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

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

MAJOR TRANSACTION
(1) DISPOSAL OF SUBSIDIARIES
(2) GRANT OF PUT OPTIONS
TO XINHUA HYDROPOWER GROUP

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 30 of this circular.

The Transactions have been approved by written Shareholders’ approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being dispatched to the Shareholders for information only.

29 October 2021

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DEFINITIONS

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

“10% Equity Interest Closing”	closing of the Second Phase 10% Equity Interest Disposals in accordance with the Second Phase 10% Equity Interest Share Purchase Agreements
“10% Equity Interest Closing Date”	the date of approval of issuance of the new business certificate of the Target Companies upon the completion of the Registration Procedures in respect of the Second Phase 10% Equity Interest Disposals
“10% Equity Interest Consideration”	the consideration for the Second Phase 10% Equity Interest Disposals
“10% Equity Interest Sale Shares”	10% equity interest in each of Shenmu Jingfu and Shenmu Jingpu
“90% Equity Interest Closing”	closing of the Second Phase 90% Equity Interest Disposals in accordance with the Second Phase 90% Equity Interest Share Purchase Agreements
“90% Equity Interest Closing Date”	the date of approval of issuance of the new business certificate of the Target Companies upon the completion of the Registration Procedures in respect of the Second Phase 90% Equity Interest Disposals
“90% Equity Interest Consideration”	the consideration for the Second Phase 90% Equity Interest Disposals
“90% Equity Interest Sale Shares”	90% equity interest in each of Shenmu Jingfu and Shenmu Jingpu
“Affiliates”	for the purpose of this circular, means affiliates of each of the Target Companies, which shall include Xian GCL New Energy
“Amount Payable”	the amount payable (if any) by the Target Companies to the Seller and its affiliates (if applicable, including other subsidiaries of the Company)
“Amount Receivable”	the amount receivable (if any) by the Target Companies from the Seller and its affiliates (if applicable, including other subsidiaries of the Company)
“Announcement”	the announcement of the Company dated 13 September 2021 (after trading hours) in relation to the Second Phase Share Purchase Agreements
“Board”	the board of Directors

DEFINITIONS

“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
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Closing Audit Report”	the closing audit report prepared by an auditing agency appointed by the Purchaser to audit the financial status of the Target Companies during the period from the Reference Date to the 90% Equity Interest Closing Date in accordance with the Second Phase 90% Equity Interest Share Purchase Agreements
“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
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the 90% Equity Interest Consideration and the 10% Equity Interest Consideration
“Directors”	the directors of the Company
“Disposals”	the Previous De Minimis Disposal, the First Phase Disposals and the Second Phase Disposals
“Dongsheng Photovoltaic”	Dongsheng Photovoltaic Technology (Hong Kong) Limited (東昇光伏科技(香港)有限公司), a company incorporated in Hong Kong with limited liability and is indirect wholly-owned by GCL System Integration
“Elite Time Global”	Elite Time Global Limited (傑泰環球有限公司), a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of GCL-Poly
“First Phase 10% Equity Interest Disposals”	the proposed disposals of 10% equity interest in each of Shenmu Pingyuan Power Co., Ltd.* (神木市平元電力有限公司) (“ Shenmu Pingyuan ”), Shenmu Pingxi Power Co., Ltd.* (神木市平西電力有限公司) (“ Shenmu Pingxi ”), Shenmu County Jingdeng Power Co., Ltd.* (神木縣晶登電力有限公司) (“ Shenmu County Jingdeng ”) and Xixian New District GCL Photovoltaic Power Co., Ltd.* (西咸新區協鑫光伏電力有限公司) (“ Xixian New District GCL ”) to Ningxia Hanguang as contemplated under the First Phase 10% Equity Interest Share Purchase Agreements

DEFINITIONS

“First Phase 10% Equity Interest Share Purchase Agreements”	a series of four equity transfer agreements dated 30 August 2021 entered into between Suzhou GCL New Energy, Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 10% equity interest in each of Shenmu Pingyuan, Shenmu Pingxi, Shenmu County Jingdeng and Xixian New District GCL
“First Phase 90% Equity Interest Disposals”	the proposed disposals of 90% equity interest in each of Shenmu Pingyuan, Shenmu Pingxi, Shenmu County Jingdeng and Xixian New District GCL to Ningxia Hanguang as contemplated under the First Phase 90% Equity Interest Share Purchase Agreements
“First Phase 90% Equity Interest Share Purchase Agreements”	a series of four equity transfer agreements dated 30 August 2021 entered into between Suzhou GCL New Energy, Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 90% equity interest in each of Shenmu Pingyuan, Shenmu Pingxi, Shenmu County Jingdeng and Xixian New District GCL
“First Phase Disposals”	the First Phase 90% Equity Interest Disposals and the First Phase 10% Equity Interest Disposals
“First Phase Put Options”	the put options granted to the Purchaser under the First Phase 90% Equity Interest Share Purchase Agreements, pursuant to which the Purchaser is entitled to request Suzhou GCL New Energy and Xian GCL New Energy (as the case may be) to repurchase the sale shares from the Purchaser
“First Phase Share Purchase Agreements”	the First Phase 90% Equity Interest Share Purchase Agreements and the First Phase 10% Equity Interest Share Purchase Agreements
“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
“GCL System Integration”	GCL System Integration Technology Co., Ltd.* (協鑫集成科技股份有限公司), a company established in the PRC with its shares listed on the Small & Medium Enterprises Board of the Shenzhen Stock Exchange (stock code: 002506)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hunan Xinhua”	Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司), a company established in the PRC with limited liability and an independent third party to the Company

DEFINITIONS

“Latest Practicable Date”	25 October 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
“MW”	megawatt(s)
“Nanjing GCL New Energy”	Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫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 as at the Latest Practicable Date
“National Subsidy List”	Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單)
“Net Payable Amount”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable in the event that the Amount Payable is more than the Amount Receivable
“Ningxia Hanguang” or “Purchaser”	Ningxia Hanguang New Energy Co., Ltd.* (寧夏含光新能源有限公司), a company established in the PRC with limited liability and an independent third party to the Company
“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 12 July 2021 entered into between Suzhou GCL New Energy and Hunan Xinhua in relation to the sale of the entire equity interest in Yanyuan Xian Baiwu
“Previous De Minimis Disposal”	the disposal of the entire equity interest in Yanyuan Xian Baiwu by Suzhou GCL New Energy to Hunan Xinhua as contemplated under the Previous De Minimis Agreement
“Reference Date”	30 April 2021
“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 Previous De Minimis Disposal, the First Phase Disposals and the Second Phase Disposals in the PRC (as the case may be)
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Sale Shares”	90% Equity Interest Sale Shares and 10% Equity Interest Sale Shares
“Second Phase 10% Equity Interest Disposals”	the proposed disposals of 10% equity interest in each of Shenmu Jingfu and Shenmu Jingpu by Xian GCL New Energy to Ningxia Hanguang as contemplated under the Second Phase 10% Equity Interest Share Purchase Agreements
“Second Phase 10% Equity Interest Share Purchase Agreements”	Shenmu Jingfu 10% Equity Interest Share Purchase Agreement and Shenmu Jingpu 10% Equity Interest Share Purchase Agreement
“Second Phase 90% Equity Interest Disposals”	the proposed disposals of 90% equity interest in each of Shenmu Jingfu and Shenmu Jingpu by Xian GCL New Energy to Ningxia Hanguang as contemplated under the Second Phase 90% Equity Interest Share Purchase Agreements
“Second Phase 90% Equity Interest Share Purchase Agreements”	Shenmu Jingfu 90% Equity Interest Share Purchase Agreement and Shenmu Jingpu 90% Equity Interest Share Purchase Agreement
“Second Phase Disposals”	the Second Phase 90% Equity Interest Disposals and the Second Phase 10% Equity Interest Disposals
“Second Phase Put Options”	the put options granted to the Purchaser under the Second Phase 90% Equity Interest Share Purchase Agreements, pursuant to which the Purchaser is entitled to request the Seller to repurchase the Sale Shares from the Purchaser
“Second Phase Share Purchase Agreements”	the Second Phase 90% Equity Interest Share Purchase Agreements and the Second Phase 10% Equity Interest Share Purchase Agreements
“Seller” or “Xian GCL New Energy”	Xian GCL New Energy Management Co., Ltd.* (西安協鑫新能源管理有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“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
“Shenmu Jingfu”	Shenmu Jingfu Power Co., Ltd.* (神木市晶富電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Xian GCL New Energy and an indirect subsidiary of the Company as at the Latest Practicable Date

DEFINITIONS

“Shenmu Jingfu 10% Equity Interest Share Purchase Agreement”	an equity transfer agreement dated 13 September 2021 (after trading hours) entered into between Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 10% equity interest in Shenmu Jingfu
“Shenmu Jingfu 90% Equity Interest Share Purchase Agreement”	an equity transfer agreement dated 13 September 2021 (after trading hours) entered into between Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 90% equity interest in Shenmu Jingfu
“Shenmu Jingfu Share Purchase Agreements”	Shenmu Jingfu 90% Equity Interest Share Purchase Agreement and Shenmu Jingfu 10% Equity Interest Share Purchase Agreement
“Shenmu Jingpu”	Shenmu Jingpu Power Co., Ltd.* (神木市晶普電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Xian GCL New Energy and an indirect subsidiary of the Company as at the Latest Practicable Date
“Shenmu Jingpu 10% Equity Interest Share Purchase Agreement”	an equity transfer agreement dated 13 September 2021 (after trading hours) entered into between Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 10% equity interest in Shenmu Jingpu
“Shenmu Jingpu 90% Equity Interest Share Purchase Agreement”	an equity transfer agreement dated 13 September 2021 (after trading hours) entered into between Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 90% equity interest in Shenmu Jingpu
“Shenmu Jingpu Share Purchase Agreements”	Shenmu Jingpu 90% Equity Interest Share Purchase Agreement and Shenmu Jingpu 10% Equity Interest Share Purchase Agreement
“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 as at the Latest Practicable Date
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company(ies)”	Shenmu Jingfu and Shenmu Jingpu
“Total Net Payable Amount”	the Net Payable Amount of all of the Target Companies

DEFINITIONS

“Transactions”	the transactions contemplated under the Second Phase 90% Equity Interest Share Purchase Agreements and the Second Phase 10% Equity Interest Share Purchase Agreements
“Transition Period”	the period between the Reference Date and the 90% Equity Interest Closing Date
“Xinhua Hydropower Group”	Hunan Xinhua and the Purchaser which are owned as to approximately 99.63% and 42% by Xinhua Hydropower, respectively and whose decisions to entered into the Disposals are subject to the approval of Xinhua Hydropower
“Yanyuan Xian Baiwu”	Yanyuan Xian Baiwu New Energy Technology Co., Ltd.* (鹽源縣白烏新能源科技有限公司), a company established in the PRC with limited liability, which ceased to be wholly-owned by Suzhou GCL New Energy and ceased to be an indirect subsidiary of the Company since 16 August 2021
“%”	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

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business in Hong Kong:*

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Hong Kong

29 October 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION **(1) DISPOSAL OF SUBSIDIARIES** **(2) GRANT OF PUT OPTIONS** **TO XINHUA HYDROPOWER GROUP**

1. INTRODUCTION

Second Phase Disposals

Reference is made to the Announcement of the Company dated 13 September 2021 in relation to the Second Phase Disposals.

LETTER FROM THE BOARD

2. THE SECOND PHASE SHARE PURCHASE AGREEMENTS

The principal terms of the Second Phase Share Purchase Agreements (i.e. the Second Phase 90% Equity Interest Share Purchase Agreements and the Second Phase 10% Equity Interest Share Purchase Agreements) are set out below:

Date

13 September 2021 (after trading hours)

Parties

- (i) The Seller: Xian GCL New Energy Management Co., Ltd.* (西安協鑫新能源管理有限公司)
- (ii) The Purchaser: Ningxia Hanguang New Energy Co., Ltd.* (寧夏含光新能源有限公司)

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

Subject Matter

(a) Subject matter of the Second Phase 90% Equity Interest Share Purchase Agreements

Pursuant to the Second Phase 90% Equity Interest Share Purchase Agreements, the Seller shall sell the 90% equity interest in each of Shenmu Jingpu and Shenmu Jingfu to the Purchaser.

(b) Subject matter of the Second Phase 10% Equity Interest Share Purchase Agreements

Pursuant to the Second Phase 10% Equity Interest Share Purchase Agreements, the Seller shall sell the 10% equity interest in each of Shenmu Jingpu and Shenmu Jingfu to the Purchaser.

The Target Companies collectively own 6 operational solar power plants in the PRC with an aggregate grid-connected capacity of approximately 198 MW.

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

No.	Second Phase Share Purchase Agreements		Target Companies
	Second Phase 90% Equity Interest Share Purchase Agreements	Second Phase 10% Equity Interest Share Purchase Agreements	
I	Shenmu Jingfu 90% Equity Interest Share Purchase Agreement	Shenmu Jingfu 10% Equity Interest Share Purchase Agreement	Shenmu Jingfu Power Co., Ltd.* (神木市晶富電力有限公司)
II	Shenmu Jingpu 90% Equity Interest Share Purchase Agreement	Shenmu Jingpu 10% Equity Interest Share Purchase Agreement	Shenmu Jingpu Power Co., Ltd.* (神木市晶普電力有限公司)

LETTER FROM THE BOARD

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

Closing

(a) 90% Equity Interest Closing

The Second Phase 90% Equity Interest Share Purchase Agreements shall become effective upon the fulfillment of the following conditions:

- (i) the Second Phase 90% Equity Interest Share Purchase Agreements have been signed by the legal representative or authorised representative of each party and affixed the official seal by each party;
- (ii) the Transactions have been approved by the board of directors of Xinhua Hydropower (as defined below); and
- (iii) the Transactions have been approved by the shareholders of the Purchaser.

If the abovementioned conditions (ii) and (iii) are not fulfilled within 30 days after the signing of the Second Phase 90% Equity Interest Share Purchase Agreements, the Seller shall have the right to terminate the Second Phase 90% Equity Interest Share Purchase Agreements and neither party shall be held liable for breach of contract, and each party shall bear all expenses incurred by it respectively.

The 90% Equity Interest Closing is subject to the fulfilment of the following conditions precedents:

- (i) the Second Phase 90% Equity Interest Share Purchase Agreements have been signed by the parties and become effective;
- (ii) the Purchaser has paid the 90% Equity Interest First Instalment to the Seller;
- (iii) all pledges over the Sale Shares have been completely released and the pledge cancellation registration procedures have been completed;
- (iv) the Company has obtained Shareholders’ approval for the Second Phase 90% Equity Interest Share Purchase Agreements (if required, the Seller shall, in principle, obtain shareholders’ approval within 90 days after the signing of the Second Phase 90% Equity Interest Share Purchase Agreements); and
- (v) (applicable to Shenmu Jingpu only) the guarantee and deposit arrangement in connection with the financial lease agreements and ancillary agreements entered into between Shenmu Jingpu and the financial institutions specified in the Shenmu Jingpu 90% Equity Interest Share Purchase Agreement has been released with the cooperation of the Seller.

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As at the Latest Practicable Date, the Second Phase 90% Equity Interest Share Purchase Agreements have become effective and conditions precedents (i), (ii) and (iv) above have been fulfilled.

The date of approval of issuance of the new business certificate of each of the Target Companies upon the completion of the Registration Procedures in respect of the Second Phase 90% Equity Interest Disposals shall be the 90% Equity Interest Closing Date. The completion of Registration Procedures and the 90% Equity Interest Closing Date are expected to be on or before 30 November 2021.

(b) 10% Equity Interest Closing

Within two years from the 90% Equity Interest Closing Date, if the relevant PRC government authority issue notice(s) to levy land tax and fee (including but not limited to urban land use tax, cultivated land occupation tax and late fee) in respect of the photovoltaic array area of the Target Companies in accordance with the laws, regulations or policies existed before the Reference Date (the “**Levy Notice**”), such amount payable by the relevant Target Company up to the Reference Date shall be borne by the Seller in proportion to its equity interest in the relevant Target Company after the 90% Equity Interest Closing (the “**Levy Amount**”). The Seller agreed to compensate the Purchaser or the relevant Target Company for such Levy Amount paid to the relevant PRC government authority.

Within two years from the 90% Equity Interest Closing Date and/or immediately upon the issue of the Levy Notice, the Purchaser shall purchase the 10% Equity Interest Sale Shares from the Seller.

The date of approval of issuance of the new business certificate of each of the Target Companies upon the completion of the Registration Procedures in respect of the Second Phase 10% Equity Interest Disposals shall be the 10% Equity Interest Closing Date.

Consideration

The consideration for the Target Companies is comprised of (i) the consideration under each of the Second Phase 90% Equity Interest Share Purchase Agreements consist of the share price of the 90% Equity Interest Sale Shares (“**90% Equity Interest Share Price**”); and (ii) the consideration under each of the Second Phase 10% Equity Interest Share Purchase Agreements, which consists of (a) the share price of the 10% Equity Interest Sale Shares (“**10% Equity Interest Share Price**”) and (b) the interest incurred on 10% Equity Interest Share Price at an annual interest rate of 4.9% for the period from the effective date of the Second Phase 90% Equity Interest Share Purchase Agreements up to 10% Equity Interest Closing Date (“**Interest Amount**”). The annual interest rate of 4.9% was determined with reference to the current benchmark lending rate of 4.65% promulgated by the People’s Bank of China for a term of over five years. As the rate of 4.9% is close to the current benchmark lending rate, the Directors believe and consider that such rate is fair and reasonable.

LETTER FROM THE BOARD

The table below sets out the share price under each of the Second Phase Share Purchase Agreements:

No.	Target Companies	90% Equity Interest Share Price RMB	10% Equity Interest Share Price RMB	Total Share Price RMB
I	Shenmu Jingfu	9,298,000	1,033,100	10,331,100
II	Shenmu Jingpu	<u>206,278,000</u>	<u>22,919,800</u>	<u>229,197,800</u>
Total		<u>215,576,000</u>	<u>23,952,900</u>	<u>239,528,900</u>

Basis of the Consideration

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

- (i) the net asset value of each of the Target Companies as at the Reference Date;
- (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 Second Phase Disposals as discussed in the paragraph headed "Reasons for and Benefits of the Transactions" below; and
- (iv) the cash flow position of the Target Companies as at the Reference Date.

The Directors have considered below factors in determining a lower Consideration amounting to approximately RMB239.5 million than the net assets value of the Target Companies as at the Reference Date amounting to approximately RMB366.7 million for the Second Phase Disposals:

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

As at the Reference Date (i.e. 30 April 2021) and 30 June 2021, the Target Companies recorded a net cash outflow (excluding financing of shareholders' loan) of approximately RMB14.9 million and RMB15.9 million, respectively. As at the Reference Date, the bank balances and cash of the Target Companies is approximately RMB22 million. As at the Reference Date, the total outstanding indebtedness of the Target Companies (excluding shareholder's loan of RMB667 million) amounted to approximately RMB808 million, amongst which approximately RMB116 million will be repayable by the Target Companies within one year. In particular, Shenmu Jingfu has encountered difficulties in obtaining external financing and have entirely relied on the shareholders' loan to pay its finance and operating expenses due to its non-compliance to the government notice issued by the National Forestry and Grassland Administration of the PRC (國家林業和草原局) in 2015 in relation to the occupation and use

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of forest land (the “**National Government Notice**”). As such, the Target Companies has been substantially relying on the funding from the Group by way of shareholders’ loan to pay its finance and operating expenses.

Considering the abovementioned factors, the Target Companies will not be able to repay its outstanding indebtedness in the near future without the provision of further funding by the Group. Any default in repayment of debts by the Target Companies will lead to a cross default provision of other indebtedness held by the Group.

As such, upon the completion of the Second Phase Disposals, the Group will be able to shift its funding commitment to the Target Companies to the Purchaser, while being able to receive a net cash proceeds of approximately RMB901 million from the disposal of the Target Companies pursuant to the Second Phase Share Purchase Agreements. This presents a good opportunity for the Group (i) to recoup its capital investments including the shareholder’s loans in the Target Companies, (ii) to relieve the Group from its further funding commitment to the Target Companies 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

As disclosed in the section headed “Grant of the Second Phase Put Options” in this circular, the Purchaser and the Seller have considered the operation risk caused by potential partial demolition of the solar power plants operated by the Target Companies due to non-compliance of the National Government Notice as at the Reference Date (the “**Potential Demolition**”) during the course of negotiation of the Second Phase Share Purchase Agreements. In consideration of the inherent operation risk of the solar power plants in the PRC, the Company is of the view that it is a market practice for solar power plant operators in the PRC to grant put options for the repurchase of solar power plants disposed to the state-owned purchasers to maximise the attractiveness of the solar power plants subject to inherent operation risks and to facilitate the disposal of such solar power plants.

While each of the Target Companies recorded profit after taxation ranging from RMB4.4 million to RMB14.8 million for the years ended 31 December 2019 and 2020, the Seller and the Purchaser agreed on the Consideration lower than the net asset value of the Target Companies as at the Reference Date primarily because of the abovementioned weak cash flow and high indebtedness position, as well as the operation risk of the Target Companies.

LETTER FROM THE BOARD

Payment Arrangements of the Consideration

(a) *Payment arrangement of the 90% Equity Interest Consideration*

The aggregate 90% Equity Interest Consideration under each of the Second Phase 90% Equity Interest Share Purchase Agreements shall be paid by the Purchaser to the Seller in the following manner:

No.	Second Phase 90% Equity Interest Share Purchase Agreements	90% Equity Interest First Instalment RMB	90% Equity Interest Second Instalment RMB
I	Shenmu Jingfu 90% Equity Interest Share Purchase Agreement	4,649,000	4,649,000
II	Shenmu Jingpu 90% Equity Interest Share Purchase Agreement	<u>103,139,000</u>	<u>103,139,000</u>
Total		<u>107,788,000</u>	<u>107,788,000</u>

90% Equity Interest First Instalment The Purchaser shall pay a total of RMB107,788,000 (the “**90% Equity Interest First Instalment**”) to the Seller within seven Business Days after the signing of the Second Phase 90% Equity Interest Share Purchase Agreements.

90% Equity Interest Second Instalment The Purchaser shall pay a total of RMB107,788,000 (the “**90% Equity Interest Second Instalment**”) to the Seller within seven Business Days after the fulfilment of the following conditions:

- (i) the completion of the Registration Procedures, the amendments of the articles of association and the issuance of new business licence of the Target Companies in respect of the Second Phase 90% Equity Interest Disposals;
- (ii) the delivery and handover of the corporate and statutory documents of the respective Target Company specified in the Second Phase 90% Equity Interest Share Purchase Agreements have been completed; and

LETTER FROM THE BOARD

- (iii) (applicable to Shenmu Jingfu only) the release of the guarantee between Shenmu Jingfu and the financial institution specified in the Shenmu Jingfu 90% Equity Interest Share Purchase Agreement with the cooperation of the Seller.

(b) Payment arrangement of the 10% Equity Interest Consideration

The aggregate 10% Equity Interest Consideration under each of the Second Phase 10% Equity Interest Share Purchase Agreements shall be paid by the Purchaser to the Seller in the following manner:

10% Equity Interest First Instalment The first instalment payment of the 10% Equity Interest Consideration (the “**10% Equity Interest First Instalment**”) shall be calculated in the following manner:

$$(A - B) \times 50\%$$

A = the aggregate 10% Equity Interest Share Price, i.e. RMB23,952,900

B^(Note) = the Levy Amount payable by the relevant Target Company or the Purchaser to the relevant PRC government authority

Note: In case B is higher than RMB11,976,500, the remaining Levy Amount payable by the relevant Target Company or the Purchaser to the relevant PRC government authority shall be deducted from the second instalment payment of the 10% Equity Interest Consideration (the “**10% Equity Interest Second Instalment**”).

The Purchaser shall pay the 10% Equity Interest First Instalment to the Seller within seven Business Days after the commencement of the acquisition procedure of the 10% Equity Interest Sale Shares.

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10% Equity Interest Second Instalment

The 10% Equity Interest Second Instalment shall be calculated in the following manner:

A-C-D+E

A = the aggregate 10% Equity Interest Share Price, i.e. RMB23,952,900

C = the 10% Equity Interest First Instalment

D = the remaining Levy Amount payable by the relevant Target Company or the Purchaser to the relevant PRC government authority (if applicable)

E = Interest Amount

The Purchaser shall pay the 10% Equity Interest Second Instalment to the Seller within seven Business Days after the completion of the Registration Procedures in respect of the Second Phase 10% Equity Interest Disposals.

Payment arrangement of the Amount Payable

The Amount Payable as at the Reference Date will be set off against the Amount Receivable as at the Reference Date in order to ascertain the Net Payable (Receivable) Amount as at the Reference Date.

The table below sets out the Net Payable Amount of each of the Target Companies under each of the Second Phase Share Purchase Agreements as at the Reference Date:

No.	Second Phase Share Purchase Agreements	Initial Net	Rectification	Actual Net
		Payable Amount <i>(Note)</i> RMB	Cost <i>(Note)</i> RMB	Payable Amount <i>(Note)</i> RMB
I	Shenmu Jingfu Share Purchase Agreements	303,852,755	(1,100,000)	302,752,755
II	Shenmu Jingpu Share Purchase Agreements	362,651,263	(1,570,000)	361,081,263
Total		<u>666,504,018</u>	<u>(2,670,000)</u>	<u>663,834,018</u>

Note: The actual Net Payable Amount under each of the Second Phase Share Purchase Agreements payable by the Purchaser to the Seller represents the deduction of the agreed rectification cost for the engineering and compliance defects of each of the Target Companies under each of the Second Phase Share Purchase Agreements (“**Rectification Cost**”) from the initial Net Payable Amount to be received by the Seller or Suzhou GCL New Energy (as the case may be) under each of the Second Phase Share Purchase Agreements.

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The Purchaser shall procure the Target Companies to repay the Total Net Payable Amount as at the Reference Date (i.e. RMB666,504,018), which is interest bearing at an annual interest rate of 9.52% based on the loan agreements previously signed by the Target Companies and the Seller or its affiliates, after deducting the Rectification Cost (i.e. RMB2,670,000) to the Seller within 60 days after the 90% Equity Interest Closing, and such settlement arrangement has been agreed with the Target Companies.

The Purchaser and the Target Companies agreed to repay the Net Payable Amount incurred during the Transition Period and the interest to the Seller and its affiliates within seven Business Days after the issue of the Closing Audit Report, which shall be issued within 20 days after the 90% Equity Interest Closing.

Grant of the Second Phase Put Options

(a) Potential Demolition

In order to conserve and protect the ecosystem of certain forest land in the PRC, the National Forestry and Grassland Administration of the PRC (國家林業和草原局) issued the National Government Notice in 2015 to designate certain areas as forest protection areas, which restrict or prohibit the construction or operation of solar power plants in such areas.

In 2017, the Office of Shenmu Municipal People's Government (神木市人民政府辦公室) circulated a meeting minutes to the solar power plant operators in the Yulin City to clarify on the implementation of the National Government Notice within the Shenmu City (the “**Local Government Meeting Minutes**”), which requires solar power plants located in the designated forest protection areas but were constructed pursuant to construction approvals obtained prior to the issue of the National Government Notice to implement certain remedial measures.

As all solar power plants operated by the Target Companies are located in the designated forest protection areas, such solar power plants are required to comply with the National Government Notice and the Local Government Meeting Minutes. Accordingly, the Target Companies have implemented certain one-off and continuous remedial measures such as vegetation restoration and maintenance in accordance with the National Government Notice and the Local Government Meeting Minutes by 2017 (the “**Remedial Measures**”). While the local government authority of Shenmu City have accepted the Remedial Measures by the end of 2017, such acceptance does not prevent the relevant PRC government authorities (whether at the city or higher level) from imposing further remedial measures or penalties (if any) on the Target Companies based on the government policies implemented from time to time.

Given the remedial measures or penalties (if any) applicable to the Target Companies are unclear, the Seller and Purchaser agreed that the Rectification Cost shall constitute, among others, full and final settlement of the Seller's obligation in connection with such remedial measures or penalties imposed on the Target Companies after the Reference Date (save for the Potential Demolition).

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The Purchaser and Seller have considered that the risk of the Potential Demolition is remote due to the following reasons:

- (i) all solar power plants operated by the Target Companies have obtained approval for construction prior to the issue of the National Government Notice;
- (ii) the National Government Notice and the Local Government Meeting Minutes only requires solar power plants which have obtained construction approval prior to the issue of the National Government Notice to implement certain remedial measures and does not explicitly order demolition of such solar power plants;
- (iii) the relevant local government authority has accepted the Remedial Measures by the end of 2017; and
- (iv) all relevant solar power plants are located in forest protection areas which merely restrict but do not strictly prohibit construction and/or operation of solar power plants, and therefore it is considered very unlikely that the relevant PRC government authorities would resort to extreme measures such as the Potential Demolition when other remedial measures can achieve the effect of protecting such forest protection areas.

Although the occurrence of the Potential Demolition is remote, the Purchaser considered it was difficult to estimate the impact of the Potential Demolition on the fair value of the relevant solar power plants as such impact may vary significantly depending on the affected areas and infrastructure. As such, the Seller and the Purchaser agreed to further negotiate to ascertain the amount of compensation payable by the Seller to the Purchaser upon the remote occurrence of the Potential Demolition.

In the event that the Purchaser and the Seller are unable to reach a consensus through negotiation, subject to each of the Seller and the Purchaser obtaining its respective internal approval(s) (including Board approval and Shareholders' approval (if required)) for the exercise of the Second Phase Put Options, the Purchaser shall be entitled to exercise the Second Phase Put Options and require the Seller to repurchase the disposed Sale Shares from the Purchaser. Accordingly, the right to exercise the Second Phase Put Options by the Purchaser is subject to the discretion of the Seller.

(b) Repurchase price

The repurchase price for the Sale Shares (the "**Repurchase Price**") shall be calculated in the following manner:

- (i) the Consideration paid by the Purchaser;
- (ii) all of the funds injected, lent and paid by the Purchaser to the Target Companies after becoming a shareholder of the Target Companies;
- (iii) all other funds injected by the Purchaser to the Target Companies;

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- (iv) interest incurred on the sum of items (i) to (iii) above at an annual interest rate of 4.9% for the number of days since the Purchaser actually paid the Consideration or the amount of capital contribution set out in items (ii) and (iii) above until the date of full payment of the Repurchase Price by the Seller; and
- (v) the Purchaser shall fully refund the profits earned from the Target Companies since the Reference Date.

The Purchaser and the Seller have considered the negative impact caused by the Potential Demolition in determining the Repurchase Price during the course of negotiation of the Second Phase Share Purchase Agreements. The Purchaser and the Seller agreed that the occurrence of the Potential Demolition is remote but it would be highly disruptive to the operation of the solar power plants of the Target Companies if such Potential Demolition occurs. This would lead to fundamental change of the fair value of such solar power plants, and therefore the Purchaser would not have agreed to purchase the disposed Sale Shares from the Seller unless the Seller agreed to a “return mechanism” of the disposed Sale Shares by granting the Second Phase Put Options to the Purchaser at the Repurchase Price.

It is not unusual for solar power plant operators in the PRC to experience uncertainties in relation to the receipt of the national subsidy from the PRC government, registration of the solar power plants to the National Subsidy List or compliance with the National Government Notice. As these uncertainties may significantly affect the value of the solar power plants and having considered that the Company has been requested by several state-owned purchasers of the 2020 Disposals and the 2021 Disposals to grant similar put options, the Company is of the view that it is a market practice for solar power plant operators in the PRC to grant put options for the repurchase of the solar power plants disposed to state-owned purchasers in order to maximise the attractiveness of the solar power plants with these uncertainties and to facilitate the disposal of such solar power plants.

In view of the remoteness of the occurrence of the Potential Demolition, the Directors have considered that the grant of Second Phase Put Options at the Repurchase Price is in line with the market practice and would facilitate the Group to achieve its transformation to an asset-light model through the Second Phase Disposals. Having considered the factors set out in the section headed “Reasons for and benefits of the Transactions” in this circular, the Directors considered that the grant of Second Phase Put Options at the Repurchase Price is fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

Other Undertakings

The Seller and the Purchaser agreed to be subject to certain undertakings, including but not limited to, the following undertakings:

- (i) within seven days from the 90% Equity Interest Closing Date, the Seller shall complete the delivery and handover of the corporate documents and seals of each of the Target Companies as specified in the Second Phase 90% Equity Interest Share Purchase Agreements to the Purchaser;

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- (ii) the Seller shall cooperate with the financial institutions or the investment partner (as the case may be) to terminate all pledge agreements and release all pledges over the Sale Shares prior to the 90% Equity Interest Closing Date;
- (iii) in the event that the relevant PRC tax authority levies tax penalty and fees on the Target Companies after the 90% Equity Interest Closing Date as a result of the conducts of the Target Companies before the Reference Date under the laws or policies before the Reference Date, the Seller shall indemnify the Purchaser or the Target Companies against such costs. As of the Latest Practicable Date, the Directors are not aware of any tax penalty or fees charged or to be charged by the relevant PRC tax authority;
- (iv) (applicable to Shenmu Jingpu only) within 60 days after the 90% Equity Interest Closing Date, the Purchaser undertakes to provide guarantee substitution or procure Shenmu Jingpu's early repayment of its liabilities owed to the financial institutions and all third party debtors of Shenmu Jingpu (i.e. debtors of Shenmu Jingpu other than the Seller and its affiliates) in order to release the existing guarantees provided by the Seller or its affiliates in respect of such liabilities;
- (v) (applicable to Shenmu Jingpu only) after the 90% Equity Interest Closing and during the time when the Seller continues to hold equity interest in Shenmu Jingpu, if the Purchaser provides guarantee substitutions in respect of the financial debts of Shenmu Jingpu, the Seller shall provide counter guarantee to the Purchaser in respect of the relevant financial debts of Shenmu Jingpu in proportionate to the Seller's shareholding in Shenmu Jingpu as at the time when the Purchaser provides such guarantee substitutions. The financial debts of Shenmu Jingpu as at the Reference Date amounts to approximately RMB807,965,119. Therefore, it is estimated that the amount of the counter guarantee to be provided by the Seller to the Purchaser under the Shenmu Jingpu Share Purchase Agreements will be approximately RMB80,796,512, which is in proportion to the remaining 10% equity interest held by the Seller after the 90% Equity Interest Closing; and
- (vi) the Seller confirms that all payments under the supplemental agreements in relation to the leasing of land specified in the 90% Equity Interest Share Purchase Agreements have been fully paid. In the event that the Target Companies are required to make any payments pursuant to the above supplemental agreements, the Seller shall be responsible for such costs.

Transition Period Arrangement

While the financial information of the Target Companies remains consolidated in the consolidated financial statements of the Company during the Transition Period, the Seller and the Purchaser agreed that (i) profit and loss for the period from the Reference Date up to 120 days after the Reference Date shall be enjoyed and borne by the Seller and the Purchaser in proportion to its equity interest in each of the Target Companies after the 90% Equity Interest Closing, (ii) profit and loss for the period from the 120 days after the Reference Date up to the 90% Equity Interest Closing Date shall be enjoyed and borne by the Seller provided that the aforementioned period shall not be longer than two months and (iii) if the 90% Equity Interest Closing Date is more than two months from the 120 days after the Reference Date, profit and loss of the Target Companies shall be enjoyed

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and borne by the Purchaser as to 90% and the Seller as to 10%. The profit and loss of the Target Companies during the Transition Period shall be retained in the Target Companies and distributed by way of dividend in proportion to the equity interest of the Seller and the Purchaser in the Target Companies according to the above arrangement.

Guarantee arrangement in respect of the 90% Equity Interest First Instalment

Nanjing GCL New Energy shall provide a guarantee to the Purchaser to secure, among others, the closing obligations of the Seller under the Second Phase 90% Equity Interest Share Purchase Agreements from the date of receipt of the 90% Equity Interest First Instalment. Such guarantee shall be released by the Purchaser upon the completion of the 90% Equity Interest Closing.

Guarantee arrangement in respect of the 10% Equity Interest First Instalment

Nanjing GCL New Energy shall provide a guarantee to the Purchaser to secure, among others, the closing obligations of the Seller under the Second Phase 10% Equity Interest Share Purchase Agreements from the date of receipt of the 10% Equity Interest First Instalment. Such guarantee shall be released by the Purchaser upon the completion of the 10% Equity Interest Closing.

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

The Company

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 at the Latest Practicable Date, the Company is a subsidiary of GCL-Poly.

Xian GCL New Energy

Xian GCL New Energy is a company established in the PRC with limited liability and an indirect subsidiary of the Company. Xian GCL New Energy is principally engaged in the development, operation and management of solar power plants in the PRC.

4. INFORMATION ON THE PURCHASER

Ningxia Hanguang is a company established in the PRC with limited liability and is principally engaged in the investment and development of renewable energy in the PRC. As confirmed by Ningxia Hanguang and as at the Latest Practicable Date, Ningxia Hanguang is owned as to:

- (i) approximately 42% by Xinhua Hydropower Co., Ltd* (新華水力發電有限公司) (“**Xinhua Hydropower**”). Xinhua Hydropower is owned as to (a) 55% by China National Nuclear Corporation* (中國核工業集團有限公司), which is in turn wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council in the PRC, and (b)

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45% by Xinhua Water Conservancy Holding Group Co., Ltd.* (新華水利控股集團有限公司), which is in turn wholly-owned by Comprehensive Affairs Bureau of the Ministry of Water Resources* (水利部綜合事業局) in the PRC;

- (ii) approximately 40% by Ningxia Water Investment Group Co., Ltd* (寧夏水務投資集團有限公司) which is indirectly wholly-owned by the People's Government of Ningxia Hui Autonomous Region (寧夏回族自治區人民政府);
- (iii) approximately 13.33% by Beijing Nengda Electric Power Investment Co., Ltd.* (北京能達電力投資有限公司) which is owned as to (a) 90% by Beijing Jianghe Mingpeng Economic and Trade Co., Ltd.* (北京江河明鵬經貿有限公司) which is in turn owned as to 40% by Luo Lin* (羅琳), 30% by Wan Xiang* (萬翔) and 30% by Shi Jingchen* (石景晨) and (b) 10% by Qingdao Hanrun International Trade Co., Ltd.* (青島瀚潤國際貿易有限公司) which is in turn owned as to 70% by Niu Yongjun* (牛勇軍) and 30% by Fan Jia* (范佳); and
- (iv) approximately 4.67% by China Power Construction Ningxia Engineering Co., Ltd (中電建寧夏工程有限公司), which is indirectly wholly-owned by the State Council of the PRC (中國國務院).

5. INFORMATION ON THE TARGET COMPANIES

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

No.	Second Phase Share Purchase Agreements	Information on the Target Companies
I	Shenmu Jingfu Share Purchase Agreements	Shenmu Jingfu is a company established in the PRC with limited liability, which is directly wholly-owned by Xian GCL New Energy and an indirect subsidiary of the Company. Shenmu Jingfu is principally engaged in the operation of solar power plants in the PRC.
II	Shenmu Jingpu Share Purchase Agreements	Shenmu Jingpu is a company established in the PRC with limited liability, which is directly wholly-owned by Xian GCL New Energy and an indirect subsidiary of the Company. Shenmu Jingpu is principally engaged in the operation of solar power plants in the PRC.

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

Second Phase Share Purchase Agreements	Target Companies	For the year ended 31 December			
		2020		2019	
		Profit before taxation <i>RMB'000</i>	Profit after taxation <i>RMB'000</i>	Profit before taxation <i>RMB'000</i>	Profit after taxation <i>RMB'000</i>
I	Shenmu Jingfu	12,403	11,204	4,514	4,398
II	Shenmu Jingpu	14,790	14,790	14,400	14,400

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 2020 and unaudited management accounts for the month ended 30 April 2021 of the Target Companies prepared in accordance with China Accounting Standards:

Second Phase Share Purchase Agreements	Target Companies	Net asset value	
		As at 31 December 2020 <i>RMB'000</i>	As at Reference Date (i.e. 30 April 2021) <i>RMB'000</i>
		I	Shenmu Jingfu
II	Shenmu Jingpu	281,403	288,692

6. FINANCIAL IMPACT OF THE TRANSACTIONS

Upon the completion of the 90% Equity Interest Closing and before the 10% Equity Interest Closing, the remaining interest of the Group in the Target Companies will be recognised as “other investments” in its financial statements. Upon the 90% Equity Interest Closing, 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 loss on the Second Phase Disposals of approximately RMB131,797,703 and such loss is calculated with reference to the difference between the aggregate Consideration of approximately RMB239,528,900, minus the Rectification Cost of RMB2,670,000 and the net asset value of the Target Companies based on the unaudited financial statements of the Target Companies as at the Reference Date of approximately RMB366,656,603, after deducting related transaction costs of approximately RMB2,000,000. The actual loss as a result of the Second Phase Disposals to be recorded by the Group is subject to audit and will be reassessed after completion of the Second Phase Disposals.

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 30 June 2021:

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Indebtedness repayable within one year	<i>RMB'000</i>
Bank loans and other loans from independent third parties	2,612,352
Project loans	2,641,921
Bonds and senior notes	466,998
Loans from related companies	16,811
Lease liabilities	63,304
Loans directly associated with assets held for sale	<u>595,472</u>
Total	<u><u>6,396,858</u></u>

The net cash proceeds from the Transactions (being the sum of (i) the Consideration amounting to approximately RMB239,528,900 and (ii) the Total Net Payable Amount amounting to approximately RMB666,504,018, minus (iii) the Rectification Cost amounting to approximately RMB2,670,000 and transaction costs of approximately RMB2,000,000) is expected to be approximately RMB901,362,918, 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 30 June 2022 amounting to RMB2,612,352,000 as set out above.

8. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Upon the 90% Equity Interest Closing, 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 RMB815,802,000. Furthermore, the cash derived from the Transactions amounting to approximately RMB901,362,918 will be used for further repayment of debts, and the gearing ratio of the Group will decrease by approximately 1.6%, calculated with reference to the unaudited financial statements of the Group as at 30 June 2021, thus 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. 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.

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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 (the “**Wula Tehouqi Yuanhai Share Purchase Agreement**”), pursuant to which the Group agreed to, among other things, 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) to Beijing United Rongbang (“**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 (i) 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 Zhuri 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 (ii) 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, the Group and Guangdong Jinyuan New Energy Co., Ltd.* (廣東金元新能源有限公司) (“**Guangdong Jinyuan**”) 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) (“**Weining Energy**”) (together as the “**Weining Group**”) entered into a series of four share purchase agreements (the “**Weining Group Second Phase Share Purchase Agreements**”), pursuant to which the Group agreed to, among other things, sell (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) to the Weining Group (the “**Weining Group Second Phase Disposals**”). Please refer to the joint announcement of GCL-Poly and the Company dated 26 April 2021 in relation to the Weining Group Second Phase Disposals for further details.

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On 30 April 2021, the Group and Guangdong Jinyuan and Weining Energy entered into a series of four share purchase agreements (the **“Weining Group Third Phase Share Purchase Agreements”**), pursuant to which the Group agreed to, among other things, sell (i) 88.37% equity interest in Hainan Yicheng New Energy Co., Ltd.* (海南意晟新能源有限公司), (ii) 90.10% equity interest in Yingde GCL Photovoltaic Power Co., Ltd.* (英德協鑫光伏電力有限公司) and (iii) the entire equity interest in each of Ceheng GCL Photovoltaic Power Co., Ltd.* (冊亨協鑫光伏電力有限公司) and Liuzhi GCL Photovoltaic Power Co., Ltd.* (六枝協鑫光伏電力有限公司) to the Weining Group (the **“Weining Group Third Phase Disposals”**). Please refer to the joint announcement of GCL-Poly and the Company dated 30 April 2021 in relation to the Weining Group Third Disposals for further details.

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 **“SPIC Chongqing First Phase 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 **“SPIC Chongqing First Phase Disposal”**). Please refer to the joint announcement of GCL-Poly and the Company dated 7 May 2021 in relation to the SPIC Chongqing First Phase Disposal for further details.

On 21 May 2021, the Group and Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) (**“Guizhou West Power”**) entered into a series of two share purchase agreements, pursuant to which the Group agreed to, among other things, sell the entire equity interest in Anlong Maoan New Energy Development Company Limited* (安龍縣茂安新能源發展有限公司) and Haifeng County GCL Solar Power Co., Ltd.* (海豐縣協鑫光伏電力有限公司) to Guizhou West Power (the **“Guizhou West Power De Minimis Disposals”**). Please refer to the joint announcement of GCL-Poly and the Company dated 25 June 2021 in relation to the Guizhou West Power De Minimis Disposals for further details.

On 24 June 2021, the Group and Chongqing Lvxin Energy Development Co., Ltd.* (重慶綠欣能源發展有限公司) (a directly wholly-owned subsidiary of SPIC Chongqing) (together with SPIC Chongqing and its subsidiaries as **“SPIC Chongqing Group”**) entered into a series of six share purchase agreements (the **“SPIC Chongqing Second Phase Share Purchase Agreements”**), pursuant to which the Group agreed to, among other things, sell the (i) entire equity interest in Shiyan Yunneng Photovoltaic Energy Development Co., Ltd.* (十堰鄖能光伏電力開發有限公司), Jingshan GCL Photovoltaic Energy Co., Ltd.* (京山協鑫光伏電力有限公司), Jingshan Xinhui Photovoltaic Energy Co., Ltd.* (京山鑫輝光伏電力有限責任公司), Shanggao County Lifeng New Energy Co., Ltd.* (上高縣利豐新能源有限公司), (ii) 70% equity interest in Shicheng GCL Photovoltaic Energy Co., Ltd.* (石城協鑫光伏電力有限公司) and (iii) 51% equity interest in Anfu GCL New Energy Co., Ltd.* (安福協鑫新能源有限公司) to SPIC Chongqing Group (the **“SPIC Chongqing Second Phase Disposals”**). Please refer to the joint announcement of GCL-Poly and the Company dated 24 June 2021 in relation to the SPIC Chongqing Second Phase Disposals for further details.

On 25 June 2021, the Group and Guizhou West Power entered into a series of seven share purchase agreements (the **“Guizhou West Power First Phase Share Purchase Agreements”**), pursuant to which the Group agreed to, among other things, sell (i) 80% equity interest in Yuanmou Green Power New Energy Development Limited* (元謀綠電新能源開發有限公司) and (ii) the entire equity interest in each of Honghe Xian Ruixin Photovoltaic Power Generation Company Limited* (紅河縣瑞欣光伏發電有限公司), Kunming Xufeng Photovoltaic Power Generation Company Limited* (昆明旭峰光伏發電有限公司), Luquan GCL Photovoltaic Power Co., Ltd.* (祿勸協鑫光伏發電有限公司), Heqing Xinhua Photovoltaic

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Power Co., Ltd. (鶴慶鑫華光伏發電有限公司), Menghai GCL Solar Agricultural Power Co., Ltd.* (勐海協鑫光伏農業電力有限公司) and Yuxi Zhongtai New Energy Technology Co., Ltd.* (玉溪市中大新能源科技有限公司) to Guizhou West Power (the **“Guizhou West Power First Phase Disposals”**). Please refer to the joint announcement of GCL-Poly and the Company dated 25 June 2021 in relation to the Guizhou West Power First Phase Disposals for further details.

On 5 July 2021, the Group and Guizhou West Power entered into a share purchase agreement (the **“Guizhou West Power Second Phase Share Purchase Agreement”**), pursuant to which the Group agreed to, among other things, sell the entire equity interest in Eshan GCL Solar Power Generation Company Limited* (峨山永鑫光伏發電有限公司) to Guizhou West Power (the **“Guizhou West Power Second Phase Disposal”**). Please refer to the announcement of the Company dated 5 July 2021 in relation to the Guizhou West Power Second Phase Disposal for further details.

On 12 July 2021, Suzhou GCL New Energy and Hunan Xinhua have entered into the Previous De Minimis Agreement.

On 21 July 2021, the Group and Yixing Hechuang New Energy Co., Ltd.* (宜興和創新能源有限公司) (**“Yixing Hechuang”**) entered into a series of 16 share purchase agreements (the **“Yixing Hechuang Share Purchase Agreements”**), pursuant to which the Group agreed to, among other things, sell the entire equity interest in each of Funing Xinyuan Photovoltaic Power Co., Ltd.* (阜寧縣鑫源光伏電力有限公司), Guanyun GCL Photovoltaic Power Co., Ltd.* (灌雲縣協鑫光伏電力有限公司), Donghai GCL Photovoltaic Power Co., Ltd.* (東海縣協鑫光伏電力有限公司), Peixian Xinri Photovoltaic Power Co., Ltd.* (沛縣鑫日光伏電力有限公司), Xuzhou Xinhui Photovoltaic Power Co., Ltd.* (徐州鑫輝光伏電力有限公司), Huaian Xinyuan Photovoltaic Power Co., Ltd.* (淮安鑫源光伏電力有限公司), Huaian Ronggao Photovoltaic Power Generation Co., Ltd.* (淮安融高光伏發電有限公司), Zhenjiang Xinli Photovoltaic Power Co., Ltd.* (鎮江鑫利光伏電力有限公司), Zhenjiang Xinlong Photovoltaic Power Co., Ltd.* (鎮江鑫龍光伏電力有限公司), Zhangjiagang GCL Photovoltaic Power Co., Ltd.* (張家港協鑫光伏電力有限公司), Nantong GCL New Energy Co., Ltd.* (南通協鑫新能源有限公司), Lianyungang Xinzong Photovoltaic Power Co., Ltd.* (連雲港鑫眾光伏電力有限公司), Xinyi Xinri Photovoltaic Power Co., Ltd.* (新沂鑫日光伏電力有限公司), Jurong Xinda Photovoltaic Power Generation Co., Ltd.* (句容信達光伏發電有限公司), Nanjing Xinri Photovoltaic Power Generation Co., Ltd.* (南京鑫日光伏發電有限公司) and Baoying GCL Photovoltaic Power Co., Ltd.* (寶應協鑫光伏電力有限公司) to Yixing Hechuang (the **“Yixing Hechuang Disposals”**). Please refer to the announcement of the Company dated 21 July 2021 in relation to the Yixing Hechuang Disposals for further details.

On 30 August 2021 and 13 September 2021, the Group and Ningxia Hanguang have entered into the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements respectively.

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, Weining Group Second Phase Disposals, Weining Group Third Phase Disposals, SPIC Chongqing First Phase Disposal, Guizhou West Power De Minimis Disposals, SPIC Chongqing Second Phase Disposals, Guizhou West Power First Phase Disposals, Guizhou West Power Second Phase Disposal, the Previous De Minimis Disposal, Yixing Hechuang Disposals, the First Phase Disposals and the Second Phase Disposals (the **“2021 Disposals”**).

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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 Second Phase Share Purchase Agreements is in the interests of the Company and the Shareholders as a whole.

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

Geographic location	Number of solar power plant(s)	Grid-connected Capacity (MW)
Jiangsu	9	108
Inner Mongolia	4	189
Henan	3	9
Shandong	3	79
Hebei	1	21
Qinghai	4	98
Ningxia	2	60
Jilin	4	51
Liaoning	3	47
Gansu	1	20
Zhejiang	1	21
Guangdong	4	13
Shanghai	1	7
Fujian	3	56
United States	2	133
Total	45	912

Through the divestiture of the operational solar power plants of the Target Companies, the asset-light model allows the 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 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 Group could 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.

The Group continued to provide operation and maintenance services for most of the disposed solar power plant projects under the 2020 Disposals and the 2021 Disposals and was contracted to provide operation and maintenance services for additional 16 solar power plants with total installed capacity of

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approximately 719 MW during the six months ended 30 June 2021. As of 30 June 2021, the Group had entered into various contracts to provide operation and maintenance services for 56 solar power plants with total installed capacity of approximately 2,390 MW to successfully accomplish market-oriented reform and asset-light transformation. The Group expects to have further approximately 1,340 MW operation and maintenance services contracts for solar power plants upon the completion of the previously disposed but not yet completed solar power plants as at 30 June 2021 (including but not limited to the First Phase Disposals and the Second Phase Disposals).

9. LISTING RULES IMPLICATIONS

As Suzhou GCL New Energy and the Seller, being the indirect subsidiaries of the Company, entered into the Previous De Minimis Agreement, the First Phase Share Purchase Agreements and the Second Phase Share Purchase Agreements with Xinhua Hydropower Group within a 12-month period, the Previous De Minimis Disposal, the First Phase Disposals and the Second 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 is less than 75%, the entering into of the Second 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.

The right to exercise the Second Phase Put Options by the Purchaser is at the discretion of the Company and no premium was paid on the grant of the Second Phase Put Options to the Purchaser. Accordingly, the grant of the Second Phase Put Options does not constitute a notifiable transaction of the Company. The Company will comply with the requirements of Chapter 14 of the Listing Rules if and when the Second Phase Put Options are exercised.

10. GENERAL

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval is required for a major transaction. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders has a material interest in the Transactions and therefore none of them would be required to abstain from voting if the Company were to convene a general meeting for approving the Transactions. Pursuant to Rule 14.44 of the Listing Rules, the Company have obtained a written Shareholders' approval from a closely allied group of shareholders, Elite Time Global (which as at the Latest Practicable Date, held 10,376,602,000 Shares, representing approximately 49.24% of the issued share capital of the Company) and Dongsheng Photovoltaic (which as at the Latest Practicable Date, held 1,905,978,301 Shares, representing approximately 9.04% of the issued share capital of the Company), to approve the Transactions. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Transactions.

Elite Time Global and Dongsheng Photovoltaic constitute "closely allied group of shareholders" under Rule 14.45 of the Listing Rules due to the following reasons:

- (a) Mr. Zhu Gongshan and his family (the "**Zhu's Family**") indirectly hold approximately 25.42% interest in GCL-Poly as at the Latest Practicable Date, which in turn directly wholly-owns Elite Time Global. Zhu's Family indirectly hold approximately 32.33% interest in GCL System

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Integration as at the Latest Practicable Date, which in turn indirectly wholly-owns Dongsheng Photovoltaic. Zhu's Family constitutes the single largest shareholder in GCL-Poly and GCL System Integration;

- (b) As Zhu's Family indirectly holds more than 20% in each of Elite Time Global and Dongsheng Photovoltaic as at the Latest Practicable Date, Elite Time Global and Dongsheng Photovoltaic are regarded as "associated companies" of Zhu's Family for the purposes of the Takeovers Code. As such, Elite Time Global and Dongsheng Photovoltaic are persons "acting in concert" with Zhu's Family for the purposes of the Takeovers Code;
- (c) Mr. Zhu Gongshan is the chairman in both GCL-Poly and GCL System Integration. A majority of the board of directors in each of GCL-Poly and GCL System Integration are employees of companies controlled by Zhu's Family. As such, Zhu's Family can exert influence over the decision making process of the board of directors of each of Elite Time Global (through GCL-Poly) and Dongsheng Photovoltaic (through GCL System Integration); and
- (d) Dongsheng Photovoltaic has become a shareholder of the Company since the end of 2017 and it has voted for all resolutions in the general meetings held by the Company and its voting direction has been in line with Elite Time Global since mid-2018.

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 Second Phase Share Purchase Agreements is in the interests of the Company and the Shareholders as a whole. Accordingly, if the Company were to convene a general meeting for the approval of the Transactions, the Directors would recommend the Shareholders to vote in favour of the ordinary resolution to approve the Transactions, the entering into and performance of obligations under the Second Phase Share Purchase Agreements at such general meeting.

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 2021 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 annual report of the Company for the year ended 31 December 2020 published on 21 April 2021 (pages 69-205); and
- the interim report of the Company for the six months ended 30 June 2021 published on 10 September 2021 (pages 30-76).

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES OF THE GROUP

At the close of business on 31 August 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	8,224,982	2,326,995	10,551,977
Carrying amount of senior notes	–	3,128,140	3,128,140
Carrying amount of loans from related companies	–	163,635	163,635
Lease liabilities	41,677	574,745	616,422
	<u>8,266,659</u>	<u>6,193,515</u>	<u>14,460,174</u>

The Group's secured bank and other borrowings, 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 August 2021, certain bank and other borrowings and senior notes of the Group amounting to RMB8,609,030,000 and RMB3,128,140,000, 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 RMB2,723,004,000 are not guaranteed.

As at 31 August 2021, the Group provided a total guarantee of approximately RMB2,245,362,000, RMB2,682,000,000 and RMB800,000,000 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 August 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 August 2021.

3. WORKING CAPITAL STATEMENT

As at 31 August 2021, the Group's total borrowings comprising bank and other borrowings, senior notes, loans from related companies and lease liabilities amounted to approximately RMB14,460,174,000.

Included in the Group's total borrowings of RMB14,460,174,000 as at 31 August 2021, RMB6,649,590,000 was due or will be due within twelve months from 31 August 2021, including bank and other borrowings of approximately RMB2,281,301,000, which shall be due after 12 months from 31 August 2021 in accordance with the scheduled repayment dates as set out in the respective loan agreements but become due as a result of the triggering of the cross default clauses in several bank borrowings of the Group given the Group's involvement in several litigation cases either as a defendant or a guarantor relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants by certain bank borrowings.

As at 31 August 2021, the Group provided a total guarantee of approximately RMB2,245,362,000, RMB2,682,000,000 and RMB800,000,000 to banks and financial institutions in respect of banking facilities and financing arrangements of associates and third party, and the Target Companies respectively.

As at 31 August 2021, the Group's (i) pledged bank and other deposits; and (ii) bank balances and cash amounted to approximately RMB2,142,000,000.

The financial resources available to the Group as at 31 August 2021 and up to the date of approval of this circular may not be sufficient to satisfy the above cash flow requirements. The Group is undergoing a number of measures which will generate adequate cash flows for the Group:

(i) 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 business 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.

(ii) Operating cash inflows of remaining solar power plants

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.

(iii) Negotiations with respective borrowers for extension or renewal of the overdue borrowing and other borrowings

The Group is undergoing the process of negotiations with respective borrowers for extension or renewal of the overdue borrowing and other borrowings and as of the date of this circular, the Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings.

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 Disposal Projects 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 above 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 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 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 Disposal Projects, 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 6,636 MW (31 December 2019: approximately 7,145 MW) and grid-connected capacity reached approximately 6,439 MW (31 December 2019: approximately 7,059 MW). 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 centralised 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, optimise 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 optimise 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	Number of Shares		Approximate percentage of issued Shares (Note 2)
	Beneficiary of a trust	Number of underlying Shares (Note 1)	
Mr. ZHU Yufeng		3,523,100	0.02%
	1,905,978,301 (Note 3)		9.04%
Ms. HU Xiaoyan		19,125,400	0.09%
Ms. SUN Wei		27,178,200	0.13%
Mr. YEUNG Man Chung, Charles		15,099,000	0.07%
Mr. XU Songda		2,617,160	0.01%
Mr. LEE Conway Kong Wai		2,617,160	0.01%
Mr. WANG Yanguo		1,006,600	0.01%
Dr. CHEN Ying		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.

2. The percentage was calculated based on 21,073,715,441 Shares in issue as at the Latest Practicable Date.
3. Those Shares were beneficially owned by Dongsheng Photovoltaic. For further information of the shareholding structure of Dongsheng Photovoltaic, 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			Total	Approximate percentage of issued shares (Note 1)
		Beneficiary of a trust	Personal interests	Number of underlying shares		
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)	-	-		
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:

1. The percentage was calculated based on 25,062,422,448 shares of GCL-Poly in issue as at the Latest Practicable Date.
2. 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.
3. 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 (Note 2)	Beneficial owner	10,376,602,000	49.24%
GCL-Poly (Note 2)	Interest in controlled corporation	10,376,602,000	49.24%
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 (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%
協鑫集團有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
GCL System Integration (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 is wholly-owned by GCL-Poly. According to the disclosure of interest filings, the recorded interest of Elite Time Global has decreased from 53.34% to 49.24%. Please refer to GCL-Poly's announcements dated 21 May 2021, 28 May 2021 and 4 October 2021 for details.
3. Dongsheng Photovoltaic is wholly-owned by 句容協鑫集成科技有限公司, which is in turn wholly-owned by GCL System Integration. 江蘇協鑫建設管理有限公司, 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 GCL System Integration. 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 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 Bye-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 cooperation framework agreement dated 18 November 2019 entered into between the Company and China Huaneng Group Co., Ltd.* (中國華能集團有限公司) (“**China Huaneng Group**”) in relation to the 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;
- (ii) 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 disposal of the entire equity interest in each of Yuganxian GCL New Energy Co., Ltd.* (余千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) 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;
- (iii) the share purchase agreement dated 29 June 2020 entered into between Suzhou GCL New Energy as seller and CDB New Energy Technology Co., Ltd.* (國開新能源科技有限公司) as purchaser in relation to the 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;
- (iv) 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 disposal of the entire equity interest in each of 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) 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;
- (v) the share purchase agreements dated 16 November 2020 entered into between Suzhou GCL New 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 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 purchaser in relation to the disposal of the 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;

- (vi) 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) the disposal of the entire equity interest in 12 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) 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;
- (vii) the share purchase agreements dated 22 November 2020 entered into between Suzhou GCL New Energy and Anhui GCL New Energy as sellers and Xuzhou State Investment as purchaser in relation to the disposal of the equity interest in five subsidiaries of GCL-Poly and the Company at a total consideration of RMB312,728,221, as detailed in the joint announcement of GCL-Poly and the Company dated 22 November 2020;
- (viii) the share purchase agreement dated 4 December 2020 entered into between Suzhou GCL New Energy as seller 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**”) as purchaser in relation to the 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;
- (ix) 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 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) (“**Weining Energy**”) as purchaser in relation to the 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) and 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) at a total consideration of RMB291,300,000;
- (x) the Wula Tehouqi Yuanhai Share Purchase Agreement dated 29 January 2021 in relation to Wula Tehouqi Yuanhai Disposal at a total consideration of RMB52,550,000;
- (xi) 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;
- (xii) the placing agreement dated 10 February 2021 entered into between the Company, Elite Time Global, UBS AG Hong Kong Branch, CCB International Capital Limited 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;

- (xiii) 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;
- (xiv) 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;
- (xv) 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;
- (xvi) the Weining Group Second Phase Share Purchase Agreements dated 26 April 2021 in relation to the Weining Group Second Phase Disposals a total consideration of RMB146,950,300;
- (xvii) the Weining Group Third Phase Share Purchase Agreements dated 30 April 2021 in relation to the Weining Group Third Phase Disposals at a total consideration of RMB310,210,800;
- (xviii) the SPIC Chongqing First Phase Share Purchase Agreement dated 7 May 2021 in relation to the SPIC Chongqing First Phase Disposal at a consideration of RMB193,000,000;
- (xix) the SPIC Chongqing Second Phase Share Purchase Agreements dated 24 June 2021 in relation to the SPIC Chongqing Second Phase Disposals at a consideration of RMB275,263,600;
- (xx) the Guizhou West Power First Phase Share Purchase Agreements dated 25 June 2021 in relation to the Guizhou West Power First Phase Disposals at a consideration of RMB218,960,000;
- (xxi) the Guizhou West Power Second Phase Share Purchase Agreement dated 5 July 2021 in relation to the Guizhou West Power Second Phase Disposal at a consideration of RMB43,100,000;
- (xxii) the share purchase agreement dated 6 July 2021 entered into between Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)* (蘇民睿能無錫股權投資合夥企業(有限合夥)) as seller and Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司) as purchaser in relation to the disposal of approximately 5.835% equity interest in Suzhou GCL New Energy at a consideration of RMB1,219,000,000;
- (xxiii) the Yixing Hechuang Share Purchase Agreements dated 21 July 2021 in relation to the Yixing Hechuang Disposals at a consideration of RMB481,313,800;
- (xxiv) the First Phase Share Purchase Agreements dated 30 August 2021 in relation to the First Phase Disposals; and
- (xxv) the Second Phase Share Purchase Agreements dated 13 September 2021 in relation to the Second Phase Disposals.

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 Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (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 published on both the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.gclnewenergy.com) for a period of 14 days from the date of this circular:

- (i) the Second Phase Share Purchase Agreements; and
- (ii) the material contracts referred to in the section headed "Material Contracts" in this appendix.