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

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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 WITH
NANJING CNI ENERGY ENGINEERING COMPANY LIMITED**

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DEFINITIONS

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

“Additional Funan Equipment Purchase Agreement”	the equipment purchase agreement dated 7 June 2016 entered into between Nanjing GCL New Energy (as customer) and CNI Energy (as supplier) in relation to the supply and purchase of certain additional balance-of-system equipment for the Funan Project
“Board”	the board of the Directors
“CNI Energy”	Nanjing CNI Energy Engineering Company Limited* (南京中核能源工程有限公司), a company incorporated in the PRC with limited liability
“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
“Director(s)”	director(s) of the Company
“EC”	engineering and construction
“Elite Time Global”	Elite Time Global Limited, a company incorporated in British Virgin Islands with limited liability, a wholly-owned subsidiary of GCL-Poly which, as at the Latest Practicable Date, holds 11,880,000,000 Shares, representing approximately 62.28% of the issued share capital of the Company
“EPC”	engineering, procurement and construction
“EPC and Equipment Purchase Agreements”	collectively, (i) the Pukou Second Phase EPC Agreement, (ii) the Additional Funan Equipment Purchase Agreement, and (iii) the Tianchang Module Sales Agreement
“First Phase”	the initial phase of construction of 20MW photovoltaic power station under the Tianchang City Project
“First Phase Tianchang Consideration”	RMB141,000,000.00 (equivalent to approximately HK\$167,226,000.00), being the consideration paid for the First Phase
“Funan GCL”	Funan GCL Power Company Limited* (阜南協鑫光伏電力有限公司), an indirect wholly-owned subsidiary of the Company which is incorporated in the PRC with limited liability

DEFINITIONS

“Funan Project”	the 100MW photovoltaic power station project in Funan County of Anhui Province
“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
“Group”	the Company and its subsidiaries
“GW”	gigawatt(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jiangsu GCL New Energy”	Jiangsu GCL Haibin New Energy Technological Development Company Limited* (江蘇協鑫海濱新能源科技發展有限公司), an indirect subsidiary of the Company which is incorporated in the PRC with limited liability
“KV”	kilovolt(s)
“Latest Practicable Date”	27 June 2016, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Menghai GCL”	Menghai GCL Solar Agricultural Power Company Limited* (勐海協鑫光伏農業電力有限公司), an indirect wholly-owned subsidiary of the Company which is incorporated in the PRC with limited liability
“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), an indirect wholly-owned subsidiary of the Company which is incorporated in the PRC with limited liability
“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

DEFINITIONS

“Previous Agreements”	collectively, (i) the Previous Funan EC Agreement, (ii) the Previous Funan Equipment Purchase Agreement, (iii) the Previous Funan Module Purchase Agreement, (iv) the Previous Tianchang City EPC Agreement, (v) the Previous Xishuang Banna EPC Agreement, (vi) the Previous Zhenjiang EPC Agreement, and (vii) the Previous Pukou EPC Agreement
“Previous Funan EC Agreement”	the engineering and construction agreement dated 13 December 2015 entered into between Funan GCL (as principal) and CNI Energy (as contractor) under which CNI Energy undertakes to provide engineering and construction services in relation to the Funan Project
“Previous Funan Equipment Purchase Agreement”	the equipment purchase agreement dated 15 December 2015 entered into between Nanjing GCL New Energy (as customer) and CNI Energy (as supplier) in relation to the supply and purchase of certain balance-of-system equipment for the Funan Project
“Previous Funan Module Purchase Agreement”	the module purchase agreement dated 9 December 2015 entered into between Nanjing GCL New Energy (as customer) and CNI Energy (as supplier) in relation to the supply and purchase of solar modules for the Funan Project
“Previous Pukou EPC Agreement”	the EPC agreement dated 19 October 2015 entered into between Jiangsu GCL New Energy (as principal) and CNI Energy (as contractor) under which CNI Energy undertakes to provide engineering, procurement and construction services in relation to the Previous Pukou Project
“Previous Pukou Project”	the 2.5MW photovoltaic power station project in Pukou District of Nanjing City of Jiangsu Province
“Previous Tianchang City EPC Agreement”	the EPC agreement dated 31 July 2015 entered into between Tianchang City GCL (as principal) and CNI Energy (as contractor) under which CNI Energy undertakes to provide engineering, procurement and construction services in relation to the Tianchang City Project
“Previous Xishuang Banna EPC Agreement”	the EPC agreement dated 31 July 2015 entered into between Menghai GCL (as principal) and CNI Energy (as contractor) under which CNI Energy undertakes to provide engineering, procurement and construction services in relation to the Xishuang Banna Project

DEFINITIONS

“Previous Zhenjiang EPC Agreement”	the EPC agreement dated 29 September 2015 entered into between Zhenjiang Xinli (as principal) and CNI Energy (as contractor) under which CNI Energy undertakes to provide engineering, procurement and construction services in relation to the Zhenjiang Project
“Pukou Project”	the agriculture-photovoltaic power station project located in Pukou District of Nanjing City of Jiangsu Province with an estimated project capacity of 17.5MW
“Pukou Second Phase EPC Agreement”	the EPC agreement dated 7 June 2016 entered into between Jiangsu GCL New Energy (as principal) and CNI Energy (as contractor) under which CNI Energy undertakes to provide engineering, procurement and construction services in relation to the Pukou Project
“RMB”	Renminbi, the lawful currency of the PRC
“Second Phase”	the subsequent phase of construction of 20MW photovoltaic power station of the Tianchang City Project
“Second Phase Tianchang Consideration”	RMB134,175,800.00 (equivalent to approximately HK\$159,132,498.80), being the consideration paid for the Second Phase
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	ordinary shares of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.00416) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Tianchang City GCL”	Tianchang City GCL Solar Power Company Limited* (天長市協鑫光伏電力有限公司), an indirect wholly-owned subsidiary of the Company which is incorporated in the PRC with limited liability
“Tianchang City Project”	the 40MW photovoltaic power station project in Tianchang City of Anhui Province

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“Tianchang Module Sales Agreement”	the equipment purchase agreement dated 7 June 2016 entered into between Nanjing GCL New Energy (as customer) and CNI Energy (as supplier) in relation to the supply and purchase of 310-watt solar modules for the Tianchang City Project
“Total Tianchang Consideration”	the estimated consideration for the services under the Tianchang City EPC Agreement, being RMB275,175,800.00 (equivalent to approximately HK\$326,358,498.80)
“Xishuang Banna Project”	the 50MW photovoltaic power station project in Menghai County of Xishuangbanna Dai Autonomous Prefecture
“Zhenjiang Project”	the 15MW photovoltaic power station project in Zhenjiang City of Jiangsu Province
“Zhenjiang Xinli”	Zhenjiang Xinli Photovoltaic Power Company Limited* (鎮江鑫利光伏電力有限公司), an indirect subsidiary of the Company which is incorporated in the PRC with limited liability
“%”	per cent.

* For identification purpose only. The Chinese names of the PRC entities and individuals have been translated into English in this circular. In the event of any discrepancies between the Chinese names and the English translation, the Chinese names prevail.

For ease of reference and unless otherwise specified in this circular, sums in HK\$ and RMB herein is translated at the rate RMB1.0 = HK\$1.1860. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.



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)

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Mr. Sun Xingping
Ms. Hu Xiaoyan
Mr. Tong Wan Sze

Registered office:

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Non-executive Directors:

Ms. Sun Wei
Mr. Sha Hongqiu
Mr. Yeung Man Chung, Charles

*Head office and principal place of
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Independent non-executive Directors:

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

29 June 2016

To the Shareholders

**MAJOR TRANSACTION WITH
NANJING CNI ENERGY ENGINEERING COMPANY LIMITED**

INTRODUCTION

On 7 June 2016, the Company announced that the Group entered into the following EPC and Equipment Purchase Agreements with CNI Energy (an independent third party of the Company):

- (i) the Pukou Second Phase EPC Agreement;
- (ii) the Additional Funan Equipment Purchase Agreement; and
- (iii) the Tianchang Module Sales Agreement.

LETTER FROM THE BOARD

In addition, the Company (through its subsidiaries) entered into the Previous Agreements with CNI Energy in the past 12 months.

The purpose of this circular is to provide you with (i) details of the EPC and Equipment Purchase Agreements and the Previous Agreements; and (ii) other information as required under the Listing Rules.

1. THE EPC AND EQUIPMENT PURCHASE AGREEMENTS

A. Principal terms of the Pukou Second Phase EPC Agreement

(i) Date

7 June 2016

(ii) Parties

Principal: Jiangsu GCL New Energy

Contractor: CNI Energy

(iii) Subject Matter

Jiangsu GCL New Energy agreed to engage CNI Energy as contractor to provide engineering, procurement and construction services in relation to the Pukou Project.

The effectiveness of the Pukou Second Phase EPC Agreement is conditional upon the compliance with the Listing Rules and the Shareholders' approval of the Pukou Second Phase EPC Agreement.

The commencement date of the construction shall be subject to notice of commencement given by Jiangsu GCL New Energy. It is expected that the Pukou Project will complete full on-grid power connection before 30 September 2016, and obtain the Test Run and Quality Check Certificate* (工程試運和移交生產驗收鑒定書) and the Construction Completion Certificate* (工程竣工驗收鑒定書) within three months of the full on-grid power connection of the Pukou Project.

(iv) Basis of Consideration

The maximum consideration for the services under the Pukou Second Phase EPC Agreement is RMB132,206,100.00 (equivalent to approximately HK\$156,796,434.60). In accordance with the project design, the Pukou Project has a 17.771MW design capacity which was calculated on the basis that 56,416 units of 315-watt modules will be installed for the Pukou Project. If the final project capacity is below 17.771MW, the consideration may be adjusted downwards by RMB7.44 per watt based on the final project capacity.

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The Pukou Second Phase EPC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration under the Pukou Second Phase EPC Agreement was determined with reference to (a) the quality standard of the services to be provided under the Pukou Second Phase EPC Agreement; (b) the profit margin of the Pukou Project; and (c) the prevailing market price.

(v) Payment terms

The consideration for the services under the Pukou Second Phase EPC Agreement shall be paid by Jiangsu GCL New Energy to CNI Energy in six instalments in accordance with the following milestones:

First instalment	10% of the total estimated consideration as prepayment within seven working days after the Pukou Second Phase EPC Agreement comes into effect
Second instalment	30% of the total estimated consideration, upon delivery of 50% of the main equipment to the construction site
Third instalment	30% of the total estimated consideration, within one month of the date of full capacity on-grid power connection for the Pukou Project, provided that CNI Energy has provided Jiangsu GCL New Energy with an invoice
Fourth instalment	20% of the total estimated consideration, within three months of the date of full capacity on-grid power connection for the Pukou Project
Fifth instalment	up to 95% of the total adjusted consideration within one month of the completion of the construction work
Sixth instalment	5% of the total adjusted consideration, within one month after the expiration of one year from the date of the completion and acceptance of the construction and handing over of the construction site, provided that there were no issues in relation to the construction work or any issues had been remedied

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B. Principal terms of the Additional Funan Equipment Purchase Agreement

(i) Date

7 June 2016

(ii) Parties

Supplier: CNI Energy

Customer: Nanjing GCL New Energy

(iii) Subject matter

CNI Energy agreed to supply, and Nanjing GCL New Energy agreed to purchase, an additional 100MW of balance-of-system equipment for the Funan Project at a consideration of RMB22,708,488.00 (equivalent to approximately HK\$26,932,266.77).

The effectiveness of the Additional Funan Equipment Purchase Agreement is conditional upon the compliance with the Listing Rules and the Shareholders' approval of the Additional Funan Equipment Purchase Agreement.

The additional equipment purchased includes 110KV transformers, power distribution units, 35KV switch gears, 35KV grounding resistors, 35KV dynamic reactive power compensation devices, prefabricated cabins, secondary electrical equipment, frames, safety equipment and other photovoltaic power generation equipment. The additional equipment is necessary for the construction and grid-connection of solar power stations. The equipment under the Additional Funan Equipment Purchase Agreement is expected to be delivered by 30 June 2016.

(iv) Basis of consideration

The Additional Funan Equipment Purchase Agreement was awarded after a bidding process in accordance with the Company's procurement policies. Given that there was a lack of regional resources and lack of suppliers from whom the equipment under the Additional Funan Equipment Purchase Agreement could be purchased, the Company followed its procurement policies and used the selective bidding method to procure the equipment, and determined that the consideration was fair and reasonable based on the market price of similar products, having considered other bids submitted in the bidding process for the Company's previous projects for similar products. The Additional Funan Equipment Purchase Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms.

The Company uses selective bidding to select third party suppliers in certain circumstances, such as, (a) where the required technology is monopolised in the region, (b) there are limited sources of supply, (c) there are requirements imposed

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by laws and regulations, or (d) there is a lack of regional resources for the supply of the required products. When the Company determines that procurement through selective bidding is appropriate, the Company will solicit bids from one or multiple suppliers who meet the Company's specific technical, pricing and timing requirements.

Although CNI Energy is not the manufacturer of the balance-of-system equipment purchased under the Additional Funan Equipment Purchase Agreement, CNI Energy designed the Funan Project and is responsible for equipment selection and construction. CNI Energy is also an established EPC contractor and power generation equipment supplier. Accordingly, the Directors believe that sourcing the balance-of-system equipment directly from CNI Energy would be beneficial to completing the Funan Project efficiently and effectively.

(v) Payment terms

The consideration for the equipment under the Additional Funan Equipment Purchase Agreement shall be paid by Nanjing GCL New Energy to CNI Energy in accordance with the following milestones:

- (a) 10% of the total consideration as prepayment at least seven days before the despatch of the equipment;
- (b) 40% of the total consideration within two weeks after the delivery of the equipment, provided that (i) CNI Energy has provided a delivery list; and (ii) Nanjing GCL New Energy or its representative has conducted a visual inspection of the equipment and any damaged or missing equipment has been remedied by CNI Energy;
- (c) 40% of the total consideration before the earlier of either 180 days after delivery or 90 days of the full capacity on-grid power connection of the Funan Project, provided that (i) CNI Energy has provided an invoice for 100% of the total consideration; and (ii) there are no quality issues with the equipment, or any quality issues have been remedied by CNI Energy; and
- (d) the remaining 10% of the total consideration as retention money within two weeks after the earlier of either 12 months after the on-grid power connection of the Funan Project or for certain types of equipment, 18 months after delivery, provided that there are no quality issues with the equipment within such period, or any issues have been remedied by CNI Energy.

C. Principal terms of the Tianchang Module Sales Agreement

(i) Date

7 June 2016

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(ii) Parties

Supplier: CNI Energy

Customer: Nanjing GCL New Energy

(iii) Subject matter

CNI Energy agreed to supply, and Nanjing GCL New Energy agreed to purchase, 15,231 units of 310-watt solar modules at the unit price of RMB1,229.15 (equivalent to approximately HK\$1,457.77) at a total consideration of RMB18,721,183.65 (equivalent to approximately HK\$22,203,323.81).

The effectiveness of the Tianchang Module Sales Agreement is conditional upon the compliance with the Listing Rules and the Shareholders' approval of the Tianchang Module Sales Agreement.

The solar modules under the Tianchang Module Sales Agreement are expected to be delivered by 30 June 2016 and will be used for the Tianchang City Project.

(iv) Basis of consideration

The Tianchang Module Sales Agreement was awarded after a bidding process in accordance with the Company's procurement policies. Given that there was a lack of regional resources and lack of suppliers from whom the solar modules under the Tianchang Module Sales Agreement could be purchased, the Company followed its procurement policies and used the selective bidding method to procure the solar modules, and determined that the consideration was fair and reasonable based on the market price of similar products, having considered other bids submitted in the bidding process for the Company's previous projects for similar products. The Tianchang Module Sales Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms.

(v) Payment terms

The consideration for the solar modules under the Tianchang Module Sales Agreement shall be paid by Nanjing GCL New Energy to CNI Energy in accordance with the following milestones:

- (a) 30% of the total consideration as prepayment at least seven days before the despatch of the solar modules;
- (b) 30% of the total consideration within two weeks of the delivery of all the solar modules, provided that (i) CNI Energy has provided a delivery list and an invoice for 60% of the total consideration; and (ii) Nanjing GCL

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New Energy or its representative has conducted a visual examination of the solar modules and any damaged or missing solar modules have been remedied by CNI Energy;

- (c) 30% of the total consideration before the earlier of either 180 days after delivery or 90 days of the full capacity on-grid power connection of the Tianchang City Project, provided that (i) CNI Energy has provided an invoice for 40% of the total consideration; and (ii) there are no quality issues with the solar modules, or any quality issues have been remedied by CNI Energy; and
- (d) the remaining 10% of the total consideration as retention money within two weeks after the earlier of either 12 months after the on-grid power connection of the Tianchang City Project or 18 months after delivery, provided that there are no quality issues with the solar modules, or any issues have been remedied by CNI Energy.

2. THE PREVIOUS AGREEMENTS

A. Principal terms of the Previous Funan EC Agreement

(i) Date

13 December 2015

(ii) Parties

Principal: Funan GCL

Contractor: CNI Energy

(iii) Subject matter

Funan GCL agreed to engage CNI Energy as contractor to provide engineering and construction services in relation to the Funan Project which is now completed.

(iv) Basis of consideration

The consideration for the services under the Previous Funan EC Agreement was RMB166,312,656.00 (equivalent to approximately HK\$197,246,810.02).

The Previous Funan EC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration under the Previous Funan EC Agreement was determined with reference to (a) the quality standard of the services to be provided under the Previous Funan EC Agreement; (b) the profit margin of the Funan Project; and (c) the prevailing market price.

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(v) Payment terms

The consideration for the services under the Previous Funan EC Agreement should be paid by Funan GCL to CNI Energy in five instalments in accordance with the following milestones:

First instalment	RMB57,236,056.00 (equivalent to approximately HK\$67,881,962.42) as prepayment upon signing of the Previous Funan EC Agreement
Second instalment	RMB36,395,640.00 (equivalent to approximately HK\$43,165,229.04) upon delivery of 50% of the equipment to the construction site
Third instalment	RMB60,659,400.00 (equivalent to approximately HK\$71,942,048.40) on the date of full capacity on-grid power connection for the Funan Project
Fourth instalment	Up to 95% of the total consideration upon the completion and acceptance of the construction work
Fifth instalment	5% of the total consideration as retention money, within one month after the expiration of two years from the date of the completion and acceptance of the construction and handing over of the construction site, provided that there were no issues in relation to the construction work or any issues have been remedied

B. Principal terms of the Previous Funan Equipment Purchase Agreement

(i) Date

15 December 2015

(ii) Parties

Customer: Nanjing GCL New Energy

Supplier: CNI Energy

(iii) Subject matter

CNI Energy agreed to supply, and Nanjing GCL New Energy agreed to purchase, 100MW of balance-of-system equipment for the Funan Project at a consideration of RMB111,900,000.00 (equivalent to approximately HK\$132,713,400.00).

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The equipment purchased comprised 100MW of combiner boxes, power cables, frames, inverters and transformers. The balance-of-system equipment is necessary for the construction and grid-connection of solar power stations. The equipment under the Previous Funan Equipment Purchase Agreement has been delivered.

(iv) Basis of consideration

The Previous Funan Equipment Purchase Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. Given that there was a lack of regional resources and lack of suppliers from whom the equipment under the Previous Funan Equipment Purchase Agreement could be purchased, the Company followed its procurement policies and used the selective bidding method to procure the equipment, and determined that the consideration was fair and reasonable based on the market price of similar products, having considered other bids submitted in the bidding process for the Company's previous projects for similar products.

Although CNI Energy is not the manufacturer of the balance-of-system equipment purchased under the Previous Funan Equipment Purchase Agreement, CNI Energy designed the Funan Project and is responsible for equipment selection and construction. CNI Energy is also an established EPC contractor and power generation equipment supplier. Accordingly, the Directors believe that sourcing the balance-of-system equipment directly from CNI Energy would be beneficial to completing the Funan Project efficiently and effectively.

(v) Payment terms

The consideration for the equipment under the Previous Funan Equipment Purchase Agreement shall be paid by Nanjing GCL New Energy to CNI Energy in accordance with the following milestones:

- (a) 10% of the total consideration as prepayment at least seven days before the despatch of the equipment;
- (b) 40% of the total consideration within two weeks after the delivery of the equipment, provided that (i) CNI Energy has provided a delivery list; and (ii) Nanjing GCL New Energy or its representative has conducted a visual inspection of the equipment and any damaged or missing equipment has been remedied by CNI Energy;
- (c) 40% of the total consideration before the earlier of either 180 days after delivery or 90 days of the full capacity on-grid power connection of the Funan Project, provided that (i) CNI Energy has provided an invoice for 100% of the total consideration; and (ii) there are no quality issues with the equipment, or any quality issues have been remedied by CNI Energy; and

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- (d) the remaining 10% of the total consideration as retention money within two weeks after the earlier of either 12 months after the on-grid power connection of the Funan Project or for certain types of equipment, 15 to 18 months after delivery, provided that there are no quality issues with the equipment within such period, or any issues have been remedied by CNI Energy.

C. Principal terms of the Previous Funan Module Purchase Agreement

(i) Date

9 December 2015

(ii) Parties

Supplier: CNI Energy

Customer: Nanjing GCL New Energy

(iii) Subject Matter

CNI Energy agreed to supply, and Nanjing GCL New Energy agreed to purchase, 100,000,000 watts of solar modules at the unit price of RMB3.98 (equivalent to approximately HK\$4.72) per watt at a total consideration of RMB398,000,000.00 (equivalent to approximately HK\$472,028,000.00). The solar modules have been delivered and are used for Nanjing GCL New Energy's 100MW photovoltaic power station project in the Funan County of Anhui Province in the PRC.

(iv) Basis of Consideration

The Previous Funan Module Purchase Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. Given that there was a lack of regional resources and lack of suppliers from whom the solar modules under the Previous Funan Module Purchase Agreement could be purchased, the Company followed its procurement policies and used the selective bidding method to procure the solar modules, and determined that the consideration was fair and reasonable based on the market price of similar products, having considered other bids submitted in the bidding process for the Company's previous projects for similar products.

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(v) *Payment terms*

The consideration for the solar modules under the Previous Funan Module Purchase Agreement shall be paid by Nanjing GCL New Energy to CNI Energy in accordance with the following milestones:

- (a) 10% of the total consideration: as prepayment after signing the Previous Funan Module Purchase Agreement and within seven days before the despatch of the solar modules to Nanjing GCL New Energy;
- (b) 40% of the total consideration: within two weeks of successful delivery of all the solar modules to Nanjing GCL New Energy and upon the fulfilment of the following:
 - CNI Energy has provided a value added tax invoice for 80% of the total consideration to Nanjing GCL New Energy;
 - the consignment invoice has been included in the delivery, the content of which is consistent with the description, specification and model number of the solar modules in the Previous Funan Module Purchase Agreement; and
 - all the solar modules delivered have passed the on-site quality check; in the case where the solar modules are defective or damaged, no payment shall be made to CNI Energy until it has replaced the defective or damaged solar modules.
- (c) 40% of the total consideration: 180 days after the successful delivery of all solar modules or 90 days after the full capacity on-grid connection of the solar power station (whichever is earlier) and upon the fulfilment of the following:
 - CNI Energy has provided a value added tax invoice for 20% of the total consideration to Nanjing GCL New Energy; and
 - there are no issues in relation to the quality of the solar modules or any issues have been remedied.
- (d) The remaining 10% of the total consideration: within 2 weeks upon the expiry of a 18-month period after the successful delivery of all solar modules or a one- year period after the full capacity on-grid connection of the solar power station (whichever is earlier), provided there are no issues in relation to the quality of the solar modules or any issues have been remedied.

LETTER FROM THE BOARD

D. Principal terms of the Previous Tianchang City EPC Agreement

(i) Date

31 July 2015

(ii) Parties

Principal: Tianchang City GCL

Contractor: CNI Energy

(iii) Subject matter

Tianchang City GCL agreed to engage CNI Energy as the contractor to provide engineering, procurement and construction services in relation to the Tianchang City Project. The Tianchang City Project was divided into two phases (i) an initial phase of construction of 20MW (the “**First Phase**”); and (ii) the subsequent phase of construction of 20MW (the “**Second Phase**”). The First Phase construction was completed on 23 December 2015 and as at the Latest Practicable Date, the Second Phase construction is expected to be completed by 30 June 2016.

(iv) Basis of consideration

The estimated consideration for the services under the Previous Tianchang City EPC Agreement was RMB275,175,800.00 (equivalent to approximately HK\$326,358,498.80) (the “**Total Tianchang Consideration**”), comprising (i) RMB141,000,000.00 (equivalent to approximately HK\$167,226,000.00) for the First Phase (the “**First Phase Tianchang Consideration**”); and (ii) RMB134,175,800.00 (equivalent to approximately HK\$159,132,498.80) for the Second Phase (the “**Second Phase Tianchang Consideration**”).

The Previous Tianchang City EPC Agreement was negotiated and entered into on an arm’s length basis and on normal commercial terms. The consideration under the Previous Tianchang City EPC Agreement was determined with reference to (a) the quality standard of the services to be provided under the Previous Tianchang City EPC Agreement; (b) the profit margin of the Tianchang City Project; and (c) the prevailing market price.

LETTER FROM THE BOARD

(v) *Payment terms*

The consideration for the services under the Previous Tianchang City EPC Agreement should be paid by Tianchang City GCL to CNI Energy in six instalments in accordance with milestones as follows:

First instalment	RMB27,517,580.00 (equivalent to approximately HK\$32,635,849.88) equivalent to 10% of the Total Tianchang Consideration upon signing of the Previous Tianchang City EPC Agreement
Second instalment	RMB82,552,740.00 (equivalent to approximately HK\$97,907,549.64) equivalent to 30% of the Total Tianchang Consideration upon delivery of the first batch of equipment to the construction site
Third instalment	RMB70,500,000.00 (equivalent to approximately HK\$83,613,000.00) equivalent to 50% of the First Phase Tianchang Consideration within the expiry of three months from the date of on-grid power generation for 20MW under the First Phase
Fourth instalment	RMB67,087,900.00 (equivalent to approximately HK\$79,566,249.40) equivalent to 50% of the Second Phase Tianchang Consideration within the expiry of three months from the date of on-grid power generation for 20MW under the Second Phase
Fifth instalment	RMB13,758,790.00 (equivalent to approximately HK\$16,317,924.94) equivalent to 5% of the Total Tianchang Consideration subject to final adjustment based on work completed, upon completion of the construction work and obtaining of the Construction Completion Certificate* (工程竣工驗收鑒定書)
Sixth instalment	RMB13,758,790.00 (equivalent to approximately HK\$16,317,924.94) equivalent to 5% of the Total Tianchang Consideration subject to final adjustment based on work completed, after the expiration of the warranty period of 12 months from the date of the Construction Completion Certificate, provided that there were no issues in relation to the quality of services and construction work or any issues have been remedied

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E. Principal terms of the Previous Xishuang Banna EPC Agreement

(i) Date

31 July 2015

(ii) Parties

Principal: Menghai GCL

Contractor: CNI Energy

(iii) Subject matter

Menghai GCL agreed to engage CNI Energy as the contractor to provide engineering, procurement and construction services in relation to the Xishuang Banna Project. The commencement date of the construction should be subject to notice of commencement given by the principal of the project. Construction of 28.6MW of the Xishuang Banna Project was completed in May 2016 and as at the Latest Practicable Date, construction of the remaining 21.4MW is expected to be commenced once the necessary governmental approval has been granted.

(iv) Basis of consideration

The consideration for the services under the Previous Xishuang Banna EPC Agreement is expected to be RMB327,646,900.00 (equivalent to approximately HK\$388,589,223.40).

The Previous Xishuang Banna EPC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration under the Previous Xishuang Banna EPC Agreement was determined with reference to (a) the quality standard of the services to be provided under the Previous Xishuang Banna EPC Agreement; (b) the profit margin of the Xishuang Banna Project; and (c) the prevailing market price.

(v) Payment terms

The consideration for the services under the Previous Xishuang Banna EPC Agreement should be paid by Menghai GCL to CNI Energy in five instalments in accordance with milestones as follows:

First instalment	10% of the total estimated consideration, upon the signing of the Previous Xishuang Banna EPC Agreement
Second instalment	30% of the total estimated consideration, upon delivery of the first batch of equipment to the construction site

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Third instalment	50% of the total estimated consideration, within the expiry of 3 months from the date of on-grid power connection for the Xishuang Banna Project
Fourth instalment	Up to 95% of the total consideration subject to final adjustment based on work completed, upon completion of the construction work and obtaining of the Construction Completion Certificate* (工程竣工驗收鑒定書)
Fifth instalment	5% of the total consideration subject to final adjustment based on works completed, after the expiration of the warranty period of 12 months from the date of the Construction Completion Certificate, provided that there were no issues in relation to the quality of services and construction work or any issues had been remedied

F. Principal terms of the Previous Zhenjiang EPC Agreement

(i) Date

29 September 2015

(ii) Parties

Principal: Zhenjiang Xinli

Contractor: CNI Energy

(iii) Subject matter

Zhenjiang Xinli agreed to engage CNI Energy as the contractor to provide engineering, procurement and construction services in relation to the Zhenjiang Project. Construction of the Zhenjiang Project has commenced and as at the Latest Practicable Date, is expected to be completed before 30 June 2016.

(iv) Basis of consideration

The consideration for the services under the Previous Zhenjiang EPC Agreement is estimated to be RMB104,133,700.00 (equivalent to approximately HK\$123,502,568.20).

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The Previous Zhenjiang EPC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration under the Previous Zhenjiang EPC Agreement was determined with reference to (a) the quality standard of the services to be provided under the Previous Zhenjiang EPC Agreement; (b) the profit margin of the Zhenjiang Project; and (c) the prevailing market price.

(v) Payment terms

The consideration for the services under the Previous Zhenjiang EPC Agreement shall be paid by Zhenjiang Xinli to CNI Energy in five instalments in accordance with milestones as follows:

First instalment	10% of the total consideration as prepayment, upon the signing of the Previous Zhenjiang EPC Agreement
Second instalment	Up to 40% of the total consideration, upon delivery of the equipment to the construction site and the passing of the on-site quality check, provided that the contractor has provided the principal with an invoice as requested
Third instalment	Up to 90% of the total consideration, within 3 months from the date of full capacity on-grid connection for the Zhenjiang Project, provided that the contractor has provided the principal with an invoice as requested
Fourth instalment	Up to 95% of the total consideration, upon completion of the construction work and obtaining of the Construction Completion Certificate* (工程竣工验收鑑定書), provided that the contractor has provided the principal with an invoice of the total consideration amount
Fifth instalment	5% of the total consideration subject to final adjustment, after the expiration of the warranty period of 12 months from the date of the Construction Completion Certificate, provided there are no issues in relation to the quality of services and construction work or any issues have been remedied

G. Principal terms of the Previous Pukou EPC Agreement

(i) Date

19 October 2015

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(ii) Parties

Principal: Jiangsu GCL New Energy

Contractor: CNI Energy

(iii) Subject matter

Jiangsu GCL New Energy agreed to engage CNI Energy as the contractor to provide engineering, procurement and construction services in relation to the Previous Pukou Project. Construction of the Previous Pukou Project commenced on 21 October 2015 and was completed on 20 December 2015.

(iv) Basis of consideration

The final consideration for the services under the Previous Pukou EPC Agreement was RMB20,528,800.00 (equivalent to approximately HK\$24,347,156.80).

The Previous Pukou EPC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The consideration under the Previous Pukou EPC Agreement was determined with reference to (a) the quality standard of the services to be provided under the Previous Pukou EPC Agreement; (b) the profit margin of the Previous Pukou Project; and (c) the prevailing market price.

(v) Payment terms

The consideration for the services under the Previous Pukou EPC Agreement shall be paid by Jiangsu GCL New Energy to CNI Energy in three instalments in accordance with milestones as follows:

First instalment	30% of the total consideration as prepayment, within 7 working days after the signing of the Previous Pukou EPC Agreement
Second instalment	up to 95% of the total consideration, within one month from the date of full capacity on-grid connection for the Previous Pukou Project, provided that the contractor has provided the principal with an invoice of the total consideration amount

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Third instalment	5% of the total consideration subject to final adjustment, after the expiration of the warranty period of 12 months from the date of the Construction Completion Certificate* (工程竣工驗收鑑定書), provided there are no issues in relation to the quality of services and construction work or any issues have been remedied
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3. FINANCIAL IMPACT OF THE EPC AND EQUIPMENT PURCHASE AGREEMENTS AND THE PREVIOUS AGREEMENTS

Based on current facts and circumstances, it is estimated that the entering into of the EPC and Equipment Purchase Agreements and the Previous Agreements by the Group, with a total consideration of RMB1,577,333,627.65 (equivalent to approximately HK\$1,870,717,682.39) would constitute capital commitments of the Group of the same amount. The Group would have to incur cash outflow to settle these capital commitments according to the payment schedules stipulated above.

The Directors do not expect that the entering into of the EPC and Equipment Purchase Agreements and the Previous Agreements would have any material adverse financial impact on the earnings, assets and liabilities of the Group.

4. REASONS FOR AND BENEFITS OF THE TRANSACTION

As a developer and operator of photovoltaic power station projects, the Group, similar to other developers of photovoltaic power stations, has to engage external contractors to provide engineering, procurement and constructions services to construct its power generation projects and to source solar modules, balance-of-system equipment and other photovoltaic power generation equipment. As a result, the EPC and Equipment Purchase Agreements entered into with CNI Energy are important to the development of the Funan Project, Tianchang City Project and Pukou Project. Particulars of the Group's current projects and projects that completed on-grid power connection between 1 June 2015 and 31 May 2016 are set out in the section headed "Financial and Trading Prospects of the Group" in Appendix I to this circular.

CNI Energy is an established EPC contractor and power generation equipment supplier and has extensive local resources. In 2015, CNI Energy entered into EPC contracts for photovoltaic power stations with a total installed capacity of over 530MW. By the end of 2015, CNI Energy has been engaged as an EPC contractor for nearly one hundred photovoltaic power stations with a total installed capacity of more than 2GW. CNI Energy invests in and has been an EPC contractor for photovoltaic power stations in Jiangsu, Anhui, Henan, Shaanxi, Yunnan, Xinjiang and other locations. Furthermore, CNI Energy has around 28% of the Anhui market share and 5% of the Jiangsu market share for EPC contracts of photovoltaic power stations.

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As a result of its experience, CNI Energy is familiar with the local government policies, rules and regulations, and market conditions, and has the financial and human resources needed to effectively complete the Funan Project, Tianchang City Project and Pukou Project. The Group believes that CNI Energy can deliver service and supply solar modules and photovoltaic power generation equipment at a quality standard which meets the expectations of the Group.

If the major transaction had been voted down by the Shareholders, the Group would need to engage other EPC contractors and/or equipment suppliers in the region, and it would have taken the Group one to two months to identify and engage the appropriate EPC contractor(s) and/or equipment supplier(s). The Group expects that the consideration for the EPC and Equipment Purchase Agreements would be increased by at least approximately 5%, and the completion of the Funan Project, Tianchang City Project and Pukou Project would be delayed by one to two months.

Based on the above reasons, the Directors believe and consider that the terms of the EPC and Equipment Purchase Agreements and the Previous Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

5. INFORMATION ON THE PARTIES TO THE EPC AND EQUIPMENT PURCHASE AGREEMENTS AND THE PREVIOUS AGREEMENTS

CNI Energy

CNI Energy is a wholly-owned subsidiary of 中核(南京)能源發展有限公司 (CNI (Nanjing) Energy Development Company Limited*) and was established on 14 March 2013. CNI Energy is principally engaged in the provision of sub-contracting services in relation to new energy projects such as procurement and sale of equipment and materials, installation and testing of equipment, design, construction and technical consultancy. In addition, CNI Energy possesses the Electricity Industry Class-B Qualification Certificate for Engineering Design (Generation of New Energy)* (電力行業(新能源發電)專業乙級工程設計資質證書) which allows CNI Energy to participate in the provision of main contracting, project management and related technical and management services in the fields specified therein.

The Group

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

6. LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios in respect of the Previous Funan EC Agreement and the Previous Funan Equipment Purchase Agreement (in aggregate) exceeded 5% for the Company, the entering into of the Previous Funan EC Agreement and the Previous Funan Equipment Purchase Agreement (in aggregate) did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. In

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addition, as all the applicable percentage ratios in respect of the Previous Agreements, in aggregate, were below 25%, the entering into of the Previous Funan EC Agreement and the Previous Funan Equipment Purchase Agreement did not trigger the classification of a major transaction for the Company under Chapter 14 of the Listing Rules.

As the Previous Agreements were entered into with CNI Energy within a 12-month period prior to and inclusive of the date of the EPC and Equipment Purchase Agreements, the EPC and Equipment Purchase Agreements and the Previous Agreements will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the EPC and Equipment Purchase Agreements and the Previous Agreements (in aggregate) exceeds 25% but is less than 100% for the Company, the entering into of the EPC and Equipment Purchase Agreements and the Previous Agreements (in aggregate) constitutes a major transaction of the Company and the Company shall comply with the reporting and announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, CNI Energy and each of its ultimate beneficial owners are third parties independent of the Company and each of its connected persons.

7. GENERAL

Pursuant to the Listing Rules, Shareholders' approval is required for a major transaction. To the best of the knowledge, information and belief of the Directors and after having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders has a material interest in the major transaction and therefore none of them would be required to abstain from voting if the Company were to convene a general meeting for approving the major transaction. Elite Time Global, being the controlling Shareholder holding 11,880,000,000 ordinary Shares or approximately 62.28% of the issued Shares and the Shareholders' voting rights as at the Latest Practicable Date, has given written approval for the major transaction. Pursuant to Rule 14.44 of the Listing Rules, the Shareholders' approval requirement is deemed to have been fulfilled and hence no separate general meeting will need to be convened for approving the major transaction.

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

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the year ended 31 March 2014, the audited consolidated financial statements of the Group for the nine month period from 1 April 2014 to 31 December 2014, and the audited consolidated financial statements of the Group for the year ended 31 December 2015 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 March 2014 published on 15 July 2014 (pages 31–100);
- the annual report of the Company for the nine month period from 1 April 2014 to 31 December 2014 published on 22 April 2015 (pages 53–143); and
- the annual report to the Company for the year ended 31 December 2015 published on 20 April 2016 (pages 59–169).

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES OF THE GROUP

At the close of business on 30 April 2016, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	The Group		Total
	Secured	Unsecured	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of bank and other borrowings	7,069,468	5,862,370	12,931,838
Carrying amount of obligations under finance leases	79,543	—	79,543
Principal amount of convertible bonds	—	811,868	811,868
Principal amount of bonds payable	—	360,000	360,000
Principal amount of loans from a fellow subsidiary	—	529,260	529,260
	<u>7,149,011</u>	<u>7,563,498</u>	<u>14,712,509</u>

The Group's secured bank and other borrowings were secured by (i) the Group's property, plant and equipment; (ii) the Group's land use rights situated in the PRC; (iii) pledged bank and other deposits as at 30 April 2016; (iv) certain subsidiaries' trade receivables and fee collection rights in relation to the sales of electricity; (v) equity interest

of fellow subsidiaries; and (vi) equity interests in some project companies. The Group's obligations under finance leases were secured by a legal charge on the Group's plant and equipment as at 30 April 2016.

At 30 April 2016, certain bank and other loans of the Group amounting to RMB3,897,170,000 are guaranteed by fellow subsidiaries, RMB5,595,089,000 are guaranteed by entities within the Group, RMB756,907,000 are guaranteed by fellow subsidiaries and entities within the Group, RMB30,000,000 are guaranteed by a shareholder, RMB239,631,000 are guaranteed by third parties and RMB104,292,000 are guaranteed by a third party and entities within the Group. At 30 April 2016, the bonds payable amounting to RMB360,000,000 is guaranteed by GCL-Poly. All other borrowings are not guaranteed.

The Group's convertible bonds were issued on 27 May 2015 and 20 July 2015 at a nominal value of HK\$775,100,000 (equivalent to approximately RMB645,348,000) and HK\$200,000,000 (equivalent to approximately RMB166,520,000), respectively. The bonds mature three years from the date of issuance at its nominal value or can be converted into ordinary shares of the Company at a conversion price of HK\$0.754 per Share as adjusted pursuant to the terms of the convertible bonds. The convertible bonds are interest bearing at 6% per annum and carried at fair value. Unless previously redeemed, converted or purchased and cancelled, the Company will redeem all the principal amount of the convertible bonds outstanding on the maturity date at 112% of the outstanding principal amounts.

The Group's bonds payable was issued on 19 June 2015 and 7 July 2015 at a total nominal value of RMB360,000,000. The bonds mature one year from the date of issuance. The bonds payable is interest bearing at 6.7% per annum. The Group's bonds payable are guaranteed by GCL-Poly.

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 30 April 2016, 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, mortgages or charges, 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 30 April 2016.

3. WORKING CAPITAL

According to the Group's cash flow projections, as at 30 April 2016, the total committed capital expenditures relating to the acquisition and construction of solar power plants to be settled in the coming fourteen months ending 30 June 2017 amounted to approximately RMB9,154 million. As at 30 April 2016, the Group's total borrowings comprising bank and other borrowings, convertible bonds, bonds, obligations under finance leases and loans from a fellow subsidiary amounted to approximately RMB14,724 million. In addition, the Group, subject to the availability of further financial resources, is currently looking for further opportunities to increase the scale of its solar power plant operations through mergers and acquisitions. In the event that the Group is successful in securing more solar power plant investments or expanding the investments in the existing solar power plants in the coming twelve months from the date of this circular, significant additional cash outflows will be required to settle further committed capital expenditures. The Group expects that such amounts will be funded through the following resources and/or measures, which will generate adequate financing and operating cash flows for the Group.

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. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to the solar power plants, that will be due in the coming twelve months from the date of this circular based on the Group's existing resources and upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

- (i) as at 30 April 2016, the Group had cash and cash equivalents of RMB1,848 million;
- (ii) the Group has been negotiating with banks for renewal of its current borrowings as necessary when they fall due in the coming twelve months following the date of this circular. Based on the past experience, the Group did not encounter any significant difficulties in renewing the borrowings and the Directors are confident that all borrowings can be renewed upon the Company's application when necessary;
- (iii) in March 2014, GCL-Poly together with three of its subsidiaries ("**GCL-Poly Subsidiaries**") jointly signed a framework borrowing agreement with a state-owned bank in the PRC for a total uncommitted banking facility of RMB5,000 million to finance the solar energy projects undertaken by GCL-Poly Subsidiaries. Up to 30 April 2016, approximately RMB1,905 million were drawn down by GCL-Poly and its subsidiaries other than any members of the Group, and approximately RMB1,230 million were drawn down by the subsidiaries of the Group. The remaining undrawn facility of approximately RMB1,865 million is available for the Group to draw down to finance its solar power plant projects. Under this framework agreement, guarantees from GCL-Poly Subsidiaries are required for the loan drawdowns. In addition, the drawdown of the facilities and

the terms of the borrowings, including the borrowings amounts, pledges or guarantees required and repayment terms, are subject to further approval of the bank upon application by the Group, and provision of guarantees from GCL-Poly Subsidiaries. The Group is in the process of discussing with GCL-Poly to obtain further written support from GCL-Poly for the provision of guarantees from GCL-Poly Subsidiaries that the bank requires when the applications for the loan drawdowns are submitted;

- (iv) the Group is negotiating with several banks in both Hong Kong and the PRC for additional financing. It has received detailed proposals from certain banks for total banking facilities with repayment periods from one year or more. The Group also received letters of intent from certain other banks which indicated that these banks tentatively offer banking facilities to the Group;
- (v) the Group is negotiating with other private investors for additional financing in the form of equity or debt or a combination of both. During 2016 and up to the date of this circular, the Group entered into trust scheme arrangements with certain financial institutions to secure a loan facility with maturities of more than one year; and
- (vi) the Group has completed the construction of 43 solar power plants with approval for on-grid connection up to 30 April 2016. The Group also has additional 11 solar power plants under construction targeting to achieve on-grid connection within the coming twelve months from the date of this circular. The abovementioned solar power plants have an aggregate installed capacity of approximately 2.4GW and are expected to generate operating cash inflows to the Group.

After taking into account the Group's business prospects, internal resources, and the available financing facilities, the Directors are satisfied that, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described in (ii) to (vi) above. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of this circular is dependent on the Group's ability to generate adequate financing and operating cash flows through 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, obtaining the necessary guarantees from GCL-Poly and GCL-Poly Subsidiaries that the bank (mentioned in note (iii) above) requires and other short-term or long-term financing; and the completion of the construction of the solar power plants to generate adequate cash inflows as scheduled.

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 2015, being the date to which the latest published audited financial results of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31 December 2015, the Group recorded a total revenue of approximately RMB1,970 million, whilst the total revenue for the period between 1 April 2014 and 31 December 2014 (“**Prior Period**”) was approximately RMB930 million. Gross profit for the year ended 31 December 2015 was approximately RMB523 million and gross profit margin was 26.5% whilst the gross profit for Prior Period was approximately RMB75 million and 8.1%. Loss attributable to owners of the Company for the year ended 31 December 2015 amounted to approximately RMB15 million as compared to the loss attributable to owners of the Company of RMB89 million for the Prior Period.

In 2016, the Group aims to add an installed capacity of 2 to 2.5 GW. To achieve this target, the Group will further optimize its development and construction strategy and focus on the Solar Frontrunner Program and poverty alleviation projects. Meanwhile, the Group will also strive to expand its project reserves including agriculture-photovoltaic, fishery-photovoltaic solar power projects and other projects.

Particulars of the Group's current projects under development as at 31 May 2016 are as follows:

Location	Number of solar farms	Aggregate installed capacity (MW)
Xinjiang	1	20
Qinghai	2	30
Shaanxi	4	340
Inner Mongolia	1	10
Ningxia	1	50
Hebei	2	58
Sichuan	1	35
Henan	3	220
Hubei	1	100
Hunan	3	60
Shandong	1	30
Jiangsu	3	31
Anhui	2	120
Jiangxi	1	20
Guangdong	<u>1</u>	<u>100</u>
Total	<u>27</u>	<u>1,224</u>

Projects that completed on-grid power connection between 1 June 2015 and 31 May 2016:

Location	Number of solar farms	Aggregate installed capacity (MW)
Hebei	3	164
Ningxia	4	150
Jiangsu	8	145
Inner Mongolia	4	121
Henan	3	120
Hubei	1	116
Yunnan	2	80
Anhui	2	80
Jiangxi	2	80
Shanxi	2	70
Qinghai	1	50
Shaanxi	1	50
Shandong	1	35
Hainan	1	25
Jilin	1	15
Zhejiang	1	5
Total	<u>37</u>	<u>1,306</u>

As a leading solar enterprise, the Group will continue to expand its business in China while increasing its overseas presence. To support the Group's global outreach, it aims to explore regional markets with ideal attributes and seek quality investment opportunities complementing the "One Belt, One Road" initiative.

Led by a strong management team, the Group expects the Solar Energy Business to become its main growth driver, and will strive to reduce costs of construction, development, operations and maintenance. The Group will grow its business by using its in-house development capabilities to build a sound model for sustainable development, while honing its long-term competitiveness. The Group's revenue and profit are expected to grow rapidly in step with its development.

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 Company. 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

Name of Director	Number of Shares (Note 1)		
	Number of underlying Shares	Total	Approximate percentage of issued Shares
Mr. Zhu Yufeng	3,523,100	3,523,100	0.02%
Mr. Sun Xingping	16,105,600	16,105,600	0.08%
Ms. Hu Xiaoyan	19,125,400	19,125,400	0.10%
Mr. Tong Wan Sze	8,052,800	8,052,800	0.04%
Ms. Sun Wei	27,178,200	27,178,200	0.14%
Mr. Sha Hongqiu	8,052,800	8,052,800	0.04%
Mr. Yeung Man Chung, Charles	15,099,000	15,099,000	0.08%
Mr. Wang Bohua	2,617,160	2,617,160	0.01%
Mr. Wang Yanguo	1,006,600	1,006,600	0.01%
Mr. Xu Songda	2,617,160	2,617,160	0.01%
Mr. Lee Conway Kong Wai	2,617,160	2,617,160	0.01%
Dr. Chen Ying	1,006,600	1,006,600	0.01%

Note:

- Adjustments are required to be made to the number of underlying Shares as a result of the rights issue with effect from 2 February 2016. Details can be referred to the announcement of the Company dated 2 February 2016.

(b) Long positions in Shares of associated corporation

Name of Director	Beneficiary of a trust	Number of ordinary shares in GCL-Poly			Total	Approximate percentage of issued shares
		Corporate interests	Personal interests	Number of underlying shares		
Mr. Zhu Yufeng	6,127,721,489 (Note 1)	—	—	245,184,592 (Notes 1 & 3)	6,372,906,081	34.29%
Ms. Sun Wei	—	—	5,723,000	4,733,699 (Note 2)	10,456,699	0.06%
Mr. Sha Hongqiu	—	—	—	1,692,046	1,692,046	0.01%

Notes:

- (1) Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL-Poly. Of these interest of 6,370,388,156 shares in GCL-Poly, 366,880,131 shares in GCL-Poly, 13,200,000 shares in GCL-Poly and 5,990,308,025 shares in GCL-Poly are legally held by Highexcel Investments Limited, Get Famous Investments Limited and Happy Genius Holdings Limited (together, the “Trust Companies”), respectively. Each of the Trust Companies is 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, which itself is held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan (a director and chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, a director of GCL-Poly and the son of Mr. Zhu Gongshan) as beneficiaries. Of the 6,370,388,156 shares in GCL-Poly as stated above, 242,666,667 underlying shares in GCL-Poly are legally held by Pacific Alliance Asia Opportunity Fund LP (“PAA”) as the shares in GCL-Poly borrowed by it from Happy Genius Holdings Limited pursuant to the securities lending agreement dated 23 November 2013 (as amended by a number of agreements) entered into between Happy Genius Holdings Limited as lender and PAA as borrower.
- (2) These are share options granted by GCL-Poly to the eligible persons, pursuant to the pre-IPO share option scheme and the share option scheme of GCL-Poly, both 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 1 April 2009 to 23 March 2024 at an exercise price of HK\$4.071, HK\$2.867 or HK\$0.586 per share.
- (3) The 245,184,592 underlying shares of GCL-Poly comprises the long position of 242,666,667 shares of GCL-Poly held by Happy Genius Holdings Limited under Note (1) and 2,517,925 option shares mentioned under Note (2) above.

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 interest 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 (Note 1)	Approximate percentage in issued Shares
Elite Time Global	Beneficial owner	11,880,000,000 (L) (Note 2)	62.28%
GCL-Poly	Corporate interest	11,880,000,000 (L) (Note 2)	62.28%
COAMI ABS No. 1 Limited	Beneficial owner	1,027,984,084 (L) (Note 3)	5.39%
Walkers Fiduciary Limited	Corporate interest	1,027,984,084 (L) (Note 3)	5.39%
Haitong International New Energy VIII Limited	Beneficial owner	1,844,978,301 (L) (Note 4)	9.67%
Haitong International Securities Group Limited	Corporate interest	1,844,978,301 (L) (Note 4)	9.67%
Haitong Securities Co., Ltd.	Corporate interest	1,844,978,301 (L) (Note 4)	9.67%

Notes:

1. “L” denotes a long position whilst the letter “S” denotes a short position.
2. Elite Time Global is wholly owned by GCL-Poly.
3. Talent Legend Holdings Ltd. assigned the outstanding convertible bonds (“Convertible Bonds”) in the aggregate principal amount of HK\$775,100,000.00 issued to Talent Legend Holdings Ltd. due on 27 March 2018 to COAMI ABS No. 1 Limited with effect from 11 December 2015. COAMI ABS No. 1 Limited is wholly-owned by Walkers Fiduciary Limited. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, COAMI ABS No. 1 Limited and its ultimate holding company are not connected persons (as defined in the Listing Rules) of the Company.
4. According to the notice of interests filed by Haitong International Securities Group Limited and Haitong Securities Co., Ltd. on 3 February 2016, Haitong International New Energy VIII Limited is indirectly wholly-owned by Haitong International Securities Group Limited, which is indirectly owned as to 60.01% by Haitong Securities Co., Ltd.

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 is 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 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 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 of the Company 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 Concord Group.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or their respective close associates (as defined under the Listing Rules) are 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 Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any subsisting contract or arrangement which was significant in relation to the business of the Group.

(iii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

4. DIRECTORS' SERVICE CONTRACTS

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

5. MATERIAL CONTRACTS

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

- (i) the placing agreement dated 8 October 2014 entered into between the Company, Elite Time Global and Sun Hung Kai Investment Services Limited (as placing agent) in respect of placing of up to 291,000,000 Shares to independent third parties at the placing price of HK\$2.55 per top-up placing share;
- (ii) the subscription agreement dated 8 October 2014 entered into between the Company and Elite Time Global in respect of subscription of up to 291,000,000 new Shares by Elite Time Global at a consideration of HK\$742,050,000.00;
- (iii) the subscription agreement dated 26 April 2015 between the Company, GCL Yield Holding Company Limited (“**Yield Holding**”) and Goldman Sachs Investment Holdings (Asia) Limited in respect of the propose issuance of the convertible bonds to be issued in two tranches in an aggregate principal amount of US\$100,000,000.00 by Yield Holding;
- (iv) the subscription agreement dated 29 April 2015 entered into between the Company and Talent Legend Holdings Ltd. in respect of the subscription of convertible bonds in the principal amount of HK\$775,100,000.00;
- (v) the subscription agreement dated 29 April 2015 entered into between the Company and Ivyrock China Focus Master Fund in respect of the subscription of convertible bonds in the principal amount of HK\$200,000,000.00;
- (vi) the placing agreement dated 29 April 2015 entered into between the Company and Essence International Securities (Hong Kong) Limited in respect of the private placement of the convertible bonds in the principal amount of HK\$975,100,000.00;
- (vii) the partnership agreement dated 29 May 2015 entered into between Nanjing GCL New Energy, Suzhou GCL New Energy Investment Company Limited* (蘇州協鑫新能源投資有限公司) (“**Suzhou GCL New Energy**”), Galaxy Capital Asset Management Company Ltd.* (銀河資本資產管理有限公司) and JIC Capital Management (Tianjin) Ltd.* (中建投資本管理(天津)有限公司) in respect of the establishment of Jiali (Tianjin) Asset Management Enterprise (Limited Partnership)* (嘉立(天津)資產管理合夥企業(有限合夥)), an investment fund with an initial capital commitment of RMB1,251,000,000.00;
- (viii) the agreements in relation to the issue of bonds by Nanjing GCL New Energy on 4 June 2015 in the PRC in the maximum principal amount of RMB360,000,000.00 with a term of one year from the date of issue and be privately issued to qualifying investors on the Jiangsu Equity Exchange Center Limited Liability Company;

- (ix) the amendment and restatement deed on 14 July 2015 in relation to the convertible bonds in the principal amount of HK\$200,000,000.00 to be issued to Ivyrock China Focus Master Fund;
- (x) the underwriting agreement dated 15 December 2015 entered into between the Company, Elite Time Global and Haitong International Securities Company Limited in relation to the underwriting of rights shares of the Company and certain other arrangements in respect of the rights issue of the Company;
- (xi) the cooperation agreement dated 27 April 2016 entered into between Beijing Dongfu Jueqi Economic Consulting Centre (Limited Partnership)* (北京東富崛起經濟諮詢中心(有限合夥)) (“**Dongfu Jueqi**”), Nanjing GCL New Energy, Suzhou GCL New Energy and the Company in relation to cooperation for the Beijing Guande Xinneng Investment Management Centre (Limited Partnership)* (北京冠德新能投資管理中心(有限合夥)) (the “**Beijing Limited Partnership**”); and
- (xii) the partnership agreement dated 27 April 2016 entered into between Dongfu Jueqi, Nanjing GCL New Energy and Dongfu (Beijing) Haitong Investment Management Company Limited* (東富(北京)投資管理有限公司) in relation to the establishment of the Beijing Limited Partnership.

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 1701A–1702A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (iii) the branch share registrar and transfer office of the Company is Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (iv) the company secretary of the Company is Mr. Cheng Man Wah, who is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (v) in case of inconsistencies, the English texts of this circular shall prevail over the Chinese texts thereof.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 1701A–1702A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from 9:00 a.m. to 5:30 p.m. on any business day from the date of this circular up to 18 July 2016:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the material contracts referred to in the section headed “Material contracts” in this appendix;
- (iii) the annual reports of the Company for the period/year ended 31 December 2014 and 31 December 2015;
- (iv) the circular of the Company dated 17 June 2016 in relation to the major transaction with Xinxin Finance Leasing Company Limited; and
- (v) this circular.