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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in GCL New Energy Holdings Limited 協鑫新能源控股有限公司, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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)

MAJOR TRANSACTION
DISPOSAL OF SUBSIDIARIES
TO STATE POWER INVESTMENT CORPORATION GUIZHOU JINYUAN
WEINING ENERGY CO., LTD.*
AND
GUANGDONG JINYUAN NEW ENERGY CO., LTD.*

Capitalised terms used in this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 8 to 27 of this circular.

A notice convening the SGM of the Company to be held at Strategy II–III, Level 8, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Tuesday, 15 June 2021 at 10:30 a.m. is set out on pages SGM-1 to SGM-3 of the circular of the Company dated 24 May 2021 in relation to the major transaction - disposal of subsidiaries to Three Gorges Asset Management Co., Ltd*.

Irrespective of whether you are able to attend the SGM, please complete the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. The address of Tricor Abacus Limited is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

24 May 2021

PRECAUTIONARY MEASURES FOR THE SGM

Please see page 1 of this circular for precautionary measures being taken to prevent and control the spread of COVID-19 at the SGM, including without limitation:

- compulsory body temperature checks;
- compulsory wearing of surgical face masks (please bring your own mask);
- no refreshment will be served; and
- no souvenirs will be distributed.

Any person who does not comply with the above precautionary measures may be denied entry into the SGM venue. The Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the SGM at all times, and reminds the Shareholders that they may appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM as an alternative to attending the SGM in person.

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PRECAUTIONARY MEASURES FOR THE SGM

In view of the ongoing COVID-19 epidemic and recent guidelines for prevention and control of its spread, the Company will implement the following precautionary measures at the SGM to protect the Shareholders, staff and other stakeholders who attend the SGM from the risk of infection:

- (i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee. Any person with a body temperature of 37 degrees Celsius or higher may be denied entry into the SGM venue or be required to leave the SGM venue;
- (ii) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the SGM at all times, and to maintain a safe distance between seats (please bring your own mask);
- (iii) no refreshment will be served at the SGM; and
- (iv) no souvenirs will be distributed at the SGM.

Any person who does not comply with above requirements may be denied entry into the SGM venue or be required to leave the SGM venue. To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of other attendees at the SGM. In our case, denied entry to the SGM venue also means that person will not be allowed to attend the SGM.

In the interest of all stakeholders' health and safety and in accordance with recent guidelines for prevention and control of the spread of COVID-19, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, the Shareholders may complete the proxy forms and appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person.

The proxy forms were despatched to the Shareholders together with this circular, and can otherwise be downloaded from the websites of the Company at www.gclnewenergy.com or the Stock Exchange at www.hkexnews.hk. If you are not a registered Shareholder (i.e. if your Shares are held via banks, brokers, custodians or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If you have any questions relating to the SGM, please contact the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, via the following:

Address: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Telephone: +852 2980 1333
Fax: +852 2810 8185

Subject to the development of COVID-19, the Company may implement further precautionary measures and may issue further announcements on such measures as appropriate.

DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Amount Payable”	the amount payable by each of the Target Companies to the Sellers and its affiliates (if applicable, including other subsidiaries of GCL-Poly and the Company) as at the respective Reference Date as set out in the respective Third Phase Share Purchase Agreement
“Announcement”	the joint announcement of GCL-Poly and the Company dated 30 April 2021 (after trading hours) in relation to the Third Phase Share Purchase Agreements
“Board”	the board of the Directors
“Business Day”	a day on which banks in China are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“Ceheng GCL Photovoltaic “	Ceheng GCL Photovoltaic Power Co., Ltd.* (冊亨協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company as at the Latest Practicable Date
“Ceheng GCL Photovoltaic Share Purchase Agreement”	an equity transfer agreement dated 30 April 2021 entered into between Suzhou GCL New Energy and Weining Energy in relation to the sale of the entire equity interest in Ceheng GCL Photovoltaic
“Closing”	closing of the Third Phase Disposals in accordance with the Third Phase Share Purchase Agreements
“Closing Audit Report”	the closing audit report prepared by an auditing agency appointed by the Purchasers to audit the financial status of the Target Companies in the period from the respective Reference Date to the Closing Date in accordance with the Third Phase Share Purchase Agreements
“Closing Date”	the date of issuance as stated on the new business certificate of the Target Companies upon the completion of the Registration Procedures
“Company”	GCL New Energy Holdings Limited (協鑫新能源控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 451

DEFINITIONS

“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Third Phase Disposals
“Directors”	the directors of the Company
“Disposals”	the Previous De Minimis Disposal, the First Phase Disposals, the Second Phase Disposals and the Third Phase Disposals
“First Phase Disposals”	the proposed disposals of (i) 70.36% equity interest in Qinzhou Xin Jin Solar Power Co., Ltd.* (欽州鑫金光伏電力有限公司), (ii) 67.95% equity interest in Shanglin GCL Solar Power Co., Ltd.* (上林協鑫光伏電力有限公司) and (iii) the entire equity interest in each of Nanning Jinfu Electric Power Co., Ltd.* (南寧金伏電力有限公司) and Hainan Tianlike New Energy Project Investment Co., Ltd.* (海南天利科新能源項目投資有限公司) by Suzhou GCL New Energy and Guangxi GCL New Energy Investment Co., Ltd.* (廣西協鑫新能源投資有限公司) (“ Guangxi GCL New Energy ”) to Weining Energy as contemplated under the First Phase Share Purchase Agreements
“First Phase Share Purchase Agreements”	the series of three share purchase agreements dated 10 December 2020 entered into between Guangxi GCL New Energy, Suzhou GCL New Energy and Weining Energy, as detailed in the joint announcement of GCL-Poly and the Company dated 10 December 2020
“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 Latest Practicable Date, the Company is a subsidiary of GCL-Poly
“Group”	the Company and its subsidiaries
“Guangdong Jinyuan”	Guangdong Jinyuan New Energy Co., Ltd.* (廣東金元新能源有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Weining Energy and an independent third party to the Company
“Guizhou GCL New Energy”	Guizhou GCL New Energy Co., Ltd.* (貴州協鑫新能源有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company

DEFINITIONS

“Guizhou Zhongxinneng New Energy”	Guizhou Zhongxinneng New Energy Development Co., Ltd* (貴州中新能新能源發展有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Hainan Yicheng”	Hainan Yicheng New Energy Co., Ltd.* (海南意晟新能源有限公司), a company established in the PRC with limited liability, which is directly owned as to 88.37% by Suzhou GCL New Energy, 8.61% by Mr. Chen Naiping* (陳奶屏) and 3.02% by Mr. Sun Jianwen* (孫建文), both being independent third parties to the Company, respectively and an indirect subsidiary of the Company as at the Latest Practicable Date
“Hainan Yicheng Share Purchase Agreement”	an equity transfer agreement dated 30 April 2021 entered into between Suzhou GCL New Energy and Guangdong Jinyuan in relation to the sale of 88.37% equity interest in Hainan Yicheng
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	21 May 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liuzhi GCL”	Liuzhi GCL Photovoltaic Power Co., Ltd.* (六枝協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Guizhou GCL New Energy and an indirect subsidiary of the Company as at the Latest Practicable Date
“Liuzhi GCL Share Purchase Agreement”	an equity transfer agreement dated 30 April 2021 entered into between Guizhou GCL New Energy and Weining Energy in relation to the sale of the entire equity interest in Liuzhi GCL
“MW”	megawatt(s)
“National Subsidy List”	Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單)
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Previous De Minimis Agreement”	an equity transfer agreement dated 21 August 2020 entered into between Suzhou GCL New Energy, Weining Energy and Guangxi Jinyuan, as detailed in the joint announcement of GCL-Poly and the Company dated 10 December 2020

DEFINITIONS

“Previous De Minimis Disposal”	the disposal of 60% equity interest in Qinzhou Xin Ao Solar Energy Co., Ltd.* (欽州鑫奧光伏電力有限公司) (“ Qinzhou Xin Ao ”) by Suzhou GCL New Energy to Weining Energy and Guangxi Jinyuan (each acquiring 30% equity interest in Qinzhou Xin Ao) as contemplated under the Previous De Minimis Agreement
“Purchasers”	Weining Energy and Guangdong Jinyuan
“Reference Date”	31 December 2020 (for all Target Companies except Hainan Yicheng) and 28 February 2021 (for Hainan Yicheng)
“Registration Procedures”	the registration procedures in respect of the change of shareholders of the respective Target Company and other relevant filing procedures in respect of the Third Phase Disposals in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	(i) 88.37% equity interest in Hainan Yicheng, (ii) 90.10% equity interest in Yingde GCL and (iii) the entire equity interest in each of Ceheng GCL Photovoltaic and Liuzhi GCL
“Sanya GCL New Energy”	Sanya GCL New Energy Co., Ltd.* (三亞協鑫新能源有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Second Phase Disposals”	the proposed disposals of (i) 99.0% equity interest in Ceheng Precision Photovoltaic Power Co., Ltd.* (冊亨精準光伏電力有限公司) and (ii) the entire equity interest in each of Dingan GCL Photovoltaic Power Co., Ltd.* (定安協鑫光伏電力有限公司), Luodian GCL Photovoltaic Power Co., Ltd.* (羅甸協鑫光伏電力有限公司) and Suixi GCL Photovoltaic Power Co., Ltd.* (遂溪協鑫光伏電力有限公司) by Guizhou Zhongxinneng New Energy, Sanya GCL New Energy and Suzhou GCL New Energy to Guangdong Jinyuan and Weining Energy as contemplated under the Second Phase Share Purchase Agreements
“Second Phase Share Purchase Agreements”	the series of four share purchase agreements dated 26 April 2020 entered into between Guizhou Zhongxinneng New Energy, Sanya GCL New Energy, Suzhou GCL New Energy, Guangdong Jinyuan and Weining Energy, as detailed in the joint announcement of GCL-Poly and the Company dated 26 April 2021
“Seller(s)”	Guizhou GCL New Energy and Suzhou GCL New Energy

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among others, the Transactions, the entering into and performance of obligations under the Third Phase Share Purchase Agreements
“Share(s)”	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.00416) in the share capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Suzhou GCL New Energy”	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Target Company(ies)”	Hainan Yicheng, Yingde GCL, Ceheng GCL Photovoltaic and Liuzhi GCL
“Third Phase Disposals”	the proposed disposals of (i) 88.37% equity interest in Hainan Yicheng, (ii) 90.10% equity interest in Yingde GCL and (iii) the entire equity interest in each of Ceheng GCL Photovoltaic and Liuzhi GCL by Guizhou GCL New Energy and Suzhou GCL New Energy to Guangdong Jinyuan and Weining Energy as contemplated under the Third Phase Share Purchase Agreements
“Third Phase Share Purchase Agreements”	Hainan Yicheng Share Purchase Agreement, Yingde GCL Share Purchase Agreement, Ceheng GCL Photovoltaic Share Purchase Agreement and Liuzhi GCL Share Purchase Agreement
“Total Amount Payable”	the total amount of all the Amount Payable of all of the Target Companies
“Transactions”	the transactions contemplated under the Third Phase Share Purchase Agreements
“Transition Period”	the period between the Reference Date and the Closing Date

DEFINITIONS

“Weining Energy”	State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司), a company established in the PRC with limited liability, the stock of which is listed on the National Equities Exchange and Quotations (stock code: 873359) and an independent third party to the Company
“Weining Group”	Weining Energy and Guangdong Jinyuan
“Yingde GCL”	Yingde GCL Photovoltaic Power Co., Ltd.* (英德協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is directly owned as to 90.1% by Suzhou GCL New Energy and 9.9% by Yingdeshi Hengshishuizhen Jiang Gushan Farmer’s Professional Cooperatives* (英德市橫石水鎮江古山農民專業合作社), an independent third party to the Company, respectively and an indirect subsidiary of the Company as at the Latest Practicable Date
“Yingde GCL Share Purchase Agreement”	an equity transfer agreement dated 30 April 2021 entered into between Suzhou GCL New Energy and Guangdong Jinyuan in relation to the sale of the entire equity interest in Yingde GCL
“%”	per cent.

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

LETTER FROM THE BOARD



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

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

Executive Directors:

Mr. Zhu Yufeng (*Chairman and President*)
Mr. Liu Genyu (*Vice Chairman*)
Ms. Hu Xiaoyan

Non-executive Directors:

Ms. Sun Wei
Mr. Yeung Man Chung, Charles
Mr. Fang Jiancai

Independent non-executive Directors:

Mr. Xu Songda
Mr. Lee Conway Kong Wai
Mr. Wang Yanguo
Dr. Chen Ying

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*

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

24 May 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
DISPOSAL OF SUBSIDIARIES
TO STATE POWER INVESTMENT CORPORATION GUIZHOU JINYUAN
WEINING ENERGY CO., LTD.*
AND
GUANGDONG JINYUAN NEW ENERGY CO., LTD.*

1. INTRODUCTION

Second Phase Disposals

Reference is made to the joint announcement of GCL-Poly and the Company dated 26 April 2021 in relation to the Second Phase Disposals.

LETTER FROM THE BOARD

In respect of the Second Phase Disposals, the Company would like to supplement the following information:

Net asset value of each of the target companies to be disposed under the Second Phase Disposals

The net asset value of each of the target companies to be disposed under the Second Phase Disposals extracted from the unaudited management accounts as at 31 December 2020 of such target companies prepared in accordance with China Accounting Standards is as follow:

No.	Target companies to be disposed under the Second Phase Disposals	As at 31 December 2020 Net asset value RMB	As at respective reference date* Net asset value RMB
I	Ceheng Precision Photovoltaic Power Co., Ltd.* (冊亨精準光伏電力有限公司) (“ Ceheng Precision ”)	43,084,506	43,084,506
II	Dingan GCL Photovoltaic Power Co., Ltd.* (定安協鑫光伏電力有限公司) (“ Dingan GCL ”)	41,096,893	41,788,919
III	Luodian GCL Photovoltaic Power Co., Ltd.* (羅甸協鑫光伏電力有限公司) (“ Luodian GCL ”)	59,657,423	59,657,423
IV	Suixi GCL Photovoltaic Power Co., Ltd.* (遂溪協鑫光伏電力有限公司) (“ Suixi GCL ”)	68,037,645	68,037,645
Total		211,876,467	212,568,493

* The reference date for Ceheng Precision, Luodian GCL and Suixi GCL is 31 December 2020, while the reference date for Dingan GCL is 28 February 2021.

Factors considered by the Directors in determining the negative consideration of Ceheng Precision

The following factors have been considered by the Directors in determining the negative consideration of Ceheng Precision:

(a) *Weak cash flow and high indebtedness position*

The negative consideration for Ceheng Precision was mainly attributable to its weak cash flow and high indebtedness position.

Ceheng Precision recorded a net cash outflow (excluding financing of shareholders' loan) for the years ended 31 December 2019 and 31 December 2020 of approximately RMB32 million and RMB3.6 million, respectively. As at 31 December 2020, the bank balances and

LETTER FROM THE BOARD

cash of Ceheng Precision is approximately RMB2.8 million. As such, Ceheng Precision has been substantially relying on the funding from the Group by way of shareholders' loan to pay its finance and operating expenses of Ceheng Precision.

As at 31 December 2020, the total outstanding indebtedness of Ceheng Precision (including bank loans and construction payables but excluding shareholder's loan of RMB40 million) amounted to approximately RMB122 million, amongst which approximately RMB38 million will be repayable by Ceheng Precision within one year.

Considering the abovementioned factors, Ceheng Precision will not be able to repay its outstanding indebtedness in the near future without the provision of further funding by the Group.

As such, upon the completion of the disposal of Ceheng Precision to Weining Energy, the Group will be able to shift its funding commitment to Ceheng Precision to Weining Energy, while being able to receive net cash proceeds of RMB29,784,000 from the disposal of Ceheng Precision after netting off the initial amount payable receivable by Guizhou Zhongxinneng New Energy amounting to RMB40,476,000 against the negative consideration of Ceheng Precision amounting to RMB10,692,000. This presents a good opportunity for the Group (i) to recoup its capital investments in Ceheng Precision, (ii) to relieve the Group from its funding commitment to Ceheng Precision in the form of shareholders' loans and (iii) to use the net cash proceeds for repayment of debts of the Group which will further lower the gearing ratio, finance cost and debt scale of Group as a whole.

(b) Operation risk

Certain solar power panels installed at solar power plant operated by Ceheng Precision ("**Ceheng Precision Solar Power Plant**") were destroyed in a mudslide in 2018. As such, the risk of operating the Ceheng Precision Solar Power Plant at a mountainous terrain was also considered when determining the basis of the negative consideration of Ceheng Precision.

(c) Low profit margin

For the year ended 31 December 2020, the gross profit margin of Ceheng Precision is approximately 52%, which is relatively lower than the Group's average of 64% and the industrial average of 60% to 70%.

Ceheng Precision has relatively low profit margin because of the following reasons:

- (i) the annual poverty alleviation expenses of approximately RMB3 million payable by Ceheng Precision to local government constitutes a significant part of its operational cost;
- (ii) the Ceheng Precision Solar Power Plant is located at an area with high annual precipitation and low sunshine duration, resulting in low power generation; and

LETTER FROM THE BOARD

- (iii) given that Ceheng Precision Solar Power Plant is located at a mountainous terrain, a more expensive construction method was used to ensure its structural safety. As such, Ceheng Precision incurred a higher initial investment cost which is mainly funded by external financing, and led to its high amount of outstanding indebtedness and finance cost.

While Ceheng Precision recorded profits after tax of RMB1.04 million and RMB2.78 million in 2019 and 2020, the profit margin of Ceheng Precision is still considered to be low. Together with all of the abovementioned factors, it is undesirable for Weining Energy to acquire Ceheng Precision on a standalone basis. Therefore, the Second Phase Disposals involved the bundling of the disposal of solar power plants operated by the other target companies to be disposed under the Second Phase Disposals with the Ceheng Precision Solar Power Plant and a negative consideration has been agreed for the disposal of Ceheng Precision.

Third Phase Disposals

Reference is made to the Announcement published on 30 April 2021. As disclosed in the Announcement, on 30 April 2021 (after trading hours), Guzhou GCL New Energy and Suzhou GCL New Energy, being indirect subsidiaries of the Company (as the sellers) and Guangdong Jinyuan New Energy Co., Ltd.* (廣東金元新能源有限公司) and State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司) (as the purchasers) entered into the Third Phase Share Purchase Agreements.

Pursuant to the Third Phase Share Purchase Agreements, the respective Seller agreed to, among other things, sell (i) 88.37% equity interest in Hainan Yicheng, (ii) 90.10% equity interest in Yingde GCL and (iii) the entire equity interest in each of Ceheng GCL Photovoltaic and Liuzhi GCL to the respective Purchaser.

As at the Latest Practicable Date, (i) Ceheng GCL Photovoltaic and Liuzhi GCL are wholly-owned by Suzhou GCL New Energy and Guizhou GCL New Energy, respectively, (ii) Yingde GCL is owned as to 90.10% by Suzhou GCL New Energy and (iii) Hainan Yicheng is owned as to 88.37% by Suzhou GCL New Energy. Upon the completion of the Third Phase Disposals, (i) Ceheng GCL Photovoltaic and Liuzhi GCL will be wholly-owned by Weining Energy, (ii) Yingde GCL will be owned as to 90.10% by Guangdong Jinyuan and 9.9% by Yingdeshi Hengshishuizhen Jiang Gushan Farmer's Professional Cooperatives* (英德市橫石水鎮江古山農民專業合作社), an independent third party to the Company, (iii) Hainan Yicheng will be owned as to 88.37% by Guangdong Jinyuan, 8.61% by Mr. Chen Naiping* (陳奶屏) and 3.02% by Mr. Sun Jianwen* (孫建文), both being independent third parties to the Company and (iv) all of the Target Companies will cease to be subsidiaries of the Group. Accordingly, the financial results of the Target Companies will no longer be consolidated into the financial statements of the Company upon Closing.

2. THE THIRD PHASE SHARE PURCHASE AGREEMENTS

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

LETTER FROM THE BOARD

Date

30 April 2021 (after trading hours)

Parties

- | | | | |
|------|-----------------|------|--|
| (i) | The Sellers: | (i) | Guizhou GCL New Energy Co., Ltd.*
(貴州協鑫新能源有限公司) |
| | | (ii) | Suzhou GCL New Energy Investment Co., Ltd.*
(蘇州協鑫新能源投資有限公司) |
| (ii) | The Purchasers: | (i) | State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.*
(國家電投集團貴州金元威寧能源股份有限公司) |
| | | (ii) | Guangdong Jinyuan New Energy Co., Ltd.*
(廣東金元新能源有限公司) |

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Weining Energy, Guangdong Jinyuan and their respective ultimate beneficial owner(s) are third parties independent of the Company and its respective connected persons.

Subject Matter

The equity interests held in the Target Companies will be sold by the Sellers to the respective Purchaser, being (i) 88.37% equity interest in Hainan Yicheng, (ii) 90.10% equity interest in Yingde GCL and (iii) the entire equity interest in each of Ceheng GCL Photovoltaic and Liuzhi GCL.

The Target Companies collectively own 5 operational solar power plants in the PRC with an aggregate grid-connected capacity of approximately 183MW.

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

No.	Third Phase Share Purchase Agreements	Target Companies
I	Hainan Yicheng Share Purchase Agreement	Hainan Yicheng New Energy Co., Ltd.* (海南意晟新能源有限公司)
II	Yingde GCL Share Purchase Agreement	Yingde GCL Photovoltaic Power Co., Ltd.* (英德協鑫光伏電力有限公司)
III	Ceheng GCL Photovoltaic Share Purchase Agreement	Ceheng GCL Photovoltaic Power Co., Ltd.* (冊亨協鑫光伏電力有限公司)
IV	Liuzhi GCL Share Purchase Agreement	Liuzhi GCL Photovoltaic Power Co., Ltd.* (六枝協鑫光伏電力有限公司)

LETTER FROM THE BOARD

For further information relating to the Target Companies, please refer to the section headed “Information on the Target Companies” below.

Consideration

The aggregate Consideration under the Third Phase Share Purchase Agreements is RMB310,210,800.

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

No.	Third Phase Share Purchase Agreements	Consideration <i>RMB</i>
I	Hainan Yicheng Share Purchase Agreement	53,023,300
II	Yingde GCL Share Purchase Agreement	38,027,500
III	Ceheng GCL Photovoltaic Share Purchase Agreement	190,100,000
IV	Liuzhi GCL Share Purchase Agreement	<u>29,060,000</u>
Total		<u><u>310,210,800</u></u>

Basis of the Consideration

The Consideration under each of the Third Phase Share Purchase Agreements was determined after arm’s length negotiations between the respective Seller and the respective Purchaser, having taken into account of, among other things:

- (i) the net asset value of each of the Target Companies as at the respective Reference Date ^(Note);
- (ii) the profitability of the Target Companies for the financial years ended 31 December 2020 and 31 December 2019, details of which can be found in the section headed “Information on the Target Companies” of this circular;
- (iii) the reasons for the Third Phase Disposals as discussed in the paragraph headed “Reasons for and Benefits of the Transactions” below;
- (iv) the cash flow position of the Target Companies as at the respective Reference Date ^(Note). The aggregate net cash outflow of the Target Companies for the year ended 31 December 2020 amounted to approximately RMB28,579,000; and
- (v) (applicable to Liuzhi GCL only) given that the solar power plant project operated by Liuzhi GCL (“**Liuzhi GCL Solar Power Plant**”) was awaiting to undergo the approval and registration process to be included in the National Subsidy List as at the Latest Practicable Date, and the conditions to be fulfilled before the completion of the approval

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and registration process (which are based on the policies in relation to the National Subsidy List as announced and implemented by the relevant government authorities in the PRC from time to time) are uncertain, the ability of Liuzhi GCL to collect outstanding national subsidy receivables from the PRC government is uncertain. As at 31 December 2020, the total balance of national subsidy receivable by Liuzhi GCL was approximately RMB28,194,500, representing approximately 63% of the net assets of Liuzhi GCL as at 31 December 2020. Moreover, Liuzhi GCL Solar Power Plant is located at a mountainous terrain with high annual precipitation and low sunshine duration, resulting in low power generation as well as a higher initial investment cost and maintenance cost which are mainly funded by external financing.

As such, the Transactions involved the bundling of the disposal of solar power plants operated by three other Target Companies as well as the solar power plant operated by Liuzhi GCL (which is comparatively less desirable to Weining Energy as a standalone transaction) and the Sellers and Purchasers agreed to allocate a lower consideration to Liuzhi GCL Share Purchase Agreement of RMB29,060,000, which is lower than the net asset value of Liuzhi GCL as at 31 December 2020 of approximately RMB44,741,000.

Note: Hainan Yicheng has a different Reference Date (i.e. 28 February 2021) compared with other Target Companies due to the commercial negotiation between the Purchasers and the Sellers, and the later start date of the due diligence procedure for Hainan Yicheng.

Payment Arrangements of the Consideration

The aggregate Consideration under each of the Third Phase Share Purchase Agreements shall be paid by the respective Purchaser to the respective Seller in the following manner:

No.	Third Phase Share Purchase Agreements	First Instalment RMB	Second Instalment RMB
I	Hainan Yicheng Share Purchase Agreement	31,810,000	21,213,300
II	Yingde GCL Share Purchase Agreement	22,810,000	15,217,500
III	Ceheng GCL Photovoltaic Share Purchase Agreement	114,060,000	76,040,000
IV	Liuzhi GCL Share Purchase Agreement	<u>17,436,000</u>	<u>11,624,000</u>
Total		<u><u>186,116,000</u></u>	<u><u>124,094,800</u></u>

First instalment: The Purchasers shall pay a total of RMB186,116,000 (the “**First Instalment**”) to the Sellers within seven Business Days after the fulfilment of the following conditions:

- (a) the Third Phase Share Purchase Agreements have become effective;

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- (b) the delivery and handover of the corporate and statutory documents of the respective Target Companies specified in the Third Phase Share Purchase Agreements have been completed; and
- (c) the respective Purchaser has received the valid invoice from the respective Seller stating the amount of First Instalment payable by the respective Purchaser.

Second instalment: The Purchasers shall pay a total of RMB124,094,800 (the “**Second Instalment**”) to the Sellers within seven Business Days after the Closing Date and upon receiving the valid invoice from the respective Seller stating the amount of Second Instalment payable by the respective Purchaser.

The Third Phase Share Purchase Agreements shall become effective upon (i) the Third Phase Share Purchase Agreements have been duly signed by the parties, (ii) the entering of the Third Phase Share Purchase Agreements have been approved by the board of directors or shareholders’ meeting of the Purchasers, and (iii) the parties have agreed on the schedules to the Third Phase Share Purchase Agreements including, among others, handover list of corporate and statutory documents and disclosure schedule.

Payment arrangement of the Amount Payable

The table below sets out the carrying amount of the Amount Payable of each of the Target Companies under each of the Third Phase Share Purchase Agreements as at the respective Reference Date:

No.	Third Phase Share Purchase Agreements	Amount Payable <i>RMB</i>
I	Hainan Yicheng Share Purchase Agreement	73,380,900
II	Yingde GCL Share Purchase Agreement	13,779,200
III	Ceheng GCL Photovoltaic Share Purchase Agreement	225,647,200
IV	Liuzhi GCL Share Purchase Agreement	<u>37,364,000</u>
Total		<u>350,171,300</u>

The Purchasers shall repay on behalf of the Target Companies the actual Total Amount Payable, which shall be determined in accordance with the Closing Audit Report, in full within one month after the completion of the Registration Procedures. As at the Latest Practicable Date, the Directors are not aware of any adjustment or material change on the carrying amount of the Amount Payable of the Target Companies after the Reference Date and up to the Closing Date.

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Other Undertakings by the Sellers

The Sellers agreed to be subject to, including but not limited to, the following undertakings and shall be responsible for the relevant expenses incurred:

- (i) all necessary procedures and relevant authorisations in relation to the Third Phase Disposals have been performed and obtained;
- (ii) all the relevant approvals, licenses, permits and qualifications for the business operation of the Target Companies have been obtained legally and effectively;
- (iii) the Target Companies have no material violations of laws and regulations and contingent risks. The Sellers shall be responsible for all administrative penalties, litigation costs and expenses, and relevant losses of the Target Companies resulting from any event occurred before the Closing Date or non-disclosure of material events or liabilities to the Purchasers; and
- (iv) the Sellers shall cooperate with the Purchasers and the Target Companies to release the existing pledge on the equity of the Target Companies before the Closing.

Other Undertakings by the Purchasers

The Purchasers agreed to be subject to, including but not limited to, the following undertakings:

- (i) the Purchasers shall cooperate with the Sellers and the Target Companies to release the existing pledge on the equity of the Target Companies before the Closing;
- (ii) all necessary procedures and relevant authorisations in relation to the Third Phase Disposals have been performed and obtained;
- (iii) if the Target Companies incur any loss resulting from any act of the Purchasers after the delivery and handover of the corporate statutory documents of the Target Companies from the Sellers to the Purchasers, the Purchasers shall be responsible for the relevant loss incurred;
- (iv) within 90 Business Days following the Closing Date, the Purchasers shall complete the replacement of guarantees of the Target Companies or take other measures to release the respective Seller or their respective affiliates from the existing guarantees (if any) related to the Target Companies. As at 31 March 2021, the Group provided a total guarantee of RMB817,536,000 to banks and financial institutions in respect of banking facilities and financing arrangements related to the Target Companies.

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Conditions Precedent

The Closing shall be conditional upon the approval by the board of directors or the shareholders (if required) of each of GCL-Poly and the Company in respect of the execution of the Third Phase Share Purchase Agreements and the Transactions.

Transition Period Arrangement

During the Transition Period, the Sellers and the Purchasers agreed to be subject to, including but not limited to, the following arrangements:

- (i) profit or loss of the Target Companies during the Transition Period shall be enjoyed or borne by the Purchasers; and
- (ii) the Target Companies shall not take any actions, such as payment of dividend, specified in the Third Phase Share Purchase Agreements during the Transition Period before obtaining the written consent from the Purchasers, so as to retain the profit or loss generated during the Transition Period in the Target Companies.

Closing

The Purchasers and the Sellers shall strive to complete with the Registration Procedures within 30 Business Days after receiving the First Instalment from the Purchasers and upon the approval by the board of directors or the shareholders (if required) of each of GCL-Poly and the Company in respect of the entering of the Third Phase Share Purchase Agreements and the Transactions.

The date of issuance as stated on the new business certificate of each of the Target Companies upon the completion of the Registration Procedures shall be the Closing Date for each of the transaction contemplated under each of the Third Phase Share Purchase Agreements.

3. INFORMATION ON THE PARTIES TO THE THIRD PHASE SHARE PURCHASE AGREEMENTS

The Group

The Company is incorporated in Bermuda as exempted company with limited liability. The principal business of the Company is investment holding.

The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. As disclosed in the announcement of GCL-Poly dated 21 May 2021, the Company is a subsidiary of GCL-Poly as at the Latest Practicable Date.

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Guizhou GCL New Energy

Guizhou GCL New Energy is a company established in the PRC with limited liability and an indirect subsidiary of the Company. Guizhou GCL New Energy is directly wholly-owned by Suzhou GCL New Energy, which is in turn owned as to approximately 92.82% by the Company. Guizhou GCL New Energy is principally engaged in the development, operation and management of solar power plants in the PRC.

Suzhou GCL New Energy

Suzhou GCL New Energy is a company established in the PRC with limited liability and an indirect subsidiary of the Company. Suzhou GCL New Energy is indirectly owned as to approximately 92.82% by the Company. Suzhou GCL New Energy is principally engaged in photovoltaic power investment, investment management and consultation, business management consultation, technology development, technology transfer, technical advice related to photovoltaic power projects, and sales of photovoltaic materials and equipment. Suzhou GCL New Energy indirectly owns a majority of solar power plants of the Company in the PRC.

4. INFORMATION ON THE PURCHASERS

Guangdong Jinyuan is a company established in the PRC with limited liability and a wholly-owned subsidiary of Weining Energy. Guangdong Jinyuan is principally engaged in the new energy photovoltaic power generation and renewable hydropower business in the PRC.

Weining Energy is a company established in the PRC with limited liability, the stock of which is listed on the National Equities Exchange and Quotations (stock code: 873359), and is principally engaged in the new energy photovoltaic power generation and renewable hydropower business in the PRC.

As at the Latest Practicable Date and as confirmed by Weining Energy, Weining Energy is held as to approximately:

- (i) 35.94% by State Power Investment Corporation Guizhou Jinyuan Co., Ltd.* (國家電投集團貴州金元股份有限公司) (which is owned as to (a) approximately 68.05% by State Power Investment Group Co., Ltd.* (國家電力投資集團有限公司), a company which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council* (國務院國有資產監督管理委員會) and (b) approximately 25.21% by State-owned Assets Supervision and Administration Commission of Guizhou Provincial People's Government (貴州省人民政府國有資產監督管理委員會), as the ultimate beneficial owners);
- (ii) 30.40% by State Power Investment Group Industrial Fund Management Co., Ltd. – Ronghe Dongneng (Jiaxing) New Energy Investment Partnership (Limited Partnership)* (國家電投集團產業基金管理有限公司 – 融和東能(嘉興)新能源投資合夥企業(有限合夥)), a subsidiary of Founder Securities Co., Ltd.* (方正證券股份有限公司), the stock of which is listed in the Shanghai Stock Exchange (stock code: 601901);

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- (iii) 15.02% by Beijing Chengtong ICBC Equity Investment Fund (Limited Partnership)* (北京誠通工銀股權投資基金 (有限合夥)) (which is ultimately owned as to (a) 50% by Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司), the stock of which is listed on the Shanghai Stock Exchange (stock code: 601398) and the Stock Exchange (stock code:1398), and (b) 50% by China Chengtong Holdings Group Co., Ltd.* (中國誠通控股集團有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council);
- (iv) 9.78% by Guizhou Province Guixin Ruihe Venture Capital Management Co., Ltd. – Guizhou Green Industry Poverty Alleviation Investment Fund (Limited Partnership) (貴州省貴鑫瑞和創業投資管理有限責任公司 – 貴州綠色產業扶貧投資基金 (有限合夥)), which is controlled by Guizhou Province Guixin Ruihe Venture Capital Management Co., Ltd.* (貴州省貴鑫瑞和創業投資管理有限責任公司) and ultimately controlled by Guizhou Provincial Department of Finance* (貴州省財政廳);
- (v) 7.98% by Guizhou China Water Energy Co., Ltd.* (貴州中水能源股份有限公司), a subsidiary of State Power Investment Corporation Guizhou Jinyuan Co., Ltd.* (國家電投集團貴州金元股份有限公司); and
- (vi) remaining 0.88% by other shareholders (including public shareholders).

5. INFORMATION ON THE TARGET COMPANIES

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

Third Phase Share		
No.	Purchase Agreements	Information on the Target Companies
I	Hainan Yicheng Share Purchase Agreement	Hainan Yicheng is a company established in the PRC with limited liability, which is directly owned as to 88.37% by Suzhou GCL New Energy, 8.61% by Mr. Chen Naiping* (陳奶屏) and 3.02% by Mr. Sun Jianwen* (孫建文), both being independent third parties to the Company and an indirect subsidiary of the Company. Hainan Yicheng is principally engaged in the operation of solar power plants in the PRC.

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Third Phase Share		
No.	Purchase Agreements	Information on the Target Companies
II	Yingde GCL Share Purchase Agreement	Yingde GCL is a company established in the PRC with limited liability, which is directly owned as to 90.1% by Suzhou GCL New Energy and 9.9% by Yingdeshi Hengshishuizhen Jiang Gushan Farmer's Professional Cooperatives* (英德市橫石水鎮江古山農民專業合作社), an independent third party to the Company, respectively and an indirect subsidiary of the Company. Yingde GCL is principally engaged in the operation of solar power plants in the PRC.
III	Ceheng GCL Photovoltaic Share Purchase Agreement	Ceheng GCL Photovoltaic is a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company. Ceheng GCL Photovoltaic is principally engaged in the operation of solar power plants in the PRC.
IV	Liuzhi GCL Share Purchase Agreement	Liuzhi GCL is a company established in the PRC with limited liability, which is directly wholly-owned by Guizhou GCL New Energy and an indirect subsidiary of the Company. Liuzhi GCL is principally engaged in the operation of solar power plants in the PRC.

Set out below is an extract of the audited financial statements prepared for the financial year ended 31 December 2019 and the unaudited financial statement prepared for the financial year ended 31 December 2020 of each of the Target Companies prepared in accordance with China Accounting Standards:

		For the year ended 31 December			
		2020		2019	
Third Phase		Profit before	Profit after	Profit before	Profit after
Share Purchase		taxation	taxation	taxation	taxation
Agreements	Target Companies	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
I	Hainan Yicheng	11,136	9,744	10,891	9,254
II	Yingde GCL	5,053	5,053	6,263	6,263
III	Ceheng GCL Photovoltaic	32,693	28,754	36,909	36,906
IV	Liuzhi GCL	5,403	5,403	5,309	5,308

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The table below sets out the net asset value of each of the Target Companies extracted from the audited accounts for the year ended 31 December 2019 and unaudited management accounts for the year ended 31 December 2020 and for the month ended 28 February 2021 of the Target Companies (as the case may be) prepared in accordance with China Accounting Standards:

		Net asset value	
		As at	
		the respective	
		Reference Date	
Third Phase Share		(i.e. 31 December 2020	As at
Purchase Agreements	Target Companies	or 28 February 2021)	31 December 2019
		<i>RMB'000</i>	<i>RMB'000</i>
I	Hainan Yicheng	48,388	45,881
II	Yingde GCL	32,893	33,088
III	Ceheng GCL Photovoltaic	142,972	141,283
IV	Liuzhi GCL	44,741	39,172

6. FINANCIAL IMPACT OF THE DISPOSALS

After the Closing Date, the Target Companies will cease to be subsidiaries of the Group, and the profit and loss, as well as the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group.

As at the Latest Practicable Date, it is estimated that the Group will realise a net gain on the Third Phase Disposals of approximately RMB50,101,056 and such gain is calculated with reference to the difference between the aggregate Consideration of approximately RMB310,210,800 and the net asset value attributed to the disposed Sale Shares based on the unaudited financial statements of the Target Companies as at the respective Reference Date of approximately RMB260,109,744, after deducting related transaction costs. The actual gain as a result of the Third Phase Disposals to be recorded by the Group is subject to audit and will be reassessed after completion of the Third Phase Disposals.

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7. USE OF PROCEEDS FROM THE TRANSACTIONS

The table below sets out the debt profile of the Group for the upcoming 12 months as at 31 December 2020:

Indebtedness repayable within one year

	<i>RMB million</i>
Bank loans and other loans from independent third parties	12,392
Bonds and senior notes	3,261
Loans from related companies	789
Lease liabilities	89
Loans directly associated with assets held for sale	<u>333</u>
Total	<u>16,864</u>

The net cash proceeds from the Transactions (including the Consideration and the Total Amount Payable as at the respective Reference Date by the Target Companies) is expected to be approximately RMB660,382,100, which the Company intends to use for repayment of its bank loans and other loans from independent third parties which are repayable on or before 31 December 2021 amounting to RMB12,392,000,000 as set out above.

8. REASONS AND BENEFITS OF THE TRANSACTIONS

Upon completion of the Transactions, the Target Companies will no longer be subsidiaries of the Group, and the profit and loss as well as the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group. The liabilities of the Group will decrease by approximately RMB1,627,576,000. Meanwhile, the cash derived from the Transactions amounted to approximately RMB660,382,100, which will be used for further repayment of debts, and the gearing ratio of the Group will decrease from approximately 81% to approximately 80% by approximately 1%, calculated with reference to the audited financial statements of the Group as at 31 December 2020, effectively reducing the financial risks.

The Transactions are one of the important steps taken by the Company to achieve its “transformation and upgrade” development objective and transformation to an asset-light model.

Solar power generating business is the principal business engaged by the Company. Solar power generating business is also a capital intensive industry, which highly relies on external financing in order to fund for the construction of solar power plants while the recovery of capital investment takes a long period of time. Given the Company highly relies on external financing in order to obtain investment capital for new solar power plant project development, any interest rate changes will have an impact on the capital expenditure and finance expenses of the Company, hence, affecting its operating results. Therefore, transformation into an asset-light model, being the business model adopted by the Company, is an effective way to reduce its debts and interest rate exposure.

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The Company intends to reinforce the strategic cooperation with domestic centralised management enterprises and local state-owned enterprises, including the Purchaser to achieve an asset-light model. After the completion of the Transactions, the Group and the Purchasers will further explore other possible co-operation opportunities, including but not limited to, disposals of the Group's existing solar power plants in the PRC.

In 2020 and until the Latest Practicable Date, the Group has entered into various share purchase agreements in 2020 to dispose its equity interests in its subsidiaries. As disclosed in the circular of the Company dated 22 January 2021, the Group had entered into a series of share purchase agreements in the year of 2020 to dispose its equity interest in certain subsidiaries (the “**2020 Disposals**”).

On 29 January 2021, the Group and Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司) (“**Beijing United Rongbang**”) entered into a share purchase agreement, pursuant to which the Group agreed to, among other things, to sell the entire equity interest in Wula Tehouqi Yuanhai New Energy Co., Ltd.* (烏拉特後旗源海新能源有限責任公司) (“**Wula Tehouqi Yuanhai Disposal**”). Please refer to the announcement of GCL-Poly dated 29 January 2021 in relation to the Wula Tehouqi Yuanhai Disposal for further details.

On 31 March 2021, the Group and Three Gorges Asset Management Co., Ltd.* (三峽資產管理有限公司) (“**Three Gorges Asset Management**”) entered into a series of six share purchase agreements (the “**Three Gorges First Phase Share Purchase Agreements**”), pursuant to which the Group agreed to, among other things, sell the entire equity interest in each of Kaifeng Huaxin New Energy Development Company Limited* (開封華鑫新能源開發有限公司), Sanmenxia GCL New Energy Co., Ltd.* (三門峽協立光伏電力有限公司), Queshan Zhuiqi New Energy Electric Power Co., Ltd.* (確山追日新能源電力有限公司) and Shang Shui GCL Photovoltaic Electric Power Co., Ltd.* (商水協鑫光伏電力有限公司) and 50% equity interest in each of Nanzhao Xin Li Photovoltaic Electric Farms Co., Ltd.* (南召鑫力光伏電力有限公司) and Taiqian GCL New Energy Company Limited* (台前協鑫光伏電力有限公司) to Three Gorges Asset Management (the “**Three Gorges First Phase Disposals**”). Please refer to the joint announcement of GCL-Poly and the Company dated 31 March 2021 in relation to the Three Gorges First Phase Disposals for further details.

On 1 April 2021, the Group and Three Gorges Asset Management entered into a series of four share purchase agreements (the “**Three Gorges Second Phase Share Purchase Agreements**”), pursuant to which the Group agreed to, among other things, sell the (i) entire equity interest in each of Yulin Longyuan Solar Power Company Limited* (榆林隆源光伏電力有限公司) and Yulin City Yushen Industrial Zone Dongtuo Energy Co., Ltd.* (榆林市榆神工業區東投能源有限公司), (ii) 98.4% equity interest in Jingbian GCL Photovoltaic Energy Co., Ltd.* (靖邊協鑫光伏電力有限公司) and (iii) 80.35% equity interest in Hengshan Jinghe Solar Energy Co., Ltd.* (橫山晶合太陽能發電有限公司) to Three Gorges Asset Management (the “**Three Gorges Second Phase Disposals**”). Please refer to the joint announcement of GCL-Poly and the Company dated 1 April 2021 in relation to the Three Gorges Second Phase Disposals for further details.

On 26 April 2021 and 30 April 2021, the Group and the Purchasers entered into the Second Phase Share Purchase Agreements and the Third Phase Share Purchase Agreements, respectively.

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On 7 May 2021, Henan GCL New Energy Investment Co., Ltd.* (河南協鑫新能源投資有限公司) and State Power Investment Corporation Chongqing Electric Power Co., Ltd.* (國家電投集團重慶電力有限公司) (“**SPIC Chongqing**”) entered into a share purchase agreement (the “**Yongcheng Xin Neng Share Purchase Agreement**”), pursuant to which the Group agreed to, among other things, sell the entire equity interest in Yongcheng Xin Neng Photovoltaic Electric Power Co., Ltd* (永城鑫能光伏電力有限公司) to SPIC Chongqing (the “**Yongcheng Xin Neng Disposal**”). Please refer to the joint announcement of GCL-Poly and the Company dated 7 May 2021 in relation to the Yongcheng Xin Neng Disposal for further details.

In addition, the Group is currently under negotiation with certain new energy companies in the PRC (including domestic centralised management enterprises, local state-owned enterprises and listed companies) for further potential disposals of its subsidiaries and will make further announcement as and when appropriate in compliance with the Listing Rules. Save as disclosed above, as at the Latest Practicable Date, the Group have not entered into any memorandum of understanding or agreement regarding further disposal or downsize of its existing businesses.

For the purpose of this section, the Remaining Group shall mean the Group after completion of the 2020 Disposals, the Wula Tehouqi Yuanhai Disposal, the Three Gorges First Phase Disposals, the Three Gorges Second Phase Disposals, the Previous De Minimis Disposal, the First Phase Disposals, the Second Phase Disposals and the Third Phase Disposals (the “**2021 Disposals**”).

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The table below sets out the respective number of solar power plants operated by the Remaining Group and their respective locations after the completion of the 2020 Disposals and the 2021 Disposals:

Geographic location	Number of solar power plant(s)	Grid-connected Capacity (MW)
Jiangsu	33	409
Inner Mongolia	4	189
Henan	4	95
Shaanxi	11	511
Shandong	3	79
Hebei	1	21
Qinghai	4	98
Ningxia	2	60
Jiangxi	3	101
Hubei	3	49
Hunan	5	101
Jilin	4	51
Guizhou	1	30
Yunnan	8	279
Sichuan	1	50
Liaoning	3	47
Gansu	2	39
Zhejiang	1	21
Guangdong	7	96
Shanghai	1	7
Fujian	3	56
United States	2	133
Sub-total	106	2,522

Through the divestiture of the operational solar power plants of the Target Companies, the asset-light model allows the Remaining Group to optimise the finance structure by lowering gearing ratio as well as reducing debt and interest rate exposure.

In addition to optimising the finance structure under the asset-light model, the Remaining Group sought to explore opportunities to expand its business by providing more operation, management and maintenance services, in particular to other solar power plant operators in the PRC (including purchasers of certain solar power plant projects disposed by the Group), thereby generating an additional and stable source of income. Furthermore, the Group will continue to explore new mode of collaboration between central enterprises and state-owned enterprises and private enterprises using a “development-build-transfer” and “joint development with external parties” under the asset-light model. As such, the Remaining Group could

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leverage on its established development strength, scientific research capabilities and extensive experience in intelligent operation in the solar energy development and power operation sector while continue to reduce its finance cost and the size of debts.

Based on the reasons above and having considered the scale of the Remaining Group's solar power plants business with an aggregate approximately 2.5 GW of grid-connected capacity, the Directors believe that the business model and the asset-light strategy of the Remaining Group (after completion of the 2020 Disposals and the 2021 Disposals) could ensure its sufficient level of operations, viability and sustainability. As at the Latest Practicable Date, the Company does not have any intention to acquire new business in the future.

Based on the above reasons and having considered all relevant factors, the Directors believe and consider that the terms of the Transactions are on normal commercial terms, are fair and reasonable and that the entering into of the Transactions is in the interests of the Company and the Shareholders as a whole.

9. LISTING RULES IMPLICATIONS

As the Sellers, Sanya GCL New Energy, Guizhou Zhongxinneng New Energy and Guangxi GCL New Energy, being the indirect subsidiaries of the Company, entered into the Previous De Minimis Agreement, the First Phase Share Purchase Agreements, the Second Phase Share Purchase Agreements and the Third Phase Share Purchase Agreements with Weining Group within a 12-month period, the Previous De Minimis Disposal, the First Phase Disposals, the Second Phase Disposals and the Third Phase Disposals shall be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

Since the highest applicable percentage ratio in respect of the Disposals exceeds 25% but less than 75%, the entering into of the Third Phase Disposals constitutes a major transaction for the Company and it shall comply with the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

10. SGM

Set out on pages SGM-1 to SGM-3 of the circular of the Company dated 24 May 2021 in relation to the major transaction - disposal of subsidiaries to Three Gorges Asset Management Co., Ltd* is a notice convening the SGM to be held at Strategy II-III, Level 8, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Tuesday, 15 June 2021 at 10:30 a.m. (the "SGM Notice").

At the SGM, ordinary resolution(s) for approving, among others, the Transactions and the entering into and performance of obligations under the Third Phase Share Purchase Agreements will be proposed for the Shareholders' approval.

The resolution(s) will be voted by way of poll at the SGM. As at the Latest Practicable Date, no Shareholder has material interest in the Transactions (other than being a Shareholder) and therefore no Shareholder is required to abstain from voting on the relevant resolutions at the SGM.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited, as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. The address of Tricor Abacus Limited is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM should you so wish and in such event, the proxy form shall be deemed to be revoked.

Record date (being the last date of registration of any share transfer given there will be no book closure) for determining the entitlement of the Shareholders to attend and vote at the SGM will be on 9 June 2021. In order to be entitled to attend and vote at the SGM, all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m on 9 June 2021.

11. RECOMMENDATION

The Directors are of the view that the terms of the Transactions are fair and reasonable, and are on normal commercial terms and that the entering into of the Third Phase Share Purchase Agreements is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to approve the Transactions, the entering into and performance of obligations under the Third Phase Share Purchase Agreements as set out in resolution 2 of the SGM Notice.

12. ADDITIONAL INFORMATION

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

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2020 together with the relevant notes thereto are disclosed in the following documents, which were published on both the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.gclnewenergy.com):

- the annual report of the Company for the year ended 31 December 2018 published on 25 April 2019 (pages 76-213);
- the annual report of the Company for the year ended 31 December 2019 published on 29 April 2020 (pages 72-205);
- the interim report of the Company for the six months ended 30 June 2020 published on 11 September 2020 (pages 30-68); and
- the annual report of the Company for the year ended 31 December 2020 published on 21 April 2021 (pages 69-205).

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES OF THE GROUP

At the close of business on 31 March 2021, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	The Group		
	Secured	Unsecured	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of bank and other borrowings	19,664,186	2,219,693	21,883,879
Principal amount of senior notes	–	3,285,650	3,285,650
Carrying amount of loans from related companies	–	525,214	525,214
Lease liabilities	80,991	847,834	928,825
	<u>19,745,177</u>	<u>6,878,391</u>	<u>26,623,568</u>

The Group's secured bank and other borrowings, loans from related companies and lease liabilities were secured, individually or in combination, by (i) certain property, plant and equipment of the Group; (ii) certain pledged bank and other deposits of the Group; (iii) certain subsidiaries' trade receivables, contract assets and fee collection rights in relation to the sales of electricity; (iv) certain right-of-use assets of the Group; (v) pledged deposits classified as amount due from an associate of ultimate holding company; (vi) rental deposit of the Group; and (vii) certain equity interests in some project companies of the Group.

As at 31 March 2021, certain bank and other borrowings and senior notes of the Group amounting to RMB19,968,812,000 and RMB3,285,650,000, respectively, are guaranteed individually or in combination by (i) fellow subsidiaries; (ii) the ultimate holding company; and (iii) entities within the Group. The remaining indebtedness amounting to RMB3,369,106,000 are not guaranteed.

Aa at 31 March 2021, the Group provided a total guarantee of RMB2,893,362,000, RMB390,000,000 and RMB817,536,000 to banks and financial institutions in respect of banking facilities and financing arrangements of associates and third party, and the Target Companies respectively.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 March 2021, the Group did not have any debt securities authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, lease liabilities, mortgages or charges, other material contingent liabilities or guarantees outstanding.

To the best of the knowledge of the Directors, having made all reasonable enquiries, there has been no material change in the level of indebtedness of the Group since 31 March 2021.

3. WORKING CAPITAL STATEMENT

As at 31 March 2021, the Group's total borrowings comprising bank and other borrowings, senior notes, loans from related companies and lease liabilities amounted to approximately RMB26,623,568,000.

The financial resources available to the Group as at 31 March 2021 and up to the date of this circular may not be sufficient to satisfy the committed capital expenditure and the repayment of borrowings. The Group is undergoing the process of negotiations with respective borrowers for extension or renewal of the defaulted bank and other borrowings and as of date of this circular, the Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings. The Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing power plant projects in exchange for cash proceeds.

(i) Financing through the extension of maturity of senior notes

On 1 February 2021, the Group announced that the failure of repayment of the senior notes with principal amount of USD500 million which constituted the event of default under the terms of indenture. On 9 February 2021, the Group announced that holders of the senior notes of approximately USD459 million, which representing 91.85% of the outstanding aggregate principal amount of the senior notes, had validly submitted their respective executed irrevocable accession deeds for exchanging the senior notes for new notes with an extended maturity and terms as stipulated in the amended and restated restructuring support agreement (the "RSA"). The Group has commenced the application of passing of the RSA under the Court of the Bermuda. The Group targets to execute the RSA by June 2021.

(ii) Financing through divesting of certain power plants

The Group continues to implement business strategies, among others, to transform its heavy asset business model to a light-asset model by divesting certain of its existing power plant projects (the “**Disposal Projects**”) in exchange for cash proceeds and to improve the Group’s indebtedness position.

(iii) Others

Upon the completion of the Disposal Projects, remaining operational solar power plants are expected to generate operating cash inflows to the Group within the coming twelve months from the date of this circular.

The Directors have reviewed the Group’s cash flow projections which cover a period of not less than twelve months from the date of this circular. The Directors, after due and careful enquiry, are of the opinion that, after taking into account the net proceeds from the disposals of solar power plants assets and the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available credit facilities, and based on the assumptions that the financing plans and measures can be successfully executed, the Group will have sufficient working capital for its operating requirements and to pay its financial obligations as and when they fall due and for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances. However, if the implementation of the Group’s financial plans and measures become unsuccessful, the Group will not have sufficient working capital for at least the next twelve months from the date of this circular.

The sufficiency of the Group’s working capital to satisfy its requirements for at least the next twelve months from the date of this circular is dependent on the Group’s ability to generate adequate financing and operating cash flows through successful renewal of its bank borrowings upon expiry, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements, successful securing of the financing from banks with repayment terms beyond twelve months from the date of this circular and other short-term or long-term financing; and successful transformation to a light-asset model; and the completion of the disposals and divestments in relation to solar power plant assets, for cash proceeds and elimination of the related borrowings as scheduled.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the financial plans and measures to generate adequate cash inflow as scheduled, failing which the Group will strive to meet the working capital sufficiency by continuous negotiations with banks to renew existing loans, exploring funding channels through equity and debt markets, and obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements. The Group will continue to negotiate with other banks to obtain credit facilities to ensure the Group’s bank borrowings can be renewed on an on-going basis.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 December 2020, being the date to which the latest published audited financial results of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

For the year ended 31 December 2020, the Group recorded a total revenue of approximately RMB4,935 million, whilst the total revenue for the year ended 31 December 2019 was approximately RMB6,052 million. Gross profit and gross profit margin for the year ended 31 December 2020 were approximately RMB3,131 million and 63.5% respectively, whilst the gross profit and gross profit margin for the year ended 31 December 2019 were approximately RMB3,954 million and 65.3% respectively. Loss attributable to owners of the Company for the year ended 31 December 2020 amounted to approximately RMB1,368 million as compared to the profit attributable to owners of the Company of RMB295 million for the year ended 31 December 2019.

As at 31 December 2020, the Group (including associate companies of the Group) operated 188 solar power plants, as compared to 213 plants as at 31 December 2019, spanning across different provinces in China and overseas. Total capacity reached approximately 6,636MW (31 December 2019: approximately 7,145MW) and grid-connected capacity reached approximately 6,439MW (31 December 2019: approximately 7,059MW). Total sales of electricity, including associates of the Group, was approximately 8,762 million kWh in 2020, is similar to that of 2019.

The Group will continuously strengthen its strategic cooperation with large enterprises to form strong alliances. As domestic centralized management enterprises (the “**Central Enterprises**”) and local state owned enterprises have competitive advantages in different aspects such as financing, the Group will extend its strategic cooperation with the Central Enterprises and the state-owned enterprises at the level of domestic holding companies, and at the project level of provincial companies to introduce strategic cooperation partners and leverage on competitive advantages of each other to accelerate the introduction of capital, optimize the shareholding structure and fasten the development of co-developed solar projects, thereby enhancing profitability of projects.

Meanwhile, the Group will further accelerate the asset-light transformation model of “Development-Construction-Cooperation-O&M” with the provision of management services while creating strategic cooperation to complement competitive advantages of each other. It is expected that, in 2021, by transferring the controlling interests of solar power plant projects, the Group will be able to recycle capital, reduce its debts and mitigate the pressure on project financing, while further improve the return on capital and receive stable fees annually by providing project management services.

In addition, the Group will proactively extend its financing resources, applying diversified and innovative financing models and issuing medium-term notes when appropriate to optimize its financing structure and increase the long-term facilities replacement. The Group expects that through introducing strategic investors, firmly promoting its asset-light transformation, expanding its financing channels and adopting a series of measures to reduce debt, the gearing ratio of the Group will be lowered.

Despite the outbreak of Coronavirus disease (“**COVID-19**”) in the PRC in early 2020 and the subsequent quarantine measures imposed by the PRC government, the solar power plants of the Group continuously operated as usual. The Group has been paying close attention to the development of the COVID-19 outbreak, and implemented a series of precautionary and control measures, as well as evaluates the impact of the COVID-19 outbreak on the financial position and operating results of the Group. Given the dynamic nature of these circumstances, the Directors will continue to assess the financial effects on the Group but as of the date of this circular, the Group is not aware of any material adverse effects on its consolidated financial statements as a result of the COVID-19 outbreak.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

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

(a) Long positions in the Shares of the Company:

Name of Director	Beneficiary of a trust	Personal interests	Number of Shares		Approximate percentage of issued shares (Note 2)
			Number of underlying Shares (Note 1)	Total	
Mr. ZHU Yufeng			3,523,100	3,523,100	0.02%
	1,905,978,301 (Note 3)			1,905,978,301	9.04%
Ms. HU Xiaoyan			19,125,400	19,125,400	0.09%
Ms. SUN Wei			27,178,200	27,178,200	0.13%
Mr. YEUNG Man Chung, Charles			15,099,000	15,099,000	0.07%
Mr. XU Songda			2,617,160	2,617,160	0.01%
Mr. LEE Conway Kong Wai			2,617,160	2,617,160	0.01%
Mr. WANG Yanguo			1,006,600	1,006,600	0.01%
Dr. CHEN Ying			1,006,600	1,006,600	0.01%

Notes:

- Adjustments have been made to the number of underlying shares as a result of the rights issue with effect from 2 February 2016. For further details, please refer to the Company's announcement dated 2 February 2016.
- The percentage was calculated based on 21,073,715,441 Shares in issue as at the Latest Practicable Date.
- Those Shares were beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited. For further information of the shareholding structure of Dongsheng Photovoltaic Technology (Hong Kong) Limited, please refer to note 3 under section (ii) "Interests of substantial shareholders" below.

(b) Long or short positions in shares of associated corporations

Name of Director	Long position/ short position	Number of ordinary shares in GCL-Poly				Approximate percentage of issued shares (Note 1)
		Beneficiary of a trust	Personal interests	Number of underlying Shares	Total	
Mr. ZHU Yufeng	Long position	6,370,388,156 (Note 2)	-	1,510,755 (Note 3)	6,371,898,911	25.42%
	Short position	240,000,000 (Note 4)	-	-	-	0.96%
Ms. SUN Wei	Long position	-	5,723,000	1,712,189 (Note 3)	7,435,189	0.03%
Mr. YEUNG Man Chung, Charles	Long position	-	-	1,700,000 (Note 3)	1,700,000	0.01%

Notes:

- The percentage was calculated based on 25,062,422,448 shares of GCL-Poly in issue as at the Latest Practicable Date.
- Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL-Poly. An aggregate of 6,370,388,156 shares in GCL-Poly are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan (an executive director and the chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, a director of GCL-Poly and the Company respectively, and the son of Mr. Zhu Gongshan) as beneficiaries.
- These are share options granted by GCL-Poly to the eligible persons, pursuant to the share option scheme of GCL-Poly, adopted by the shareholders of GCL-Poly on 22 October 2007. Such granted share options can be exercised by the eligible persons at various intervals during the period from 15 March 2016 to 28 March 2026 at an exercise price of HK\$1.160 or HK\$1.324 per share.

4. The short position was held as a result of an equity derivative agreement entered by Happy Genius Holdings Limited.

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

(ii) Interests of substantial shareholders

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had interests in the shares of the Company as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares (Note 1)
Elite Time Global Limited (Note 2)	Beneficial owner	11,241,702,000	53.34%
GCL-Poly (Note 2)	Interest in controlled corporation	11,241,702,000	53.34%
Asia Pacific Energy Fund Limited (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
Asia Pacific Energy Holdings Limited (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
Credit Suisse Trust Limited (Note 3)	Trustee	1,905,978,301	9.04%
Dongsheng Photovoltaic Technology (Hong Kong) Limited (Note 3)	Beneficial owner	1,905,978,301	9.04%
Golden Concord Group Limited (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
Golden Concord Group Management Limited (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
Zhu Gongshan (Note 3)	Founder of trust	1,905,978,301	9.04%
營口其印投資管理有限公司 (Note 3)	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	1,905,978,301	9.04%
協鑫新能科技(深圳)有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares (Note 1)
協鑫集團有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
協鑫集成科技股份有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
句容協鑫集成科技有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
江蘇協鑫建設管理有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
協鑫(遼寧)實業有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%

Notes:

1. The percentage was calculated based on 21,073,715,441 shares of the Company in issue as at the Latest Practicable Date.
2. Elite Time Global Limited is wholly-owned by GCL-Poly. 865,100,000 shares of the Company held by Elite Time Global Limited had been purportedly forfeited and disposed on or around June 2020. Please refer to GCL-Poly's announcement dated 21 May 2021 for further details.
3. Dongsheng Photovoltaic Technology (Hong Kong) Limited is wholly-owned by 句容協鑫集成科技有限公司, which is in turn wholly-owned by 協鑫集成科技股份有限公司. 協鑫集團有限公司 and 營口其印投資管理有限公司 are controlling shareholders of 協鑫集成科技股份有限公司. 營口其印投資管理有限公司 is a party acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 48.86% owned by 協鑫(遼寧)實業有限公司 and 51.14% owned by 江蘇協鑫建設管理有限公司. 協鑫(遼寧)實業有限公司 is wholly-owned by Mr. Zhu Gongshan (an executive director and the chairman of GCL-Poly and Mr. Zhu Yufeng's father). 江蘇協鑫建設管理有限公司 is wholly-owned by 協鑫新能科技(深圳)有限公司. 協鑫新能科技(深圳)有限公司 is wholly-owned by Golden Concord Group Management Limited which is in turn wholly-owned by Golden Concord Group Limited. Golden Concord Group Limited is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family, including Mr. Zhu Yufeng's father, Mr. Zhu Gongshan as beneficiaries.

Save as disclosed herein, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, the Company was not aware of any other persons who had any interest or short position in the Shares or underlying Shares.

3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

(i) Interests in competing interests

Each of the companies in the Golden Concord Group (a general reference to the companies in which Mr. Zhu Yufeng and his family members have a direct or indirect interest) operates within its own legal, corporate and financial framework. As at the Latest Practicable Date, the Golden Concord Group might have had or developed interests in business similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

The Directors are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and the Directors would comply with the relevant requirements of the By-laws and the Listing Rules whenever a Director has any conflict of interest in the transaction(s) with the Company. Therefore, the Directors believe that the Company is capable of carrying out its business independently of, and at arm's length from the Golden Concord Group.

Mr. Liu Genyu, an executive Director and Vice Chairman of the Company, is also the vice chairman of the board of directors and an executive director of China Nuclear Energy Technology Corporation Limited (a company listed on the Main Board of the Stock Exchange, stock code: 611) (“**China Nuclear Energy Technology**”). The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. China Nuclear Energy Technology, through its subsidiaries, is principally engaged in new energy operations, including but not limited to, (a) provision of engineering, procurement and construction and consulting and general construction services relating to construction of photovoltaic power plants and other general construction and engineering services; (b) power generation operations; (c) financing operations; (d) the manufacturing and trading of solar power related products; and (e) inspection, maintenance, repair, construction, installation and provision of expertise in such works for nuclear power plants via its associated companies.

As such, the businesses of the Group and that of China Nuclear Energy Technology may be in competition and Mr. Liu Genyu may be deemed to have interests in competing businesses of the Group pursuant to Rule 8.10(2) of the Listing Rules. However, as at the Latest Practicable Date, as (i) Mr. Liu Genyu merely serves as executive directors of the Company and China Nuclear Energy Technology but is not interested in any equity interests of the Company and is not interested in 5% or above of equity interests in China Nuclear Energy Technology; (ii) the Company and China Nuclear Energy Technology have separate and independent management teams; and (iii) none of China Nuclear Energy Technology and/or its associates are involved or interested in the Transactions, the Company and the Board are of the view that Mr. Liu Genyu's overlapping directorships in the Company and China Nuclear Energy Technology do not affect the Company's operation and independence and does not present any direct conflict of interests.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group required to be disclosed under the Listing Rules.

(ii) Interests in contracts or arrangements

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

(iii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

4. DIRECTORS' SERVICE CONTRACTS

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

5. MATERIAL CONTRACTS

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

- (i) the series of seven share purchase agreements dated 22 May 2019 entered into between Suzhou GCL New Energy as seller and Shanghai Rongyao New Energy Co., Ltd.* (上海榕耀新能源有限公司) as purchaser in relation to, among others, (i) the sale and purchases of 70% of the equity interests in Shanxi GCL New Energy Technologies Co., Ltd.* (山西協鑫新能源科技有限公司), Fenxi County GCL Photovoltaic Co., Ltd.* (汾西縣協鑫光伏電力有限公司), Ruicheng County GCL Photovoltaic Co., Ltd.* (芮城縣協鑫光伏電力有限公司), Yu County Jinyang New Energy Power Generation Co., Ltd.* (孟縣晉陽新能源發電有限公司), Yu County GCL Photovoltaic Co., Ltd.* (孟縣協鑫光伏電力有限公司), Hanneng Guangping County Photovoltaic Development Co., Ltd.* (邯能廣平縣光伏電力開發有限公司) and Hebei GCL New Energy Co., Ltd.* (河北協鑫新能源有限公司) (the “**Disposed Companies**”) together with 70% of the outstanding shareholder’s loan owed from the Disposed Companies to Suzhou GCL New Energy at an aggregate consideration of RMB1,740,616,700; and (ii) the grant of put options by Suzhou GCL New Energy to Shanghai Rongyao New Energy Co., Ltd. and/or the Disposed Companies;
- (ii) the cooperation framework agreement dated 18 November 2019 entered into between the Company and China Huaneng Group, regarding the Company’s disposal of (i) certain solar power plants in the PRC; or (ii) certain project companies of the Group which operate those power plants to China Huaneng Group or its designated party;

- (iii) the series of six share purchase agreements dated 21 January 2020 entered into between Suzhou GCL New Energy and Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司) (“**Ningxia GCL New Energy**”) as sellers, GCL Group Limited* (協鑫集團有限公司) (“**GCL Group**”) as guarantor and Huaneng Gongrong No. 1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號(天津)股權投資基金合夥企業(有限合夥)) (“**Huaneng No. 1 Fund**”) and Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號(天津)股權投資基金合夥企業(有限合夥)) (“**Huaneng No. 2 Fund**”) as purchasers in relation to, among others, (i) the sale and purchase of the entire equity interest in Yuganxian GCL New Energy Co., Ltd.* (余干縣協鑫新能源有限責任公司), Ningxia Jinxin Photovoltaic Power Co., Ltd.* (寧夏金信光伏電力有限公司), Ningxia Lvhao Photovoltaic Power Generation Co., Ltd.* (寧夏綠昊光伏發電有限公司), Hami Orui Photovoltaic Power Generation Co., Ltd.* (哈密歐瑞光伏發電有限公司), Hami Yaohui Photovoltaic Power Co., Ltd.* (哈密耀輝光伏電力有限公司) and Ningxia Jinli Photovoltaic Power Co., Ltd.* (寧夏金禮光伏電力有限公司) (the “**Huaneng First Phase Target Companies**”) at a total consideration of RMB850,500,000; and (ii) the grant of put options to Huaneng No. 1 Fund and Huaneng No. 2 Fund;
- (iv) the share purchase agreement dated 29 June 2020 entered into between Suzhou GCL New Energy as seller and CDB New Energy as purchaser in relation to disposal of 75% equity interest in Jinhu Zhenghui Solar Power Co., Ltd.* (金湖正輝太陽能電力有限公司) at a total consideration of RMB136,624,000;
- (v) the series of six share purchase agreements dated 29 September 2020 entered into between Suzhou GCL New Energy, Changzhou Zhonghui Photovoltaic Technology Co., Ltd.* (常州中暉光伏科技有限公司) and Ningxia GCL New Energy as sellers, GCL Group as guarantor and Huaneng Gongrong No. 1 Fund and Huaneng Gongrong No. 2 Fund as purchasers in relation to, among others, (i) the sale and purchases of the entire equity interest in Baotou Shi Zhong Li Photovoltaic Co., Ltd.* (包頭市中利騰暉光伏發電有限公司), Qi County GCL New Energy Co., Ltd.* (淇縣協鑫新能源有限公司), Ningxia Zhongwei GCL Photovoltaic Power Co., Ltd.* (寧夏中衛協鑫光伏電力有限公司), Huixian Shi GCL Photovoltaic Power Co., Ltd.* (輝縣市協鑫光伏電力有限公司), Ruyang GCL New Energy Co., Ltd.* (汝陽協鑫新能源有限公司) and Hubei Macheng Jinfu Solar Energy Co., Ltd.* (湖北省麻城市金伏太陽能電力有限公司) (the “**Huaneng Second Phase Target Companies**”) at a total consideration of RMB576,001,213; and (ii) the grant of put options to Huaneng No. 1 Fund and Huaneng No. 2 Fund;
- (vi) the share purchase agreements dated 16 November 2020 entered into between Suzhou GCL Energy and Anhui GCL New Energy Investment Co., Ltd.* (安徽協鑫新能源投資有限公司) (“**Anhui GCL New Energy**”) (as the sellers) and Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司) (“**Xuzhou State Investment**”) (as the purchaser) in relation to disposal of equity interest in five subsidiaries of GCL-Poly and the Company at a total consideration of RMB276,436,993, as detailed in the joint announcement of GCL-Poly and the Company dated 16 November 2020;

- (vii) the share purchase agreements dated 19 November 2020 entered into between five subsidiaries of the Company (as the sellers) and Huaneng No. 1 Fund and Huaneng No. 2 Fund (as purchasers) in relation to (i) disposal of the entire equity interest in twelve wholly-owned subsidiaries of the Company, 56.51% equity interest in Yili GCL Energy Limited* (伊犁協鑫能源有限公司) and 51% equity interest in Yuncheng Xinhua Energy Development Co., Ltd.* (鄆城鑫華能源開發有限公司) (the “**Huaneng Third Phase Target Companies**”) at a total consideration of RMB666,653,912; and (ii) grant of put options to Huaneng No. 1 Fund and Huaneng No. 2 Fund, as detailed in the joint announcement of GCL-Poly and the Company dated 19 November 2020;
- (viii) the share purchase agreements dated 22 November 2020 entered into between Suzhou GCL Energy and Anhui GCL New Energy (as the sellers) and Xuzhou State Investment (as the purchaser) in relation to disposal of equity interest in five subsidiaries of GCL-Poly and the Company at a total consideration of RMB312,728,221 (the “**Xuzhou Second Phase Target Companies**”), as detailed in the joint announcement of GCL-Poly and the Company dated 22 November 2020;
- (ix) the share purchase agreement dated 4 December 2020 entered into between Suzhou GCL New Energy as seller and Beijing United Rongbang as purchaser in relation to disposal of 99.2% equity interest in Zhenglanqi State Power Photovoltaic Co., Ltd.* (正藍旗國電光伏發電有限公司) at a total consideration of RMB211,100,000;
- (x) the share purchase agreements dated 10 December 2020 entered into between Suzhou GCL New Energy and Guangxi GCL New Energy Investment Co., Ltd.* (廣西協鑫新能源投資有限公司) (as the sellers) and State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司) as the purchaser in relation to disposal of 70.36% equity interest in Qinzhou Xin Jin Solar Power Co., Ltd.* (欽州鑫金光伏電力有限公司), 67.95% equity interest in Shanglin GCL Solar Power Co., Ltd.* (上林協鑫光伏電力有限公司), the entire equity interest in Nanning Jinfu Electric Power Co., Ltd.* (南寧金伏電力有限公司) and the entire equity interest in Hainan Tianlike New Energy Project Investment Co., Ltd.* (海南天利科新能源項目投資有限公司) at a total consideration of RMB291,300,000;
- (xi) the share purchase agreement dated 29 January 2021 entered into between Inner Mongolia Yuanhai New Energy Co., Ltd.* (內蒙古源海新能源有限責任公司) as seller and Beijing United Rongbang as purchaser in relation to disposal of the entire equity interest in Wula Tehouqi Yuanhai New Energy Co., Ltd.* (烏拉特後旗源海新能源有限責任公司) at a total consideration of RMB52,550,000;
- (xii) the amended and restated restructuring support agreement dated 5 February 2021 entered into by the Company and certain subsidiaries of the Company which provide unconditional and irrevocable guarantees to secure the Company’s obligations under certain notes issued by the Company, as detailed in the joint announcements of GCL-Poly and the Company dated 23 December 2020, 12 January 2021, 26 January 2021, 1 February 2021, 5 February 2021, 7 February 2021 and 9 February 2021;

- (xiii) the placing agreement dated 10 February 2021 entered into between the Company, Elite Time Global Limited (傑泰環球有限公司) (“**Elite Time Global**”), UBS AG Hong Kong Branch, CCBI and Haitong International Securities Company Limited (as the placing agents) in relation to the placing of up to a total of 2,000,000,000 Shares held by Elite Time Global, with maximum possible proceeds amounting to approximately HK\$910 million;
- (xiv) the subscription agreement dated 10 February 2021 entered into between the Company and Elite Time Global in relation to the subscription of a total of 2,000,000,000 new Shares by Elite Time Global, at a total consideration amounting to approximately HK\$910 million;
- (xv) the Three Gorges First Phase Share Purchase Agreements dated 31 March 2021 in relation to the Three Gorges First Phase Disposals at a total consideration of approximately RMB364,650,000;
- (xvi) the Three Gorges Second Phase Share Purchase Agreements dated 1 April 2021 in relation to the Three Gorges Second Phase Disposals at a total consideration of approximately RMB1,250,207,400;
- (xvii) the Second Phase Share Purchase Agreements dated 26 April 2021 in relation the Second Phase Disposals at a total consideration of RMB146,950,300;
- (xviii) the Third Phase Share Purchase Agreements dated 30 April 2021 in relation to the Third Phase Disposals at a total consideration of RMB310,210,800; and
- (xix) the Yongcheng Xin Neng Share Purchase Agreement in relation to the Yongcheng Xin Neng Disposal at a consideration of RMB193,000,000.

6. CLAIMS AND LITIGATION

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

7. GENERAL

- (i) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (ii) The principal place of business of the Company in Hong Kong is situated at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company is Tricor Abacus Limited situated at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

- (iv) The company secretary of the Company is Mr. Ho Yuk Hay, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and an associate member of both the Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).
- (v) In case of inconsistencies, the English texts of this circular shall prevail over the Chinese texts thereof.

8. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the interim report of the Company for the six months ended 30 June 2020 and the annual reports of the Company for each of the financial years ended 31 December 2019 and 2020;
- (iii) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (iv) the circular of the Company dated 24 May 2021 in relation to, among others, the Three Gorges Second Phase Disposals; and
- (v) this circular.