and lessee: Taoyuan Xinyuan  
  (2) Purchaser and lessor: Citic Financial Leasing

(iii) *The Taoyuan Finance Lease III*

Pursuant to the Taoyuan Finance Lease III, (i) Citic Financial Leasing shall purchase the Taoyuan Leased Assets III from Taoyuan Xinyuan at a consideration of RMB111,000,000.00 (equivalent to approximately HK\$124,364,400.00) and (ii) following the acquisition, Citic Financial Leasing shall lease the Taoyuan Leased Assets III to Taoyuan Xinyuan at an aggregate estimated rent of RMB146,636,375.76 (equivalent to approximately HK\$164,291,395.40) for a term of ten years, commencing from a date to be notified in writing by Citic Financial Leasing.

(iv) *Payment of Rent*

The estimated aggregate amount of rent payable by Taoyuan Xinyuan to Citic Financial Leasing under the Taoyuan Finance Lease Agreements III is RMB146,636,375.76 (equivalent to approximately HK\$164,291,395.40) and is payable in a total of 39 quarterly instalments. Based on the estimated commencement date of 15 January 2017, the initial three instalments are RMB2,953,377.00 (equivalent to approximately HK\$3,308,963.59), RMB1,501,164.00 (equivalent to approximately HK\$1,681,904.15) and RMB1,501,164.00 (equivalent to approximately HK\$1,681,904.15), and the remaining 36 instalments shall be in equal amounts of RMB3,907,796.41 (equivalent to approximately HK\$4,378,295.10).

The estimated aggregate amount of rent was calculated based on the principal lease cost plus the lease interest rate. The principal lease cost under the Taoyuan Finance Lease III was RMB111,000,000.00 (equivalent to approximately HK\$124,364,400.00). The interest rate under the Taoyuan Finance Lease III was calculated at an annualised interest rate of 5.292%, representing 108% of the current benchmark lending rate promulgated by the People's Bank of China for a term of five years or more. During the term of the Taoyuan Finance Lease III, if the applicable benchmark lending rate is adjusted by the People's Bank of China, the interest rate applicable shall be adjusted proportionally in the same direction.

*(v) Asset Management Services*

Pursuant to the Taoyuan Asset Management Agreement III, Citic Financial Leasing agreed to provide to Taoyuan Xinyuan certain asset management services, including asset inspection, operational monitoring and related consulting services, for a total service fee of RMB3,996,000.00 (equivalent to approximately HK\$4,477,118.40). Taoyuan Xinyuan shall pay the service fee in nine equal annual instalments of RMB444,000.00 (equivalent to approximately HK\$497,457.60) beginning on 23 December 2017.

*(vi) Consulting Services*

Pursuant to the Taoyuan Consulting Services Agreement III, Citic Financial Leasing agreed to provide to Taoyuan Xinyuan certain consulting services, including consulting in relation to the structuring and arranging of finance leases and related financial, tax and economic issues, for a total service fee of RMB3,663,000.00 (equivalent to approximately HK\$4,104,025.20). Taoyuan Xinyuan shall pay the service fee in ten instalments, with the first instalment being RMB1,665,000.00 (equivalent to approximately HK\$1,865,466.00) payable on 23 December 2016 and the remaining nine instalments payable in equal annual instalments of RMB222,000.00 (equivalent to approximately HK\$248,728.80) each from 23 December 2017.

The terms of the Taoyuan Finance Lease III, the Taoyuan Asset Management Agreement III and the Taoyuan Consulting Services Agreement III including the lease rent, lease interest rate, and services fee were determined after arm's length negotiation between Citic Financial Leasing and Taoyuan Xinyuan with reference to the prevailing market rates for (i) finance leases for similar assets and (ii) similar consulting and asset management services.

The price for the purchase of the Taoyuan Leased Assets III payable by Citic Financial Leasing under the Taoyuan Finance Lease III was determined through arm's length negotiation between the parties with reference to the average fair market price of similar photovoltaic power generation equipment and the amount of financing agreed to be provided by Citic Financial Leasing.

*(vii) Ownership of the Taoyuan Leased Assets III*

During the term of the Taoyuan Finance Lease III, the ownership of the Taoyuan Leased Assets III shall vest in Citic Financial Leasing. During the lease period, the Taoyuan Leased Assets III will be used by Taoyuan Xinyuan for the Taoyuan Project III. Upon expiry of the term of the Taoyuan Finance Lease III and subject to the full payment of the entire amount of the lease rent, and any other amounts due under the Taoyuan Finance



Lease III, Taoyuan Xinyuan shall purchase the Taoyuan Leased Assets III on an “as is” basis from Citic Financial Leasing for the nominal purchase price of RMB1.00 (equivalent to approximately HK\$1.12).

*(viii) Security Arrangements for the Taoyuan Finance Lease III*

The obligations under the Taoyuan Finance Lease Agreements III are secured by the following:

- (1) Suzhou GCL Taoyuan Guarantee: pursuant to the Suzhou GCL Taoyuan Guarantee, Suzhou GCL New Energy has agreed to provide a guarantee to secure, among other things, Taoyuan Xinyuan’s obligations under the Taoyuan Finance Lease III, Taoyuan Asset Management Agreement III and Taoyuan Consulting Services Agreement III, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;
- (2) Nanjing GCL Taoyuan Guarantee: pursuant to the Nanjing GCL Taoyuan Guarantee, Nanjing GCL New Energy has agreed to provide a guarantee to secure, among other things, Taoyuan Xinyuan’s obligations under the Taoyuan Finance Lease III, Taoyuan Asset Management Agreement III and Taoyuan Consulting Services Agreement III, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing;
- (3) Suzhou GCL Taoyuan Share Pledge Agreement III: pursuant to the Suzhou GCL Taoyuan Share Pledge Agreement III, Suzhou GCL New Energy has pledged 100% of the equity interest in Taoyuan Xinyuan to secure all of Taoyuan Xinyuan’s obligations under the Taoyuan Finance Lease III, Taoyuan Asset Management Agreement III and Taoyuan Consulting Services Agreement III;
- (4) Taoyuan Leased Assets Mortgage Agreement III: pursuant to the Taoyuan Leased Assets Mortgage Agreement III, Taoyuan Xinyuan has mortgaged the Taoyuan Leased Assets III to secure all of Taoyuan Xinyuan’s obligations under the Taoyuan Finance Lease III, Taoyuan Asset Management Agreement III and Taoyuan Consulting Services Agreement III; and
- (5) Taoyuan Electricity Fees Pledge Agreement III: pursuant to the Taoyuan Electricity Fees Pledge Agreement III, Taoyuan Xinyuan has pledged its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Taoyuan Xinyuan and State Grid Hunan Province for the Taoyuan Project III to secure its obligations under the Taoyuan Finance Lease III, Taoyuan Asset Management Agreement III and Taoyuan Consulting Services Agreement III.

## **2. THE PREVIOUS LICHENG FINANCE LEASE AGREEMENTS**

### **Principal terms of the Previous Licheng Finance Lease Agreements**

- |                     |   |
|---------------------|---|
| <i>(i) Date</i>     | 19 February 2016  |
| <i>(ii) Parties</i> | (1) Seller and lessee: Licheng GCL<br>(2) Purchaser and lessor: Citic Financial Leasing |

*(iii) The Licheng Finance Lease*

Pursuant to the Licheng Finance Lease, (i) Citic Financial Leasing purchased the Licheng Leased Assets from Licheng GCL at a consideration of RMB190,000,000.00 (equivalent to approximately HK\$212,876,000.00) and (ii) following the acquisition, Citic Financial Leasing leased the Licheng Leased Assets to Licheng GCL at an aggregate estimated rent of RMB248,479,644.82 (equivalent to approximately HK\$278,396,594.06) for a term of nine years. Under the Previous Licheng Finance Lease Agreements, the GNE Group shall also pay an administrative fee to Citic Financial Leasing of RMB7,600,000.00 (equivalent to approximately HK\$8,515,040.00).

*(iv) Payment of Rent and Administrative Fees*

The aggregate amount of rent payable by Licheng GCL to Citic Financial Leasing under the Previous Licheng Finance Lease Agreements is RMB248,479,644.82 (equivalent to approximately HK\$278,396,594.06) and is payable in a total of 36 quarterly instalments. Based on the commencement date of 15 April 2016, the first and second instalments amounted to RMB2,990,578.89 and RMB2,563,353.33 respectively (equivalent to approximately HK\$3,350,644.59 and HK\$2,871,981.07 respectively), and the remaining 34 instalments amount to equal amounts of RMB7,144,873.90 (equivalent to approximately HK\$8,005,116.72).

The estimated aggregate amount of rent was calculated based on the principal lease cost plus the lease interest rate. The principal lease cost under the Licheng Finance Lease was RMB190,000,000.00 (equivalent to approximately HK\$212,876,000.00). The interest rate under the Licheng Finance Lease was calculated at an annualised interest rate of 5.782%, representing 118% of the current benchmark lending rate promulgated by the People's Bank of China. During the term of the Licheng Finance Lease, if the applicable benchmark lending rate is adjusted by the People's Bank of China, the interest rate applicable shall be adjusted proportionally in the same direction. The administrative fee of RMB7,600,000.00 (equivalent to approximately HK\$8,515,040.00) shall be paid in 37 quarterly instalments. The first 36 instalments shall be equal amounts of RMB205,405.41 (equivalent to approximately HK\$230,136.22), and the last instalment is RMB205,405.24 (equivalent to approximately HK\$230,136.03).

*(v) Asset Management Services*

Pursuant to the Licheng Asset Management Agreement, Citic Financial Leasing agreed to provide to Licheng GCL certain asset management services, including asset inspection, operational monitoring and related consulting services, for a total service fee of RMB5,700,000.00 (equivalent to approximately HK\$6,386,280.00). Licheng GCL shall pay the service fee in 37 quarterly instalments. The first 36 instalments shall be equal amounts of RMB154,054.05 (equivalent to approximately HK\$172,602.16) and the last instalment amount is RMB154,054.20 (equivalent to approximately HK\$172,602.33).

The terms of the Licheng Finance Lease and the Licheng Asset Management Agreement, including the lease rent, lease interest rate, and services fee were determined after arm's length negotiation between Citic Financial Leasing and Licheng GCL with reference to the prevailing market rates for (i) finance leases for similar assets and (ii) similar asset management services.

The price for the purchase of the Licheng Leased Assets payable by Citic Financial Leasing under the Licheng Finance Lease was determined through arm's length negotiation between the parties with reference to the average fair market price of similar photovoltaic power generation equipment and the amount of financing agreed to be provided by Citic Financial Leasing.

*(vi) Ownership of the Licheng Leased Assets*

During the term of the Licheng Finance Lease, the ownership of the Licheng Leased Assets shall vest in Citic Financial Leasing. During the lease period, the Licheng Leased Assets will be used by Licheng GCL for the Licheng Project. Upon expiry of the term of the Licheng Finance Lease and subject to the full payment of the entire amount of the lease rent, and any other amounts due under the Licheng Finance Lease, Licheng GCL shall purchase the Licheng Leased Assets on an "as is" basis from Citic Financial Leasing for the nominal purchase price of RMB1.00 (equivalent to approximately HK\$1.12).

*(vii) Security Arrangements for the Licheng Finance Lease*

Pursuant to the Previous Licheng Finance Lease Agreements, Licheng GCL shall pay to Citic Financial Leasing the Licheng Security Deposit which shall be paid prior to Citic Financial Leasing paying the consideration for the Licheng Leased Assets to secure Licheng GCL's obligations under the Licheng Finance Lease. Citic Financial Leasing shall be entitled to deduct from the Licheng Security Deposit any unpaid rent, interest, default interest and any other amount due and payable by Licheng GCL. In the event of such deduction, Licheng GCL shall make up for the deduction and restore the amount of the Licheng Security Deposit to RMB7,980,000.00 (equivalent to approximately HK\$8,940,792.00) upon notice from Citic Financial Leasing. Following the expiry of the Licheng Finance Lease, any remaining balance of the Licheng Security Deposit shall be used to offset amounts due from Licheng GCL. The Licheng Security Deposit shall not bear any interest during the term of the Licheng Finance Lease.

In addition, the obligations under the Previous Licheng Finance Lease Agreements are secured by the following:

- (1) Suzhou GCL Licheng Share Pledge Agreement: pursuant to the Suzhou GCL Licheng Share Pledge Agreement, Suzhou GCL New Energy has pledged 100% of the equity interest in Licheng GCL to secure all of Licheng GCL's obligations under the Licheng Finance Lease and Licheng Asset Management Agreement;
- (2) Nanjing GCL Licheng Guarantee: pursuant to the Nanjing GCL Licheng Guarantee, Nanjing GCL New Energy has agreed to provide a guarantee to secure Licheng GCL's obligations under the Licheng Finance Lease and Licheng Asset Management Agreement, including rental payments, interest, consulting fees and other amounts due to Citic Financial Leasing; and

- (3) Licheng Electricity Fees Pledge Agreement: pursuant to the Licheng Electricity Fees Pledge Agreement, Licheng GCL has pledged its right to electricity fees and related receivables under any electricity sales agreement entered into by Licheng GCL in relation to the Licheng Project to secure its obligations under the Licheng Finance Lease and Licheng Asset Management Agreement.

## **2. REASONS FOR AND BENEFITS OF THE DISCLOSEABLE TRANSACTION**

The terms of the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements have been agreed after arm's length negotiation between the relevant parties. As a developer of photovoltaic power station projects, the GNE Group requires capital from time to time to construct its power generation projects. The Finance Lease Agreements and the Previous Licheng Finance Lease Agreements provide the GNE Group with additional liquidity by utilising its existing investments in solar energy equipment. The GNE Group will benefit from additional working capital which can be used to fund other business and operational activities.

Based on the above reasons, the GNE Directors believe and consider that the terms of the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements are on normal commercial terms, fair and reasonable and are in the interests of the GNE and the GNE Shareholders as a whole.

Based on the views of the GNE Directors and having considered all relevant factors, the GCL-Poly Directors believe and consider that the terms of the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements are fair and reasonable and are in the interests of GCL-Poly and the GCL-Poly Shareholders as a whole.

## **3. LISTING RULES IMPLICATIONS**

### **GCL-Poly**

As none of the applicable percentage ratio in respect of the Previous Licheng Finance Lease Agreements (on their own) exceeded 5% for GCL-Poly, the entering into of the Previous Licheng Finance Lease Agreements did not constitute a discloseable transaction for GCL-Poly under Chapter 14 of the Listing Rules.

As the Previous Licheng Finance Lease Agreements were entered into with Citic Financial Leasing within a 12-month period prior to and inclusive of the date of the Finance Lease Agreements, the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements will be aggregated as a series of transactions for GCL-Poly pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements (in aggregate) exceeds 5% but is less than 25% for GCL-Poly, the entering into of the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements, in aggregate, constitutes a discloseable transaction of GCL-Poly and GCL-Poly shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **GNE**

As none of the applicable percentage ratio in respect of the Previous Licheng Finance Lease Agreements (on their own) exceeded 5% for GNE, the entering into of the Previous Licheng Finance Lease Agreements did not constitute a discloseable transaction for GNE under Chapter 14 of the Listing Rules.

As the Previous Licheng Finance Lease Agreements were entered into with Citic Financial Leasing within a 12-month period prior to and inclusive of the date of the Finance Lease Agreements, the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements will be aggregated as a series of transactions for GNE pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements (in aggregate) exceeds 5% but is less than 25% for GNE, the entering into of the Finance Lease Agreements and the Previous Licheng Finance Lease Agreements, in aggregate, constitutes a discloseable transaction of GNE and GNE shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **4. INFORMATION ON THE PARTIES TO THE DISCLOSEABLE TRANSACTION**

### **Citic Financial Leasing**

Citic Financial Leasing is a company incorporated in the PRC with limited liability and it is principally engaged in finance lease and other leasing business.

To the best of the GCL-Poly Directors' knowledge, information and belief after having made all reasonable enquiries, Citic Financial Leasing and its ultimate beneficial owner(s) are third parties independent of GCL-Poly and their connected persons.

To the best of the GNE Directors' knowledge, information and belief after having made all reasonable enquiries, Citic Financial Leasing and its ultimate beneficial owner(s) are third parties independent of GNE and their connected persons.

### **The GCL-Poly Group**

GCL-Poly is an investment company and its subsidiaries are principally engaged in the manufacturing of polysilicon and wafers for the solar industry as well as the development, management and operation of environmentally friendly power plants.

### **The GNE Group**

The GNE Group is principally engaged in the development, construction, operation and management of solar power stations as well as the manufacturing and selling of printed circuit boards.

## **5. DEFINITIONS**

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

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| “Citic Financial Leasing” | Citic Financial Leasing Co., Ltd* (中信金融租賃有限公司), a company incorporated in the PRC with limited liability |
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| “connected persons”        | has the same meaning ascribed to it under the Listing Rules   |
| “Finance Lease Agreements” | the Shanglin Finance Lease Agreements, the Urad Finance Lease Agreements, the Jinxi Finance Lease Agreements, the Taoyuan Finance Lease Agreements I, the Taoyuan Finance Lease Agreements II and the Taoyuan Finance Lease Agreements III  |
| “GCL-Poly”                 | GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800. As at the date of this announcement, GCL-Poly is interested in approximately 62.28% of the issued share capital of GNE |
| “GCL-Poly Board”           | the board of the GCL-Poly Directors   |
| “GCL-Poly Director(s)”     | director(s) of GCL-Poly   |
| “GCL-Poly Group”           | GCL-Poly and its subsidiaries   |
| “GCL-Poly Share(s)”        | ordinary shares of HK\$0.10 each in the share capital of GCL-Poly   |
| “GCL-Poly Shareholder(s)”  | holder(s) of the GCL-Poly Share(s)  |
| “GNE”                      | GCL New Energy Holdings Limited 協鑫新能源控股有限公司, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 451   |
| “GNE Board”                | the board of GNE  |
| “GNE Director(s)”          | director(s) of GNE  |
| “GNE Group”                | GNE and its subsidiaries  |
| “GNE Share(s)”             | ordinary shares of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.00416) in the share capital of GNE  |
| “GNE Shareholder(s)”       | holder(s) of the GNE Share(s)   |
| “Guangxi Power Grid”       | Guangxi Power Grid Co. Ltd* (廣西電網有限責任公司), a company incorporated in the PRC with limited liability  |
| “HK\$”                     | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                | Hong Kong Special Administrative Region of the PRC  |

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| “Inner Mongolia Jinxi”                    | Inner Mongolia Jinxi Energy Company Limited* (內蒙古金曦能源有限公司), an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE incorporated in the PRC with limited liability   |
| “Inner Mongolia Power”                    | Inner Mongolia Power (Group) Co., Ltd (內蒙古電力(集團)有限責任公司), a company incorporated in the PRC with limited liability  |
| “Inner Mongolia Yuanhai”                  | Inner Mongolia Yuanhai New Energy Company Limited (內蒙古源海新能源有限責任公司), an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE incorporated in the PRC with limited liability   |
| “Jinxi Consulting Services Agreement”     | the agreement dated 20 December 2016 between Citic Financial Leasing and Inner Mongolia Jinxi in relation to certain consulting services to be provided by Citic Financial Leasing to Inner Mongolia Jinxi   |
| “Jinxi Electricity Fees Pledge Agreement” | the agreement dated 20 December 2016 between Citic Financial Leasing and Inner Mongolia Jinxi, pursuant to which Inner Mongolia Jinxi has pledged to Citic Financial Leasing 100% of its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Inner Mongolia Jinxi and Inner Mongolia Power for the Jinxi Project |
| “Jinxi Finance Lease”                     | the agreement dated 20 December 2016 between Citic Financial Leasing and Inner Mongolia Jinxi in relation to the leasing of the Jinxi Leased Assets  |
| “Jinxi Finance Lease Agreements”          | the Jinxi Finance Lease, Jinxi Consulting Services Agreement, Nanjing GCL Jinxi Guarantee, Suzhou GCL Jinxi Guarantee, Suzhou GCL Jinxi Share Pledge Agreement, Jinxi Leased Assets Mortgage Agreement and Jinxi Electricity Fees Pledge Agreement   |
| “Jinxi Leased Assets”                     | certain solar modules, communication wires, cables, frames, ground resistors, inverters, transformers, combiner boxes, switch boxes, booster stations and other photovoltaic equipment and installations to be used for the Jinxi Project  |
| “Jinxi Leased Assets Mortgage Agreement”  | the agreement dated 20 December 2016 between Citic Financial Leasing and Inner Mongolia Jinxi, pursuant to which Inner Mongolia Jinxi has mortgaged the Jinxi Leased Assets to Citic Financial Leasing   |
| “Jinxi Project”                           | a 10MW photovoltaic power station located in Sonid Right Banner, Xilingol in Inner Mongolia  |
| “Jinxi Security Deposit”                  | a refundable security deposit of RMB1,500,000.00 (equivalent to approximately HK\$1,680,600.00) payable by Inner Mongolia Jinxi under the Jinxi Finance Lease  |

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| “Licheng Asset Management Agreement”        | the agreement dated 19 February 2016 between Citic Financial Leasing and Licheng GCL in relation to certain asset management services to be provided by Citic Financial Leasing to Licheng GCL  |
| “Licheng Electricity Fees Pledge Agreement” | the agreement dated 19 February 2016 between Citic Financial Leasing and Licheng GCL, pursuant to which Licheng GCL has pledged to Citic Financial Leasing 100% of its right to electricity fees and related receivables under the electricity sales agreement entered into by Licheng GCL in relation to the Licheng Project |
| “Licheng Finance Lease”                     | the agreement dated 19 February 2016 between Citic Financial Leasing and Licheng GCL in relation to the leasing of the Licheng Leased Assets  |
| “Licheng GCL”                               | Licheng GCL Power Company Limited* (黎城協鑫光伏電力有限公司), an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE  |
| “Licheng Leased Assets”                     | certain fixed and adjustable frames, modules, combiner boxes, inverters, LTE equipment, transformers, cables, switch gears, current detectors, grounding resistors and other photovoltaic power equipment used by Licheng GCL   |
| “Licheng Project”                           | the 30MW photovoltaic power station projects located in Licheng County, Changzhi City, Shanxi Province, the PRC   |
| “Licheng Security Deposit”                  | a refundable security deposit of RMB7,980,000.00 (equivalent to approximately HK\$8,940,792.00) payable by Licheng GCL under the Licheng Finance Lease  |
| “Listing Rules”                             | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “MW”  | megawatt(s)   |
| “Nanjing GCL Jinxi Guarantee”               | the agreement dated 20 December 2016 between Citic Financial Leasing and Nanjing GCL New Energy in connection with the guarantee provided by Nanjing GCL New Energy to Citic Financial Leasing in respect of Inner Mongolia Jinxi’s obligations under the Jinxi Finance Lease and Jinxi Consulting Services Agreement         |
| “Nanjing GCL Licheng Guarantee”             | the agreement dated 19 February 2016 between Citic Financial Leasing and Nanjing GCL New Energy in connection with the guarantee provided by Nanjing GCL New Energy to Citic Financial Leasing in respect of Licheng GCL’s obligations under the Licheng Finance Lease and Licheng Asset Management Agreement                 |

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| “Nanjing GCL New Energy”                    | Nanjing GCL New Energy Development Co., Ltd. (南京協鑫新能源發展有限公司), an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE incorporated in the PRC with limited liability   |
| “Nanjing GCL Shanglin Guarantee”            | the agreement dated 20 December 2016 between Citic Financial Leasing and Nanjing GCL New Energy in connection with the guarantee provided by Nanjing GCL New Energy to Citic Financial Leasing in respect of Shanglin GCL’s obligations under the Shanglin Finance Lease, Shanglin Asset Management Agreements and Shanglin Consulting Services Agreements   |
| “Nanjing GCL Taoyuan Guarantee”             | the agreement dated 20 December 2016 between Citic Financial Leasing and Nanjing GCL New Energy in connection with the guarantee provided by Nanjing GCL New Energy to Citic Financial Leasing in respect of (i) Taoyuan Xinneng’s obligations under the Taoyuan Finance Lease I, Taoyuan Asset Management Agreement I and Taoyuan Consulting Services Agreement I; (ii) Taoyuan Xinhui’s obligations under the Taoyuan Finance Lease II, Taoyuan Asset Management Agreement II and Taoyuan Consulting Services Agreement II and (iii) Taoyuan Xinyuan’s obligations under the Taoyuan Finance Lease III, Taoyuan Asset Management Agreement III and Taoyuan Consulting Services Agreement III |
| “Nanjing GCL Urad Guarantee”                | the agreement dated 20 December 2016 between Citic Financial Leasing and Nanjing GCL New Energy in connection with the guarantee provided by Nanjing GCL New Energy to Citic Financial Leasing in respect of Urad Yuanhai’s obligations under the Urad Finance Lease and Urad Consulting Services Agreement  |
| “PRC”                                       | the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan  |
| “Previous Licheng Finance Lease Agreements” | the Licheng Finance Lease, Licheng Asset Management Agreement, Suzhou GCL Licheng Share Pledge Agreement, Nanjing GCL Licheng Guarantee and Licheng Electricity Fees Pledge Agreement  |
| “RMB”                                       | Renminbi, the lawful currency of the PRC   |
| “Shanglin Asset Management Agreement I”     | the agreement dated 20 December 2016 between Citic Financial Leasing and Shanglin GCL in relation to certain asset management services to be provided by Citic Financial Leasing to Shanglin GCL for RMB9,800,000.00 (equivalent to approximately HK\$10,979,920.00)   |

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| “Shanglin Asset Management Agreement II”     | the agreement dated 20 December 2016 between Citic Financial Leasing and Shanglin GCL in relation to certain asset management services to be provided by Citic Financial Leasing to Shanglin GCL for RMB6,125,000.00 (equivalent to approximately HK\$6,862,450.00)   |
| “Shanglin Asset Management Agreements”       | the Shanglin Asset Management Agreement I and the Shanglin Asset Management Agreement II  |
| “Shanglin Consulting Services Agreement I”   | the agreement dated 20 December 2016 between Citic Financial Leasing and Shanglin GCL in relation to certain consulting services to be provided by Citic Financial Leasing to Shanglin GCL for RMB6,200,000.00 (equivalent to approximately HK\$6,946,480.00)   |
| “Shanglin Consulting Services Agreement II”  | the agreement dated 20 December 2016 between Citic Financial Leasing and Shanglin GCL in relation to certain consulting services to be provided by Citic Financial Leasing to Shanglin GCL for RMB3,875,000.00 (equivalent to approximately HK\$4,341,550.00)   |
| “Shanglin Consulting Services Agreements”    | the Shanglin Consulting Services Agreement I and the Shanglin Consulting Services Agreement II  |
| “Shanglin Electricity Fees Pledge Agreement” | the agreement dated 20 December 2016 between Citic Financial Leasing and Shanglin GCL, pursuant to which Shanglin GCL has pledged to Citic Financial Leasing 100% of its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Shanglin GCL and Guangxi Power Grid for the Shanglin Project |
| “Shanglin Finance Lease”                     | the agreement dated 20 December 2016 between Citic Financial Leasing and Shanglin GCL in relation to the leasing of the Shanglin Leased Assets  |
| “Shanglin Finance Lease Agreements”          | the Shanglin Finance Lease, Shanglin Sale and Purchase Agreement, Shanglin Asset Management Agreements, Shanglin Consulting Services Agreements, Nanjing GCL Shanglin Guarantee, Suzhou GCL Shanglin Guarantee, Suzhou GCL Shanglin Share Pledge Agreement, Shanglin Leased Assets Mortgage Agreement and Shanglin Electricity Fees Pledge Agreement                |
| “Shanglin GCL”                               | Shanglin GCL Photovoltaic Power Company Limited* (上林協鑫光伏電力有限公司), an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE incorporated in the PRC with limited liability   |



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| “Shanglin Leased Assets”                    | certain solar modules, frames, solar energy tracking systems, inverters, transformers, combiner boxes, distributors, cables, and other photovoltaic equipment to be used for the Shanglin Project   |
| “Shanglin Leased Assets Mortgage Agreement” | the agreement dated 20 December 2016 between Citic Financial Leasing and Shanglin GCL, pursuant to which Shanglin GCL has mortgaged the Shanglin Leased Assets to Citic Financial Leasing   |
| “Shanglin Project”                          | a 60MW fishery photovoltaic power station located in Shanglin County in Nanning City, the PRC   |
| “Shanglin Sale and Purchase Agreement”      | the agreement dated 20 December 2016 among Nanjing GCL New Energy (as seller), Citic Financial Leasing (as purchaser) and Shanglin GCL (as lessee) in relation to the sale and purchase of the Shanglin Leased Assets   |
| “Shanglin Security Deposit”                 | a refundable security deposit of RMB14,625,000.00 (equivalent to approximately HK\$16,385,850.00) payable by Shanglin GCL under the Shanglin Finance Lease  |
| “State Grid Hunan Province”                 | State Grid Hunan Province Power Company Changde Power Supply Branch* (國網湖南省電力公司常德供電分公司), a company incorporated in the PRC  |
| “Stock Exchange”                            | The Stock Exchange of Hong Kong Limited   |
| “subsidiaries”                              | has the same meaning ascribed to it under the Listing Rules   |
| “Suzhou GCL Jinxi Guarantee”                | the agreement dated 20 December 2016 between Citic Financial Leasing and Suzhou GCL New Energy in connection with the guarantee provided by Suzhou GCL New Energy to Citic Financial Leasing in respect of Inner Mongolia Jinxi’s obligations under the Jinxi Finance Lease and Jinxi Consulting Services Agreement |
| “Suzhou GCL Jinxi Share Pledge Agreement”   | the agreement dated 20 December 2016 between Citic Financial Leasing and Suzhou GCL New Energy, pursuant to which Suzhou GCL New Energy has pledged 100% of the equity interest in Inner Mongolia Jinxi to Citic Financial Leasing  |
| “Suzhou GCL Licheng Share Pledge Agreement” | the agreement dated 19 February 2016 between Citic Financial Leasing and Suzhou GCL New Energy, pursuant to which Suzhou GCL New Energy has pledged 100% of the equity interest in Licheng GCL to Citic Financial Leasing   |
| “Suzhou GCL New Energy”                     | Suzhou GCL New Energy Investment Company Limited* (蘇州協鑫新能源投資有限公司), an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE incorporated in the PRC with limited liability   |

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| “Suzhou GCL Shanglin Guarantee”                 | the agreement dated 20 December 2016 between Citic Financial Leasing and Suzhou GCL New Energy in connection with the guarantee provided by Suzhou GCL New Energy to Citic Financial Leasing in respect of Shanglin GCL’s obligations under the Shanglin Finance Lease, Shanglin Asset Management Agreements and Shanglin Consulting Services Agreements   |
| “Suzhou GCL Shanglin Share Pledge Agreement”    | the agreement dated 20 December 2016 between Citic Financial Leasing and Suzhou GCL New Energy, pursuant to which Suzhou GCL New Energy has pledged 100% of the equity interest in Shanglin GCL to Citic Financial Leasing   |
| “Suzhou GCL Taoyuan Guarantee”                  | the agreement dated 20 December 2016 between Citic Financial Leasing and Suzhou GCL New Energy in connection with the guarantee provided by Suzhou GCL New Energy to Citic Financial Leasing in respect of (i) Taoyuan Xinneng’s obligations under the Taoyuan Finance Lease I, Taoyuan Asset Management Agreement I, and Taoyuan Consulting Services Agreement I; (ii) Taoyuan Xinhui’s obligations under the Taoyuan Finance Lease II, Taoyuan Asset Management Agreement II and Taoyuan Consulting Services Agreement II and (iii) Taoyuan Xinyuan’s obligations under the Taoyuan Finance Lease III, Taoyuan Asset Management Agreement III, and Taoyuan Consulting Services Agreement III |
| “Suzhou GCL Taoyuan Share Pledge Agreement I”   | the agreement dated 20 December 2016 between Citic Financial Leasing and Suzhou GCL New Energy, pursuant to which Suzhou GCL New Energy has pledged 100% of the equity interest in Taoyuan Xinneng to Citic Financial Leasing  |
| “Suzhou GCL Taoyuan Share Pledge Agreement II”  | the agreement dated 20 December 2016 between Citic Financial Leasing and Suzhou GCL New Energy, pursuant to which Suzhou GCL New Energy has pledged 100% of the equity interest in Taoyuan Xinhui to Citic Financial Leasing   |
| “Suzhou GCL Taoyuan Share Pledge Agreement III” | the agreement dated 20 December 2016 between Citic Financial Leasing and Suzhou GCL New Energy, pursuant to which Suzhou GCL New Energy has pledged 100% of the equity interest in Taoyuan Xinyuan to Citic Financial Leasing  |
| “Suzhou GCL Urad Guarantee”                     | the agreement dated 20 December 2016 between Citic Financial Leasing and Suzhou GCL New Energy in connection with the guarantee provided by Suzhou GCL New Energy to Citic Financial Leasing in respect of Urad Yuanhai’s obligations under the Urad Finance Lease and Urad Consulting Services Agreement  |
| “Taoyuan Asset Management Agreement I”          | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinneng in relation to certain asset management services to be provided by Citic Financial Leasing to Taoyuan Xinneng   |

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| “Taoyuan Asset Management Agreement II”         | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinhui in relation to certain asset management services to be provided by Citic Financial Leasing to Taoyuan Xinhui   |
| “Taoyuan Asset Management Agreement III”        | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinyuan in relation to certain asset management services to be provided by Citic Financial Leasing to Taoyuan Xinyuan   |
| “Taoyuan Consulting Services Agreement I”       | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinneng in relation to certain consulting services to be provided by Citic Financial Leasing to Taoyuan Xinneng   |
| “Taoyuan Consulting Services Agreement II”      | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinhui in relation to certain consulting services to be provided by Citic Financial Leasing to Taoyuan Xinhui   |
| “Taoyuan Consulting Services Agreement III”     | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinyuan in relation to certain consulting services to be provided by Citic Financial Leasing to Taoyuan Xinyuan   |
| “Taoyuan Electricity Fees Pledge Agreement I”   | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinneng, pursuant to which Taoyuan Xinneng has pledged to Citic Financial Leasing 100% of its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Taoyuan Xinneng and State Grid Hunan Province for the Taoyuan Project I   |
| “Taoyuan Electricity Fees Pledge Agreement II”  | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinhui, pursuant to which Taoyuan Xinhui has pledged to Citic Financial Leasing 100% of its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Taoyuan Xinhui and State Grid Hunan Province for the Taoyuan Project II     |
| “Taoyuan Electricity Fees Pledge Agreement III” | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinyuan, pursuant to which Taoyuan Xinyuan has pledged to Citic Financial Leasing 100% of its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Taoyuan Xinyuan and State Grid Hunan Province for the Taoyuan Project III |
| “Taoyuan Finance Lease I”                       | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinneng in relation to the leasing of the Taoyuan Leased Assets I   |

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| “Taoyuan Finance Lease II”                   | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinhui in relation to the leasing of the Taoyuan Leased Assets II   |
| “Taoyuan Finance Lease III”                  | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinyuan in relation to the leasing of the Taoyuan Leased Assets III   |
| “Taoyuan Finance Lease Agreements I”         | the Taoyuan Finance Lease I, Taoyuan Asset Management Agreement I, Taoyuan Consulting Services Agreement I, Nanjing GCL Taoyuan Guarantee, Suzhou GCL Taoyuan Guarantee, Suzhou GCL Taoyuan Share Pledge Agreement I, Taoyuan Leased Assets Mortgage Agreement I and Taoyuan Electricity Fees Pledge Agreement I             |
| “Taoyuan Finance Lease Agreements II”        | the Taoyuan Finance Lease II, Taoyuan Asset Management Agreement II, Taoyuan Consulting Services Agreement II, Nanjing GCL Taoyuan Guarantee, Suzhou GCL Taoyuan Guarantee, Suzhou GCL Taoyuan Share Pledge Agreement II, Taoyuan Leased Assets Mortgage Agreement II and Taoyuan Electricity Fees Pledge Agreement II       |
| “Taoyuan Finance Lease Agreements III”       | the Taoyuan Finance Lease III, Taoyuan Asset Management Agreement III, Taoyuan Consulting Services Agreement III, Nanjing GCL Taoyuan Guarantee, Suzhou GCL Taoyuan Guarantee, Suzhou GCL Taoyuan Share Pledge Agreement III, Taoyuan Leased Assets Mortgage Agreement III and Taoyuan Electricity Fees Pledge Agreement III |
| “Taoyuan Leased Assets I”                    | certain modules, cables, frames, inverters, compensation devices, prefabricated cabin, control cabin, combiner boxes, transformers and other photovoltaic equipment to be used for the Taoyuan Project I   |
| “Taoyuan Leased Assets II”                   | certain modules, inverters, compensation devices, prefabricated cabin, control cabin, combiner boxes, transformers, frames, cables, switch boxes and other photovoltaic equipment used for the Taoyuan Project II  |
| “Taoyuan Leased Assets III”                  | certain modules, cables, frames, inverters, compensation devices, prefabricated cabin, control cabin, combiner boxes, transformers and other photovoltaic equipment used for the Taoyuan Project III   |
| “Taoyuan Leased Assets Mortgage Agreement I” | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinneng, pursuant to which Taoyuan Xinneng has mortgaged the Taoyuan Leased Assets I to Citic Financial Leasing   |

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| “Taoyuan Leased Assets Mortgage Agreement II”  | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinhui, pursuant to which Taoyuan Xinhui has mortgaged the Taoyuan Leased Assets II to Citic Financial Leasing   |
| “Taoyuan Leased Assets Mortgage Agreement III” | the agreement dated 20 December 2016 between Citic Financial Leasing and Taoyuan Xinyuan, pursuant to which Taoyuan Xinyuan has mortgaged the Taoyuan Leased Assets III to Citic Financial Leasing  |
| “Taoyuan Project I”                            | a 20MW photovoltaic power station located in Jipo Mountain in Taoyuan County, Hunan Province, the PRC   |
| “Taoyuan Project II”                           | a 20MW photovoltaic power station located in Zhuangjia Qiao in Taoyuan County, Hunan Province, the PRC  |
| “Taoyuan Project III”                          | a 20MW photovoltaic power station located in Qikou in Taoyuan County, Hunan Province, the PRC   |
| “Taoyuan Xinhui”                               | Taoyuan County Xinhui Photovoltaic Power Limited* (桃源縣鑫輝光伏電力有限公司), an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE incorporated in the PRC with limited liability   |
| “Taoyuan Xinneng”                              | Taoyuan County Xinneng Photovoltaic Power Limited* (桃源縣鑫能光伏電力有限公司), an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE incorporated in the PRC with limited liability  |
| “Taoyuan Xinyuan”                              | Taoyuan County Xinyuan Photovoltaic Power Company Limited* (桃源縣鑫源光伏電力有限公司), an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE incorporated in the PRC with limited liability  |
| “Urad Consulting Services Agreement”           | the agreement dated 20 December 2016 between Citic Financial Leasing and Urad Yuanhai in relation to certain consulting services to be provided by Citic Financial Leasing to Urad Yuanhai  |
| “Urad Electricity Fees Pledge Agreement”       | the agreement dated 20 December 2016 between Citic Financial Leasing and Urad Yuanhai, pursuant to which Urad Yuanhai has pledged to Citic Financial Leasing 100% of its right to electricity fees and related receivables under any electricity sales agreement entered or to be entered into between Urad Yuanhai and Inner Mongolia Power for the Urad Project |
| “Urad Finance Lease”                           | the agreement dated 20 December 2016 between Citic Financial Leasing and Urad Yuanhai in relation to the leasing of the Urad Leased Assets  |



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| “Urad Finance Lease Agreements”         | the Urad Finance Lease, Urad Consulting Services Agreement, Nanjing GCL Urad Guarantee, Suzhou GCL Urad Guarantee, Suzhou GCL Urad Share Pledge Agreement, Urad Leased Assets Mortgage Agreement and Urad Electricity Fees Pledge Agreement |
| “Urad Leased Assets”                    | certain solar modules, frames, combiner boxes, inverters, cables, switch boxes, booster stations and other photovoltaic equipment and installations to be used for the Urad Project   |
| “Urad Leased Assets Mortgage Agreement” | the agreement dated 20 December 2016 between Citic Financial Leasing and Urad Yuanhai, pursuant to which Urad Yuanhai has mortgaged the Urad Leased Assets to Citic Financial Leasing   |
| “Urad Project”                          | a 40MW photovoltaic power station located in Urad Rear Banner, Bayannur in Inner Mongolia   |
| “Urad Security Deposit”                 | a refundable security deposit of RMB6,400,000.00 (equivalent to approximately HK\$7,170,560.00) payable by Urad Yuanhai under the Urad Finance Lease  |
| “Urad Share Pledge Agreement”           | the agreement dated 20 December 2016 between Citic Financial Leasing and Inner Mongolia Yuanhai, pursuant to which Inner Mongolia Yuanhai has pledged 100% of the equity interest in Urad Yuanhai to Citic Financial Leasing                |
| “Urad Yuanhai”                          | Urad Rear Banner Yuanhai New Energy Company Limited* (烏拉特後旗源海新能源有限責任公司), an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of GNE incorporated in the PRC with limited liability                                   |
| “%”                                     | per cent.   |

*This announcement contains translation between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.1204, being the exchange rate prevailing on 19 December 2016. The translation should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars at that rate or at all.*

*\* All of the English titles or names of the PRC entities, as well as certain items contained in this announcement have been included for identification purposes only and may not necessarily be the official English translations of the corresponding Chinese titles or names. If there is any inconsistency between the English translations and the Chinese titles or names, the Chinese titles or names shall prevail.*

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

By order of the GNE Board  
**GCL New Energy Holdings Limited**  
 協鑫新能源控股有限公司  
**Zhu Yufeng**  
 Chairman

Hong Kong, 20 December 2016

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

*As at the date of this announcement, the GNE Board comprises Mr. Zhu Yufeng, Mr. Sun Xingping, Ms. Hu Xiaoyan and Mr. Tong Wan Sze as executive directors; Ms. Sun Wei, Mr. Sha Hongqiu and Mr. Yeung Man Chung, Charles as non-executive directors; and Mr. Wang Bohua, Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying as independent non-executive directors.*