THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

SCHEME OF ARRANGEMENT

BETWEEN

GCL NEW ENERGY HOLDINGS LIMITED
(AN EXEMPTED COMPANY INCORPORATED WITH LIMITED LIABILITY UNDER THE LAWS OF BERMUDA)

AND

THE SCHEME CREDITORS
(AS DEFINED IN THIS SCHEME DOCUMENT)

IN THE SUPREME COURT OF BERMUDA UNDER SECTION 99 OF THE COMPANIES ACT 1981

This document comprises a composite scheme document ("**Scheme Document**") and includes an explanatory statement (the "**Explanatory Statement**") in relation to the scheme of arrangement proposed by GCL New Energy Holdings Limited (the "**Company**") pursuant to section 99 and section 100 of the Companies Act 1981 of Bermuda (the "**Scheme**"). It is being sent to persons who it is believed are or may be Scheme Creditors (as defined below) at the date of this Scheme Document. If you have assigned, sold, or otherwise transferred, or assign, sell or otherwise transfer, your interests as a Scheme Creditor before the Record Time (as defined below), you must forward this Scheme Document and the accompanying documents at once to the person or persons to whom you have assigned or assign, sell or otherwise transfer, your interests as a Scheme Creditor.

The Record Time for the Scheme will be 5:00 p.m. on 2 June 2021 (London time) / 00:00 a.m. 3 June 2021 (Hong Kong time) / 1:00 p.m. 2 June 2021 (Bermuda time).

The Scheme Meeting (as defined below), at which the Scheme Creditors will consider and vote on the Scheme, will be held at the office of Milbank at 30th Floor Alexandra House, 18 Chater Road, Central, Hong Kong, with any adjournment as may be appropriate, at 7:00 p.m. on 4 June 2021 (Hong Kong time) / 8:00 a.m. on 4 June 2021 (Bermuda time). Scheme Creditors will be able to attend in person (or, if a corporation, by a duly authorised representative) or by proxy.

A notice convening the Scheme Meeting is set out in Appendix 3 (*Notice of Scheme Meeting*).

It is expected that the hearing before the Bermuda Court to determine whether or not the Bermuda Court will sanction the Scheme will take place at 8:30 p.m. 11 June 2021 (Hong Kong time) / 9:30 a.m. 11 June 2021 (Bermuda time). Scheme Creditors will have the right to attend and be heard at the hearing.

Instructions about actions to be taken by the Scheme Creditors before the Scheme Meeting are set out in Section 7 (*Scheme Creditors and Actions to be Taken*), along with Appendix 4 (*Solicitation Packet*).

WARNING - The contents of this Scheme Document have not been reviewed by any regulatory authority in Bermuda, Hong Kong, Singapore or any other jurisdiction. You are advised to exercise caution in relation to any offer pursuant to the Scheme set out in this Scheme Document. If you are in any doubt as to the contents of this Scheme Document or the documents that accompany it or what action you should take, you are recommended to seek advice immediately from your own independent financial, legal and/or tax adviser.

This Scheme Document does not constitute an offer to sell or the solicitation of an offer to buy any securities. None of the securities referred to in this Scheme Document may be sold, issued or transferred in any jurisdiction in contravention of applicable law. The securities proposed to be issued pursuant to the Scheme will not be registered with the U.S. Securities and Exchange Commission (the "**SEC**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state or other jurisdiction, and are being transferred and delivered in reliance upon certain exemptions from the registration requirements of the U.S. Securities Act.

Application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the New Notes (as defined below) on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle for the listing and quotation of the New Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the New Notes Subsidiary Guarantors or any of their respective subsidiaries or associated companies, the New Notes or the New Notes Subsidiary Guarantees, or the quality of disclosure in this document. For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the New Notes will be traded in a minimum board lot size of US$200,000.

Notification under Section 309B(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") — the Company has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA)), that the New Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Scheme Document is accompanied by the Solicitation Packet, as set out at Appendix 4 (*Solicitation Packet*), which is also available on the Scheme Website (as defined below) for the Scheme Creditors to download. The Solicitation Packet contains (i) an Account Holder Letter (which also encloses a Designated Recipient Form and a Distribution Confirmation Deed) and (ii) instructions and guidance for the Scheme Creditors and any person with an interest in the Notes as to how to complete those documents.

Further important information is set out under Section 2 (*Important Notice to Scheme Creditors*) and Section 3 (*Important Securities Law Notice*).

If you have any questions relating to this Scheme Document or the completion of the Account Holder Letter, please contact the Information Agent at:

Lucid Issuer Services Limited

In London	*In Hong Kong*
Tankerton Works	**3/F Three Pacific Place**
12 Argyle Walk	**1 Queen's Road East, Admiralty**
London, WC1H 8HA	**Hong Kong**
Attention: Paul Kamminga	**Attention: Mu-yen Lo**
Telephone: +44 20 7704 0880	**Telephone: +852 2281 0114**

Email: gclnewenergy@lucid-is.com

Scheme Website: https://deals.lucid-is.com/gclnewenergy

12 May 2021

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1 EXPECTED TIMETABLE OF PRINCIPAL EVENTS[1]

Event	Expected Date	Hong Kong Time	Bermuda Time
Custody Instruction Deadline[2]	1 June 2021	00:00 a.m. 2 June 2021	1:00 p.m. 1 June 2021
Record Time[3] [4]	2 June 2021	00:00 a.m. 3 June 2021	1:00 p.m. 2 June 2021
Scheme Meeting[5]	4 June 2021	7:00 p.m. 4 June 2021	8:00 a.m. 4 June 2021
Bermuda Court Sanction Hearing[6]	11 June 2021	8:30 p.m. on 11 June 2021	9:30 a.m. on 11 June 2021
Scheme Effective Date[7]	Day on which the Bermuda Sanction Order is delivered to the Bermuda Registrar of Companies for registration		

1 The dates in this timetable and mentioned throughout this Scheme Document assume that no court hearing or Scheme Meeting is adjourned or delayed. It is also possible that the drawing up or registration of the Bermuda Sanction Order may be delayed if any person attends the Bermuda Court Sanction Hearing and objects to the Scheme or seeks to appeal the Bermuda Sanction Order.

2 The Custody Instruction Deadline is the latest date and time for delivery of Custody Instructions to the relevant Clearing System for blocking the Notes for a Noteholder to be eligible to vote at the Scheme Meeting or receive Scheme Consideration on the Restructuring Effective Date.

3 Each Noteholder will need to give its instructions to the relevant Account Holder as to voting. The Record Time is the latest date and time for delivery of a duly completed Account Holder Letter to vote at the Scheme Meeting and delivery of duly completed documentation necessary to receive the Scheme Consideration on the Restructuring Effective Date.

4 All Scheme Claims are determined as at the Record Time. The Company will be entitled to exercise discretion as to whether it recognises any assignment or transfer of Scheme Claims after the Record Time.

5 The Scheme Meeting will commence at the time stated. Any Scheme Creditor that wishes to attend the Scheme Meeting should produce a duplicate copy of the Account Holder Letter that was executed and delivered on their behalf, evidence of personal identity (for example, a passport or other picture identification) and, in the case of a corporation, evidence of corporate authority (for example, a valid power of attorney and/or board minutes) at the registration desk by **no later than one hour before the scheduled time of the Scheme Meeting**.

6 The Bermuda Court will hear the petition to sanction the Scheme. Any Scheme Creditor is entitled (but not obliged) to attend the Bermuda Court Sanction Hearing to support or oppose the sanction of the Scheme. The Bermuda Court Sanction Hearing date is an expected time and if there is any change to such time, the revised time will be announced as soon as practicable when it is known to the Company.

7 The Scheme Effective Date is the date on which the Scheme becomes effective in accordance with the terms of the Scheme. The Scheme Effective Date shall be the day on which the Bermuda Sanction Order is delivered to the Bermuda Registrar of Companies for registration and will be announced by the Company the following day in Hong Kong/Singapore.

Event	Expected Date	Hong Kong Time	Bermuda Time
Restructuring Effective Date[8]	The date falling two Business Days after the date on which each of the Restructuring Conditions has been satisfied or, in the event that the Company delivers an Extension Notice, the Deferred Restructuring Effective Date		
Longstop Date[9]	30 June 2021		
Bar Time[10]	5:00 p.m. (Hong Kong time) / 6:00 a.m. (Bermuda time) on the date falling three Business Days before the Holding Period Expiry Date		
Holding Period Expiry Date[11]	The date falling three months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date)		

[8] The Restructuring Effective Date is the date on which the arrangement and compromise provided for in the Scheme (including, but not limited to, the cancellation and discharge of the Notes, the issuance of New Notes and distribution of Cash Consideration and Fixed Fee) will be implemented. The Restructuring Effective Date is an expected date.

[9] The Longstop Date is the latest date by which the Scheme must be implemented. If the Scheme is not implemented before or on the Longstop Date, the Scheme will terminate. The Longstop Date is 30 June 2021, or such later date as the Company may elect in accordance with Clause 6.8 of Appendix 3 (*Scheme*).

[10] The Bar Time is the latest time for delivery of duly completed documentation necessary to receive the Scheme Consideration on the Holding Period Expiry Date except in limited circumstances as provided for in the Scheme set out in Appendix 3 (*Scheme*). Except in those limited circumstances, if a Scheme Creditor fails to establish its entitlement to the Trust Assets in accordance with the Holding Period Trust Deed before or on the Bar Time, that Scheme Creditor shall cease to be entitled to receive any Scheme Consideration. The Bar Time is an expected time and will occur at 5:00 p.m. (Hong Kong time) on the date falling three Business Days before the Holding Period Expiry Date.

[11] The Holding Period Expiry Date is the latest date on which the Trust Assets can be distributed in accordance with the terms of the Holding Period Trust Deed. The Holding Period Expiry Date is an expected date and will occur on the date falling three months after the Restructuring Effective Date.

2 IMPORTANT NOTICE TO SCHEME CREDITORS

Unless otherwise indicated, all capitalised terms used in this Scheme Document shall have the meanings assigned to those terms in Appendix 1 (*Definitions and Interpretation*).

2.1 Information

(a) This Scheme Document has been prepared pursuant to section 99 and section 100 of the Companies Act and in relation to the Scheme between the Company and the Scheme Creditors, and has been prepared solely for the purpose of providing information to the Scheme Creditors in relation to the Scheme.

(b) Nothing in this Scheme Document or any other document issued with or appended to it should be relied on for any purpose other than for the Scheme Creditors in their capacity as creditor of the Company to make a decision whether or not to approve the Scheme. In particular and without limitation, nothing in this Scheme Document should be relied on in connection with the purchase or acquisition of any Scheme Claim or any other financial instruments, securities, assets or liabilities of the Company or any other member of the Group.

(c) Nothing contained in this Scheme Document constitutes a recommendation, or the giving of advice, by the Company or any other member of the Group to take a particular course of action or to exercise any right conferred by the Notes in relation to, buying, selling, subscribing for, exchanging, redeeming, holding, underwriting, disposing of, or converting Notes or any other financial instruments, securities, assets or liabilities of the Company or any other member of the Group.

2.2 Scheme Creditors

This Scheme Document is to be distributed to persons who it is believed are or may be Scheme Creditors at the date of this Scheme Document. Information on the actions that the Scheme Creditors are required to take in relation to the Scheme is set out in Section 7 (*Scheme Creditors and Actions to be Taken*) of this Scheme Document.

2.3 Notice to Scheme Creditors

(a) Without prejudice to any representations and warranties to be given by the Company in the Restructuring Documents, nothing contained in this Scheme Document shall constitute a warranty, undertaking, or guarantee of any kind, express or implied, nor any admission of any fact or liability on the part of the Company with respect to any asset to which it may be entitled or any claim against it. Without prejudice to the generality of the foregoing, nothing in this Scheme Document or the distribution thereof evidences to any person, or constitutes any admission by the Company, that a liability is owed to any person in respect of any claim (including without limitation any Scheme Claim) or that any person is or may be a Scheme Creditor. The failure to distribute this Scheme Document to any Scheme Creditor shall not constitute an admission by the Company that such person is not a Scheme Creditor.

(b) No person has been authorised by the Company to give any information or make any representations concerning the Scheme which is inconsistent with this Scheme Document and, if made, such representations shall not be relied upon as having been so authorised.

(c) The information contained in this Scheme Document has been prepared based upon information available to the Company prior to the date of this Scheme Document. The delivery of this Scheme Document does not imply that the information herein is correct as at any time subsequent to the date hereof. To the best of the Company's knowledge, information and belief, the information contained in this Scheme Document is in accordance with the facts and does not omit anything likely to affect the import of such information, each in a material respect. The Company has taken all reasonable steps to ensure that this Scheme Document contains the information reasonably necessary and material to enable Scheme Creditors to make an informed decision on how the Restructuring affects them.

(d) None of the Company's advisers, the Notes Trustee or any of their respective directors, officers, employees, agents, affiliates or advisers have verified the information contained in this Scheme Document and each of those persons expressly disclaims responsibility for such information.

(e) This Scheme Document has not been reviewed, verified or approved by any rating agency or any regulatory authority. Without prejudice to any representations and warranties to be given by the Company in the Restructuring Documents, to the fullest extent permitted by law, the Company will have no tortious, contractual or any other liability to any person in connection with the use of this Scheme Document and the Company will not accept any liability whatsoever to any person, regardless of the form of action, for any lost profits or lost opportunity, or for any indirect, special, consequential, incidental or punitive damages arising from any use of this Scheme Document, its contents or preparation or otherwise in connection with it, even if the Company has been advised of the possibility of such damages.

(f) The Information Agent is an agent of the Company and owes no duty to any Scheme Creditor, express or implied.

(g) Neither the Notes Trustee nor any of its directors, officers, employees, agents, affiliates or advisers) is acting for, or owes any duty to, any Noteholders, nor will any of them be responsible for providing any advice to any Noteholders in relation to the terms of the New Notes. Accordingly, neither the Notes Trustee nor any of its directors, officers, employees, agents, affiliates or advisers make any recommendations as to whether any Noteholder should take any of the actions contemplated in the Scheme. The Notes Trustee expresses no opinion on the merits of the Scheme and the terms of the New Notes. The Notes Trustee has not been involved in negotiating or determining the terms of the New Notes and makes no representation that all relevant information has been disclosed to the Noteholders in or pursuant to the Scheme.

(h) The Notes Trustee shall not be responsible for calculating, verify or paying any amounts payable in relation to the Scheme or any late interest payable (i.e. the interest unpaid at Maturity and the interest payable thereafter). The Notes Trustee shall not be required to take any steps to ascertain whether a Noteholder is eligible to receive any Fixed Fee under the RSA.

(i) The Notes Trustee shall not be responsible for monitoring the Scheme and shall not be required to take any steps to monitor or ascertain whether any event that triggers the termination of the RSA has occurred and will not be responsible to the Noteholders or any other person for any loss arising from any failure to do so.

2.4 **Summary Only**

(a) The summary of the principal provisions of the Scheme contained in this Scheme Document is qualified in its entirety by reference to the Scheme itself. The full text of the Scheme is set out in Appendix 2 (*The Scheme*). Each Scheme Creditor is advised to read and consider carefully the text of the Scheme. This Scheme Document has been prepared solely to assist Scheme Creditors in respect of voting on the Scheme.

(b) **In the event of a conflict between the information and terms described in:**

(i) **this Scheme Document; and**

(ii) **the Scheme,**

the terms of the Scheme set out in Appendix 2 (*The Scheme*) shall prevail.

(c) **Subject to the terms of the RSA and the Scheme, the Company shall be at liberty to modify the Scheme, or to propose a different scheme or schemes of arrangement, at any time prior to the sanction of the Scheme and the delivery of the Bermuda Sanction Order to the Bermuda Registrar of Companies. However, this may require the Company to seek further directions from the Bermuda Court and/or obtain further approval from the Scheme Creditors. The Company shall enjoy such liberty notwithstanding any actions in reliance on the Scheme or this Scheme Document by a Scheme Creditor or any other person. The Bermuda Court may also impose modifications, additions or conditions to the Scheme.**

2.5 **Forward-Looking Statements**

(a) Nothing in this Scheme Document shall be deemed to be a forecast, projection or estimate of the future financial performance of the Company and/or any member of the Group except where otherwise specifically stated.

(b) This Scheme Document contains statements, estimates, opinions, and projections with respect to the Company and the Group and certain plans and objectives of the Company and the Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “will”, “may”, “should”, “would”, “could” or other words of similar import. These statements are based on numerous assumptions and assessments made by the Company as appropriate in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors that it believes appropriate. No assurance can be given that such expectations will prove to be correct. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. Such forward-looking statements only speak as at the date of this Scheme Document. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors and uncertainties set out in Section 10 (*Risk Factors*). Each Scheme Creditor is urged to make its own assessment of the validity of such forward-looking statements and their underlying assumptions and no liability is accepted by the Company in respect of the achievement or failure of such forward-looking statements and assumptions. Without

limiting the above, none of the Company, any other member of the Group, any director of the Company or any other member of the Group assumes any obligation to update or correct any forward-looking statements contained in this Scheme Document to reflect any change of expectations with respect thereto or any change in event, situation, or circumstances on which any such forward-looking statement was based.

2.6 Risk Factors

(a) Scheme Creditors' attention is drawn to certain risks and uncertainties associated with the Restructuring that are set out in Section 10 (*Risk Factors*).

(b) These important risk factors could cause the Group's actual results and future prospects to differ materially from those expressed in this Scheme Document (including any forward-looking statements).

(c) Each Scheme Creditor should carefully read and analyse such risk factors and uncertainties, and fully understand their impact, which may be material and adverse, on the Group's financial condition and prospects. The statement of risk factors is not and is not intended to be an exhaustive statement of such factors or of all possible factors that might influence the decision of Scheme Creditors with respect to the Scheme.

2.7 Liquidation Analysis

(a) FTI Consulting (Hong Kong) Limited ("**FTI**") is acting as an adviser to the Company in connection with the preparation of the Liquidation Analysis as set out in Appendix 6 (*Liquidation Analysis*). At the request of the Company, FTI has prepared a high-level Liquidation Analysis of the potential outcome for Scheme Creditors of the Company in the event that a Restructuring is not completed and this results in a liquidation of the Company. The Liquidation Analysis has been prepared based on the Company's instructions.

(b) The Liquidation Analysis has been prepared by FTI solely for the use of the Company and the Company's professional advisors as well as for the information (on a non-reliance basis) of the Scheme Creditors. The Liquidation Analysis is disclosed in this Scheme Document strictly on a non-reliance basis. Reliance on the Liquidation Analysis is limited to the Company only and does not extend to any other party including Scheme Creditors.

(c) The Liquidation Analysis has been prepared by reference to Company financial information as at 31 December 2020, being the date of the latest practicable set of financial information available to the Company on which the Liquidation Analysis could be prepared.

(d) The Liquidation Analysis is based on information and explanations provided by the Company which have not been subject to independent verification or audit. FTI assumes no liability whatsoever and makes no representations or warranties, express or implied, in relation to the contents of the Liquidation Analysis, including its accuracy, completeness or verification insofar as this is reliant on information or explanations provided by the Company or for any other statement made or purported to be made by or on behalf of the Company. Additionally, FTI has identified a number of disclaimers, assumptions and limitations to its Liquidation Analysis, a list of which can be found in the sections titled "*Disclaimer*" and "*Key Assumptions, Methodologies and Limitations*" of Appendix 6 (*Liquidation Analysis*).

2.8 **Legal, Tax, and Financial Advice**

(a) Without limiting any of the above, Scheme Creditors should not construe the contents of this Scheme Document as legal, tax, or financial advice. Except as otherwise expressly stated in this Scheme Document, none of the Company, any member of the Group, the Notes Trustee, the Advisers or the Information Agent and their respective financial or legal advisers has expressed any opinion as to the merits of the Scheme or with respect to the effect of the Scheme.

(b) This Scheme Document has been prepared without taking into account the objectives, financial situation or needs of any particular recipient of it, and consequently, the information contained in this Scheme Document may not be sufficient or appropriate for the purpose for which a recipient might use it. Each Scheme Creditor should conduct its own due diligence and consider the appropriateness of the information in this Scheme Document having regard to its own objectives, financial situations and needs. Scheme Creditors are also recommended to consult their own professional advisers as to legal, tax, financial or other aspects relevant to any action Scheme Creditors might take in relation to the Scheme and the Restructuring, or the implications/consequences of such action.

2.9 **Restrictions**

(a) The distribution of this Scheme Document to or in certain jurisdictions may be restricted by law or regulation and persons into whose possession this Scheme Document comes are requested to inform themselves about, and to observe, any such restrictions. Failure to comply with any such restrictions could result in a violation of the laws of such jurisdictions.

(b) In the event that receipt of this Scheme Document by overseas Scheme Creditors is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Board regards as unduly onerous or burdensome (or otherwise not in the best interests of the Company or the Scheme Creditors), the Scheme Document may not be despatched to such overseas Scheme Creditors.

(c) The implications of the Restructuring for Scheme Creditors who are residents or citizens of jurisdictions other than Hong Kong and Bermuda may be affected by the laws of the relevant jurisdictions. Any person outside Hong Kong or Bermuda who is resident in, or who has a registered address in, or is a citizen of, an overseas jurisdiction should consult independent professional advisers and satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme and the Restructuring, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such jurisdiction.

3 IMPORTANT SECURITIES LAW NOTICE

This Scheme Document does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction in contravention of applicable law. None of the securities referred to in this Scheme Document shall be sold, issued or transferred in any jurisdiction in contravention of applicable law.

3.1 General

(a) The distribution of this Scheme Document and the offering, sale or delivery of the Scheme Consideration are subject to restrictions and may not be made except pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Therefore, persons who may come into possession of this Scheme Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Scheme Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

(b) No action has been or will be taken in any jurisdiction by the Company that would or is intended to permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Scheme Consideration. Persons into whose hands this Scheme Document comes are required by the Company and the Group to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Scheme Consideration or have in their possession, distribute or publish this Scheme Document or any other materials relating to the Scheme Consideration, in all cases at their own expense.

(c) Each Scheme Creditor will be required to submit a duly completed Account Holder Letter, Distribution Confirmation Deed and, if applicable, Designated Recipient Form in order to receive the Scheme Consideration.

3.2 U.S. Securities Law Considerations

(a) The New Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction.

(b) The Scheme Consideration will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof. No public offering of New Notes will be made in the United States. For the purpose of qualifying for the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof with respect to New Notes that may be issued pursuant to the Scheme, the Bermuda Court (i) has been advised that its sanctioning of the Scheme will be relied upon as an approval of the Scheme and (ii) must approve the fairness of the terms and conditions of the Scheme to those security holders to whom New Notes will be issued, after holding an open hearing at which all such security holders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such security holders. Such transaction will not be approved or disapproved by the SEC, nor will the SEC or any U.S. state securities commission pass upon the merits or fairness of the transaction or upon the adequacy or accuracy of the information contained in this Scheme Document. Any representation to the contrary is a criminal offence in the United States. The information

disclosed in this Scheme Document is not the same as that which would have been disclosed if this Scheme Document had been prepared for the purpose of complying with the registration requirements of the U.S. Securities Act or in accordance with the laws and regulations of any state or other jurisdiction of the United States.

(c) In connection with the issue of the Scheme Consideration, the Company will require each Scheme Creditor (or its Designated Recipient) who wishes to receive its Scheme Consideration to, amongst other things, make certain representations and covenants in the Account Holder Letter (and its Appendices). If the confirmations required by the Account Holder Letter (and its Appendices) cannot be or are not given by a Scheme Creditor (or its Designated Recipient, as applicable), such Scheme Creditor (or its Designated Recipient, as applicable) will not be eligible to receive the relevant Scheme Consideration and will be not be treated as an Eligible Person.

(d) The New Notes will not be listed on any U.S. securities exchange or with any inter-dealer quotation system in the United States. The Company does not intend to take action to facilitate a market of the New Notes in the United States. Consequently, the Company believes that it is unlikely that an active trading market in the United States will develop for such New Notes.

The New Notes have not been and will not be registered with the SEC or any U.S. federal, state or other securities commission or regulatory authority and neither the SEC nor any U.S. federal, state or other securities commission or regulatory authority has registered, approved or disapproved any of the Scheme Consideration or passed upon the accuracy or adequacy of the Solicitation Packet, the Scheme or this Scheme Document. Any representation to the contrary is a criminal offence in the United States.

Scheme Creditors who are citizens or residents of the United States should consult their own legal, financial and tax advisors with respect to the legal, financial and tax consequences of the Scheme in their particular circumstances.

3.3 Securities Law Considerations for Certain Other Jurisdictions

European Economic Area

(a) The Scheme Consideration is not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 ("**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Scheme Consideration or otherwise making it available to retail investors in the EEA has been prepared and therefore offering or selling the Scheme Consideration or otherwise making it available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

(b) In addition, this Scheme Document has been prepared on the basis that all offers of the Scheme Consideration will be made pursuant to an exemption under the Prospectus

Regulation, as directly effective in member states of the EEA ("**Member States**"), from the requirement to produce a prospectus for offers of the Scheme Consideration. Accordingly, any person making or intending to make any offer within the EEA of the Scheme Consideration should only do so in circumstances in which no obligation arises for the Company to produce a prospectus for such offer. The Company has not authorised and does not authorise the making of an offer of any of the Scheme Consideration through any financial intermediary, other than offers made by the Company, as contemplated by this Scheme Document.

(c) In relation to each Member State, no offer of Scheme Consideration to the public in that Member State may be made other than to any legal entity which is a qualified investor as defined in the Prospectus Regulation or in any other circumstances falling within Article 1(3) or Article 1(4) of the Prospectus Regulation, provided that no such offer of Scheme Consideration shall require the Company to publish a prospectus pursuant to Article 3(1) or Article 3(3) of the Prospectus Regulation.

(d) In connection with the issue of the Scheme Consideration, the Account Holder Letter (and its Appendices) will require each Scheme Creditor (or its Designated Recipient) who wishes to receive its Scheme Consideration to confirm, amongst other things, that it (or its Designated Recipient, as applicable) is an Eligible Person and will require any Scheme Creditor (or Designated Recipient, as applicable) who is located in a Member State and intends to receive their Scheme Consideration to make certain representations and covenants in the Account Holder Letter (and its Appendices), including that it is a "qualified investor" as defined in the Prospectus Regulation (a "**Qualified Investor**"). If the confirmations required by the Account Holder Letter (and its Appendices) cannot be or are not given by a Scheme Creditor (or its Designated Recipient, as applicable), such Scheme Creditor (or its Designated Recipient, as applicable) will not be eligible to receive the relevant Scheme Consideration and will not be treated as an Eligible Person.

(e) For the purposes of this provision, the expression an "offer to the public" in relation to the Scheme Consideration in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Scheme Consideration to be offered so as to enable an investor to decide to purchase or subscribe for the Scheme Consideration, as the same may be varied in that Member State by any measure adopted in that Member State pursuant to the Prospectus Regulation (and amendments thereto).

United Kingdom

(f) The Scheme Consideration not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the United Kingdom's Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Scheme Consideration or otherwise making them available to

retail investors in the UK has been prepared and therefore offering or selling the Scheme Consideration or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation

(g) This Scheme Document has not been approved by an authorised person for the purposes of section 21 of the FSMA. Accordingly, this Scheme Document is not being distributed to, and must not be passed on to, the general public in the United Kingdom. This Scheme Document is for distribution only to persons who: (i) are outside the United Kingdom; (ii) are investment professionals, as such term is defined in Article 19(5) of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2000 (as amended, the "**Financial Promotion Order**"); (iii) are persons falling within Article 49(2)(a) to (d) (high net-worth companies, unincorporated associations, etc.), of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA in connection with the issue, transfer or sale of any Scheme Consideration) may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to in this paragraph as "**Relevant Persons**"). This Scheme Document is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Scheme Document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Bermuda

(h) The Scheme Consideration may not be marketed, offered or sold directly or indirectly to the public in Bermuda except in accordance with Bermuda law, and neither this Scheme Document, which is not subject to and has not received approval from either the Bermuda Monetary Authority or the Bermuda Registrar of Companies and no statement to the contrary, explicit or implicit, is authorised to be made in this regard, nor any offering material or information contained herein relating to the Scheme Consideration, may be supplied to the public in Bermuda or used in connection with any offer for the subscription or sale of Scheme Consideration to the public in Bermuda except in accordance with Bermuda law.

Hong Kong

(i) This Scheme Document has not been and will not be registered with the SFC or the Hong Kong Registrar of Companies. The Scheme Consideration has not been and will not be offered or sold in Hong Kong, by means of any document, other than: (a) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of C(WUMP)O. No advertisement, invitation or document relating to the Scheme Consideration may be issued or may be in the possession of any person other than with respect to Scheme Consideration which is or is intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

PRC

(j) The Scheme Consideration has not been and will not be registered under the relevant laws of the PRC. Accordingly, no offer, promotion, solicitation for sales or sale of or for, as the case may be, any Scheme Consideration in the PRC (excluding Hong Kong, Macau and Taiwan) will be made, except where permitted by the China Securities Regulatory Commission or where the activity otherwise is permitted under the laws of the PRC.

Singapore

(k) This Scheme Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Scheme Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of New Notes may not be circulated or distributed, nor may New Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA,

(ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where New Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor, or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

British Virgin Islands

(l) This Scheme Document has not been and will not be registered with the British Virgin Islands Financial Services Commission. No security is or shall be offered to the public in the British Virgin Islands for purchase or subscription for the purposes of the Securities and Investment Banking Act, 2010.

4 LETTER FROM THE BOARD TO THE SCHEME CREDITORS

12 May 2021

Dear Scheme Creditor,

Introduction

4.1 The Board writes to you in your capacity as a person who is, or appears to be, a Scheme Creditor.

4.2 This letter forms part of the Explanatory Statement for the Scheme proposed by the Company as part of the Restructuring, the details of which are explained below. Please note that the information in this letter is not intended to be exhaustive or complete. Scheme Creditors should read the Scheme Document as a whole, in conjunction with the documents that accompany it (including the Solicitation Packet).

4.3 Defined terms used in this letter are included in Appendix 1 (*Definitions and Interpretation*).

The Purpose of the Scheme

4.4 The Board has been exploring various ways to improve the financial position of the Group and secure the future of its business.

4.5 Following extensive negotiations with its creditors, the Board has now come to a decision that the Restructuring is in the best interests of the Company and those with an economic interest in the Group (including, in particular, the Scheme Creditors). The Explanatory Statement explains why the Board believes this to be the case and should be read in conjunction with the entire Scheme Document.

4.6 It is proposed that the implementation of the Restructuring will involve the implementation of the Scheme, which is a compromise or arrangement between the Company and the Scheme Creditors sanctioned or approved by the Bermuda Court pursuant to section 99 of the Companies Act.

4.7 The Explanatory Statement, which is provided to you pursuant to section 100 of the Companies Act, is part of the Scheme Document and is distributed for the purpose of providing Scheme Creditors with all the information reasonably necessary to enable them to make an informed decision on whether or not to approve the Scheme. A short explanation of the reasons for the Restructuring and the proposed Scheme is included below, as part of this letter.

4.8 Admiralty Harbour is acting as financial adviser, and Milbank and Conyers are acting as international and Bermuda legal advisers respectively, to the Company in relation to the Scheme and the Restructuring.

Background to the Group

4.9 The Company was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 13 February 1992 under the name "Same Time Holdings Limited". On 24 April 2014, it changed its name to "GCL New Energy Holdings Limited" and adopted "協鑫新能源控股有限公司" as its secondary name. The Company was registered as a non-Hong Kong Company under the Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 14 May 2014.

4.10 The Company is the ultimate holding company of the Group and its subsidiaries operate businesses in the PRC, Hong Kong and the United States. A chart depicting the organizational and capital structure of the Group as at the date of the Scheme Document and a chart depicting the intended organisational and capital structure of the Group following completion of the Restructuring are set out in Appendix 5 (*Group Structure Charts*).

4.11 The Group is a leading independent solar power producer in the PRC, equipped with self-development, construction, operation management and maintenance capabilities. Since beginning its solar power business, the Group has been committed to this sustainable development sector and has, in particular, focused its efforts in two major business lines within the solar energy sector – centralized photovoltaic power plants and distributed photovoltaic power plants – to continue to provide society with green energy that is sustainable, clean and safe for the environment and increasingly popular with consumers. As at 31 December 2020, after deducting the disposed assets, the Group's total install capacity was 6,636MW, of which approximately 4,964MW was from subsidiaries and 1,672MW was from joint ventures and associates. The Group's grid connected capacity was approximately 6,439MW, of which approximately 4,785MW was from subsidiaries and approximately 1,654MW was from joint ventures and associates. As at 31 December 2020, the Group owned and operated 188 solar power plants across 24 provinces in the PRC with aggregate installed capacity of 6,502MW.

Overview of the Restructuring

4.12 In recent years, the substantial development of solar power capacities in the PRC and the increase in subsidy shortfalls from the national renewable energy development fund have led to various industry issues, such as delay of subsidy payments, which caused serious deterioration in the Group's financial condition, including the Company's defaulting on the Notes. As at 31 December 2020, the Group's total tariff adjustment (i.e. government subsidies) receivables and contract assets amounted to approximately RMB8,040 million (US$1,232 million), which included approximately RMB1,228 million (US$188 million) of contract assets to be registered with the PRC government. As a result, as at 31 December 2020, the Group had net current liabilities of RMB9,230 million (US$1,415 million), which indicated the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. While the Group has strived to improve its liquidity mainly through assets disposals, top-up placing of existing shares and issue of new shares and to further expand its financing channels, the completion of some of those transactions is subject to various conditions precedent and certain proceeds may be escrowed or deferred. An overview of the indebtedness of the Group including summary of the Notes is set out in Section 9 (*Overview of the Group's Indebtedness and Management*).

4.13 On 23 December 2020, the Group commenced an Exchange Offer upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum. The Exchange Offer offered those Noteholders who are non-U.S. persons located outside the United States (as those terms are defined in Regulation S under the U.S. Securities Act) the opportunity to exchange their Notes for New Notes with an extended maturity and terms designed to allow the Group to improve its overall financial condition and give it necessary financial stability to continue as a going concern. In addition, the Group was inviting submission from such Noteholders of a duly executed accession deed to the RSA to support the Restructuring to be implemented via the Scheme if the Exchange Offer was not successfully completed.

4.14 Since the commencement of the Exchange Offer, the Company, together with its financial and legal advisers has been involved in extensive negotiations and discussions with a wide range of Noteholders for a consensual resolution that is intended to ensure the best possible outcomes for

all stakeholders. As a result of such negotiations, on 29 January 2021, the Group terminated the Exchange Offer and decided to proceed with its proposal for the Restructuring to be implemented via the Scheme. On 5 February 2021, the Company and certain Noteholders entered into an agreement to amend and restate the RSA in its current form, pursuant to which certain key provisions of the RSA have been amended in favour of all of the Noteholders that have acceded thereto as Consenting Creditors.

4.15 The Company has received support from Noteholders representing 91.89% of the outstanding aggregate principal amount of the Notes, through valid submission of their respective executed accession deeds to the RSA (as amended and restated). Noteholders of the remaining outstanding Notes are still encouraged to accede to the RSA which will remain open for accession until immediately before the Record Time. However, for the avoidance of doubt, such Noteholders would not be eligible to receive any Fixed Fee under the RSA.

4.16 The Restructuring therefore comprises the debt restructuring of the Notes, pursuant to which the obligations of the Company and, when applicable, the Subsidiary Guarantors under and in connection with the Note Documents will be subject to a compromise and arrangement effected by the Scheme.

4.17 The background to the Restructuring and terms of the RSA are set out in more detail in Section 5 (*Background to the Scheme and the Restructuring*).

Effect of the Restructuring (including the Scheme)

4.18 On the Restructuring Effective Date and conditional on the completion of each of the steps outlined in paragraphs (a) to (e) (inclusive) of clause 7.2 of the Scheme, by reason of the terms of the Scheme, the Notes will be cancelled and discharged and the respective rights and obligations of the Scheme Creditors (including, for the avoidance of doubt, any Person that acquires an interest in the Notes after the Record Time), the Company, the Subsidiary Guarantors and the Notes Trustee towards one another under the Note Documents will terminate and be of no further force and effect.

4.19 The Scheme will affect the rights of the Company, the Subsidiary Guarantors and the Scheme Creditors only. Certain other parties will also receive the benefit of certain releases given under, and in connection with the Scheme.

4.20 Excluded Liabilities shall not be subject to the arrangement and compromise effected by the Scheme.

4.21 The Board believes that, as part of the Restructuring, the successful implementation of the Scheme will reduce the short-term debt burden of the Group, leaving it with a sustainable capital structure that will allow the Company and its subsidiaries to comply with their post-restructuring obligations and liabilities and to trade on a going concern basis.

4.22 An overview of the Scheme is set out in Section 6 (*Overview of the Scheme*).

Scheme Consideration

4.23 The Company will pay to each Noteholder, who submits a duly completed Account Holder Letter in respect of its Scheme Claims to the Information Agent prior to the Record Time, cash consideration of US$50 per US$1,000 in principal amount of the Notes held by such Noteholder at the Record Time under its Accepted Scheme Claim ("**Cash Consideration**").

4.24 In addition, each Eligible Creditor will receive such proportion of the New Notes as is equivalent to the proportion that the total amount of such Eligible Creditor's Accepted Scheme Claim bears to the Total Scheme Claim Amount as at the Record Time and cash adjustments payable as a result of any rounding down of fractional entitlements of New Notes in accordance with the terms of clause 7.2(c)(i)(D) of Appendix 2 (*The Scheme*). The original principal amount of the New Notes shall be an amount equal to the Total Scheme Claim Amount minus the Total Cash Consideration Amount.

4.25 Eligible Consenting Creditors will also be entitled to a portion of the Fixed Fee. For further detail on the Fixed Fee, please refer to Sections 5.10 to 5.13.

4.26 The terms of the New Notes are summarized in Section 8.2 (*Summary of the New Notes*).

What happens if the Restructuring fails?

4.27 The proposed Restructuring is the result of extensive, arms-length discussions and negotiations with the Noteholders, with the objective of treating all stakeholders fairly and in accordance with their respective legitimate expectations and following a comprehensive consideration of the strategic options available to the Company. The scope and feasibility of other strategic restructuring options available to the Company are limited, taking into consideration the Company's business operations, financial position, available financing sources, and cash flow position and the timing of expected cash flows from the Company's asset disposals and governmental subsidies for renewable energy. For further details in this respect, see "*The Group's Deteriorating Financial Condition and Mitigating Actions Taken*" under Section 5 (*Background to the Scheme and the Restructuring*).

4.28 The maturity date in respect of the Notes has already passed. As such, the principal amount of the Notes is currently due for repayment. The Board believes that, should the Scheme or Restructuring not proceed, the Company will be unable to comply with its obligations under the Indenture, principally being the repayment of the outstanding principal amount of the Notes with accrued and unpaid interest. The RSA currently provides for the forbearance of the Consenting Creditors that have adhered thereto; however, the RSA will automatically terminate if the Scheme is not implemented following which the Trustee and/or the Noteholders will be able to commence enforcement under the Notes Indenture.

4.29 The Company's failure to extend, restructure or refinance the Notes may also trigger a mandatory prepayment under the Group's other indebtedness including the CDB Term Loan Facility.

4.30 The Board considers that, if the Restructuring were not to be successfully implemented, the possibility of successfully implementing an alternative financial restructuring would be very unlikely, given the time and cost of negotiating the Restructuring and the fact that the Notes are currently due for repayment.

4.31 Accordingly, the Board believes there is a material risk that certain of the Scheme Creditors as well as onshore and offshore lenders will pursue enforcement actions against the Company and/or the Subsidiary Guarantors and/or any other subsidiaries of the Company in respect of their outstanding obligations. In that event, the Board thinks that it is likely that such actions would result in an application to the Bermuda Court or courts in other relevant jurisdictions as applicable being made to place the Company and/or certain other members of the Group into liquidation or other appropriate Insolvency Proceedings to facilitate an orderly winding up and realisation of their assets for the benefit of the creditors of the Company and/or the relevant members of the Group.

4.32 As such, the Board believes it is appropriate to conclude that an insolvent liquidation of the Company is the most likely alternative outcome if the Restructuring does not proceed.

4.33 The cash and balance sheet position in such scenario is described in the Liquidation Analysis at Appendix 6 (*Liquidation Analysis*). As a general summary, based on the Liquidation Analysis, the estimated total recovery to unsecured creditors of the Company upon a liquidation of the Company is likely to be between approximately RMB 0.9 million and RMB 1.2 billion, which represents approximately 0.0% to 25.3% of total unsecured claims. Of the above, the estimated total recovery to the Noteholders is likely to be between approximately RMB 0.6 million and RMB 825.3 million. For further details on the Liquidation Analysis and the basis on which it has been prepared, see Section 2.7 (*Liquidation Analysis*) and the full Liquidation Analysis at Appendix 6 (*Liquidation Analysis*).

4.34 Based on the above, the Board believes that the Scheme offers the Scheme Creditors the best prospects of allowing the Group to continue to carry on its business as a going concern and of obtaining any reasonable recovery in light of the potential economic consequences of insolvency.

The Effects of the Scheme on Directors' Interests

4.35 The interests of the Directors as at 31 December 2020 are set out in Sections 9.11 and 9.12 (*Directors' Interests in the Group and the Restructuring*).

Risk Factors

4.36 The Group's ability to continue to operate as a going concern and service the New Notes following implementation of the Scheme is subject to certain operating and other risks with details set out in Section 10 (*Risk Factors*).

Actions to be Taken

4.37 The Bermuda Court has granted the Company permission to convene the Scheme Meeting for the Scheme Creditors to consider and, if thought fit, approve the Scheme.

4.38 Scheme Creditors should refer to Section 1 (*Expected Timetable of Principal Events*) for the timing of the Scheme Meeting and refer to Section 7 (*Scheme Creditors and Actions to be Taken*) for the information on required actions to be taken.

Support of the Scheme

4.39 In addition to each of the other conditions which need to be satisfied for the Scheme to be effective, at least a simple majority in number of the Scheme Creditors attending and voting at the Scheme Meeting either in person or by proxy representing at least three fourths in value of the Scheme Claims of the Scheme Creditors attending and voting at the Scheme Meeting either in person or by proxy will need to approve the Scheme. In this regard, the Board understands that Scheme Creditors (who collectively represent an economic or beneficial interest as principal in 91.89% in outstanding principal amount of the Notes, as at the date of the Scheme Document) have undertaken to support the implementation of the Scheme and vote in favour of the Scheme at the Scheme Meeting.

Recommendation

4.40 For the reasons set out in the Explanatory Statement, the Board considers the Restructuring and the Scheme to be in the best interests of the Company and its shareholders and creditors as a whole. Accordingly, the Board recommends that Scheme Creditors vote in favour of the Scheme at the Scheme Meeting.

Yours faithfully,
GCL New Energy Holdings Limited

Zhu Yufeng (朱鈺峰)

Executive Director, Chairman of the Board and President

5 BACKGROUND TO THE SCHEME AND THE RESTRUCTURING

The Group's Deteriorating Financial Condition and Mitigating Actions Taken

5.1 In recent years, the substantial development of solar power capacities in the PRC and the increase in subsidy shortfalls from the national renewable energy development fund have led to various industry issues, such as delay of subsidy payments, which caused serious deterioration in the Group's financial condition, including the Company's defaulting on the Notes. As at 31 December 2020, the Group's total tariff adjustment (i.e. government subsidies) receivables and contract assets amounted to approximately RMB8,040 million (US$1,232 million), which included approximately RMB1,228 million (US$188 million) of contract assets to be registered with the PRC government. As a result, as at 31 December 2020, the Group had net current liabilities of RMB9,230 million (US$1,415 million), which indicated the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

5.2 The Company, together with its advisers, explored various options to refinance the indebtedness of the Company including through raising funds by asset disposals, top-up placing of existing shares, and issuance of new shares in the Company. The Board also had extensive discussions with banks and other potential lenders seeking the extension of maturity dates of existing borrowings or advances of new banking facilities. However, the completion of some of those transactions is subject to various conditions precedent and certain proceeds may be escrowed or deferred.

5.3 As part of these efforts, since 2018, the Group has launched its strategic transformation and actively introduced strategic investors to implement the asset disposal of its solar power plants. At the project level, from 2018 to 2020, the Group had entered in to contracts to dispose a total asset of approximately 3.5GW to CGN Solar Energy Development Co., Ltd. (中廣核太陽能開發有限公司), China Three Gorges New Energy Co., Ltd. (中國三峽新能源有限公司), Wuling Power Corporation Ltd. (五凌電力有限公司), Shanghai Rongyao New Energy Co., Ltd. (上海榕耀新能源有限公司), CNI (Nanjing) Energy Development Company Limited (中核（南京）能源發展有限公司), CDB New Energy Technology Co., Ltd. (國開新能源科技有限公司), China Huaneng Group (中國華能集團), China Development Bank New Energy Technology Co., Ltd. (國開新能源科技有限公司), Xuzhou State Investment & Environmental Protection Energy Co., Ltd. (徐州國投環保能源有限公司), Beijing United Rongbang New Energy Technology Co., Ltd. (北京聯合榮邦新能源科技有限公司) and State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd. (國家電投集團貴州金元威寧能源股份有限公司), respectively, to recover a total cash consideration of approximately RMB5.6 billion (net of transaction costs) for the repayment of our debts.

5.4 The Company had also undertaken the following equity fund raising activities in the twelve months prior to the date of this Scheme Document:

- On 17 February 2021, the Company completed a top-up placing in which 2,000,000,000 existing Shares, with an aggregate value of approximately HK$910 million, was successfully placed to no less than six independent placees, at the placing price of HK$0.455 per placing share.

- On 19 February 2021, the Company completed issue of 2,000,000,000 new Shares to a wholly-owned subsidiary of GCL-Poly at the subscription price of HK$0.455 per subscription share.

The net proceeds of this placing and subscription, after taking into account all related costs, fees, expenses and commission of the transactions, was approximately HK$895 million. The aggregate total of 2,000,000,000 new Shares issued pursuant to the fund raising activities referred to above in this Section 5.4 represents approximately 9.49% of the issued share capital of the Company as enlarged by such fund raising activities as at 19 February 2021.

5.5 Having considered the defaults under the Notes and Company's financial position, the Board was of the view that the asset disposal and fund-raising efforts above-mentioned would not be sufficient to solve the Group's liquidity problems.

The Appointment of Advisers

5.6 As disclosed in the Company's announcement dated 13 October 2020, the Company has appointed Admiralty Harbour as its financial adviser to evaluate the Group's capital structure, assess its liquidity position, and explore options for the upcoming maturity of the Notes. The Company, in the announcement, encouraged Noteholders to come forward and establish contact and initiate discussions.

Commencement of Exchange Offer and Invitation of Irrevocable Restructuring Support

5.7 On 23 December 2020, the Group commenced an Exchange Offer upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum. The Exchange Offer offered those Noteholders who are non-U.S. persons located outside the United States (as those terms are defined in Regulation S under the U.S. Securities Act) the opportunity to exchange their Notes for New Notes with an extended maturity and terms designed to allow the Group to improve its overall financial condition and give it necessary financial stability to continue as a going concern. In addition, the Group was inviting submission from such Noteholders of a duly executed accession deed to the RSA to support the Restructuring to be implemented via the Scheme if the Exchange Offer was not successfully completed.

Negotiations in respect of the RSA

5.8 Since the commencement of the Exchange Offer, the Company, together with its financial and legal advisers has been involved in extensive negotiations and discussions with a wide range of Noteholders for a consensual resolution that is intended to ensure the best possible outcomes for all stakeholders. As a result of such negotiations, on 29 January 2021, the Group terminated the Exchange Offer and decided to proceed with its proposal for the Restructuring to be implemented via the Scheme. On 5 February 2021, the Company and certain Noteholders entered into an agreement to amend and restate the RSA in its current form, pursuant to which certain key provisions of the RSA have been amended in favour of all of the Noteholders that have acceded thereto as Consenting Creditors.

Final Results of the Invitation for Irrevocable Restructuring Support

5.9 The Company has received support from Noteholders representing 91.89% of the outstanding aggregate principal amount of the Notes, through valid submission of their respective executed accession deeds to the RSA (as amended and restated). Noteholders of the remaining outstanding Notes are still encouraged to accede to the RSA which will remain open for accession until immediately before the Record Time. However, for the avoidance of doubt, such Noteholders would not be eligible to a Fixed Fee under the RSA.

The RSA

5.10 Under the terms of the RSA, the Company has undertaken to pay, on the Restructuring Effective Date, the Fixed Fee to the Eligible Consenting Creditors, being those Scheme Creditors who, amongst other things (i) acceded to the RSA on or before Fixed Fee Deadline, (ii) voted in favour of the Scheme at the Scheme Meeting in accordance with the terms of the RSA and this Scheme Document and (iii) has not exercised any right to terminate the RSA and has not breached any provision of the RSA in any material respect.

5.11 The Fixed Fee payable to each Eligible Consenting Creditor shall be an amount equal to that Eligible Consenting Creditor's pro rata share of US$17,800,000, calculated on the basis of the proportion that the Eligible Consenting Creditor Notes held (in aggregate) by that Eligible Consenting Creditor bears to the Eligible Consenting Creditor Notes held (in aggregate) by all Eligible Consenting Creditors.

5.12 The Company has received accession letters from Consenting Creditors who collectively have an economic or beneficial interest as principal in 91.89% in outstanding principal amount of the Notes (as at the date of this Scheme Document). In turn, it is anticipated that Consenting Creditors who collectively have an economic or beneficial interest as principal in 91.28% in outstanding principal amount of the Notes will be eligible to receive their share of the Fixed Fee, this percentage figure representing all of the Consenting Creditors who acceded before the Fixed Fee Deadline.

5.13 The Fixed Fee is considered by the Company to be appropriate in order to secure early support for the Restructuring from the Noteholders and to provide the Group with stability and visibility over the implementation of the Restructuring for the benefit of all stakeholders.

5.14 The RSA provides that, until the RSA is terminated, each Scheme Creditor who has acceded to the RSA will among other things:

(a) work in good faith with the Company and its advisors to implement the Restructuring in a timely manner and in a manner consistent with the terms of RSA and the RSA Term Sheet; and

(b) take all actions as are necessary to:

(i) cause its Account Holder to submit to the Information Agent a completed Account Holder Letter in respect of its Notes by no later than the Record Time;

(ii) attend the relevant Scheme Meeting either in person or by proxy; and

(iii) vote (and deliver within any applicable time periods any proxies, instructions, discretions, or consents with respect to) all of the Notes in which it holds a beneficial interest as principal at the Record Time in favour of the Scheme.

5.15 The RSA also imposes certain restrictions on the actions of the Scheme Creditors who have acceded to the RSA. In particular, it provides that, until the RSA is terminated, such Scheme Creditor shall not:

(a) take, commence or continue any enforcement action, whether directly or indirectly, to delay the Scheme Effective Date, interfere with the implementation of the Restructuring and/or the Scheme or the consummation of the transactions contemplated thereby;

(b) object to or challenge the Scheme or any application to the Bermuda Court in respect thereof or otherwise commence any proceeding(s) to oppose or alter any Scheme Document filed in connection with the confirmation of the Restructuring, except to the extent that the Scheme or any such Scheme Document is materially inconsistent with the terms as set out in the RSA Term Sheet;

(c) take any actions inconsistent with, or that would, or are intended to, or would be likely to delay or impede, in each case, approval or confirmation of, the Restructuring or any related documents, except to the extent that the Restructuring and/or any related documents are materially inconsistent with the terms as set out in the RSA Term Sheet;

(d) propose or support any alternative proposal or offer from any person or entity in respect of the implementation of the Restructuring other than those contemplated by the RSA Term Sheet or to otherwise engage in any such discussions or take any action which would delay or impede any approvals for the Restructuring; or

(e) transfer or agree to transfer any Restricted Notes or any other Notes in which a Consenting Creditor has a beneficial interest as principal (including, without limitation, any Notes purchased or otherwise acquired by a Consenting Creditor after the date of the RSA or any accession to the RSA) unless in accordance with clause 6.6 of the RSA.

5.16 The RSA provides that, until the RSA is terminated, the Company shall perform all actions as are reasonably necessary in order to support, facilitate, implement or otherwise give effect to the Restructuring (provided that such action is consistent in all material respects with the RSA Term Sheet) as soon as reasonably practicable and in a timely manner, including (without limitation) to:

(a) pay or procure payment of the Fixed Fee in accordance with the terms of the RSA;

(b) implement the Restructuring and the Scheme in the manner envisaged by, and on the terms and conditions set out in, the RSA and the RSA Term Sheet;

(c) prepare the Scheme Documents and any and all other documents required to implement the Restructuring such that they are consistent in all material respects with the terms as set out in the RSA Term Sheet;

(d) upon the Scheme Documents being agreed with the Committee (acting in a timely manner, and which may act by Committee Majority), promptly propose, file and pursue any legal process or proceedings contemplated by or required to implement the Restructuring, including (without limitation) the Scheme;

(e) take any actions pursuant to any order of, or sanction by, any relevant courts (including, without limitation, the Bermuda Court) as may be required or necessary to implement or give effect to the Restructuring;

(f) use best endeavours to procure that the Scheme Effective Date occurs and the Restructuring is fully implemented on or before the Longstop Date;

(g) use best endeavours to obtain any necessary regulatory or statutory approval required to permit or facilitate the Restructuring;

(h) obtain all corporate and regulatory approvals necessary to implement the Restructuring in the manner envisaged by, and on the terms and conditions set out in, the RSA and the RSA Term Sheet;

(i) prior to the Record Time, cancel or procure the cancellation of any Notes that it or any other member of the Group has a beneficial interest in or which it or any other member of the Group has redeemed, converted, acquired or purchased and, for the avoidance of doubt, any such Notes shall not be voted at the Scheme Meeting.

(j) use best endeavours to ensure that each RSA Milestone is completed on or before the applicable RSA Milestone Deadline;

(k) seek and obtain the prior written approval of the Committee (acting in a timely manner, and which may act by Committee Majority) in respect of the final drafts of all material documents, agreements and instruments necessary to implement the Restructuring in accordance with the RSA including but not limited to the Scheme Documents, the Account Holder Letter, the New Notes Indenture, any transaction security documents in respect of the collateral for the New Notes and any material instructions with regards to the tendering of any Notes to a Clearing System, before executing and/or issuing any such documents;

(l) keep the Consenting Creditors reasonably informed in relation to the status and progress of the Restructuring, including following a reasonable request by any legal advisor to the Consenting Creditors;

5.17 The RSA will terminate immediately upon the occurrence of any of the following events:

(a) the Scheme not being approved by the requisite majorities of Scheme Creditors at the Scheme Meeting (provided, however, that such automatic termination shall not occur if such Scheme Meeting is adjourned to a date falling on or prior to the Longstop Date and the Scheme is approved at such adjourned Scheme Meeting by the requisite majorities of the Scheme Creditors);

(b) the Bermuda Court not granting a Bermuda Sanction Order at the hearing of the Bermuda Court convened for such purpose and there being no reasonable prospect of the Restructuring being effected and the Company has exhausted all avenues of appeal;

(c) the completion of the Restructuring (being the Restructuring Effective Date); or

(d) the occurrence of the Longstop Date (being 30 June 2021, unless extended in accordance with the terms of the RSA).

5.18 The RSA may also be terminated:

(a) by mutual written agreement of the Company and the Super Majority Consenting Creditors;

(b) at the election of the Majority Consenting Creditors by and upon a written notice of termination to the Company, following the Company making any payment in respect of the Notes, other than in accordance with the RSA and/or the terms set out in the RSA Term Sheet;

(c) at the election of the Two Thirds Majority Consenting Creditors by and upon a written notice of termination to the Company, following the occurrence of any failure to achieve any RSA Milestone by its respective RSA Milestone Deadline (as such Milestone Deadline may be extended from time to time in accordance with the terms of the RSA);

(d) at the election of the Super Majority Consenting Creditors by and upon a written notice of termination to the Company, following the occurrence of any of the following:

(i) the occurrence of any Insolvency Event (as defined in the RSA, other than the Scheme or any Recognition Filing (as defined in the RSA)) in respect of any of the Company and the Subsidiary Guarantors;

(ii) the Company launching a Scheme that is materially inconsistent with the terms as set out in the RSA Term Sheet;

(iii) the Bermuda Court rejecting the Company's application to convene a Scheme Meeting, in circumstances where there is no reasonable prospect of the Restructuring being effected and the Company has exhausted all avenues of appeal;

(iv) the Company or any Subsidiary Guarantor fails to comply with the RSA in any material respect and such non-compliance is not remedied within the cure period set out in the RSA; or

(v) occurrence of a Change of Control (as defined in the RSA) other than as contemplated under the Restructuring (without prejudice to any right of prepayment under the Note Documents in relation to that Change of Control (as defined in the RSA));

(e) in respect of a Consenting Creditor:

(i) at the election of the Company (in its sole and absolute discretion) by the delivery of a written notice of termination by the Company to a Consenting Creditor if that Consenting Creditor fails to comply with the RSA in any material respect and such non-compliance is not remedied within the cure period set out in the RSA; or

(ii) at the election of that Consenting Creditor (in its sole and absolute discretion) by the delivery of a written notice of termination by that Consenting Creditor to the Company if the Company or any Subsidiary Guarantor fails to comply with the RSA such non-compliance is not remedied within the cure period set out in the RSA;

(f) at the written election of the Company (in its sole and absolute discretion), in circumstances where there is no reasonable prospect of the Restructuring being effected by way of the Scheme.

5.19 The above is a summary only of the principal terms of the RSA made available to the Scheme Creditors.

Maturity Extension of Certain Onshore Loans

The Company was successful in negotiating with certain onshore lenders to extend the maturity of certain onshore loans, which include the loans under which a cross-default was triggered by the Company's default under the Note Documents. As at the date of this Scheme Document, the Company has entered into agreements to extend maturity or reached repayment agreements with onshore lenders holding an aggregate principal amount of approximately RMB9,370 million of loans.

Maturity Extension of Certain Offshore Loans

5.20 As to the loans outside the PRC under which a cross-default was triggered by the default under the Note Documents, the Company is engaged in ongoing dialogue with the relevant lenders to restructure these loans. As at the date of this Scheme Document, the Company has entered into agreements for maturity extensions or reached repayment agreements with lenders holding an aggregate principal amount of approximately RMB1,119 million of loans.

6 OVERVIEW OF THE SCHEME

What is a Scheme of Arrangement?

6.1 A scheme of arrangement enables a company to agree with at least a majority in number of its creditors, or one or more classes of its creditors, holding at least 75% in value of the aggregate debt (in this case the Scheme Claims) held by those creditors, a compromise or arrangement in respect of its debts or obligations owed to those creditors and to impose such compromise or arrangement on the remaining creditors or class of creditors if the compromise or arrangement is sanctioned by the Bermuda Court. The Bermuda Court will consider whether it is appropriate to convene meetings of creditors or classes of creditors and, if class meetings are appropriate, the composition of the classes necessary so as to ensure that each meeting consists of creditors whose rights are not so dissimilar as to make it impossible for them to consult together with a view to their common interest.

6.2 In Bermuda, the following must occur for a scheme of arrangement to become legally binding:

(a) the convening and holding of a meeting of the Company's creditors or classes of its creditors in accordance with directions given by the Bermuda Court;

(b) at each meeting of creditors of the Company, obtaining the approval of a majority in number of the creditors present and voting at the meeting in person or by proxy, representing at least 75% in value of the Scheme Claims held by those creditors present and voting at the meeting in person or by proxy;

(c) the approval of the Bermuda Court by the making of an order sanctioning the scheme of arrangement; and

(d) the delivery of an office copy of the sealed Bermuda Sanction Order to the Bermuda Registrar of Companies for registration.

6.3 A scheme of arrangement will not be sanctioned by the Bermuda Court unless the court is satisfied, among other things, that:

(a) the creditors form one class or the classes of creditors voting in respect of the scheme of arrangement have been properly constituted,

(b) the provisions of the Companies Act have been complied with;

(c) the Scheme Creditors were fairly represented by those who attended the Scheme Meeting and the statutory majority acted *bona fide* without coercing the minority; and

(d) the arrangement is such as an intelligent and honest man, being a member of the class concerned and acting in respect of his interest, might reasonably approve.

Structure of the Scheme

6.4 The Scheme is proposed to implement a compromise and arrangement in respect of the Note Documents.

6.5 The effectiveness of the Scheme is conditional on the sanctioning of the Scheme by the Bermuda Court and delivery of the Bermuda Sanction Order to the Bermuda Registrar of Companies for registration. A list of other conditions to the Scheme is set out in Part D (*Conditions to the Scheme*) of Appendix 2 (*The Scheme*).

The Scheme Meeting

6.6 The Scheme will proceed on the basis that Scheme Creditors constitute a single class of creditors of the Company. The Company has obtained an order from the Bermuda Court granting permission to convene a single meeting of the Scheme Creditors to consider and vote on the Scheme.

6.7 Before concluding that it is appropriate for the Scheme Creditors to vote in a single class meeting, the Company considered the following matters:

(a) The Company does not consider that the Scheme Creditors which are Consenting Creditors which have acceded to the RSA need to be put into a separate class for the purpose of voting on the Scheme, particularly as (i) all Scheme Creditors were given the opportunity to accede to the RSA, (ii) the Fixed Fee was set at a level considered by the Company to be appropriate in order to secure early support for the Restructuring to provide the Group with stability and visibility over the implementation of the Restructuring for the benefit of all stakeholders, whilst being unlikely to influence a Scheme Creditor's decision to support the Scheme or not and (iii) the Scheme will affect the rights of each Scheme Creditor in the same way, regardless of whether a Scheme Creditor acceded to the RSA.

(b) The Company does not consider that payment of fees incurred by Houlihan Lokey (China) Limited, Hogan Lovells and Moorlander Consulting Limited in their capacity as advisors to certain Scheme Creditors (for further details on such fees and expenses, see Sections 6.38 to 6.40 (*Costs and Expenses relating to the Restructuring*)), to represent a net "benefit" to the relevant Scheme Creditors, particularly as (i) the Company understands that such fees and expenses relate solely to the negotiation of the Restructuring and the implementation thereof and would not have arisen if the Restructuring were not to take place and (ii) such advisors were involved in reviewing and negotiating the material the documents relating to the Restructuring and negotiating the transaction structure for the benefit of all Scheme Creditors.

(c) The Company does not consider that the beneficiaries of the Subsidiary Guarantee under the Indenture need to be put into a separate class for the purpose of voting on the Scheme as (i) the Subsidiary Guarantees have been provided to the registered holder of the Notes for the benefit of all of the Noteholders (i.e. all those Scheme Creditors who possess the economic or beneficial interest as principal in the Notes) and (ii) the Scheme will affect in the same way the rights of all such Noteholders under the Subsidiary Guarantee.

6.8 The Scheme Meeting will be held at the offices of Milbank at 30th Floor Alexandra House, 18 Chater Road, Central, Hong Kong, with any adjournment as may be appropriate, at 7:00 p.m. on 4 June 2021 (Hong Kong time) / 8:00 a.m. on 4 June 2021 (Bermuda time). Notice of the Scheme Meeting is included at Appendix 3 (*Notice of Scheme Meeting*).

6.9 Scheme Creditors will be able to attend in person (or, if a corporation, by a duly authorised representative) or by proxy.

6.10 The Scheme Meeting will be chaired by Ms. Jacqueline Chan of Milbank or Ms. Michelle Xu of Admiralty Harbour (the "**Chairperson**").

Voting

6.11 The majority required to approve the Scheme is a simple majority in number of the Scheme Creditors attending and voting at the Scheme Meeting either in person or by proxy ("**majority in number**") representing at least three fourths in value of the Scheme Claims of the Scheme Creditors attending and voting at the Scheme Meeting either in person or by proxy ("**majority in value**"). The Scheme Creditors attending and voting at the Scheme Meeting (in person or by proxy) will be counted to ascertain the "majority in number" requirement, and the principal amount of the Scheme Claims (at the Record Time) of the Scheme Creditors attending and voting at the Scheme Meeting (in person or by proxy) will be counted to ascertain the "majority in value" requirement.

6.12 To ensure that they are able to vote at the Scheme Meeting, Scheme Creditors will be required to submit an Account Holder Letter which is included in Appendix 4 (*Solicitation Packet*) by the Record Time.

6.13 The Scheme Creditors may cast votes attributable to their interests in the Scheme Claims either in person or by proxy at the Scheme Meeting. Every Scheme Creditor whose vote is validly cast in person or by proxy at the Scheme Meeting shall have one vote for every US$1 of its Scheme Claim (rounded down to the nearest US$1) where votes of Noteholders will be admitted at the Scheme Meeting at a value equal to the sum of: (i) the outstanding principal amount of the Notes in which each Noteholder held an economic or beneficial interest as principal at the Record Time (without double counting); plus (ii) all accrued and unpaid interest on such Notes up to but excluding the Record Date (for this purpose, interest on the Notes will be treated as having accrued at the rate of 7.1% per annum specified in the Indenture from 31 July 2020 until 30 January 2021 and then shall be deemed to accrue at the rate of 10.0% per annum from 31 January 2021 until (but excluding) the Record Date). This is subject to the Information Agent (i) verifying the principal amount of the Notes set out in the relevant Account Holder Letter against the information provided by the Clearing System through which that Noteholder (or its Account Holder acting on its behalf) holds its interest in the Notes at the Record Time and (ii) reconciling the Custody Instruction Reference Number specified in the Account Holder Letter submitted by or on behalf of a Noteholder with the blocking instructions recorded by the Clearing System (for further details on the Custody Instructions, see Section 7.14 to 7.19 (*Custody Instructions and Undertaking not to Transfer*).

6.14 Notwithstanding any other provision of the Scheme, the Chairperson of the Scheme Meeting will be entitled, at the sole discretion of the Chairperson, to permit a Scheme Creditor in respect of which a completed Account Holder Letter has not been delivered prior to the Record Time to vote at the Scheme Meeting if: (i) the relevant Scheme Creditor has delivered a completed Account Holder Letter between the Record Time and the Scheme Meeting or (ii) the Chairperson considers that the relevant Scheme Creditor has otherwise produced sufficient proof that it is a Noteholder.

6.15 If a Scheme Claim is unascertained, contingent or Disputed, the Chairperson may admit the Scheme Claim for voting purposes at the Scheme Meeting only at a value which the Chairperson considers is a fair and reasonable assessment of the sums owed by the Company in respect of that Scheme Claim.

6.16 The amount of a Scheme Claim which is accepted by the Chairperson for voting purposes is not indicative of whether that Scheme Claim will be Accepted by the Company (or if applicable, by the Adjudicator) for the purposes of determining entitlement to Scheme Consideration. The

Company (or, if applicable, the Adjudicator) will separately determine whether to Accept a Scheme Claim for the purposes of determining entitlement to Scheme Consideration; and, for such purposes, Scheme Claims will be assessed as at the Record Time and will include interest (if any) which may have accrued in favour of a Scheme Creditor up to but excluding the Restructuring Effective Date.

6.17 The Chairperson of the Scheme Meeting will collate the votes from each Scheme Creditor and will add the votes during the Scheme Meeting. The Chairperson will be responsible for counting the votes. The Chairperson shall then report to the Scheme Creditors as to whether the Scheme has been approved.

6.18 Subject to any inherent jurisdiction of the Bermuda Court, the decision of the Chairperson of the Scheme Meeting as to the admission of votes at that meeting shall be final and binding to the fullest extent permitted by law for the purposes of, and in relation to the proceedings at, the Scheme Meeting.

6.19 The Bermuda Court has ordered that the Notes Trustee and the Depositary (including any nominee of the Depositary as registered holder of the Notes) shall refrain from voting at the Scheme Meeting to the extent necessary to avoid double counting of votes at the Scheme Meeting.

Assignments and Transfers

6.20 Subject to Section 6.21:

(a) neither the Company nor the Information Agent shall be under any obligation to recognise any sale, assignment or transfer of any Scheme Claim after the Record Time for the purposes of determining any entitlement to attend and vote at the Scheme Meeting or to the Scheme Consideration; and

(b) all distributions of Scheme Consideration in accordance with clause 7.2 of Appendix 2 (*The Scheme*) shall be made irrespective of any sale, assignment or transfer of any Scheme Claim after the Record Time.

6.21 If the Company has received written notice of a sale, assignment or transfer of a Scheme Claim (from each relevant party to such sale, assignment or transfer), the Company may, in its absolute discretion and subject to such evidence as it may reasonably require and any other terms and conditions which the Company may consider necessary or desirable, agree to recognise such sale, assignment or transfer for the purposes of determining any entitlement to attend and vote at the Scheme Meeting or to the Scheme Consideration. It shall be a term of such recognition that such purchaser, assignee or transferee so recognised by the Company shall be bound by the terms of the Scheme and for the purposes of the Scheme shall be a Scheme Creditor.

6.22 Nevertheless, any purchaser, assignee or other transferee of any Scheme Claim after the Record Time shall be bound by the terms of the Scheme in the event that it becomes effective.

Bermuda Court Sanction Hearing and Registration of the Bermuda Sanction Order

6.23 If the Scheme is approved at the Scheme Meeting, a hearing will be required before the Bermuda Court to determine whether to sanction the Scheme ("**Bermuda Court Sanction Hearing**"). Any Scheme Creditor is entitled (but not obliged) to attend the Bermuda Court Sanction Hearing to support or oppose the sanction of the Scheme.

6.24 The Bermuda Court Sanction Hearing is expected to take place at 8:30 p.m. 11 June 2021 (Hong Kong time) / 9:30 a.m. 11 June 2021 (Bermuda time) at the Bermuda Court.

6.25 Upon the delivery of an office copy of the sealed Bermuda Sanction Order to the Bermuda Registrar of Companies for registration, the Scheme will become effective and bind all Scheme Creditors, including those Scheme Creditors who voted against the Scheme and those Scheme Creditors who did not vote at all.

Effect of the Scheme

6.26 On the Restructuring Effective Date, all of the rights, title and interest of Scheme Creditors in respect of:

(a) Scheme Claims; and

(b) Claims against the Subsidiary Guarantors arising directly or indirectly out of, in relation to and/or in connection with the Note Documents;

whether before, at or after the Record Time shall be subject to each of the arrangements and compromises set out in the Scheme.

6.27 On the Restructuring Effective Date:

(a) the Company shall pay the Fixed Fee to each Eligible Consenting Creditor by way of transfer to the Clearing System cash account (which must be the cash account linked to the securities account in which the Notes to which that Eligible Consenting Creditor was entitled at the Record Time were held) as designated in the Account Holder Letter submitted by or on behalf of that Eligible Consenting Creditor;

(b) the Company shall pay to each Noteholder who submits a duly completed Account Holder Letter in respect of its Scheme Claims to the Information Agent prior to the Record Time, cash consideration of US$50 per US$1,000 in principal amount of the Notes held by such Noteholder at the Record Time under its Accepted Scheme Claim ("**Cash Consideration**"), by way of transfer to the Clearing System cash account (which must be the cash account linked to the securities account in which the Notes to which that Noteholder was entitled at the Record Time were held) as designated in the Account Holder Letter submitted by or on behalf of that Noteholder;

(c) the New Notes Indenture will be executed and delivered by the parties thereto and the Company shall:

(i) ensure that the New Global Notes are executed and delivered to the New Depositary and interests in the New Global Notes are credited in the relevant amounts to the accounts in the Clearing Systems designated by the Eligible Creditors in their Account Holder Letters, such that each Eligible Creditor will receive such proportion of the New Notes as is equivalent to the proportion that the total amount of such Eligible Creditor's Accepted Scheme Claim bears to the Total Scheme Claim Amount as at the Record Time; but provided that:

(A) interests in the New Notes will be credited in minimum denominations of US$200,000 of principal amount and integral multiples of US$1 in excess thereof;

(B) no fraction of New Notes will be issued;

(C) entitlements of Eligible Creditors to New Notes will be rounded down to the nearest US$1 increment of New Notes (in excess of US$200,000);

(D) pay a cash adjustment to each relevant Noteholder as a result of any rounding down described in the immediately preceding paragraph by way of transfer to the Clearing System cash account (which must be the cash account linked to the securities account in which the Notes to which that Noteholder was entitled at the Record Time were held) as designated in the Account Holder Letter submitted by or on behalf of that Noteholder; and

(E) the interests in the New Global Notes to which a Noteholder is entitled under the terms of the Scheme will be credited to the Clearing System account in which that Noteholder held its interests in the Notes at the Record Time; and

(ii) procure that the Share Charges or the Share Pledges, as the case may be, and the Intercreditor Agreement are entered into but not dated and the Power of Attorney is granted in favour of the Escrow Agent and delivered to the Escrow Agent; and

(iii) give all such instructions as are required to be given by it to the New Notes Trustee and/or the New Depositary for this purpose;

(d) all Residual New Notes and Residual Cash Consideration shall be transferred to the securities accounts designated by the Holding Period Trustee and the Holding Period Trustee shall enter into the Holding Period Trust Deed pursuant to which it will hold the Residual New Notes and Residual Cash Consideration on trust for the Ineligible Creditors in accordance with the terms of the Holding Period Trust Deed; and

(e) to the extent not already completed prior to the Restructuring Effective Date:

(i) the Company shall pay all fees, costs and expenses of all of the Advisers, the Information Agent, the Holding Period Trustee, the Notes Trustee, the Agents of the Notes (and the legal counsel of the Notes Trustee and the Agents of the Notes) and the New Notes Trustee and the Agents of the New Notes (and the legal counsel of the New Notes Trustee and the Agents of the New Notes), pursuant to the terms agreed between the Company and the relevant party that have been duly invoiced by no later than five Business Days before the Restructuring Effective Date (or such later date as may be agreed by the Company with the relevant party or parties); and

(ii) the Company shall pay the fees of Houlihan Lokey (China) Limited, Hogan Lovells and Moorlander Consulting Limited in their capacity as advisors to certain Scheme Creditors, in an aggregate amount of US$4,500,000, by way of transfer of such amounts to the bank account specified by each of such advisors, provided

always that the aggregate amount so payable by the Company shall not exceed US$4,500,000.

6.28 On the Restructuring Effective Date and conditional on completion of each of the steps outlined in paragraphs (a) to (e) (inclusive) of Section 6.27 above:

(a) the Company shall ensure that the Global Notes representing the Notes are cancelled by the Paying Agent and shall give all such instructions as are required to be given by it to the Notes Trustee and/or the Depositary for such purpose;

(b) the Company shall, for and on behalf of each Scheme Creditor, execute the Deed of Release; and

(c) the respective rights and obligations of the Scheme Creditors, any Person that acquires an interest in the Notes after the Record Time, the Company, the Subsidiary Guarantors and the Notes Trustee towards one another under the Note Documents will terminate.

6.29 On the Holding Period Expiry Date, each Ineligible Creditor to the extent it has established, prior to the Bar Time, its entitlement to its share of the Trust Assets in accordance with the terms of the Holding Period Trust Deed (and has not previously received any part of the following as Scheme Consideration) will receive:

(a) cash consideration of US$50 per US$1,000 in principal amount of the Notes held by such Ineligible Creditor at the Record Time under its Accepted Scheme Claim pursuant to the Holding Period Trust Deed, out of the Residual Cash Consideration (by way of transfer to the Ineligible Creditor in accordance with the terms of the Holding Period Trust Deed); and

(b) such New Notes as constitutes the proportion of Residual New Notes that is equivalent to the proportion that the total amount of such Ineligible Creditor's Accepted Scheme Claim bears to the Total Residual Scheme Claim Amount as at the Record Time (by way of transfer to the Ineligible Creditor in accordance with the terms of the Holding Period Trust Deed).

6.30 On the Holding Period Expiry Date, the Company will receive the Remaining Cash Consideration and the Remaining New Notes and shall hold such Remaining Cash Consideration and Remaining New Notes on trust for the benefit of all Noteholders that are Ineligible Creditors which have a Scheme Claim that is subject to adjudication pursuant to the Adjudication Procedure (until (a) such time as all such Adjudication Procedures have ended or each relevant Scheme Claim has been extinguished in accordance with the terms of the Scheme and (b) all Scheme Consideration payable to such Ineligible Creditors (being involved in an adjudication), at the time specified in subparagraph (a) of this Section 6.30 in accordance with the terms of the Scheme, has been so paid, upon which time the Company shall deliver the Remaining New Notes to the Paying and Transfer Agent for cancellation in accordance with Section 2.08 of the New Notes Indenture).

6.31 Subject to clause 19.10 of Appendix 2 (*The Scheme*), if an Ineligible Creditor fails to establish its entitlement to the Trust Assets in accordance with the terms of the Holding Period Trust Deed prior to the Bar Time, then that Ineligible Creditor's rights under the Scheme shall be extinguished and that Ineligible Creditor shall not be entitled to receive Scheme Consideration under the Scheme.

Scheme Creditor Undertakings and Releases

6.32 With immediate effect on and from the Restructuring Effective Date and in consideration for its entitlement to the Scheme Consideration, each Scheme Creditor gives the undertakings, releases and waivers in clause 10 of Appendix 2 (*The Scheme*).

6.33 Among other things, with immediate effect on and from the Restructuring Effective Date, each Scheme Creditor irrevocably, unconditionally, fully and absolutely:

(a) waives, discharges and releases all of its rights, title and interests in and to its Scheme Claims, in consideration for its entitlement to receive the Scheme Consideration in accordance with the Scheme;

(b) waives, discharges and releases any right or remedy it may have (i) under the Note Documents and/or otherwise against any Released Person and/or Committee Party in relation to any breaches or defaults under the Note Documents or (ii) in connection with the implementation of the Scheme and the execution of the Restructuring Documents;

(c) waives, releases and discharges each and every Released Claim which it ever had, may have or hereafter can, shall or may have against any Released Person and/or Committee Party; and

(d) undertakes to the Released Persons that it will not, and shall use all reasonable endeavours to procure that its Scheme Creditor Parties will not, commence or continue, or instruct, direct or authorise any other Person to commence or continue, any Proceedings in respect of or arising from any Released Claim other than an Allowed Proceeding.

6.34 The releases, waivers and undertakings under clause 10 of Appendix 2 (*The Scheme*) shall:

(a) not prejudice or impair any rights of any Scheme Creditor created under the Scheme or any other Restructuring Document and/or which arise as a result of a failure by the Company or any party to the Scheme to comply with any terms of the Scheme or any other Restructuring Document, and all such rights shall remain in full force and effect; and

(b) not prejudice or impair any claims or causes of action of any Scheme Creditor, arising from or relating to the negligence, breach of fiduciary duty, fraud, dishonesty, wilful default or wilful misconduct of any other party which is seeking to rely on such releases, waivers or undertakings.

Cross-Border Recognition

6.35 If the Scheme is sanctioned by the Bermuda Court and the Company considers appropriate following consultation with appropriate legal counsel, the Company may (on or after the Scheme Effective Date) make an application on behalf of the Company for a suitable order:

(a) from the US Bankruptcy Court under Chapter 15 of the US Bankruptcy Code; or

(b) under any other applicable law, legal doctrine or Proceeding concerning Cross-Border Recognition (including any other applicable law, legal doctrine or Proceeding in the United States or England and Wales) and for such other additional relief and/or assistance as the Company may require.

Deferred Restructuring Effective Date

6.36 For the avoidance of doubt, the Restructuring Effective Date will only occur following the satisfaction of all of the following conditions:

(a) the Scheme Effective Date has occurred;

(b) the Company has paid all fees, costs and expenses of the Advisers, the Information Agent, the Holding Period Trustee, the Notes Trustee, the Agents of the Notes (and the legal counsel of the Notes Trustee and the Agents of the Notes) and the New Notes Trustee and the Agents of the New Notes (and the legal counsel of the New Notes Trustee and the Agents of the New Notes) that it is required to pay pursuant to the terms agreed between the Company and the relevant party that have been duly invoiced no later than five Business Days before the Restructuring Effective Date (or such later date as may be agreed by the Company or the relevant party or parties); and

(c) the Company has paid the fees of Houlihan Lokey (China) Limited, Hogan Lovells and Moorlander Consulting Limited in their capacity as advisors to certain Scheme Creditors, in an aggregate amount of US$4,500,000, by way of transfer of such amounts to the bank account specified by each of such advisors, provided always that the aggregate amount so payable by the Company shall not exceed US$4,500,000.

6.37 In the event that:

(a) any of the conditions above is not satisfied or waived before or on the Restructuring Effective Date;

(b) the Company resolves to make an application for a suitable order concerning Cross-Border Recognition; or

(c) the Company decides at its sole discretion at any time before the occurrence of the Restructuring Effective Date to postpone the Restructuring Effective Date;

the Restructuring Effective Date will be deferred to a date at the Company's sole discretion, provided always that the Deferred Restructuring Effective Date shall be no later than the Longstop Date. In the event that the Company wishes to postpone the Restructuring Effective Date, the Company will immediately deliver an Extension Notice specifying the Deferred Restructuring Effective Date to the Information Agent and the Information Agent shall promptly notify Scheme Creditors of the Deferred Restructuring Effective Date by:

(d) sending the Extension Notice to the Notes Trustee;

(e) circulating the Extension Notice to Scheme Creditors via the Clearing Systems;

(f) posting the Extension Notice on the Scheme Website; and

(g) sending the Extension Notice via electronic mail to each Person who the Company believes may be a Scheme Creditor and which is registered as a Scheme Creditor with the Information Agent or has otherwise notified the Company or Information Agent of its valid electronic mail address; and

the Company shall also promptly notify Scheme Creditors of the Deferred Restructuring Effective Date (if any) by announcement on the HKEx.

Costs and Expenses relating to the Restructuring

6.38 The Company shall pay all costs and expenses incurred by the Company in connection with the Restructuring and Scheme as and when they arise. These include:

(a) costs of the directions hearing and convening the Scheme Meeting;

(b) costs of holding the Scheme Meeting (and any adjournment);

(c) costs of the petition to the Bermuda Court to sanction the Scheme and the Bermuda Court Sanction Hearing;

(d) fees, costs, expenses and disbursements of all Advisers, the Information Agent, the Holding Period Trustee, the Notes Trustee, the Agents of the Notes (and the counsel of the Notes Trustee and the Agents of the Notes) and the New Notes Trustee and the Agents of the New Notes (and the counsel of the New Notes Trustee and the Agents of the New Notes), and other relevant professional parties pursuant to the terms agreed between the Company and the relevant party.

6.39 The Company has agreed in the RSA to pay the fees of Houlihan Lokey (China) Limited, Hogan Lovells and Moorlander Consulting Limited in their capacity as advisors to certain Scheme Creditors in an aggregate amount of US$4,500,000 (provided always that the aggregate amount so payable by the Company shall not exceed US$4,500,000).

6.40 Set out below is the breakdown of the estimated costs and expenses relating to the Restructuring:

Professional Parties	***US$ approximately***
The Company's Advisers with respect to the Restructuring[12]	9,585,000
Houlihan Lokey (China) Limited, Hogan Lovells and Moorlander Consulting Limited in their capacity as advisors to certain Scheme Creditors	4,500,000
Total	**14,085,000**

[12] Advisers include Admiralty Harbour and its advisers, Milbank, Conyers, King & Wood Mallesons, Grandall Law Firm (Beijing), FTI and the Lucid Issuer Services Limited.

7 SCHEME CREDITORS AND ACTIONS TO BE TAKEN

Are you a Scheme Creditor?

7.1 Scheme Creditors include (for the avoidance of doubt, but without double counting in each case):

(a) **Account Holders**: you are an Account Holder if you are recorded directly in the books or other records maintained by the Clearing Systems as holding an interest at the Record Time in the Global Notes;

(b) **Intermediaries**: you are an Intermediary if you hold an interest at the Record Time in any Notes on behalf of another person or other persons and you do not hold that interest as an Account Holder. An Intermediary is commonly a bank or a brokerage house which does not have an account with any of the Clearing Systems;

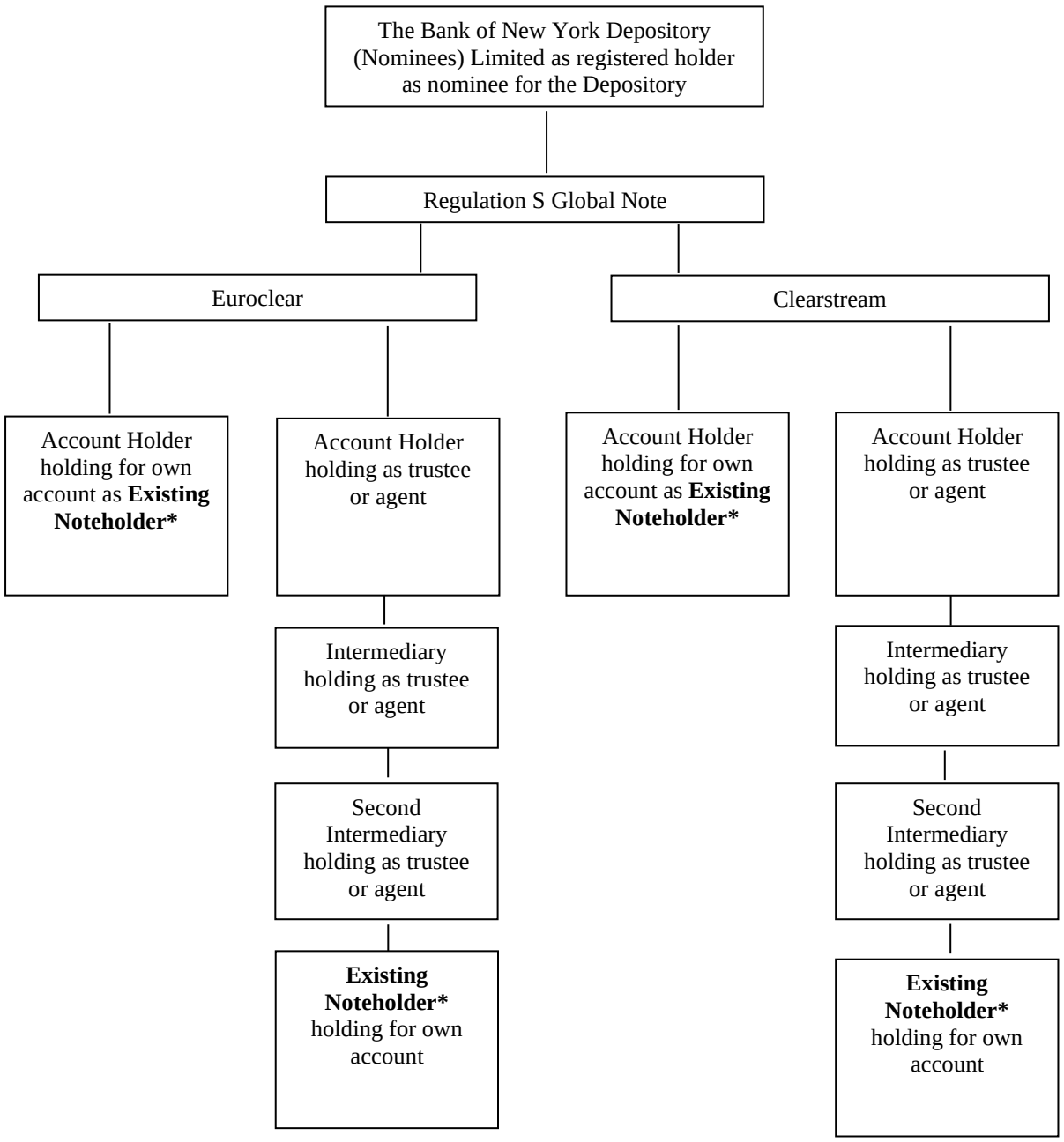
(c) **Noteholders**: you are a Noteholder if you have an economic or beneficial interest as principal in the Notes held in global form through the Clearing Systems at the Record Time. For the avoidance of doubt, an Account Holder may also be a Noteholder; and

(d) The **Depositary** and the **Notes Trustee**.

A diagrammatic representation of each of these various capacities is set out on the following page to assist your understanding of the structure of the Notes and the Clearing Systems.

7.2 Noteholders will be entitled to attend and vote in person or by proxy at the Scheme Meeting. If you are a Noteholder, you should read this Scheme Document and its Appendix 4 (*Solicitation Packet*) carefully.

The Bermuda Court has ordered that the Notes Trustee and the Depositary (including any nominee of the Depositary as registered holder of the Notes) shall refrain from voting at the Scheme Meeting to the extent necessary to avoid double counting of votes at the Scheme Meeting.



*In respect of interests in the Notes held at the Record Time

Actions to be Taken before the Record Time

7.3 Scheme Creditors should refer to Section 1 (*Expected Timetable of Principal Events*) for the key timing of the Scheme.

7.4 If you are a Noteholder who is not an Account Holder, you should contact your Account Holder (through any Intermediaries, if applicable) to ensure that your Account Holder takes the appropriate action(s).

7.5 If you wish to vote in respect of the Scheme at the Scheme Meeting, you should ensure a validly completed Account Holder Letter is submitted to the Information Agent by the **Record Time** online at https://deals.lucid-is.com/gclnewenergy.

7.6 If you wish to do any of the following, please ensure that the documents specified below are duly completed, executed, and returned in accordance with the instructions set out therein so that they are received by the Information Agent by the **Record Time** online at https://deals.lucid-is.com/gclnewenergy:

(a) if you wish to receive the Scheme Consideration on the Restructuring Effective Date, an Account Holder Letter and a Distribution Confirmation Deed; or

(b) if you are not an Eligible Person (i.e. a person who can make the affirmative securities law confirmations and undertakings set out in Annex B to the Distribution Confirmation Deed) and wish to nominate a Designated Recipient who is an Eligible Person to receive the Scheme Consideration on the Restructuring Effective Date, the Designated Recipient Form (together with an Account Holder Letter and a Distribution Confirmation Deed).

7.7 Whether an Account Holder Letter, Distribution Confirmation Deed or Designated Recipient Form has been duly completed shall be determined by the Information Agent and the Company at their discretion, provided that, if the Information Agent and the Company consider any such document not to have been duly completed, they shall promptly:

(a) prepare a written statement of its reasons for that conclusion; and

(b) send that written statement by email to the party that provided the relevant document.

7.8 None of the Company, the Information Agent, the Notes Trustee or any other person will be responsible for any loss or liability incurred by a Scheme Creditor as a result of any determination by the Information Agent, the Notes Trustee or the Company.

Eligible Creditors and Ineligible Creditors

7.9 Each Scheme Creditor who submits the required documents set out in Section 7.6 above to the Information Agent before the Record Time will be an Eligible Creditor and be entitled to receive the Scheme Consideration on the Restructuring Effective Date. Any Scheme Creditor who fails to submit the required documents set out in Section 7.6 above to the Information Agent before the Record Time will be deemed to be an Ineligible Creditor. Such Scheme Creditor's allocation of Scheme Consideration would have been transferred to the Holding Period Trustee to be held in accordance with the terms of the Holding Period Trust Deed.

7.10 The Scheme Consideration will be distributed through Euroclear and Clearstream. If details of a Euroclear or Clearstream account are not provided, the Scheme Creditor, on whose behalf the Account Holder Letter is being submitted, will be an Ineligible Creditor.

Actions to be Taken before the Bar Time

7.11 An Ineligible Creditor should submit, as soon as possible, a duly completed and executed Account Holder Letter, Distribution Confirmation Deed and the Designated Recipient Form (as applicable) to the Holding Period Trustee as soon as possible and not later than the Bar Time for receiving its relevant Scheme Consideration on the Holding Period Expiry Date.

7.12 If an Ineligible Creditor fails to establish its entitlement to the Trust Assets in accordance with the terms of the Holding Period Trust Deed prior to the Bar Time, subject to clause 19.10 of Appendix 2 (*The Scheme*), that Ineligible Creditor's rights under the Scheme shall be extinguished and that Ineligible Creditor shall not be entitled to receive any Cash Consideration or New Notes under the Scheme.

7.13 Any Scheme Consideration which is not allocated by the Holding Period Trustee to Ineligible Creditors in accordance with the terms of the Holding Period Trust Deed shall be transferred to the Company on the Holding Period Expiry Date.

Custody Instructions and Undertaking not to Transfer

7.14 Custody Instructions are irrevocable instructions which prevent transfers of the Notes until the Restructuring Effective Date or unblocked in accordance with Sections 7.18 and 7.19 below. These restrictions are necessary to prevent the same holding of Notes being voted more than once.

7.15 Any Noteholder that procures the submission of an Account Holder Letter (to vote at the Scheme Meeting and/or receive any Scheme Consideration on the Restructuring Effective Date) must block its Notes by ensuring that its Account Holder, **prior to delivering the Account Holder Letter to the Information Agent**, submits the relevant Custody Instruction to block its Notes held with Euroclear or Clearstream by the **Custody Instruction Deadline** and includes in the relevant Account Holder Letter reference to the Custody Instruction Reference Number. An Account Holder Letter will not be valid for the purposes of voting at the Scheme Meeting or receiving the Scheme Consideration on the Restructuring Effective Date and the Company reserves the right to reject any Account Holder Letter that does not contain reference to a valid Custody Instruction Reference Number.

7.16 By completion of the Account Holder Letter with inclusion of the Custody Instruction Reference Number, the Scheme Creditor will be deemed to undertake that it will not, from the date of delivery of its Account Holder Letter, sell, transfer, assign or otherwise dispose of its interest in all or any part of its specified Notes.

7.17 If the Restructuring Effective Date occurs before the Longstop Date, all of the Notes will be cancelled in the Clearing Systems and will be irrevocably released and cancelled in full in accordance with the terms of the Scheme as at the Restructuring Effective Date and thereafter will not be capable of being traded in the Clearing Systems.

7.18 Any documentation and relevant Custody Instruction submitted by or on behalf of a Noteholder shall be irrevocable for all purposes in connection with the Scheme unless and until Company has

provided an irrevocable unblock instruction to the Information Agent in accordance with Section 7.19 below.

7.19 The Company shall provide an irrevocable instruction to the Information Agent to immediately cause the Notes to be unblocked:

(a) within two Business Days after one of the circumstances below occurs:

(i) the Scheme is not approved at the Scheme Meeting, and is withdrawn or is terminated in accordance with terms of the Scheme;

(ii) the Scheme is not sanctioned by a final and unappealable order of the Bermuda Court, or the Restructuring otherwise does not become effective, by the Longstop Date; or

(iii) the Company gives written notice of an intention not to proceed with the Scheme; or

(b) the Company at its sole discretion consents to unblock the Notes.

General Instructions for Noteholders

7.20 Please give ample time to allow your Account Holder and/or Intermediary to process your instructions and submit the required documentation on your behalf. To ensure timely submission of your Account Holder Letter, please check with your Account Holder for clarification as to the processing time required and deliver the appropriate materials well before that time.

7.21 Please note that the Clearing System through which your interest in the Notes is held may impose an earlier deadline for the submission of Custody Instructions and/or Account Holder Letters. To ensure timely submission of your Custody Instructions and Account Holder Letter, please ask your Account Holder to check with the relevant Clearing System as to whether any earlier deadline is applicable and ensure your Custody Instructions and Account Holder Letter are submitted well before any applicable deadlines.

7.22 Any Noteholder that fails to submit required documentation prior to the deadlines as set out above will not be entitled to vote at the Scheme Meeting and/or receive the Scheme Consideration. Such Noteholder will, however, be bound by the terms of the Scheme in the event that it becomes effective and any Notes held by such Noteholder will be cancelled on the Restructuring Effective Date in accordance with the terms of the Scheme.

8 SUMMARY OF THE NEW NOTES

8.1 The terms of the New Notes will be set out in the New Notes Indenture.

8.2 A summary of the terms of the New Notes Indenture are set out as follows. The following is not intended to be complete and is subject to important limitations and exceptions. Scheme Creditors are urged to refer to the form of the New Notes Indenture appended hereto at Appendix 10 (*New Notes Indenture*). Unless otherwise noted below or as the context otherwise requires, the terms of the New Notes shall be the same as those set out in the Indenture. Terms not defined herein have the meanings set forth in the New Notes Indenture, which shall largely follow the meanings given to them in the Indenture.

Company	**GCL New Energy Holdings Limited 協鑫新能源控股有限公司 (451.HK) (the "Company").**
New Notes Offered	The original principal amount of the New Notes shall be an amount equal to the Total Scheme Claim Amount minus the Total Cash Consideration Amount.
Original Issue Date	The Restructuring Effective Date
New Notes Maturity Date	January 30, 2024. On maturity, any outstanding principal amount under the New Notes shall be repaid, together with any accrued but unpaid cash interest and all other amounts (if any) outstanding with respect to the New Notes.
Interest	The New Notes will bear interest at 10.00% per annum on the outstanding principal amount. Interest will accrue from and including the Original Issue Date.
Interest Payment Dates	Semi-annually on July 31 and January 30 of each year, commencing on January 30, 2022.
New Notes Subsidiary Guarantees	The initial New Notes Subsidiary Guarantors that will execute the New Notes Indenture on the Original Issue Date will consist of PIONEER GETTER LIMITED, GCL New Energy Development Limited, GCL New Energy Management Limited, GCL New Energy Trading Limited, GCL New Energy International Limited and GCL New Energy, Inc. Any future Restricted Subsidiary, other than subsidiaries organized under the laws of the PRC or Exempted Subsidiaries, will provide a guarantee of the New Notes as a New Notes Subsidiary Guarantor within 30 days of becoming a Restricted Subsidiary or ceasing to be an Exempted Subsidiary. Notwithstanding the foregoing, the Company may elect to have any Restricted Subsidiary organized outside the PRC to not provide a New Notes Subsidiary Guarantee at the time such entity becomes a Restricted

	Subsidiary (or at any time thereafter) or ceases to be an Exempted Subsidiary; provided that, after giving effect to the amount of Consolidated Assets of such Restricted Subsidiary, (i) the Consolidated Assets of all Offshore Non-Guarantor Subsidiaries do not exceed 20.0% of the Total Assets and (ii) no Event of Default shall have occurred and be continuing, as at the date of such designation.
Offshore Non-Guarantor Subsidiaries	The Company may designate certain Subsidiaries organized outside the PRC that are Restricted Subsidiaries as "**Offshore Non-Guarantor Subsidiaries**," which are not required to guarantee the New Notes, provided that the Consolidated Assets of all Offshore Non-Guarantor Subsidiaries do not account for more than 20.0% of Total Assets.
Repurchase and Optional Redemption	At any time prior to the maturity date, the Company may at its option, make an offer to purchase New Notes at a purchase price below par to all holders of the New Notes on an arm's-length basis, to be completed within 30 days of the date on which such offer is announced and subject to such other conditions as determined by the Company in its sole discretion, or redeem the New Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the New Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date in respect of the outstanding principal amount being redeemed.
Repurchase of New Notes Upon a Change of Control	Not later than 30 days following a Change of Control, the Company will make an offer to repurchase all outstanding New Notes ("**Change of Control Offer**") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the repurchase date. "**Change of Control**" means the occurrence of one or more of the following events: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any "person" (within the meaning of Section 13(d) of the Exchange Act), other than one or more Permitted Holders; (2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of

	the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction; (3) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders, unless the Permitted Holders maintain Management Control of the Company; (4) individuals who on the Original Issue Date constituted the board of directors of the Company, together with any new directors whose election by the board of directors was approved by a vote of at least a majority of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company then in office; or (5) the adoption of a plan relating to the liquidation or dissolution of the Company. "**Permitted Holders**" means any or all of the following: (1) Mr. Zhu Gongshan; (2) any Affiliate (other than an Affiliate as defined in clause (2) of the definition of Affiliate) of the Person specified in clause (1), including, among others, GCL-Poly Energy Holdings Limited; (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the Persons specified in clauses (1) and (2); and (4) any Person that is (i) rated as Investment Grade by S&P, Moody's or Fitch, or (ii) rated "AAA" by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. (上海新世纪资信评估投资服务有限公司) and its successors, China Chengxin International Credit Rating Co. Ltd. (中诚信国际信用评级有限责任公司) and its successors, CSCI Pengyuan Credit Rating Co., Ltd. (中证鹏元资信评估股份有限公司) and its successors, China Lianhe Credit Rating Co. Ltd. (联合资信评估股份有限公司) and its successors, or Dagong Global Credit Rating Co. Ltd. (大公国际资信评估有限公司) and its successors.

Repurchase and Mandatory Redemption of the New Notes	Together with all redemptions and repurchases made by the Company since the Original Issue Date under "Optional Redemption," "Repurchase of New Notes Upon a Change of Control", "Repurchase and Mandatory Redemption of the New Notes Upon the Receipt of Renewable Energy Subsidies", "Repurchase and Mandatory Redemption of the New Notes Upon Significant Asset Sale" and this provision, the Company shall redeem or repurchase and subsequently cancel the New Notes in an aggregate principal amount equal to at least (i) 15% of the principal amount of the New Notes outstanding on the Original Issue Date by January 30, 2022 and (ii) an additional 35% of the principal amount of the New Notes outstanding on the Original Issue Date from January 31, 2022 until January 30, 2023. In the event that the Company does not reasonably expect to satisfy the respective thresholds set forth in (i) and (ii) above within the time periods set forth therein, the Company shall be required to: (a) make an offer to purchase such principal amount of the New Notes, at a purchase price below par to all holders of the New Notes on an arm's-length basis and subject to such other conditions as may be determined by the Company in its sole discretion; or (b) redeem such principal amount of the New Notes, at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the redemption date, in each case, in order to satisfy the conditions set forth in the preceding paragraph. If the Company elects to redeem any New Notes in accordance with (b) above, the Company will issue, or cause to be issued, a notice of redemption to the holders of the New Notes and the New Notes Trustee in accordance with the New Notes Indenture.
Repurchase and Mandatory Redemption of the New Notes Upon the Receipt of Renewable Energy Subsidies	If the Annual Renewable Energy Subsidy Receipts for any calendar year ending after the Original Issue Date exceed US$200 million (or the Dollar Equivalent thereof), the Company shall be required to use 35% of the excess of such Annual Renewable Energy Subsidy Receipts over US$200 million (or the Dollar Equivalent thereof) (the "**Renewable Energy Subsidy Offer Amount**") to make an Offer to Purchase the New Notes (a "**Renewable Energy Subsidy Offer**"), at a purchase price below par within 30 days after the end of such calendar year period to all holders of the New Notes on an arm's-length basis and subject to such other conditions as may be determined by the Company in its sole discretion. A Renewable Energy Subsidy Offer shall be completed within 30 days of the date on which such Renewable Energy Subsidy Offer is made. If any Renewable Energy Subsidy Offer Amount remains after consummation of a Renewable Energy Subsidy Offer, or the date on which a Renewable Energy Subsidy Offer should have been consummated in accordance with the provision in the preceding paragraph, if a Renewable Energy Subsidy Offer is required to be made but is not made (the

	"**Remaining Receipts**"), the Company must, as soon as reasonably practicable thereafter but in any event within five (5) Business Days after the date of completion of the Renewable Energy Subsidy Offer, irrevocably notify all Holders that it will use all of the Remaining Receipts to redeem the New Notes (a "**Renewable Energy Subsidy Mandatory Redemption**") at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the date of redemption. A Renewable Energy Subsidy Mandatory Redemption shall be completed within 30 days of the date of such notice. Any New Notes repurchased to be cancelled and not entitled to participate in meetings or vote on amendments pending cancellation. "**Annual Renewable Energy Subsidy Receipts**" means the accumulated amount of the Renewable Energy Subsidies received by the Company or any Subsidiary during a calendar year, net of: (1) transaction fees and other fees and expenses related to the receipt of such Renewable Energy Subsidies; (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of the receipt of such Renewable Energy Subsidies without regard to the consolidated results of operations of the Company and the Subsidiaries, taken as a whole; and (3) with respect to clause (1) of the definition of "Renewable Energy Subsidies", anti-poverty payments that are required to be made as a condition or as part of the terms imposed or requested by the PRC government or under PRC law to receive such Renewable Energy Subsidies. For the avoidance of doubt, at the beginning of each calendar year, the amount of Annual Renewable Energy Subsidy Receipts will be reset at zero. "**Renewable Energy Subsidies**" means the (1) the renewable energy subsidies received by the Company or any Subsidiary on or after the Original Issue Date from any Government Agency or any State Corporation using the net proceeds of bond offerings by any Government Agency or any State Corporation or other sources of funds, and (2) payments received by the Company or any Subsidiary on or after the Original Issue Date from any Person (other than the Company or a Subsidiary) in connection with the renewable energy subsidies with respect to solar power plants sold by the Company or any Subsidiary to such Person.
Repurchase and Mandatory Redemption of the New Notes Upon Significant Asset Sale	If the Company has consummated one or more Significant Asset Sales and the aggregate amount of the Significant Asset Sale Proceeds received by the Company from such Significant Asset Sales exceeds US$400 million (or the Dollar Equivalent thereof), the Company shall be required to use (A) 15% of the excess of such Significant Asset Sale Proceeds over US$400 million (or the Dollar Equivalent thereof), and up toUS$800 million (or the Dollar Equivalent thereof) and (B) 65% of the excess of such Significant

	Asset Sale Proceeds over US$800 million (or the Dollar Equivalent thereof) (in each case, the applicable portion of the respective excess amount is referred to as a "**Significant Asset Sale Offer Amount**"), to make an Offer to Purchase the New Notes (a "**Significant Asset Sale Offer**"), at a purchase price below par, within 30 days of the date on which the requirement to make such Significant Asset Sale Offer is triggered to all holders of the New Notes on an arm's length basis and subject to such other conditions as may be determined by the Company in its sole discretion. A Significant Asset Sale Offer shall be completed within 30 days of the date of such Significant Asset Sale Offer. If any portion of any Significant Asset Sale Offer Amount remains after consummation of a Significant Asset Sale Offer, or the date on which a Significant Asset Sale Offer should have been consummated in accordance with the provision in the preceding paragraph, if a Significant Asset Sale Offer is required to be made but is not made (the "**Remaining Proceeds**"), the Company must, as soon as reasonably practicable thereafter but in any event within five (5) Business Days after the date of completion of such Significant Asset Sale Offer, irrevocably notify all holders of the New Notes that it will use all the Remaining Proceeds to redeem an equivalent amount of the New Notes (a "**Significant Asset Sale Mandatory Redemption**"), at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the date of redemption. A Significant Asset Sale Mandatory Redemption shall be completed within 30 days of the date of such notice. The Company shall only be required to make a Significant Asset Sale Offer within 30 days of the date on which the requirement to make such Significant Asset Sale Offer is triggered after the Significant Asset Sale Offer Amount reaches or exceeds US$10 million. To the extent that the Significant Asset Sale Offer Amount is less than US$10 million from time to time, the Company may use all or any portion of such Significant Asset Sale Offer Amount to repurchase the New Notes through open market repurchases in any manner and at such times as it may choose in its sole discretion, but not for any other purpose. For the avoidance of doubt, the Significant Asset Sale Offer Amount will be reduced by the accumulated amount that the Company has actually applied to fund the repurchase or redemption of the New Notes through Significant Asset Sale Offers and/or Significant Asset Sale Mandatory Redemptions under this provision (but without double counting). Any New Notes repurchased to be cancelled and not entitled to participate in meetings or vote on amendments pending cancellation. "**Significant Asset Sale**" means any Asset Sale of one or more solar power plants, including by way of issuance or sale of Capital Stock of a Subsidiary that directly or indirectly owns solar power plants; provided that, the binding agreement for such Asset Sale is entered into by the Company or any Subsidiary on or after January 1, 2021. "**Significant Asset Sale Proceeds**" means the accumulated amount of the Net Cash Proceeds (as defined in the New Notes Indenture) received by the

	Company or any Subsidiary from all Significant Asset Sales on or after January 1, 2021; provided that, with respect to any Significant Asset Sale consisting of the issuance or sale of Capital Stock, the Net Cash Proceeds shall exclude any payments made to repay Indebtedness or any other obligation (except for any Indebtedness or other obligation owed to the Company or any Subsidiary) outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the Capital Stock sold or (y) is required to be paid as a result of such sale.
Events of Default	The events of default provision under the New Notes will be substantially the same as those in the Notes (amended as necessary to reflect this term sheet and the Additional Events of Default below). Additional Events of Default: (a) (i) following the CDB Loan Repayment Date, any default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the New Notes Indenture or the Security Documents or the Intercreditor Agreement, which adversely affects the enforceability, validity, perfection or priority of any Lien on the Collateral or which adversely affects the condition or value of the Collateral, taken as a whole, in any material respect, including the failure to take any step to perfect the security interests in the Collateral in the manner and in the time periods required by the Security Documents; (ii) the failure by the Company or any Subsidiary Guarantor Pledgor to grant a power of attorney in favor of the Escrow Agent in accordance with the New Notes Indenture, or any such power of attorney is subsequently revoked or invalid; (iii) the failure by the Company to notify the Trustee and the Escrow Agent of the CDB Loan Repayment Date within one Business Day thereof in accordance with the New Notes Indenture; or (iv) any assertion by the Company or any Subsidiary Guarantor Pledgor in any pleading in any court of competent jurisdiction that any such power of attorney or the Lien created or purported to be created by any of the Security Documents is invalid or unenforceable, and, in each case, such default or failure continues for a period of five (5) consecutive days; (b) following the CDB Loan Repayment Date, (i) the Company or any Subsidiary Guarantor Pledgor denies or disaffirms its obligations under any Security Document or the Intercreditor Agreement; (ii) any Security Document or the Intercreditor Agreement ceases to be or is not in full force and effect; or (iii) the Collateral Agent ceases to have a first priority security interest in the Collateral (subject to any Permitted Collateral Liens and the Intercreditor Agreement), and, in each case, such default continues for a period of five (5) consecutive days; (c) failure by the Company to issue a quarterly compliance certificate to the Trustee in the manner described under Section "Compliance Certificate" below and such default or breach continues for a period

	of 30 consecutive days; (d) failure by the Company to achieve a credit rating within 18 months of the Original Issue Date; and (e) breach of the provisions under the section "Covenant – Limitation on payment to related party entities" below and such default or breach continues for a period of 30 consecutive days. For the avoidance of doubt, any default in the payment of principal (or premium, if any, on) the New Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise shall be an Event of Default.
Redemption for Taxation Reasons	Subject to certain conditions and as more fully described in the New Notes Indenture, the Company or a Surviving Person (as defined in the New Notes Indenture) may redeem the New Notes, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the holders of the New Notes (which notice shall be irrevocable) and the New Notes Trustee, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Company or the Surviving Person, as the case may be, for redemption, if the Company, the Surviving Person or a New Notes Subsidiary Guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances.
Springing Intercreditor Agreement and Lien	The Trustee acting for the benefit of the holders of the New Notes will enter into an Intercreditor Agreement with any future holders of Permitted Pari Passu Secured Indebtedness (as defined below), in order to appoint a Collateral Agent to administer, enforce and distribute the Collateral for the benefit of itself, the Trustee, the holders of the New Notes, the holders of Permitted Pari Passu Secured Indebtedness (as defined below) or their representative (collectively, the "Secured Parties"). Pursuant to the Intercreditor Agreement, the Notes Trustee and/or holders representing 25% in aggregate principal amount of the New Notes then outstanding shall be entitled to instruct the Collateral Agent to exercise remedies pursuant to the following shares charges or share pledges, to be granted in favour of a Collateral Agent acting for the benefit of the Secured Parties in the following manner ("**Share Charges**" or "**Share Pledge**s", as the case may be): 1. GCL New Energy Holdings Limited in respect of the shares it holds in PIONEER GETTER LIMITED 2. PIONEER GETTER LIMITED in respect of the shares it holds in: GCL New Energy Management Limited, GCL New Energy Development Limited, and GCL New Energy International Limited

	3. GCL New Energy Management Limited in respect of the shares it holds in GCL New Energy Trading Limited 4. GCL New Energy International Limited in respect of the shares it holds in GCL New Energy, Inc. 5. GCL New Energy Inc. in respect of the shares it holds in GCL New Energy NC Holdings LLC The form of (i) the Intercreditor Agreement, the Share Charges or the Share Pledges, as the case may be, which shall be entered into but not dated by the Company and each Subsidiary Guarantor Pledgor, and delivered to the Escrow Agent on the Original Issue Date for it to hold in escrow until the date on which the US$130 million term loan facility between China Development Bank, Hong Kong Branch and the Company has been repaid in full (the "**CDB Loan Repayment Date**"); and (ii) a power of attorney which shall be granted in favour of the Escrow Agent by the Company and each Subsidiary Guarantor Pledgor on the Original Issue Date, to authorize the countersigning, dating and delivery of the Intercreditor Agreement, the Share Charges and the Share Pledges, as the case may be, and the Intercreditor Agreement by the Escrow Agent on or after the CDB Loan Repayment Date, and the taking of all such steps or causing of such steps to be taken as are required to perfect the security created under the Share Charges and the Share Pledges, shall each be appended as exhibits to the New Notes Indenture. To the extent such an arrangement is not permitted under the laws of any jurisdiction in which any of the Collateral is located, an equivalent arrangement shall be entered into. Prior to the CDB Loan Repayment Date and the effectiveness of the Intercreditor Agreement and the Security Documents, the arrangement to create the security interest in the Capital Stock of any initial New Notes Subsidiary Guarantor or GCL New Energy NC Holdings LLC may be terminated in certain circumstances, provided that (i) the Company shall deliver to the New Notes Trustee an Officers' Certificate (as defined in the New Notes Indenture) certifying and an Opinion of Counsel (as defined in the New Notes Indenture) stating that the termination of the arrangement to create such security interest is permitted under the terms of the New Notes Indenture and the conditions precedent to any such termination have been fulfilled, (ii) the New Notes Trustee shall only take such actions as shall be required to terminate the arrangement to create the security interest in the Capital Stock of such entity being disposed of (other than GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC) if 100% of the Net Cash Proceeds of such disposition have been or are concurrently paid directly to the New Notes Trustee by the purchaser(s) to be subsequently applied in repayment, repurchase or redemption of the New Notes in accordance with Article 3 of the New Notes Indenture and (iii) without constituting a condition precedent to or affecting the effectiveness of any termination of the arrangement to create the security interest in the Capital Stock of GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC, the Company shall procure that 100% of the Net Cash Proceeds of any disposition of the Capital Stock of GCL New Energy Inc. and/or GCL New Energy NC

	Holdings LLC will be paid directly to the New Notes Trustee by the purchaser(s) to be held in trust and be applied in accordance with Section 4.13 of the New Notes Indenture upon the Company's instruction only. Following the CDB Loan Repayment Date and the effectiveness of the Intercreditor Agreement and the Security Documents, the security created in respect of the Collateral granted under the Security Documents may be released after the CDB Loan Repayment Date in certain circumstances, *provided that* (i) the Company shall deliver to the New Notes Trustee an Officers' Certificate certifying and an Opinion of Counsel stating that the release of such security interest is permitted under the terms of the New Notes Indenture and the conditions precedent to any such release have been fulfilled, (ii) the New Notes Trustee's and the Collateral Agent's security interest in the Collateral (other than the Capital Stock of GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC) shall only be released in accordance with Section 10.04 of the New Notes Indenture if 100% of the Net Cash Proceeds of such disposition have been or are concurrently paid directly to the Collateral Agent by the purchaser(s) to be subsequently applied in repayment, repurchase or redemption of the New Notes in accordance with Article 3 of the New Notes Indenture and (iii) without constituting a condition precedent to or affecting the effectiveness of any release of the security interest in the Capital Stock of GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC, the Company shall procure that 100% of the Net Cash Proceeds of any disposition of the Capital Stock of GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC will be paid directly to the Collateral Agent by the purchaser(s) to be held in trust and be applied in accordance with Section 4.13 of the New Notes Indenture upon the Company's instruction only.
Covenants	The covenants of the New Notes shall be substantially the same as those set forth in the New Notes Indenture, except as otherwise set forth herein.
Negative Pledge	The New Notes shall benefit from a negative pledge on any liens on the Collateral, other than liens created under the New Security Documents.
Limitation on Indebtedness	The New Notes shall benefit from a general prohibition on raising incremental Indebtedness (both onshore and offshore), subject to the agreed carve-outs and thresholds as reflected in the New Notes Indenture, including a carve-out to allow the Company and Restricted Subsidiaries to incur Permitted Pari Passu Secured Indebtedness. "**Permitted Pari Passu Secured Indebtedness**" means any Indebtedness of the Company or any Restricted Subsidiary in an original principal amount of at least US$10,000,000, and any Pari Passu Guarantee with respect to such Indebtedness, which is incurred after the CDB Loan Repayment Date and is secured by a Lien on the Collateral *pari passu* with the Lien created for the benefit of the holders of the New Notes; *provided* that in connection with the incurrence of any Permitted Pari Passu Secured Indebtedness in accordance with Section 4.05(b)(xxiii) of the New Notes Indenture, (i)

	100% of the net proceeds from the incurrence of such Permitted Pari Passu Secured Indebtedness shall be applied to repay, repurchase or redeem all or part of the New Notes in accordance with the New Notes Indenture; (ii) the holders of such Permitted Pari Passu Secured Indebtedness (or their trustee, representative or agent) shall become a party to the Intercreditor Agreement; and (iii) the Company or such Restricted Subsidiary shall deliver to the New Notes Trustee and the Collateral Agent an Opinion of Counsel and an Officers' Certificate stating that, in connection with the incurrence of any Permitted Pari Passu Secured Indebtedness, either (x) all necessary actions have been taken with respect to the recording, registering and filing of the New Security Documents, financing statements or other instruments necessary to make effective the Liens on the Collateral intended to be created by the New Security Documents or (y) no such action is necessary to make any such Lien effective.
Limitation on Transactions with Affiliates	In addition to the existing Limitation on Transactions with Affiliates covenant, the Company shall be prohibited from directly or indirectly making or permitting: 1. any payment under the RMB1.8 billion perpetual loan agreement, dated November 18, 2016 entered into between Nanjing GCL New Energy Development Co., Ltd. (南京协鑫新能源发展有限公司), GCL-Poly (Suzhou) New Energy Co., Ltd. (保利协鑫(蘇州)新能源有限公司), Jiangsu GCL Silicon Material Technology Development Co., Ltd. (江蘇協鑫矽材料科技發展有限公司), Suzhou GCL Photovoltaic Technology Co., Ltd. (蘇州協鑫光伏科技有限公司), and Taicang GCL Photovoltaic Technology Co., Ltd. (太倉協鑫光伏科技有限公司); 2. any voluntary or optional principal payment, redemption, repurchase, defeasance or other acquisition or retirement for value, of intercompany indebtedness between or among the Company and any of its Affiliate; provided that the Company can repay up to RMB1.3 billion for indebtedness or other payments owed to Affiliates of the Company; 3. any payment in respect of any dividend or other distribution: (i) to any Affiliate of the Company or any holder of Capital Stock in the Company on or with respect to its Capital Stock or (ii) with respect to the Capital Stock of any non-wholly-owned subsidiaries and the Company shall also not declare or (as applicable) permit the declaration of any such dividend or other distribution; 4. the purchase, redemption, retirement or other acquisition for value of any of the Company's Capital Stock or the Capital Stock of any non-wholly-owned subsidiaries of the Company by any party from any Affiliate of the Company, or any other holder of such Capital Stock, except that the Company may permit the purchase of Capital Stock of Suzhou GCL New Energy Investment Co., Ltd. (苏州协鑫新能源投资有限公司) from Sumin Ruineng Wuxi Equity

	Investment Partnership (Limited Partnership) (苏民睿能无锡股权投资合伙企业（有限合伙）); or 5. any payments to any of the Company's Affiliates, subject to the carveouts in item 2 above. "**Affiliates**" means with respect to any person, any other person: (a) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such person; or (b) any subsidiary of any person referred to in clause (a) of this definition. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise.
Credit Rating	The Company shall use its best efforts to, as soon as practicable after the Original Issue Date and in any case no later than 18 months after the Original Issue Date, achieve a credit rating from one internationally respected rating agencies (S&P or Moody's), which shall be maintained on the New Notes for so long as any New Notes remain outstanding.
Compliance Certificate	The Company shall submit a quarterly compliance certificate in accordance with the terms of and in the form set out in the New Notes Indenture.
Replacement of Trustee, Collateral Agent and Escrow Agent	Holders representing 25% in aggregate principal amount of the New Notes then outstanding may remove the New Notes Trustee, the Collateral Agent or the Escrow Agent by providing 14 days' prior written notice to the New Notes Trustee, the Collateral Agent or the Escrow Agent, as the case may be, and the Company, and may appoint a successor in their sole discretion without having to obtain consent from the Company or any other party; *provided* that such Holders shall give written notice of the appointment of the successor New Notes Trustee, the Collateral Agent or the Escrow Agent, as the case may be, to the Company.
Control of Trustee and/or Collateral Agent	Following an Event of Default, holders representing 25% in aggregate principal amount of the New Notes then outstanding shall be entitled to instruct the New Notes Trustee and/or the Collateral Agent to exercise remedies (subject to providing satisfactory indemnity and/or security and/or pre-funding to the New Notes Trustee and the Collateral Agent).
Amendments and Waiver of the New Notes Indenture	The provisions relating to the amendments and waivers under the New Notes Indenture will be substantially the same as those set forth in the Indenture for the Notes, except that certain major terms the amendment of which requires the consent of each holder under the Indenture for the Notes, including the reduction of the principal amount of, or premium, if any, or interest on, any New Note, and the release of any New Notes Subsidiary Guarantor from its New Notes Subsidiary Guarantee, will be able to be modified, amended or waived with the consent of holders of not less than

	90% in aggregate principal amount of the outstanding New Notes under the New Notes Indenture. In addition, with respect to certain provisions regarding a Change of Control Offer, a Renewable Energy Subsidy Offer, a Renewable Energy Subsidy Mandatory Redemption, an Offer to Purchase with the Excess Proceeds from any Asset Sale (except for any Significant Asset Sale), a Significant Asset Sale Offer or a Significant Asset Sale Mandatory Redemption, an amendment, modification or waiver can be made with the consent of holders of not less than a majority in aggregate principal amount of the outstanding New Notes, if such amendment, waiver or modification shall be in effect prior to the occurrence of (i) a Change of Control or (ii) the event giving rise to the repurchase or redemption of the New Notes under such provisions.
Transfer Restrictions	The New Notes and the related New Notes Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act or any securities law of any state or other jurisdiction, and may not be offered or sold except pursuant to a registration statement that has been declared effective under the U.S. Securities Act or an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.
Form, Denomination and Registration	The New Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 of principal amount and integral multiples of US$1 in excess thereof and will be initially represented by one or more global notes deposited with a common depositary and registered in the name of the common depositary or its nominee. Beneficial interests in the global note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream.
Book-Entry Only	The New Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of its participants.
Listing and Trading	Application will be made to the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. The New Notes are expected to be listed on the SGX-ST as soon as practicable on or after the Restructuring Effective Date and in any event, no later than one year from the Original Issue Date. For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the New Notes will be traded in a minimum board lot size of US$200,000. For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the New Notes may be presented or surrendered for payment or redemption, in the event that a New Global Note is exchanged for New Notes in definitive form. In addition, in the event that a New Global Note is exchanged for New Notes in definitive form, an announcement of

	such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of New Notes in definitive form, including details of the paying agent in Singapore.
Governing Law	**The New Notes, the New Notes Subsidiary Guarantees and the New Notes Indenture will be governed by and will be construed in accordance with the laws of the State of New York. The New Security Documents will be governed by and will be construed in accordance with the laws of the State of New York, the laws of the British Virgin Islands and the laws of Hong Kong, as the case may be.**

9 OVERVIEW OF GROUP'S INDEBTEDNESS AND MANAGEMENT

Financial Statements

9.1 Audited consolidated financial statements of the Group for the years ended 31 December 2018, 2019 and 2020 are available on the website of the HKEx (https://www.hkex.com.hk/) and on the Scheme Website, and are also set out in Appendix 7 (*Financial Statements*).

Financial Indebtedness

9.2 As at 31 December 2020, the Group had total indebtedness of approximately RMB30,930 million of which RMB4,199 million was owed by the Company, details of which are set out in the indebtedness statement of the Group as at 31 December 2020 in Appendix 7 (*Financial Statements*).

Offshore Financing

The Notes

9.3 The Notes are represented by Global Notes, in fully registered form without interest coupons. The Notes were deposited with and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream. The Clearing Systems each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. So long as the Depositary (or its nominee) is the registered owner of the Global Notes, it shall be considered the registered holder of the Notes. Under certain circumstances, the Company may be obliged to issue individual certificated notes in fully registered form in exchange for the Global Notes, in which case the holders of those certificates shall be considered the registered holder of the Notes.

Other offshore financing

9.4 As at 31 December 2020, the Group had total offshore loans from banks and other lenders of approximately RMB4,779 million (including RMB3,261 million of bonds payables), approximately RMB289 million of which was secured against property, plant and equipment.

Onshore Financing

9.5 As at 31 December 2020, the Group had total onshore loans from banks and other lenders of approximately RMB26,151 million, approximately RMB21,875 million of which was secured against certain solar photovoltaic power stations and land and buildings of the Group or certain prepaid land lease of the Group.

Intercompany Balances

9.6 As at 31 December 2020, the total amount due to the Company from other members of the Group (comprising the offshore members of the Group only) amounted to approximately RMB7,190 million and the total amount due to other members of the Group from the Company amounted to approximately RMB379 million. As at the same date, no intercompany receivables were owed by the Company's subsidiaries incorporated in the PRC to the Company or the New Notes Subsidiary Guarantors to the New Notes.

9.7 As at 31 December 2020, the following persons or institutions have beneficial interests or short positions in any of the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, Cap 571 of the Laws of Hong Kong, or are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any of the Company's other members:

Name	Nature of Interest	Number of Shares	Approximate % of the issued share capital of the Company(*Note 1*)
Elite Time Global Limited *(Note 2)*	Beneficial owner	11,880,000,000	62.28%
GCL-Poly *(Note 2)*	Interest in controlled corporation	11,880,000,000	62.28%

Notes:

(1) The percentage is calculated based on 19,073,715,441 Shares in issue as at 31 December 2020.

(2) Elite Time Global Limited is wholly-owned by GCL-Poly.

Save as disclosed above, as at 31 December 2020, no other person (other than the Directors and chief executive of the Company) had interest or short position in the Company's shares or underlying shares which were required, pursuant to Section 336 of the SFO, to be recorded into the register required to be kept by the Company referred to therein, or as otherwise notified to the Company and the Hong Kong Stock Exchange.

9.8 The Company's Bye-Laws provide that the Board must consist of not less than two Directors.

9.9 As at the date of this Scheme Document, the Directors are as follows:

Name	Position
ZHU Yufeng (朱鈺峰)	Executive Director, Chairman of the Board and President
LIU Genyu (劉根鈺)	Executive Director and Vice Chairman of the Board
HU Xiaoyan (胡曉艷)	Executive Director
SUN Wei (孫瑋)	Non-executive Director
YEUNG Man Chung, Charles (楊文忠)	Non-executive Director
FANG Jiancai (方建才)	Non-executive Director
WANG Bohua (王勃華)	Independent Non-executive Director
XU Songda (徐松達)	Independent Non-executive Director
LEE Conway Kong Wai (李港衛)	Independent Non-executive Director
WANG Yanguo (王彥國)	Independent Non-executive Director
CHEN Ying (陳瑩)	Independent Non-executive Director

9.10 Senior Management, which comprise the Group's Executive Directors, are responsible for the day to day management of the Group.

Directors' Interests in the Group and the Restructuring

9.11 In terms of Directors of the Company who may have an interest in the Scheme, as at 31 December 2020, so far as is known to the Company, the interests of the Directors in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code") were as follows:

(A) The Company – Long Position

	Number of Shares				
Directors	**Beneficiary of a Trust**	**Personal interests**	**Number of Underlying Shares** *(Note 1)*	**Total**	**Approximate percentage of issued Shares** *(Note 2)*
ZHU Yufeng (朱鈺峰)	-	-	3,523,100	3,523,100	0.02%
	1,905,978,301 *(Note 3)*	-	-	1,905,978,301	9.99%
HU Xiaoyan (胡曉艷)	-	-	19,125,400	19,125,400	0.10%
SUN Wei (孫瑋)	-	-	27,178,200	27,178,200	0.14%
YEUNG Man Chung, Charles (楊文忠)	-	-	15,099,000	15,099,000	0.08%
WANG Bohua (王勃華)	-	-	2,617,160	2,617,160	0.01%
XU Songda (徐松達)	-	-	2,617,160	2,617,160	0.01%
LEE Conway Kong Wai (李港衛)	-	-	2,617,160	2,617,160	0.01%
WANG Yanguo (王彥國)	-	-	1,006,600	1,006,600	0.01%
CHEN Ying (陳瑩)	-	-	1,006,600	1,006,600	0.01%

Notes:

1. *Adjustments have been made to the number of underlying Shares as a result of the rights issue with effect from 2 February 2016.*

2. *The percentage is calculated based on 19,073,715,441 Shares in issue as at 31 December 2020.*

3. *Those Shares were beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited. Dongsheng Photovoltaic Technology (Hong Kong) Limited is wholly-owned by 句容協鑫集成科技有限公司, which is in turn wholly-owned by 協鑫集成科技股份有限公司. 協鑫集團有限公司 and 營口其印投資管理有限公司 are controlling shareholders of 協鑫集成科技股份有限公司. 營口其印投資管理有限公司 is a party acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 48.86% owned by 協鑫（遼寧）實業有限公司 and 51.14% owned by 江蘇協鑫建設管理有限公司. 協鑫（遼寧）實業有限公司 is wholly-owned by Mr. Zhu Gongshan (a director and the chairman of GCL-Poly and Mr. Zhu Yufeng's father). 江蘇協鑫建設管理有限公司 is wholly-owned by 協鑫新能科技（深圳）有限公司. 協鑫新能科技（深圳）有限公司 is wholly-owned by Golden Concord Group Management*

Limited which is in turn wholly-owned by Golden Concord Group Limited. Golden Concord Group Limited is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family, including Mr. Zhu Yufeng's father, Mr. Zhu Gongshan as beneficiaries.

(B) Associated Corporations

GCL-Poly

	Number of ordinary shares in GCL-Poly				
Directors	**Beneficiary of a Trust**	**Personal interests**	**Number of underlying Shares**	**Total**	**Approximate percentage of issued Shares** *(Note 1)*
ZHU Yufeng (朱鈺峰) ..	6,370,388,156 *(Note 2)*	-	1,510,755 *(Note 3)*	6,371,898,911	30.14%
SUN Wei (孫瑋)	-	5,723,000	1,712,189 *(Note 3)*	7,435,189	0.04%
YEUNG Man Chung, Charles (楊文忠)	-	-	1,700,000 *(Note 3)*	1,700,000	0.01%

Notes:

1. The percentage is calculated based on 21,144,438,207 shares of GCL-Poly in issue as at 31 December 2020.

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 High Excel 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 (a director and the chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, a director of the Company and GCL-Poly 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.

Save as disclosed above, as at 31 December 2020, the Company is not aware of any of the Directors or chief executive of the Company had an interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

9.12 Pursuant to section 100 of the Companies Act, this Scheme Document is required to state any material interests of the Directors, whether as Directors or as members or as creditors of the Company or otherwise, and the effect thereon of the arrangement or compromises to be effected by the Scheme, in so far as it is different from the effect on the like interests of other persons. By way of summary, the Directors have no material interest (whether as Directors or as members or as creditors of the Company or otherwise) under the Scheme other than in respect of the following:

(a) as director of the Company receiving remuneration for such role, they each have an interest in the Company avoiding liquidation;

(b) likewise, as members of the Company, they have an interest in the Company avoiding liquidation and continuing to trade and in the resumption of trading of the shares of the Company; and

(c) Directors have guaranteed certain of the Group's bank and other loans for nil consideration as at the date of this Scheme Document, details of which are as follows:

- Mr. Zhu Yufeng has guaranteed the Group's bank and other loans of RMB788 million, which relate to the loan agreements entered by Bohai International Trust Co., Ltd., as the lender, Nanjing GCL New Energy Development Co., Ltd (南京協鑫新能源發展有限公司), Zhenjiang GCL New Energy Limited (鎮江協鑫新能源有限公司) and Suzhou GCL New Energy (蘇州協鑫新能源投資有限公司), respectively, as the borrower in March 2019.

Material Contracts

9.13 The following contracts, not being contracts entered in the ordinary course of business of the Group, have been entered into by the members of the Group within two years preceding the date of this Scheme Document and up to and including the date of this Scheme Document and which are, or may be, material:

(a) a share purchase agreement dated 7 May 2021 entered into between an indirect subsidiary of the Company, Henan GCL New Energy Investment Co., Ltd. (河南協鑫新能源投資有限公司), as the seller, and State Power Investment Corporation Chongqing Electric Power Co., Ltd. (國家電投集團重慶電力有限公司), as the purchaser, in relation to, among other things, selling of 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);

(b) the third phase share purchase agreements dated 30 April 2021 entered into between, two indirect subsidiaries of the Company, Guizhou GCL New Energy Co., Ltd. (貴州協鑫新能源有限公司) and Suzhou GCL New Energy Investment Co., Ltd. (蘇州協鑫新能源投資有限公司), as the sellers, and State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd. (國家電投集團貴州金元威寧能源股份有限公司) and Guangdong Jinyuan New Energy Co., Ltd. (廣東金元新能源有限公司), as the purchasers, in relation to, among other things, selling of the (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);

(c) the second phase share purchase agreements dated 26 April 2021 entered into between, three indirect subsidiaries of the Company, Guizhou Zhongxinneng New Energy Development Co., Ltd (貴州中新能新能源發展有限公司), Sanya GCL New Energy Co., Ltd. (三亞協鑫新能源有限公司) and Suzhou GCL New Energy Investment Co., Ltd. (蘇州協鑫新能源投資有限公司), as the sellers, and State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd. (國家電投集團貴州金元威寧能源股份有限公司) and Guangdong Jinyuan New Energy Co., Ltd. (廣東金元新能源有限公司), as the purchasers, in relation to, among other things, selling of the (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);

(d) the second phase share purchase agreements dated 1 April 2021 entered into between, two indirect subsidiaries of the Company, Xi'an GCL New Energy Management Co., Ltd. (西安協鑫新能源管理有限公司) and Suzhou GCL New Energy Investment Co., Ltd. (蘇州協鑫新能源投資有限公司), as the seller, and Three Gorges Asset Management Co., Ltd (三峽資產管理有限公司), as the Purchaser, in relation to, among other things, selling of 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 Dongtou 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);

(e) the first phase share purchase agreements dated 31 March 2021 entered into between, two indirect subsidiaries of the Company, Henan GCL New Energy Investment Co., Ltd. (河南協鑫新能源投資有限公司) and Suzhou GCL New Energy Investment Co., Ltd. (蘇州協鑫新能源投資有限公司), as the seller, and Three Gorges Asset Management Co., Ltd (三峽資產管理有限公司), as the purchaser, in relation to, among other things, selling of 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 Zhuiri 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);

(f) the placing agreement dated 10 February 2021 entered into between Elite Time Global Limited (傑泰環球有限公司) (a wholly-owned subsidiary of GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司)), the Company, UBS AG Hong Kong Branch and the CCB International Capital Limited, pursuant to which the placing agents have conditionally agreed, each on a several but not joint nor joint and several basis, to procure placees to purchase for the up to a total of 2,000,000,000 new shares to be issued by the Company pursuant to the placing agreement on a best effort basis;

(g) the RSA, details of which are set out in Section 5 (*Background to the Scheme and the Restructuring*);

(h) a second amendment agreement dated 18 December 2020 entered into between the Company and China Development Bank, Hong Kong Branch to amend the repayment schedule and other provisions of the CDB Term Loan Facility (as defined below);

(i) a series of four share purchase agreements dated 10 December 2020 entered into between two indirect subsidiaries of the Company, Suzhou GCL New Energy Investment Co., Ltd. (蘇州協鑫新能源投資有限公司) and Guangxi GCL New Energy Investment Co., Ltd. (廣西協鑫新能源投資有限公司) and State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd. (國家電投集團貴州金元威寧能源股份有限公司), to sell, among other things, (i) 70.36% equity interest in Qinzhou Xin Jin Solar Power Co., Ltd. (欽州鑫金光伏電力有限公司), (ii) 67.95% equity interest in Shanglin GCL Solar Power Co., Ltd. (上林協鑫光伏電力有限公司), (iii) the entire equity interest in Nanning Jinfu Electric Power Co., Ltd. (南寧金伏電力有限公司) and (iv) the entire equity interest in Hainan Tianlike New Energy Project Investment Co., Ltd. (海南天利科新能源項目投資有限公司), which collectively own four solar power plants with a total grid-connected capacity of approximately 185MW at a consideration of RMB291.3 million;

(j) a share purchase agreement dated 4 December 2020 entered into between an indirect subsidiary of the Company, Suzhou GCL New Energy Investment Co., Ltd. and Beijing United Rongbang New Energy Technology Co., Ltd. (北京聯合榮邦新能源科技有限公司) to sell, among other things, its 99.2% equity interest in Zhenglanqi State Power Photovoltaic Co., Ltd. (正藍旗國電光伏發電有限公司), which owns a solar power plant with an grid-connected capacity of approximately 50MW, at a consideration of RMB211.1 million;

(k) a series of five share purchase agreements dated 22 November 2020 entered into between the Group and Xuzhou State Investment & Environmental Protection Energy Co., Ltd. (徐州國投環保能源有限公司) to dispose of 7 solar power plants with a total grid-connected capacity of approximately 217MW, at a total consideration of approximately RMB312.7 million;

(l) a series of 14 share purchase agreements dated 19 November 2020 entered into between the Group, 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） 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） to dispose of 18 solar power plants with a total grid-connected capacity of approximately 430MW, at a total consideration of approximately RMB666.7 million;

(m) a series of five share purchase agreements dated 16 November 2020 entered into between the Group and Xuzhou State Investment & Environmental Protection Energy Co., Ltd. (徐州國投環保能源有限公司) to dispose of 6 solar power plants with a total grid-connected capacity of approximately174MW, at a total consideration of approximately RMB276.4 million;

(n) a series of six share purchase agreements dated 29 September 2020 entered into between the Group, 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） 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） to dispose of ten solar power plants with a total grid-connected capacity of about 403MW, at a total consideration of approximately RMB576.0 million;

(o) a share purchase agreement dated 29 June 2020 entered into between an indirect subsidiary of the Company, Suzhou GCL New Energy Investment Co., Ltd., as the seller, and CDB New Energy Technology Co., Ltd. (國開新能源科技有限公司), as the purchaser, to dispose of 75% equity interest in Jinhu Zhenghui Solar Power Co., Ltd. (金湖正輝太陽能電力有限公司), which owns a solar power plant with an grid-connected capacity of approximately 100MW, at a total consideration of RMB136,624,000;

(p) a facility agreement dated 3 July 2020, as amended on 10 November 2020, entered into between GCL New Energy Management Company Limited and Billion Honour (Asia) Limited, a financing company, for a HK$ facility in an aggregate amount of HK$220.0 million for a tenor of 6 months from the agreement date which may be extended and renewed from time to time;

(q) a series of six share purchase agreements dated 21 January 2020 entered into between the Group, 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） 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）to dispose of seven solar power plants with a total grid-connected capacity of about 294MW, at a total consideration of approximately RMB850.5 million;

(r) a 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) for the Company's disposal of (i) certain solar power plants in the PRC or (ii) certain project companies of the Group which operate the power plants;

(s) a finance lease agreements dated 9 August 2019 entered into between the Group and China Resources Leasing Co., Ltd. (華潤租賃有限公司), pursuant to which (i) China Resources Leasing Co., Ltd. shall purchase the leased assets at an aggregate consideration of RMB332,000,000 payable in two instalments; and (ii) following the acquisition, China Resources Leasing Co., Ltd., as the lessor, shall lease the leased assets to Nanzhao Xinli Photovoltaic Power Co., Ltd. (南召鑫力光伏電力有限公司), as the lessee, for a term of 10 years at an aggregated estimated rent of RMB497,856,000;

(t) a secured term loan facility (as amended by the first amendment agreement dated 21 April 2020 and the second amendment agreement dated 18 December 2020) dated 22 August 2019, entered into between the Company and China Development Bank, Hong Kong Branch, guaranteed by GCL-Poly Energy Holdings Limited, for a US$ term loan facility in an aggregate amount of US$130.0 million for a tenor of 24 months from the first utilization date (the "CDB Term Loan Facility");

(u) a finance lease agreement dated 27 June 2019 entered into between the Group and China Kangfu International Leasing Co., Ltd. (中國康富國際租賃股份有限公司), pursuant to which (i) China Kangfu International Leasing Co., Ltd. shall purchase the leased assets from Yongcheng GCL New Energy Co., Ltd (永城鑫能光伏電力有限公司) at a consideration of RMB350,000,000; and (ii) following the acquisition, China Kangfu International Leasing Co., Ltd., as the lessor, shall lease the leased assets to Yongcheng GCL New Energy Co., Ltd, as the lessee, for a term of 120 months at an aggregate estimated rent of approximately RMB499,564,886; and

(v) a series of seven equity transfer agreements dated 22 May 2019 entered into between an indirect subsidiary of the Company, Suzhou GCL New Energy Investment Co., Ltd. and Shanghai Rongyao New Energy Co., Ltd. (上海榕耀新能源有限公司) to dispose of 19 solar power plants with a total grid-connected capacity of about 977MW, at a total consideration of approximately RMB1,740.6 million.

Legal Proceedings

9.14 The Company may from time to time be involved in legal proceeding arising in the ordinary course of its business. To the best of the Directors' knowledge and belief, as at the date of this Scheme Document, there are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) that may have any material adverse effect on its financial position or profitability.

10 RISK FACTORS

The following summarises some of the principal risks and uncertainties that may arise in connection with the Scheme. It should be read in conjunction with all of the other information contained in this Scheme Document. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may become material and have a material adverse effect on the business, financial condition or results of operations of the Group. This Scheme Document also contains forward-looking statements relating to the Group's plans, objectives, expectations and intentions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors and circumstances, including the risks and uncertainties described in this Scheme Document.

For ease of reference, the risk factors set out below have been grouped into the following four categories:

(a) *risks relating to the implementation of the Scheme;*

(b) *risks relating to a failure to implement or a delay in implementing the Scheme;*

(c) *risks relating to the New Notes to be issued and distributed under the Scheme; and*

(d) *risks following the implementation of the Scheme.*

For additional principal risk factors including those related to the Group's business and the solar power industry, the PRC, the New Notes and the New Notes Subsidiary Guarantee, the Scheme Creditors should refer to the section entitled "Risk Factors" of the Exchange Offer Memorandum, which is hereby incorporated by reference.

If a Scheme Creditor is in any doubt about the action it should take, such Scheme Creditor is advised to consult an appropriately authorized independent financial adviser who specializes in advising on the acquisition of equity, debt and other securities.

Risks Relating to the Implementation of the Scheme

10.2 ***Effectiveness of the Scheme requires the Approval of Scheme Creditors.***

The Scheme must be approved by a simple majority in number of the Scheme Creditors present and voting at the Scheme Meeting either in person or by proxy ("**majority in number**") representing at least 75% in value of the Scheme Claims of the Scheme Creditors present and voting at the Scheme Meeting either in person or by proxy ("**majority in value**"). The Scheme Creditors attending and voting at the Scheme Meeting (in person or by proxy) will be counted to ascertain the "majority in number" requirement, and the principal amount of the Scheme Claims of the Scheme Creditors attending and voting at the Scheme Meeting (in person or by proxy) will be counted to ascertain the "majority in value" requirement. If the requisite majorities of Scheme Creditors do not vote in favour of the Scheme at the Scheme Meeting, the Restructuring will not be implemented pursuant to the Scheme or possibly at all. Although a large proportion of the Scheme Creditors (by value) have undertaken to vote in favour of the Scheme pursuant to the RSA, that undertaking will cease to be binding if the RSA is terminated.

10.3 ***Even if the Scheme Creditors approve the Scheme, the Scheme may not be approved by the Bermuda Court.***

The Scheme must be sanctioned by the Bermuda Court at the Bermuda Court Sanction Hearing and the Bermuda Sanction Order must be delivered to the Bermuda Registrar of Companies for registration for the Scheme to become effective. The Bermuda Court will not sanction the Scheme unless, amongst other things, it is satisfied that the Scheme Meeting has been duly convened and held. The Bermuda Court also has discretion whether or not to sanction the Scheme and may not do so unless it is satisfied that (i) the provisions of the Companies Act have been complied with; (ii) the Scheme Creditors were fairly represented by those who attended the Scheme Meeting; (iii) the statutory majority acted bona fide without coercing the minority; and (iv) the arrangement is such that an intelligent and honest man, being a member of the class concerned, and acting in respect of his interest, might reasonably approve.

There can be no assurance that the Bermuda Court will sanction the Scheme. If the Bermuda Court does not sanction the Scheme, including for any of the reasons described above, or approves the Scheme subject to conditions or amendments which (i) the Company or other relevant parties regard as unacceptable or (ii) would have (directly or indirectly) a material adverse effect on the interests of any Scheme Creditors and such conditions or amendments are not approved by the Scheme Creditors, the Scheme will not become effective and the transactions contemplated by the Scheme will not be implemented.

Moreover, the payment of Fixed Fee under the RSA is subject to scrutiny by the Bermuda Court which may review terms and/or amount of such fee to ensure that it is not unjustified or unreasonable in the context of the Scheme. If the terms and/or amount of the Fixed Fee are held to be invalid, void or unenforceable by the Bermuda Court, the parties to the RSA would have to negotiate an amendment of the relevant provision (or part thereof) so that, after the amendment the commercial effect of the RSA is as close as possible (taking into account any relevant comments from the Bermuda Court) to that which was originally intended. There can be no assurance that the Bermuda Court will sanction the Scheme (including but not limited to the terms and/or amount of the Fixed Fee) on the terms and/or amount of the Fixed Fee which the parties to the RSA would consider acceptable, or that the parties to the RSA will be able to agree on a desirable substitute to the Fixed Fee.

Even if the Scheme is approved at the Scheme Meeting, it is possible for a person with an interest in the Scheme (whether a Scheme Creditor or otherwise) to object to the Scheme and to attend or be represented at the Bermuda Court Sanction Hearing in order to make representations that the Scheme should not be approved or to appeal against the Bermuda Sanction Order. Any such objections or appeal will delay or possibly prevent the implementation of the Scheme as contemplated in the Restructuring.

10.4 ***A long and protracted alternative restructuring may be on worse terms and could adversely impact management's ability to manage the Group's operations and may otherwise adversely affect its business.***

If the Scheme is not approved, there can be no assurance that the Group would be able to obtain terms for an alternative financial restructuring on better terms for stakeholders in the Group or that any such alternative financial restructuring would be successfully implemented. Any alternative to the Restructuring that the Group is required to pursue, may take substantially longer to complete than the Restructuring and could disrupt the Company's business further. In addition, the negotiation of an alternative financial restructuring would require significant management

resources and would divert the attention of management away from the operation of the Group's business and the implementation of its business plan and may cause some members of management to leave.

A protracted business rescue process would also likely result in a large amount of negative publicity, which would harm the Group's reputation and may make it harder for the Group to attract and maintain customers, investors and employees. Such reputational damage could lead to a decreased customer base, reduced income and higher operating costs and may have a material adverse effect on the Group's business, financial condition and results of operations. In addition, concerns about the financial health of the Group may cause certain of the Group's customers to breach or terminate their contracts with it.

10.5 ***Adverse publicity relating to the Restructuring or the financial condition of the Group may adversely affect the Group's client and supplier relationships and/or the market perception of the Group's business.***

Adverse publicity relating to the Restructuring or the financial condition of the Group or of other participants in the market(s) in which it operates may have a material adverse effect on the Group's customer and supplier relationships (including financial and insurance institutions) and/or the market perception of its business. Customers may choose not to (and it may be more difficult to convince such customers to) continue business relationships with the Group. Existing suppliers may also choose not to do business with the Group, may demand quicker payment terms and/or may not extend normal trade credit. The Group may find it difficult to obtain new or alternative suppliers. Ongoing negative publicity may have a long-term negative effect on the Group's reputation and brand which may make it more difficult for the Group to market its products in the future.

10.6 ***This Scheme Document may contain certain forward-looking statements relating to the Group's plan, objectives, expectations and intentions, which may not represent its actual performance for the periods of time to which such statements.***

This Scheme Document may contain forward-looking statements relating to the Group's plans, objectives, expectations and intentions. Such forward-looking statements involve known and possibly known risks, uncertainties and other factors which may cause actual performance or achievements of the Group to be materially different from the anticipated performance or achievements expressed or implied by the forward-looking statements in this Scheme Document. Such forward-looking statements are based on numerous assumptions as to the Group's present and future and the reasonableness and appropriateness of certain assumptions are subject to the risk that the information used by the Company to derive such assumptions may be inaccurate or inadequate. The actual performance or achievements of the Group may differ materially from those disclosed in this Scheme Document.

Risks Relating to a Failure to Implement or a Delay in Implementing the Scheme

10.7 ***The Restructuring may not be completed in accordance with the timeline envisaged by the RSA or this Scheme Document.***

Factors unknown to the Company as at the date of this Scheme Document may result in delays to the completion of the Restructuring. The Restructuring Effective Date is subject to a number of conditions precedent. If such conditions precedent is not met or waived, the Restructuring Effective Date will not take place. There is no guarantee that the Restructuring Effective Date will occur by

the Longstop Date, at which time the Scheme Creditors who have acceded to the RSA will no longer be bound by their obligations under the RSA to support the Restructuring and not to take action against the Company and/or any member of the Group, and the Scheme will lapse, respectively. The Longstop Date may, however, be extended in accordance with the terms of the Scheme and RSA.

10.8 ***Risk of Termination of the RSA.***

The RSA contains certain provisions that grant the parties thereto the ability to terminate RSA upon the occurrence of certain events or conditions. In the event the RSA is terminated, the Company may be forced to pursue an alternative restructuring process that lacks the same broad creditor support. The termination of the RSA could result in no restructuring transaction, an alternative transaction or a liquidation of the Company, each of which would preclude consummation of the Scheme and could significantly and detrimentally impact the ability of the Company to pay its debts as they fall due and to operate as a going concern.

10.9 ***Insolvency Proceedings if the Restructuring is not implemented promptly.***

The maturity date of the Notes has passed and, therefore, the Company is currently obliged to repay the principal amount under the Notes. The Company currently has limited available cash and, should the Restructuring not proceed, would be unable to repay its overdue indebtedness under and in connection with the Notes. The Company's failure to extend, restructure or refinance the Notes may also trigger a mandatory prepayment under the Group's other indebtedness including the CDB Term Loan Facility. Unless the Company and the Board are able to satisfy themselves that an alternative financial restructuring is likely to be successful (which the Company considers very unlikely given the time and cost of the negotiating the Restructuring), it is likely that the Company and other members of the Group will enter into liquidation or other appropriate Insolvency Proceedings. If the Company and other Group companies are placed into a formal insolvency procedure, the proceeds available to Scheme Creditors will likely be reduced to a level that is considerably lower than the potential value of the consideration they would receive under the Scheme (as per the Liquidation Analysis summarised under the heading "*What happens if the Restructuring fails?*" of Section 4 (*Letter from the Board to the Scheme Creditors*) and set out in Appendix 6 (Liquidation Analysis). Any such process could be lengthy, expensive and uncertain and there can be no assurance that Scheme Creditors would recover any of the value of their Notes.

Risks relating to the New Notes to be Issued and Distributed under the Scheme

10.10 ***The vast majority of the Company's subsidiaries that operate solar power plants are subject to financing arrangements that allow the creditors to prohibit or limit the relevant subsidiary from paying dividends or otherwise distributing funds to its parent company or other group entities upon occurrence of an event of default or until the arrangements are fully repaid or the prohibitions or limitations are otherwise waived.***

The vast majority of the Company's subsidiaries that operate solar power plants are subject to financing arrangements that provide the creditors the right to require the subsidiaries to pay income to the creditors before paying dividends or otherwise distributing funds to their parent companies or other group entities until the arrangements are fully repaid. As a result thereof, the Company's ability to access cash generated by its project companies may be limited if the creditors enforce their rights. Unless the subsidiaries are able to service such financings, repay such financings or otherwise seek creditor accommodations to access such cash, the Company's ability to fund its liquidity needs, including interest and principal payments due under the New Notes, may be limited.

In addition, for as long as the payment of dividends from such subsidiaries are subject to restrictions, the income generated by such subsidiaries will not contribute to the Company's Consolidated Net Income (as defined in the New Notes Indenture set forth in Appendix 10 of this Scheme Document). As a result, the Company will not be able to incur debt under the "Limitation on Indebtedness" in the New Notes Indenture, which will further restrict the Company's ability to operate within the confines of certain other covenants in the New Notes Indenture and will force the Company to operate in a more constrained manner.

10.11 ***The Company is a holding company and payments with respect to the New Notes are structurally subordinated to liabilities, contingent liabilities and obligations of the Company's subsidiaries which are not providing guarantees under the Notes or the New Notes.***

The Company is a holding company with no material operations. The Company conducts a significant majority of its operations through its PRC subsidiaries. The New Notes will not be guaranteed by any current or future PRC subsidiaries. The Company's primary assets are ownership interests in its PRC subsidiaries, which are held through the New Notes Subsidiary Guarantors and certain Non-Guarantor Subsidiaries. The New Notes Subsidiary Guarantors do not have material operations. Accordingly, the Company's ability to pay principal and interest on the New Notes and the ability of the New Notes Subsidiary Guarantors to satisfy their obligations under the New Notes Subsidiary Guarantees will depend upon the Company's receipt of principal and interest payments on the intercompany loans and distributions of dividends from its subsidiaries. Creditors, including trade creditors of Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have a claim on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of holders of the New Notes. As a result, the Company's payment obligations under the New Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries, including their obligations under guarantees they have issued or will issue in connection with the Company's business operations, and all claims of creditors of the Non-Guarantor Subsidiaries will have priority as to the assets of such entities over the Company's claims and those of the Company's creditors, including holders of the New Notes. The New Notes and the New Notes Indenture permit the Company, the New Notes Subsidiary Guarantors and the Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. In addition, the secured creditors of the Company or those of any New Notes Subsidiary Guarantor would have priority as to the Company's assets or the assets of such New Notes Subsidiary Guarantor securing the related obligations over claims of holders of the New Notes.

10.12 ***The Group has substantial indebtedness and may incur additional indebtedness in the future, and it has not been and may not be able to generate sufficient cash to satisfy its existing and future debt obligations and to fund its capital expenditures.***

The Group has, and will continue to have after the Scheme, a substantial amount of indebtedness. Solar power generating business is a capital-intensive industry, which highly relies on external financing in order to meet its capital requirements and fund construction of its operations, including payments to suppliers for photovoltaic modules and balance of system components and to contractors for design, engineering, procurement and construction services. As at 31 December 2018, 2019 and 2020, the Group's total indebtedness was RMB40,688 million, RMB37,401 million and RMB30,930 million (US$4,740 million), respectively. As at 31 December 2020, the Group's gearing ratio, calculated as net debt, including bonds and senior notes, loan from related companies, bank and other borrowings, lease liabilities less total of bank balances and cash and other deposits (excluding bank balances and cash, pledged bank and other deposits classified as held for sale and

solar power plants projects held for sale and pledged deposits at a related company), divided by total equity was 3.4 times.

The Group's substantial indebtedness and high gearing could have significant implications, including, among others:

- limit the Company's ability to satisfy its obligations under the New Notes and other debt;
- require the Group to dedicate a substantial portion of its cash flow from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flow for its business expansion, working capital and other general corporate purposes;
- limit the Group's ability to obtain additional financing;
- increase the Group's vulnerability to adverse general economic and industry conditions;
- limit the Group's flexibility in planning for or reacting to changes in its businesses and the industry in which it operates;
- place the Group at a competitive disadvantage compared to its competitors with lower levels of indebtedness;
- limit, along with the financial and other restrictive covenants of the Group's indebtedness, among other things, its ability to borrow additional funds; and
- potentially increase the cost of any additional financing.

The Group may from time to time incur substantial additional indebtedness and contingent liabilities, in which case the risks that it faces as a result of substantial indebtedness could intensify. Although the New Notes Indenture restricts the Company and the Restricted Subsidiaries from incurring additional debt and contingent liabilities, these restrictions are subject to important exceptions and qualifications. If the Group incur additional debt, the risks that it faces as a result of its existing substantial indebtedness and leverage could intensify. The Group's ability to generate sufficient cash to satisfy its existing and future debt obligations and to fund its capital expenditures will depend upon its future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC and overseas governmental regulation and other factors, many of which are beyond its control. There is no assurance that the Group will be able to generate sufficient cash flow for these purposes. If the Group is unable to service its indebtedness, or if its guarantors are unable to perform their guarantee obligations and the Group is unable to secure alternative guarantees, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing its indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, the terms of the New Notes Indenture prohibit the Group from incurring additional indebtedness unless (i) it is able to satisfy certain financial ratios or (ii) pursuant to any of the specific exceptions to the financial ratios requirements, and meet any other applicable restrictions. The Company's ability to meet its financial ratios may be affected by events beyond its control. Certain of the Group's other financing arrangements also impose operating and financial restrictions on its business. Such restrictions in the New Notes Indenture and the other financing arrangements may negatively affect the Group's ability to react to changes in market conditions,

take advantage of business opportunities it believes to be desirable, obtain future financing, fund required capital expenditures, or withstand a continuing or future downturn in its business or the general economy.

10.13 ***The Company may not be able to redeem the New Notes upon the receipt of the Renewable Energy Subsidies.***

Pursuant to terms of the New Notes, the Company is required to make an Offer to Purchase the New Notes if the Annual Renewable Energy Subsidy Receipts exceed certain amounts. See "*Repurchase and Mandatory Redemption of Notes Upon the Receipt of Renewable Energy Subsidies*" in Section 8 (*Summary of the New Notes*) for more details. However, under many of the Company's project loans, the relevant PRC subsidiaries, acting as borrowers, have pledged all income to be generated from the operation of their solar power plants and any other future income (including Renewable Energy Subsidies) they may generate, as well as the bank accounts receiving such income, to secure their payment obligations thereunder. As a result, the Company's ability to use the Renewable Energy Subsidies received by such PRC subsidiaries will be subject to approvals by the lenders of the relevant project loans. The Company cannot assure the Scheme Creditors that it will be able to obtain approvals from such lenders to use the Renewable Energy Subsidies received by its PRC subsidiaries, or that the amount of the Renewable Energy Subsidies approved by such lenders would be sufficient to fund the Company's repurchase of the New Notes in the manner described under "*Repurchase and Mandatory Redemption of Notes Upon the Receipt of Renewable Energy Subsidies*" of the New Notes Indenture.

10.14 ***Servicing the Group's indebtedness will require a significant amount of cash and its ability to generate cash depends on many factors beyond its control.***

The Group's ability to make payments on and to refinance its indebtedness, including these New Notes, and to fund planned capital expenditures will depend on its ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond the Group's control. The Group's business might not generate cash flow from operations in an amount sufficient to enable it to pay its indebtedness, including the New Notes, or to fund its other liquidity needs. The Group may need to refinance all or a portion of its indebtedness (some of which matures prior to the New Notes), including the New Notes, on or before maturity. The Group might not be able to refinance any of its indebtedness on commercially reasonable terms or at all. If the Company or a restricted subsidiary is unable to comply with the terms of the New Notes Indenture or any of their existing or future debt agreements, there could be a default under those agreements, which could cause repayment of such debt or the New Notes to be accelerated. If the Company or a restricted subsidiary is unable to comply with the terms in the New Notes Indenture or its existing or future debt obligations and other agreements, there could be a default under those agreements. If that occurs, the holders of the debt could accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, the New Notes Indenture contains, and the Group's future debt agreements are likely to contain, cross-acceleration and cross-default provisions. As a result, the default of the Company or any of the restricted subsidiaries under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the New Notes, or result in a default under the Group's other debt agreements, including the New Notes Indenture. If any of these events occur, the Group's assets and cash flow might not be sufficient to repay in full all of its indebtedness that has been accelerated and it might not be able to find alternative financing to repay such indebtedness on commercially reasonable terms or at all.

10.15 ***The Company may not be able to repurchase the New Notes upon a change of control.***

The Company must offer to purchase the New Notes upon the occurrence of a Change of Control (as defined in the New Notes Indenture) at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. The source of funds for any such purchase would be the Company's available cash or third-party financing. However, it may not have enough available funds at the time of the occurrence of any Change of Control to make purchases of the outstanding New Notes. Its failure to make the offer to purchase or to purchase the outstanding New Notes would constitute an event of default under the New Notes. The event of default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If its other debt were to be accelerated, the Company may not have sufficient funds to purchase the New Notes and repay the debt. In addition, the definition of Change of Control for purposes of the New Notes Indenture does not necessarily afford protection for the holders of the New Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalisations, although these types of transactions could increase the Group's indebtedness or otherwise affect its capital structure or credit ratings. The definition of Change of Control for purposes of the New Notes Indenture also includes a phrase relating to the sale of "all or substantially all" of its assets. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition under applicable law. Accordingly, the Company's obligation to make an offer to purchase the New Notes, and the ability of a holder of the New Notes to require the Company to purchase the New Notes pursuant to the offer as a result of a highly leveraged transaction or a sale of less than all of its assets may be uncertain.

10.16 ***Certain major terms of the New Notes Indenture may be modified, amended or waived with the consent of holders of not less than 90% in aggregate principal amount of the outstanding New Notes, which may adversely affect the interests of the holders of the New Notes and increase the credit risks of the New Notes.***

Typically, certain major terms of an indenture may only be modified, amended or waived with the consent of each holder of the outstanding notes affected thereby. However, the New Notes Indenture will permit the Company to modify, amend or waive certain major terms with the consent of holders of not less than 90% in aggregate principal amount of the outstanding New Notes, including to, amongst other things, (i) change the stated maturity of the principal of, or any installment of interest on, the New Notes; (ii) reduce the principal amount of, or premium, if any, or interest on the New Notes; (iii) release of any New Notes Subsidiary Guarantor from its New Notes Subsidiary Guarantee, except as provided in the New Notes Indenture, or (iv) release any Subsidiary Guarantor Pledgor or any Collateral, except as provided in the New Notes Indenture and the New Security Documents. In addition, with respect to certain provisions regarding Change of Control Offer, a Renewable Energy Subsidy Offer, a Renewable Energy Subsidy Mandatory Redemption, Offer to Purchase with the Excess Proceeds from any Asset Sale (except for any Significant Asset Sale) or a Significant Asset Sale Offer or a Significant Asset Sale Mandatory Redemption, an amendment, modification or waiver can be made with the consent of holders of not less than a majority in aggregate principal amount of the outstanding New Notes, if such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control or the event giving rise to the repurchase of the New Notes in the New Notes Indenture. These reduced thresholds for the amendment, modification or waiver of major terms of the New Notes will reduce the protection afforded to the holders of the New Notes, which may adversely affect the interests of the holders of the New Notes and increase the credit risks of the New Notes.

10.17 ***The New Notes are unsecured obligation unless and until the CDB Term Loan Facility being repaid in full***

Under the New Notes Indenture, the Share Pledges or the Share Charges, as the case may be, will only be created upon the CDB Term Loan Facility being repaid in full. No assurance can be made that the CDB Term Loan Facility will be repaid in full or that the Company will be able to validly perfect the liens on the Collateral following such repayment date.

As the New Notes will be unsecured obligations prior to the repayment of the CDB Term Loan Facility, the repayment of the New Notes may be compromised if:

- the Company enters into bankruptcy, liquidation, reorganization or other winding-up proceedings;
- there is a default in payment under the Group's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Group's indebtedness.

If any of these events occur, the Group's assets may not be sufficient to pay, or support the payment of, amounts due on the New Notes.

10.18 ***A trading market for the New Notes may not develop, and there are restrictions on the resale of some of the New Notes.***

The New Notes are a new issue of securities for which there is currently no trading market. While the New Notes are expected to be listed on the SGX-ST, there is no assurance that the Company will be able to obtain or maintain a listing on the SGX-ST or on any recognized securities exchange and, even if listed, a liquid trading market might not develop. If no active trading market develops, a holder of the New Notes may not be able to resell the New Notes at their fair market value or at all. Future trading prices of the New Notes will depend on many factors, including prevailing interest rates, the Group's operating results and the market for similar securities, which may be beyond the Group's control. In addition, the New Notes are being offered pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act and, as a result, a holder of the New Notes will only be able to resell the New Notes in transactions that have been registered under the U.S. Securities Act or in transactions not subject to or that are exempt from registration under the U.S. Securities Act. It cannot be predicted whether an active trading market for the New Notes will develop or be sustained. If an active trading market for the New Notes does not develop or is not sustained, the market price and liquidity of the New Notes may be adversely affected.

10.19 ***The liquidity and price of the New Notes following the Restructuring may be volatile.***

The price and trading volume of the New Notes may be highly volatile. Factors such as variations in the Group's revenues, earnings and cash flows and proposals for new investments, significant asset disposal, strategic alliances and acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to the Company's industry and general economic conditions nationally or internationally could cause the price of the New Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the New Notes. There is no assurance that that these developments will not occur in the future.

10.20 ***The transfer of the New Notes may be restricted, which may adversely affect their liquidity and the price at which they may be sold.***

The New Notes have not been registered under, and the Company is not obligated and does not plan to register the New Notes, under the U.S. Securities Act or the securities laws of any other jurisdiction. The New Notes, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable laws. The New Notes have not been and will not be registered with the SEC or any U.S. federal, state or other securities commission or regulatory authority and neither the SEC nor any U.S. federal, state or other securities commission or regulatory authority has registered, approved or disapproved of the Scheme Consideration or passed upon the accuracy or adequacy of the Solicitation Packet, the Scheme or this Scheme Document. See Section 3 (*Important Securities Law Notice)* for more details.

10.21 ***The New Notes will initially be held in book-entry form, and therefore a holder of the New Notes must rely on the procedures of the relevant Clearing Systems to exercise any rights and remedies.***

The New Notes will initially only be issued in global form and held through Euroclear and Clearstream. Interests in one or more global notes representing the New Notes will trade in book-entry form only, and New Notes in definitive registered form will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of the New Notes for purposes of the New Notes Indenture. The nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the global notes representing the New Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the New Notes will be made to the paying agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global notes representing the New Notes and credited by such participants to indirect participants. After payment to the nominee of the common depositary for Euroclear and Clearstream, the Company will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, Scheme Creditors who own a book-entry interest must rely on the procedures of Euroclear and Clearstream or, if they are not a participant in Euroclear and Clearstream, on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder under the New Notes Indenture.

Unlike the holders of the New Notes themselves, owners of book-entry interests will not have the direct right to act upon the Company's solicitations for consents, requests for waivers or other actions from noteholders. Instead, if they own a book-entry interest, such owners will be permitted to act only to the extent they have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such owners to vote on a timely basis.

Similarly, upon the occurrence of an Event of Default under the New Notes Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, owners of a book-entry interest will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of their rights under the New Notes.

10.22 ***The Company will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which may be different from those applicable to debt securities listed in certain other countries and areas (including the Hong Kong Stock Exchange on which the Notes are listed).***

For so long as the New Notes are listed on the SGX-ST, the Company will be subject to continuing listing obligations in respect of the New Notes. The disclosure standards imposed by the SGX-ST may be different from those imposed by HKEx, on which the Notes are listed, or securities exchanges in other countries or regions such as the United States. As a result, the level of information that is available may not correspond to what investors are accustomed to with respect to the Notes.

10.23 ***An investment in the New Notes is subject to exchange rate risks, and exchange controls may result in a holder of the New Notes receiving less interest or principal than expected.***

The Company will pay principal and interest on the New Notes in US dollars. This presents certain risks relating to currency conversions if a holder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than US dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the US dollar would decrease (i) the Investor's Currency equivalent yield on the New Notes; (ii) the Investor's Currency equivalent value of the principal payable on the New Notes; and (iii) the Investor's Currency equivalent market value of the New Notes. Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a holder of the New Notes may receive less interest or principal than expected, or no interest or principal.

10.24 ***The New Notes Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the New Notes Subsidiary Guarantees.***

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in the British Virgin Islands, Hong Kong and other jurisdictions (as applicable) where future New Notes Subsidiary Guarantors may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

For New Notes Subsidiary Guarantors incorporated in the British Virgin Islands:

(i) incurred the debt with the intent to defraud creditors (whenever the transaction took place, and irrespective of insolvency);

(ii) put the beneficiary of the guarantee in a position which, in the event of the guarantors' insolvency, would be better than the position the beneficiary would be have been in had the guarantee not been given;

(iii) received no consideration, or received consideration in money or money's worth that is significantly less than the consideration supplied by the guarantor.

In the case of (ii) and (iii) above, a guarantee will be only be voidable if (1) it was entered into at a time when the guarantor was insolvent, or if it became insolvent as a consequence of doing so where insolvent in this context under the law of the British Virgin Islands means that the guarantor is unable to pay its debts as they fall due and (2) the guarantee was given within the six month period preceding the commencement of liquidation, or, if the guarantor and beneficiary are connected entities, two years.

For New Notes Subsidiary Guarantors incorporated in other jurisdictions:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;

- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;

- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for purposes of the foregoing will vary depending on the laws of the applicable jurisdiction. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its assets at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debts as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the New Notes Subsidiary Guarantors under the New Notes Subsidiary Guarantees will be limited to the maximum amount that can be guaranteed by the applicable New Notes Subsidiary Guarantor without rendering the guarantee, as it relates to such New Notes Subsidiary Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

If a court voids a New Notes Subsidiary Guarantee, subordinates such guarantee to other indebtedness of the New Notes Subsidiary Guarantor, or holds the New Notes Subsidiary Guarantee unenforceable for any other reason, holders of the New Notes would cease to have a claim against that New Notes Subsidiary Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such New Notes Subsidiary

Guarantor, and would solely be creditors of us and any New Notes Subsidiary Guarantors whose guarantees have not been voided or held unenforceable. The Group cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the New Notes.

10.25 ***The charging of certain Collateral may in certain circumstances be voidable.***

Under the laws of the British Virgin Islands, the charge of the Collateral securing the New Notes may be voidable as an insolvency transaction which may include unfair preference, undervalue transaction, floating charge and extortionate credit transaction under insolvency or fraudulent transfer or similar laws of the British Virgin Islands at any time within six months before the onset of insolvency (and two years for a connected persons and five years for extortionate credit transactions). In addition, the charge of the Collateral securing the New Notes may be voidable as a preference under insolvency or fraudulent transfer or similar laws of Hong Kong at any time within six months of the creation of the charge or, under some circumstances, within a longer period. Moreover, the charge of certain Collateral may be voided based on the analysis set forth under "*The New Notes Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the New Notes Subsidiary Guarantees*" above in this Section 10 (*Risk Factors*). If the charge of the Collateral were to be voided for any reason, holders of the New Notes would have only an unsecured claim against the Company.

10.26 ***The value of the Collateral will likely not be sufficient to satisfy the Company's obligations under the New Notes.***

The Collateral securing the New Notes will consist only of Share Pledges or Share Charges, as the case may be, of all of the New Notes Subsidiary Guarantors and GCL New Energy NC Holdings LLC held directly by the Company or the Subsidiary Guarantor Pledgors. The security interest in respect of certain Collateral may be released upon the disposition of such collateral and any proceeds from such disposition may be applied, prior to repaying any amounts due under the New Notes, to repay other debt or to make investments in properties and assets that will not be pledged as additional Collateral. None of the capital stock of any future Restricted Subsidiary will be pledged at any time in the future unless otherwise required. The ability of the New Notes Trustee or the Collateral Agent, on behalf of the holders of the New Notes, to foreclose on the Collateral upon the occurrence of an Event of Default or otherwise, will be subject in certain instances to perfection issues. Although procedures will be undertaken to ensure the validity and enforceability of the security interests, there is no assurance that the New Notes Trustee, the Collateral Agent or holders of the New Notes will be able to enforce the security interest.

The value of the Collateral in the event of a liquidation will depend upon market and economic conditions, the availability of buyers and similar factors. No independent appraisal of the Collateral has been prepared by or on behalf of us in connection with the Scheme. Accordingly, there is no assurance that proceeds of any sale of the Collateral following an acceleration of the New Notes would be sufficient to satisfy, or would not be substantially less than, amounts due and payable on the New Notes. By its nature, the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, there is no assurance that the Collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation.

10.27 ***It may be difficult to realize the value of the Collateral.***

The security interest of the Collateral Agent on behalf of the holders of the New Notes may be subject to practical problems generally associated with the realization of security interests. For example, the Collateral Agent may need to obtain the consent of a third-party or governmental agency to obtain or enforce a security interest in, or to otherwise dispose of, the Collateral. There can be no assurance that the Collateral Agent will be able to obtain any such consent. If the Collateral Agent exercises its rights to foreclose on certain assets, transferring required government approvals to, or obtaining new approvals by, a purchaser of assets may require governmental proceedings with consequent delays. The Collateral Agent may decline to foreclose on the Collateral or exercise remedies available if it does not receive security and/or prefunding and/or indemnification to its satisfaction from the holders of the New Notes.

10.28 ***Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.***

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the Collateral may not be perfected with respect to the claims of the New Notes if no actions necessary to perfect any of these liens were taken in the manner and pursuant to the timeframe as set forth in the relevant security documents. Such failure may result in the loss of the security interest in the Collateral or the priority of the security interest in favour of the Collateral Agent for the benefit of the holders of the New Notes against third parties.

For example, under the Hong Kong laws, each Hong Kong incorporated Chargor shall register and file the relevant Share Charge under section 335 of the Companies Ordinance (Cap. 622) of Hong Kong (the "**Hong Kong Registration**"). Under section 337 of the Companies Ordinance (Cap. 622), if the Hong Kong incorporated Chargor does not comply with the requirements under section 335 of the Companies Ordinance (Cap. 622), subject to a relevant extension of time under section 346 of the Companies Ordinance (Cap. 622), the relevant Share Charge will become void at the end of that period as against any liquidator or creditor of the relevant Chargor so far as any security on the relevant Chargor's undertaking or property is conferred by such Share Charge. However, there is no assurance that the Group will be able to successfully complete the Hong Kong Registration and obtain the relevant records in accordance with the relevant Share Charges. As such, if the Hong Kong Registration is not completed timely, such Share Charges may be void.

Under the laws of Bermuda and British Virgin Islands, although there is no perfection requirement to enforce the relevant Share Charges, (i) registrations of such Share Charges with the Bermuda Registrar of Companies in accordance with section 55 of the Companies Act will ensure priority in Bermuda of the relevant security in favour of the Collateral Agent for the benefit of the holders of the New Notes over any unregistered charges and over any subsequently registered charges in Bermuda, and (ii) registrations of such Share Charges with the Registrar of Corporate Affairs in the British Virgin Islands will ensure priority of the relevant security in favour of the Collateral Agent for the benefit of the holders of the New Notes over a charge on the property that is subsequently registered in the British Virgin Islands and a charge on the property that is not registered in accordance with section 163 of the BVI Business Companies Act (but a registered floating charge will be postponed to a subsequently registered fixed charge unless the floating charge contains a prohibition or restriction on the power of the Company to create any future charge ranking in priority to or equally with the charge). Therefore, if such filings are not completed timely, this may affect the priority of the holders of the New Notes.

Risks following the Implementation of the Scheme

10.29 ***The business, operations, financial condition and prospects of the Company and other members in the Group are subject to numerous risks.***

The business, operations, financial condition and prospects of the Company and other members in the Group are subject to numerous risks including, among other things, change in government regulations and policies including reduction, modification, elimination or delay of tariff adjustments and other economic incentives in the solar power industry; changes in broader governmental policy goals and other specific regulations that promote or mandate, among other things, reductions in carbon or other greenhouse gas emissions, minimum biofuel content in fossil fuel or the use of energy from renewable sources generally; any failure to obtain and/or maintain any or all of the approvals, permits, licenses and certificates required for the construction and operation of the Company's solar power projects; working capital deficit; negative economic conditions in the PRC; the relationship of the Company with its customers in particular the subsidiaries of the State Grid Corporation of China; availability of additional funding options with acceptable terms; delay between making significant upfront investments in the Company's solar power plants and receiving the corresponding revenue; failure to successfully execute the asset light strategy to reduce the Company's gearing; the Company's partnerships and investments with third parties to hold or build operating solar power plants; disputes with joint venture partners; supply and demand changes in solar products and solar energy; increase in raw material prices; delays in equipment delivery or delay in construction of solar power plants and solar product manufacturing facilities and interruptions in electricity supply and other key production inputs; negative publicity on the Group's solar power plants; competition; credit risks of its customers; foreign exchange risks; inflationary trends; interest rate changes; environmental and safe production laws and regulations; litigation or administrative proceedings the Group is involved; insufficient insurance coverage; political, economic, legal and social conditions in the PRC; and economic conditions in Asia and elsewhere in the world.

For details of additional principal risk factors including those related to the Company's business and the solar power industry as well as the PRC, the Scheme Creditors should refer to the section entitled "Risk Factors" of the Exchange Offer Memorandum, which is hereby incorporated by reference.

10.30 ***The Group had a working capital deficit as at 31 December 2018, 2019 and 2020. If the Group is not able to generate adequate operating cash flow or obtain adequate financing, it will face the risk of not being able to continue as a going concern.***

As at 31 December 2018, 2019 and 2020, the Group had net current liabilities of RMB11,241 million, RMB11,267 million and RMB9,230 million (US$1,415 million), respectively, which indicated the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. See note 2 of the audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 included elsewhere in this Scheme Document. In addition, as at 31 December 2018, 2019 and 2020, the Group's bank balances and cash amounted to RMB1,362 million, RMB1,074 million and RMB1,144 million (US$175 million), and the Group's short term bank and other borrowings reached RMB8,323 million, RMB11,523 million and RMB12,393 million (US$1,899 million), respectively. The Group's continuation as a going concern is dependent upon its ability to secure a substantial amount of funds in the foreseeable future to finance its upcoming financial obligations and its capital expenditures under various contractual and other obligations. There is no assurance that the Group would generate sufficient cash flow either through its operations or financing plans or measures. The

Group's independent auditor, Deloitte Touche Tohmatsu, included in their audit reports for the years ended 31 December 2018 and 2019 an emphasis of matter as to the significant doubt on the Group's ability to continue as a going concern although Deloitte Touche Tohmatsu gave an unqualified opinion for the years ended 31 December 2018 and 2019. The Group's financial statements have been prepared on a going concern basis. In the event that the Group is unable to continue as a going concern, adjustments would have to be made to write down the carrying values of its assets to any recoverable amounts, to provide for any further liabilities which might arise and to reclassify noncurrent assets and non-current liabilities as current assets and current liabilities, respectively. The Group's inability to continue as a going concern would materially and adversely affect its financial condition, results of operations and business prospects. In the event that the Group is unable to continue as a going concern and go through bankruptcy proceedings, Scheme Creditors may not be able to recover their principal and/or interest.

10.31 ***If the Group fails to comply with the financial and other covenants under its loan agreements and other financing agreements, its financial condition, results of operations and business continuity may be materially and adversely affected.***

In addition to the Notes, the Group enters into loan agreements from time to time containing financial and other covenants that require it to maintain certain financial ratios or impose certain restrictions on transactions such as creation of encumbrances on its properties or assets, incurrence of significant borrowings and guarantees, capital reduction and disposal of assets or the conduct of its business or give prior notification for certain events. The Group may not be able to comply with all financial and other covenants under its loan agreements and other financing agreements from time to time. In addition, the Group may, from time to time, provide corporate guarantee or issue a comfort letter or promise letter for its onshore PRC project companies for the due performance of loan agreements and finance lease agreements. Moreover, the Group typically provides pledges over its solar power plant assets owned by its subsidiary or project company in provincial level or over its account receivables or trade receivables to raise debt financing, and the Group are restricted from creating additional security over its assets and proposing substantial asset disposal until serving them prior notification and unless obtaining written consent from those creditors. Such account or trade receivables will include all income generated or account receivables from the sale of electricity of the solar power plants in the course of business operations. If any member of the Group is in breach of one or more financial or other covenants or negative pledge clauses or other obligations under any of the Group's loan or other financing agreements and is not able to obtain consents or waivers from the relevant lenders or prepay such loan, this breach would constitute an event of default under the relevant loan or other financing agreement. As a result, repayment of the indebtedness under the relevant loan or other financing agreement may be accelerated, which may in turn require the Group to repay the entire principal amount, including interest accrued if any, of certain of its other existing indebtedness prior to their maturity and to enforce all or any of the security for such indebtedness under the cross-default provisions of its other financing agreements.

10.32 ***Interest paid by the Company to its foreign investors and gain on the sale of the New Notes may be subject to withholding taxes under PRC tax laws.***

The Company may be treated as a PRC resident enterprise for PRC tax purposes. If the Company and the New Notes Subsidiary Guarantors are deemed PRC resident enterprises, the interest paid on the New Notes may be considered to be sourced within the PRC. In that case, PRC income tax at the rate of 10% will be withheld from interest paid by the Company to investors that are "non-resident enterprises" so long as such "non-resident enterprise" investors do not have an establishment or place of business in the PRC or if, despite the existence of such establishment or place of business in the PRC, the relevant income is not effectively connected with such

establishment or place of business in the PRC. Any gain realized on the transfer of the New Notes by such investors will be subject to a 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. Furthermore, if the Company and the New Notes Subsidiary Guarantors are considered PRC resident enterprises and the relevant PRC tax authorities consider interest with respect to the New Notes, or any gains realized from the transfer of New Notes, to be income derived from sources within the PRC, such interest or gains earned by non-resident enterprises may be subject to PRC income tax (which in the case of interest, may be withheld by us) at a rate of 20%. It is uncertain whether the Company and the New Notes Subsidiary Guarantors will be considered PRC "resident enterprises." If the Company is required under the EIT Law to withhold PRC income tax on interest paid to foreign holders of the New Notes, it will be required to pay such additional amounts as will result in receipt by a holder of a New Note of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the New Notes, and could have a material adverse effect on the Company's ability to pay interest on, and repay the principal amount of, the New Notes, as well as its profitability and cash flow. In addition, if the Scheme Creditors are required to pay PRC income tax on the transfer of our New Notes, the value of your investment in the New Notes may be materially and adversely affected. It is unclear whether, if the Company and the New Notes Subsidiary Guarantors are considered PRC "resident enterprises," holders of the New Notes might be able to claim the benefit of income tax treaties or agreements entered into between the PRC and other countries or areas.

11 TAXATION

11.1 Save as disclosed in Section 11.2 below, the Company has not analysed, and this Scheme Document does not discuss, the tax consequences to any Scheme Creditor of the Restructuring. Such tax consequences may be complex and each Scheme Creditor is urged to consult its own tax adviser with respect to the tax consequences of the Restructuring in light of such person's particular circumstances, including the tax consequences in any jurisdiction of the exchange of interests in the Notes for any Scheme Consideration, and the receipt, ownership and disposition of such Scheme Consideration. Scheme Creditors are liable for any taxes that may arise as a result of the Scheme and the Restructuring, and shall have no recourse to the Company, the Subsidiary Guarantors, the New Notes Subsidiary Guarantors, the Notes Trustee, the New Notes Trustee, the Information Agent or any other person in respect of such taxes or any filing obligation with respect thereto.

11.2 The Company has obtained an assurance under the Exempted Undertakings Tax Protection Act 1966 of Bermuda that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax shall not be applicable to the Company or any of its operations or to its shares, debentures or other obligations of the Company, provided that the assurance shall not be construed so as to prevent the application of any tax or duty to such persons as are ordinarily resident in Bermuda and shall not prevent the application of any tax payable in accordance with the provisions of the Land Tax Act 1967 or otherwise payable in relation to land leased to the Company. The tax assurance is in effect until 31 March 2035.

APPENDIX 1 DEFINITIONS AND INTERPRETATION

In this Scheme Document:

"Agents of the Notes"	**means the Registrar and Paying Agent.**
"Accepted"	means in relation to a Scheme Claim, the acceptance by the Company of such Scheme Claim (or part thereof) in accordance with the terms of the Scheme for the purposes of determining any entitlement to Scheme Consideration without Dispute or, where a Scheme Claim is Disputed, the acceptance or determination by the Adjudicator of a Disputed Scheme Claim (or part thereof) for such purpose in accordance with the Adjudication Procedure; and "Accept" shall be construed accordingly.
"Accepted Scheme Claim"	means a Scheme Claim against the Company which has been Accepted.
"Account Holder"	means any Person who is recorded in the books of a Clearing System as being a holder of a book-entry interest in the Notes in an account with that Clearing System or, as the context may require, is or was recorded in such books as being such a holder of Notes in such an account at the Record Time.
"Account Holder Letter"	means a letter (as varied in accordance with clause 19.7 of Appendix 2 (*The Scheme*)) from an Account Holder on behalf of the relevant Noteholder substantially in the form of, as the context requires: (a) the account holder letter set out in Appendix 4 (*Solicitation Packet*), as submitted to the Information Agent prior to the Record Time; and/or (b) the holding period account holder letter set out in appendix 1 (*Holding Period Account Holder Letter*) of Appendix 9 (*Holding Period Trust Deed*), as submitted to the Information Agent after the Record Time and prior to the Bar Time, provided, in each case, that the Company shall have discretion to accept a purported Account Holder Letter (which contains substantially the information required in respect of such Account Holder Letter) as such even if such letter deviates from the aforementioned forms.
"Adjudication Procedure"	means the procedure for the resolution of Disputed Scheme Claims as set out in Part E (*General Scheme Provisions*) of Appendix 2 (*The Scheme*).
"Adjudicator"	means the Person named in clause 18 of Appendix 2 (*The Scheme*) and any suitably qualified replacement the Company may appoint in accordance with the terms of the Scheme to act as an adjudicator in respect of any Disputed Scheme Claim in accordance with the Adjudication Procedure.
"Admiralty Harbour"	Admiralty Harbour Capital Limited, which is acting as financial advisor

	to the Company in connection with the Restructuring.
"Adviser"	means each of Admiralty Harbour and its advisers, Milbank, Conyers Dill & Pearman, King & Wood Mallesons, Grandall Law Firm (Beijing), FTI and the Information Agent; and "**Advisers**" shall be construed accordingly.
"Affiliates"	means in relation to any Person, its current and former direct and indirect subsidiaries, subsidiary undertakings, parent companies, holding companies, partners, related partnerships, equity holders, members and managing members, and any of their respective Affiliates.
"Allowed Proceeding"	means any Proceeding by a Scheme Creditor to enforce its rights under the Scheme or the Scheme Document and/or to compel the Company or any other Person or entity to comply with its obligations under the Scheme and any Proceeding by a Scheme Creditor pursuant to or in connection with the Scheme Consideration and/or the Fixed Fee.
"Bar Time"	means 5:00 p.m. (Hong Kong time) / 6:00 a.m. (Bermuda time) on the date falling three Business Days before the Holding Period Expiry Date.
"Bermuda Court"	means the Supreme Court of Bermuda.
"Bermuda Court Sanction Hearing"	means the hearing at the Bermuda Court of the petition to sanction the Scheme.
"Bermuda Registrar of Companies"	means the Registrar of Companies in Bermuda.
"Bermuda Sanction Order"	means the order of the Bermuda Court sanctioning the Scheme (with or without modification).
"Board"	means the board of directors of the Company from time to time.
"Business Day"	means any day on which banks are open for business generally in all of Hong Kong, London, Bermuda, the PRC, and New York.
"Bye-Laws"	means the Bye-Laws of the Company adopted at the special general meeting of the Company held on 27 June 2014.
"Cash Consideration"	means the cash consideration payable to each Noteholder who submits a duly completed Account Holder Letter in respect of its Scheme Claims to the Information Agent prior to the Record Time, in the amount of US$50 per US$1,000 in principal amount of the Notes held by such Noteholder at the Record Time under its Accepted Scheme Claim.
"CDB Term Loan Facility"	means the secured term loan facility (as amended by the first amendment agreement dated 21 April 2020 and the second amendment agreement dated 18 December 2020) dated 22 August 2019, entered into between the Company and China Development Bank, Hong Kong Branch, guaranteed by GCL-Poly Energy Holdings Limited, for a US$ term loan

	facility in an aggregate amount of US$130.0 million for a tenor of 24 months from the first utilization date.
"Chairperson"	means the chairperson of the Scheme Meeting.
"Claims"	means all and any actions, causes of action, claims, counterclaims, suits, debts, sums of money, accounts, contracts, agreements, promises, damages, judgments, executions, demands or rights whatsoever or howsoever arising, whether present, future, prospective or contingent, known or unknown, whether or not for a fixed or unliquidated amount, whether or not involving the payment of money or the performance of an act or obligation or any failure to perform any obligation or any omission, whether arising at common law, in equity or by statute in or under the laws of Hong Kong, New York, Bermuda, or under any other law or in any other jurisdiction howsoever arising; and "**Claim**" shall be construed accordingly.
"Clearing Systems"	means each of Euroclear Bank SA/NV and any successor and Clearstream Banking S.A. and any successor; and "**Clearing System**" means either one of them.
"Clearstream"	means Clearstream Banking S.A..
"Collateral Agent"	means Madison Pacific Trust Limited and any successor, acting as collateral agent under the New Security Documents, for itself and the benefit of the holders of the New Notes and the New Notes Trustee.
"Committee"	means the *ad hoc* committee of certain Noteholders (as constituted from time to time), certain members of which are represented by Houlihan Lokey (China) Limited as financial adviser and Hogan Lovells as legal adviser.
"Committee Advisers"	means each of Houlihan Lokey (China) Limited, Hogan Lovells, Moorlander Consulting Limited and Walkers (Hong Kong), as the advisers to certain members of the Committee.
"Committee Party"	means each Noteholder that is a member of the Committee and its successors, assigns, Designated Recipients, Affiliates and Personnel and each Committee Adviser.
"Committee Majority"	means, in relation to any approval, consent or opinion, any member or members of the Committee who in aggregate are the beneficial owners of more than 50% in outstanding principal amount of the Notes held by the Committee collectively at the time any such approval, consent or opinion is provided.
"Companies Act"	means the Companies Act 1981 as applicable in Bermuda.
"Companies Ordinance"	means the Companies Ordinance (Cap. 622) (as amended) as applicable in Hong Kong.

"Company"	means GCL New Energy Holdings Limited協鑫新能源控股有限公司, a company incorporated with limited liability under the laws of Bermuda and listed on the HKEx with stock code 451.
"Consenting Creditor"	means each Noteholder who is party to the RSA as a Consenting Creditor (as defined in the RSA); and "**Consenting Creditors**" means such Noteholders collectively.
"Collateral"	means all collateral securing, or purported to be securing, directly or indirectly, the New Notes or any New Notes Subsidiary Guarantee pursuant to the New Security Documents following the repayment of the CDB Term Loan Facility, and shall initially consist of the capital stock of all of the initial New Notes Subsidiary Guarantors and GCL New Energy NC Holdings LLC held directly by the Company or the initial New Notes Subsidiary Guarantor Pledgors.
"Conyers"	means Conyers Dill & Pearman, which is acting as Bermuda legal advisor to the Company in connection with the Restructuring.
"Cross-Border Recognition"	means in connection with any Insolvency Proceeding commenced in any one jurisdiction the recognition of that Insolvency Proceeding in another jurisdiction, whether under laws relating to bankruptcy, liquidation, insolvency, reorganization, winding-up, or composition or adjustment of debts or similar law, international principles of judicial comity, statute, enactment or other regulation.
"Custody Instruction"	means an instruction to the relevant Clearing System to block the Notes from trading in the relevant Clearing System.
"Custody Instruction Deadline"	means 5:00 p.m. on 1 June 2021 (London time) / 00:00 a.m. 2 June 2021 (Hong Kong time) / 1:00 p.m. 1 June 2021 (Bermuda time).
"Custody Instruction Reference Number"	means, the unique reference provided by Euroclear or Clearstream, following an instruction from an Account Holder to block the relevant Notes in accordance with the instructions contained in this Scheme Document.
"Customary Securities Lending or Repo Arrangement"	has the meaning given to it in the RSA.
"Deed of Release"	means the deed of release to be executed by the Scheme Creditors for the benefit of the Company and other beneficiaries on the Restructuring Effective Date, substantially in the form set out in Appendix 8 (*Deed of Release*).
"Deferred Restructuring Effective Date"	means the date specified as such in any Extension Notice, but which (for the avoidance of doubt) must be a date falling prior to the Longstop Date.

"Depositary"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, as common depositary for Euroclear and Clearstream under the Indenture.
"Designated Recipient Form"	means the form appended to the Account Holder Letter and available on the Scheme Website by which a Scheme Creditor may appoint a Designated Recipient to be the recipient of the New Notes that would otherwise be issued to a Scheme Creditor.
"Designated Recipient"	means, in relation to any Scheme Creditor, any single entity that is designated by that Scheme Creditor in a Designated Recipient Form as the recipient of the portion of New Notes to which that Scheme Creditor is entitled pursuant to the terms of the Scheme, provided that the Designated Recipient shall only be validly designated if it can make affirmative Securities Law Representations by submission of a duly completed Distribution Confirmation Deed.
"Directors"	means directors of the Company; and "**Director**" shall be constructed accordingly.
"Dispute"	means any dispute whatsoever arising in relation to a Scheme Claim of a Scheme Creditor under or in respect of the Note Documents; and "**Disputed**" shall be construed accordingly.
"Disputed Scheme Claim"	means a Scheme Claim against the Company which has been Disputed.
"Disputed Scheme Claim Resolution Deadline"	has the meaning given to it in clause 19.1 of Appendix 2 (*The Scheme*).
"Distribution Confirmation Deed"	means the form appended to the Account Holder Letter and available on the Scheme Website confirming, amongst other things, that the Scheme Creditor or its Designated Recipient may lawfully be issued the New Notes.
"Eligible Consenting Creditor"	means a Consenting Creditor which is an Eligible Creditor (as defined in the RSA).
"Eligible Consenting Creditor Notes"	means, with respect to each Eligible Consenting Creditor, its Eligible Notes (as defined in the RSA).
"Eligible Creditor"	means a Noteholder who (a) submits a duly completed Account Holder Letter and Distribution Confirmation Deed including affirmative Securities Law Representations and, if applicable, Designated Recipient Form, in each case, to the Information Agent prior to the Record Time and (b) who has an Accepted Scheme Claim.
"Eligible Person"	means a person who can make affirmative Securities Law Representations.

"Escrow Agent"	means Madison Pacific Trust Limited.
"Euroclear"	means Euroclear Bank SA/NV.
"Exchange Offer Memorandum"	means the now terminated exchange offer memorandum dated 23 December 2020 under which the Company, among other things: (i) commenced an exchange offer in respect of the Notes; and (ii) invited Noteholders to accede to the RSA; in each case, upon the terms and conditions set out in the exchange offer memorandum.
"Exchange Offer"	means the now terminated offer by the Company to exchange the Notes for new securities in the manner and on the terms set out in the Exchange Offer Memorandum.
"Excluded Liabilities"	means any liability of the Company that is not subject to the arrangement and compromise to be effected by the Scheme, including (without limitation) the Scheme Costs and amounts due pursuant to Clause 7.2(e)(ii).
"Explanatory Statement"	means the explanatory statement in relation to the Scheme required by section 100 of the Companies Act and incorporated into this Scheme Document.
"Extension Notice"	means a notice issued by the Company for extending the Restructuring Effective Date in accordance with clause 6.6 of Appendix 2 (*The Scheme*).
"Fixed Fee Deadline"	means 4:00 p.m. London time on 8 February 2021 (unless extended in accordance with the terms of the RSA).
"Fixed Fee"	means, with respect to each Eligible Consenting Creditor, an amount equal to: (i) the aggregate principal amount of its Eligible Consenting Creditor Notes; *divided by* (ii) the aggregate principal amount of the Eligible Consenting Creditor Notes held by all Eligible Consenting Creditors collectively; *multiplied by* (iii) US$17,800,000.
"FTI"	FTI Consulting (Hong Kong) Limited.
"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, the shares of which are listed on the main board of the HKEx with stock code 3800.
"Global Notes"	means the global notes by which the Notes were offered and sold in offshore transactions in reliance on Regulation S under the U.S. Securities Act, which are registered in the name of The Bank of New York Depository (Nominees) Limited (as nominee of the Depositary).
"Governmental Entity"	means any federal, national or local government, governmental, regulatory or administrative authority, agency or commission or any

	court, tribunal or judicial body of any jurisdiction.
"Group"	means the Company and its subsidiaries.
"Guarantee"	means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "**Guarantee**" used as a verb has a corresponding meaning.
"HKEx"	means The Stock Exchange of Hong Kong Limited.
"Holding Period Expiry Date"	means the last day of the Holding Period.
"Holding Period"	means the period from the Restructuring Effective Date up to the date falling three months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date).
"Holding Period Trust Deed"	means the trust deed to be executed on or before the Restructuring Effective Date by the Holding Period Trustee for the benefit of the Ineligible Creditors, substantially in the form set out at Appendix 9 (*Holding Period Trust Deed*).
"Holding Period Trustee"	means Lucid, as bare trustee of the Trust Assets for and on behalf of the Scheme Creditors, pursuant to the terms of the Holding Period Trust Deed.
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC.
"Indenture"	means the indenture dated 30 January 2018, as amended, supplemented, or otherwise modified from time to time, between the Company, the Subsidiary Guarantors and Notes Trustee pursuant to which the Notes were constituted.
"Ineligible Creditor"	means a Scheme Creditor who is not an Eligible Creditor.
"Information Agent"	means Lucid Issuer Services Limited, which is acting as information agent for the Company in connection with the Restructuring.

"Insolvency Proceeding"	means any proceeding, process, appointment or application under any law relating to insolvency, reorganization, winding-up, or composition or adjustment of debts, including, without limitation, winding-up, liquidation, bankruptcy, provisional liquidation, receivership, administration, provisional supervision, company voluntary arrangement, scheme of arrangement, suspension of payment under court supervision or any other analogous proceedings in any jurisdiction (including any of the foregoing brought for the purpose of obtaining Cross-Border Recognition).
"**Intercreditor Agreement**"	the intercreditor agreement substantially in the form contained in Part I of Schedule II to the New Notes Indenture, to be dated as of, or as soon as practicable following, the CDB Loan Repayment Date, among (i) the Company, (ii) the Subsidiary Guarantor Pledgors, (iii) the Collateral Agent and (iv) the New Notes Trustee (as may be amended, supplemented or modified from time to time).
"Intermediary"	means a Person (other than an Account Holder) who holds an interest in the Notes on behalf of another Person or other Persons.
"Liability"	means any debt, liability or obligation whatsoever, whether it is present, future, prospective or contingent, whether or not such amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation, and whether arising at common law, in equity or by statute in or under the laws of Hong Kong, New York, Bermuda, or under any other law or in any other jurisdiction howsoever arising; and "**Liabilities**" shall be construed accordingly.
"Liquidation Analysis"	means the liquidation analysis prepared by FTI as set out in Appendix 6 (*Liquidation Analysis*).
"Longstop Date"	means 30 June 2021 (the "**Original Longstop Date**"), or such later date and time as the Company may elect in accordance with the requirements set out in clause 6.8 of Appendix 2 (*The Scheme*).
"Lucid"	means Lucid Issuer Services Limited.
"Macau"	means the Macau Special Administrative Region of the PRC.
"Majority Consenting Creditors"	means, at any time, Consenting Creditors who hold (in aggregate) more than 50% of the outstanding principal amount of the Notes held (in aggregate) by all Consenting Creditors collectively at that time.
"Milbank"	means Milbank LLP, which is acting as international legal advisor to the Company in connection with the Restructuring.
"New Depositary"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, as common depositary for Euroclear and Clearstream under the New

	Indenture.
"New Global Notes"	means the global notes evidencing the New Notes, in the form attached as Appendix A to the New Notes Indenture, which will be registered in the name of The Bank of New York Depository (Nominees) Limited (as nominee of the New Depositary).
"New Notes"	means the 10.00% per annum U.S. dollar denominated senior notes due 2024 to be issued by the Company pursuant to the New Notes Indenture, in an aggregate principal amount equal to (i) the Total Scheme Claim Amount; minus (ii) the Total Cash Consideration Amount.
"New Notes Indenture"	means the indenture relating to the New Notes, substantially in the form of the document in Appendix 10 (*New Notes Indenture*), to be entered into between, amongst others, the Company and the New Notes Trustee.
"New Notes Trustee"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, in its capacity as Trustee under the New Notes Indenture or any successor trustee under the New Notes Indenture.
"New Security Documents"	means, collectively, the share charge deeds or share pledge agreements, as the case may be, to be executed, delivered and become effective following the repayment of the CDB Term Loan Facility, substantially in the form contained in Part II of Schedule II to the New Notes Indenture, and any other agreements or instruments that may evidence or create any security interest in favour of the Collateral Agent or the New Notes Trustee for the benefit of themselves and of the secured parties that shall include the noteholders, in any or all of the Collateral securing, with respect to the New Notes, the obligations of the Company under the New Notes and the New Notes Indenture and of the New Notes Subsidiary Guarantor Pledgors under their respective New Notes Subsidiary Guarantees. Reference to New Security Documents in this Scheme Document shall only be deemed to be applicable when such New Security Documents are executed, delivered and become effective pursuant to Section 11.01 of the New Notes Indenture following the repayment of the CDB Term Loan Facility.
"New Notes Subsidiary Guarantee"	means the guarantee to be provided by the New Notes Subsidiary Guarantors in connection with the New Notes as described in the row entitled "*New Notes Subsidiary Guarantors*" of Section 8 (*Summary of the New Notes*).
"New Notes Subsidiary Guarantors"	means each of PIONEER GETTER LIMITED, GCL New Energy Development Limited, GCL New Energy Management Limited, GCL New Energy Trading Limited, GCL New Energy International Limited and GCL New Energy, Inc (and any other person that constitutes a New Notes Subsidiary Guarantor pursuant to the row entitled "*New Notes Subsidiary Guarantors*" of Section 8 (*Summary of the New Notes*); and

	"**New Notes Subsidiary Guarantor**" means any one of them.
"New Notes Subsidiary Guarantor Pledgors"	means (a) any initial Subsidiary Guarantor Pledgors (as defined in the New Notes Indenture), being PIONEER GETTER LIMITED, GCL New Energy Management Limited, GCL New Energy International Limited and GCL New Energy, Inc. and (b) any other New Notes Subsidiary Guarantor which charges the Collateral to secure the obligations of the Company under the New Notes and the New Notes Indenture and of such New Notes Subsidiary Guarantor under its New Notes Subsidiary Guarantee; provided that a New Notes Subsidiary Guarantor Pledgor will not include any Person whose charge under the New Security Documents has been released in accordance with the New Security Documents, the New Notes Indenture and the New Notes.
"Note Documents"	means, collectively, the Notes, the Indenture and any related guarantee or security documents.
"Noteholders"	means those Persons with an economic or beneficial interest as principal in the Notes held through the Clearing Systems at the Record Time (which for the avoidance of doubt, includes any Person who has entered into a Customary Securities Lending or Repo Arrangement in respect of any Notes held through the Clearing Systems at the Record Time as a lender or seller-subject-to-repurchase (as the case may be), provided that the counterparty to that Customary Securities Lending or Repo Arrangement holds the relevant book entry interests in respect of such Notes as the Account Holder at the Record Time).
"Notes"	means the US$500,000,000 7.1% senior notes due 2021 issued by the Company pursuant to the Indenture.
"Notes Trustee"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, in its capacity as trustee under the Indenture or any successor trustee under the Indenture.
"Original Longstop Date"	has the meaning given to it in the definition of "Longstop Date".
"Paying Agent"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, in its capacity as paying agent under the Indenture or any successor paying agent under the Indenture.
"Person"	means any natural person, corporation, limited or unlimited liability company, trust, joint venture, association, corporation, partnership, Governmental Entity or other entity whatsoever.
"Personnel"	means, in relation to any Person, its current and former officers, partners, directors, employees, staff, agents, counsel and other representatives.

"PRC"	means the People's Republic of China, and for the purpose of this Scheme Document does not include Hong Kong, Macau, or Taiwan.
"Proceeding"	means any process, suit, action, legal or other legal proceeding including without limitation any arbitration, mediation, alternative dispute resolution, judicial review, adjudication, demand, statutory demand, execution, distraint, forfeiture, re-entry, seizure, lien, enforcement of judgment, enforcement of any security or Insolvency Proceedings in any jurisdiction.
"Record Date"	means 2 June 2021.
"Record Time"	means 5:00 p.m. on 2 June 2021 (London time) / 00:00 a.m. 3 June 2021 (Hong Kong time) / 1:00 p.m. 2 June 2021 (Bermuda time).
"Registrar"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, in its capacity as registrar under the Indenture or any successor registrar under the Indenture.
"Released Claim"	means any Scheme Claim or any past, present and/or future Claim arising out of, relating to or in respect of: (a) the Scheme Claims and any of the facts and matters giving rise to the Scheme Claims; (b) the preparation, negotiation, sanction or implementation of the Scheme and/or the RSA; and/or (c) the preparation, negotiation and/or execution of the Restructuring Documents and the carrying out of the steps and transactions contemplated therein in accordance with their terms.
"Released Person"	means the Company and its Affiliates and its and their Personnel.
"Remaining Cash Consideration"	means an amount of cash equal to: (a) the total amount of the Residual Cash Consideration; less (b) the aggregate amount of Residual Cash Consideration distributed to all Ineligible Creditors who establish, prior to the Bar Time, their entitlement to Residual Cash Consideration in accordance with the Holding Period Trust Deed.
"Remaining New Notes"	means New Notes with a principal amount equal to: (a) the total principal amount of the Residual New Notes; less (b) the aggregate principal amount of Residual New Notes distributed to all Ineligible Creditors who establish, prior to the Bar Time, their entitlement to Residual New Notes in accordance with the Holding Period Trust Deed.
"Residual Cash Consideration"	means the amount of cash equal to the Total Cash Consideration Amount minus the amount of Cash Consideration distributed in accordance with to clause 7.2(a) of Appendix 2 (*The Scheme*).
"Residual New Notes"	means the portion of the New Notes which remains after distribution in accordance with clause 7.2(c) of Appendix 2 (*The Scheme*).

"Restricted Notes Notice"	means a notice substantially in the form set out in Schedule 4 to the RSA.
"Restricted Notes"	means, in relation to a Consenting Creditor, the outstanding principal amount of the Notes as set out in the Restricted Notes Notice most recently delivered by it under the terms of the RSA.
"Restricted Subsidiaries"	has the meaning given to that term under the New Notes Indenture.
"Restructuring"	means the proposed restructuring in accordance with the terms of the RSA.
"Restructuring Conditions"	means each of the conditions precedent to the occurrence of the Restructuring Effective Date as set out in clause 16 of Appendix 2 (*The Scheme*).
"Restructuring Documents"	means the New Notes, the New Global Notes, the New Notes Indenture, the Deed of Release, the Holding Period Trust Deed, the Intercreditor Agreement, the Share Charges and the Share Pledges, as the case may be, and the Power of Attorney.
"Restructuring Effective Date"	means the date falling two Business Days after the date on which each of the Restructuring Conditions has been satisfied or, in the event that the Company delivers an Extension Notice, the Deferred Restructuring Effective Date.
"RSA"	means the restructuring support agreement dated 23 December 2020 between the Company, the Subsidiary Guarantors and certain Noteholders, as amended and restated on 5 February 2021.
"RSA Milestone"	means each milestone listed in column 1 of the table in Schedule 7 (*Milestones*) of the RSA.
"RSA Milestone Deadline"	means, in respect of each RSA Milestone, the date set out opposite that RSA Milestone in column 2 of the table in Schedule 7 (*Milestones*) of the RSA, as such RSA Milestone Deadline may be extended with the prior written consent of the Majority Consenting Creditors, provided that no Milestone Deadline shall be a date later than the Longstop Date.
"RSA Term Sheet"	means the term sheet appended at Schedule 6 to the RSA.
"Scheme"	means the scheme of arrangement between the Company and the Scheme Creditors pursuant to section 99 of the Companies Act in its present form or with or subject only to any modifications, additions or conditions that the Bermuda Court may approve or impose, provided that any such modification, addition or condition does not have a material adverse effect on the rights of the Scheme Creditors (and is not prohibited by the terms of the Scheme), and the terms of the which are set out in Appendix 2 (*The Scheme*).
"Scheme Claim"	means a Claim against the Company arising directly or indirectly out of, in relation to and/or in connection with the Note Documents, whether

	before, at or after the Record Time (but excluding the Excluded Liabilities); and "**Scheme Claims**" shall be construed accordingly.
"Scheme Conditions"	means each of the conditions precedent to the effectiveness of the Scheme, as set out in clause 15 of Appendix 2 (*The Scheme*).
"Scheme Consideration"	means, together, the New Notes and the Cash Consideration (and, without double counting, any Residual New Notes, Residual Cash Consideration and cash adjustments payable as a result of the rounding down of fractional entitlements of New Notes in accordance with the terms of clause 7.2(c)(i) of Appendix 2 (*The Scheme*).
"Scheme Costs"	means the liability of the Company in respect of the fees, costs and expenses of the Advisers.
"Scheme Creditors"	means the creditors of the Company in respect of the Scheme Claims at the Record Time, including (but without double counting in each case), the Depositary, the Notes Trustee, each of the Noteholders, the Account Holders and Intermediaries.
"Scheme Creditor Parties"	means, in respect of a Scheme Creditor, its predecessors, successors, assigns, Designated Recipients, Affiliates and Personnel.
"Scheme Document"	means the composite scheme document dated 12 May 2021 of the Company addressed to Scheme Creditors containing, among other things, the Explanatory Statement of the Company in compliance with the Companies Act and the terms of the Scheme (including all appendices, schedules and annexures thereto).
"Scheme Effective Date"	means the first date at which all of the Scheme Conditions have been satisfied, as specified in the Scheme Effective Notice.
"Scheme Effective Notice"	means the notice to be issued by the Company and delivered to the Information Agent in accordance with clause 6.4 of Appendix 2 (*The Scheme*) confirming satisfaction of the Scheme Conditions and specifying the Scheme Effective Date.
"Scheme Meeting"	means a meeting of the Scheme Creditors in relation to the Scheme as convened by an order of the Bermuda Court for the purpose of considering and, if thought fit, approving the Scheme with or without modification, and any adjournment thereof.
"Scheme Website"	means https://deals.lucid-is.com/gclnewenergy, provided that access to such website shall not be restricted in any manner at any time (including, without limitation, by requiring a valid password to be entered).
"SEC"	means the U.S. Securities and Exchange Commission.
"Securities Law Representations"	means the securities law confirmations and undertakings set out in Annex B to the Distribution Confirmation Deed.

"SFC"	means the Securities and Futures Commission of Hong Kong.
"SFO"	means Hong Kong's Securities and Futures Ordinance.
"SGX-ST"	means Singapore Exchange Securities Trading Limited.
"Shares"	means ordinary shares in the Company.
"Solicitation Packet"	means the packet of materials, including the Account Holder Letter and accompanying instructions, the Designated Recipient Form and the Distribution Confirmation Deed, all of which are available to Scheme Creditors on the Scheme Website and Appendix 4 (*Solicitation Packet*).
"Subsidiary Guarantors"	means each of PIONEER GETTER LIMITED, GCL New Energy Development Limited, GCL New Energy Management Limited and GCL New Energy Trading Limited ; and "**Subsidiary Guarantor**" means any one of them.
"Subsidiary Guarantee"	means the Guarantee, provided by each Subsidiary Guarantor to each holder of a Note, in respect of the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under the Notes and the Indenture, as set out in section 10.01 of the Indenture.
"Super Majority Consenting Creditors"	means, at any time, Consenting Creditors who hold (in aggregate) more than 75% of the outstanding principal amount of the Notes held (in aggregate) by all Consenting Creditors collectively at that time.
"Total Cash Consideration Amount"	means US$25,000,000.
"Total Residual Scheme Claim Amount"	means the Total Scheme Claim Amount in respect of the Ineligible Creditors.
"Total Scheme Claim Amount"	means, the aggregate amount of all the Scheme Claims of each Scheme Creditor, being an amount equal to the sum of: (a) the outstanding principal amount of the Notes held by each Scheme Creditor as at the Record Time; plus (b) all accrued and unpaid interest on such Notes up to but excluding the Restructuring Effective Date. For the purposes of sub-paragraph (b) of this definition, interest on the Notes will be treated as having accrued at the rate of 7.1% per annum specified in the Indenture from 31 July 2020 until 30 January 2021 and then shall be deemed to accrue at the rate of 10.0% per annum from 31 January 2021 until (but excluding) the Restructuring Effective Date.
"Trust Assets"	means the Residual New Notes and the Residual Cash Consideration (and, without double counting, any cash adjustments payable as a result of the rounding down of fractional entitlements of New Notes in accordance with the terms of clause 6 of Appendix 9 *(Holding Period Trust Deed*).

"Two Thirds Majority Consenting Creditors"	means, at any time, Consenting Creditors who (in aggregate) hold more than 66.67% of the outstanding principal amount of the Notes held (in aggregate) by all Consenting Creditors at that time.
"U.S. GAAP"	means the Generally Accepted Accounting Principles in the United States.
"United States"	means the United States of America.
"US Bankruptcy Code"	means Title 11 of the United States Code.
"US Bankruptcy Court"	means the United States Bankruptcy Court for the Southern District of New York.
"U.S. Securities Act"	means the U.S. Securities Act of 1933, as amended, including the rules and regulations promulgated by the SEC thereunder.

In this Scheme Document:

(a) words denoting the singular number only shall include the plural number also and vice versa;

(b) words denoting one gender only shall include the other genders;

(c) words denoting persons only shall include firms and corporations and vice versa;

(d) a reference to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment;

(e) unless expressed otherwise:

(i) a reference to U.S. dollars or US$ is a reference to the currency of the United States of America;

(ii) a reference to Hong Kong dollars or HK$ is a reference to the currency of Hong Kong; and

(iii) a reference to RMB is a reference to the currency of the People's Republic of China;

(f) a reference in this Appendix 1 (*Definitions and Interpretation*) to any document whose meaning is stated to be the meaning given to a document as defined in this Scheme Document shall be construed as a reference to that document as amended, varied, novated, restated, modified, supplemented or re-enacted or replaced prior to the date of this Scheme Document;

(g) clause, paragraph and schedule headings are for ease of reference only;

(h) unless otherwise stated, reference to a time of day shall be construed as a reference to Hong Kong time;

(i) unless otherwise expressly provided, references to Sections, paragraphs and sub-paragraphs are references to the sections, paragraphs and sub-paragraphs respectively of this Scheme Document;

(j) unless otherwise expressly provided, references to Appendices are references to the appendices to this Scheme Document;

(k) a reference to this Scheme Document includes a reference to the preliminary sections and appendices of this Scheme Document; and

(l) a reference to any person shall include any:

(i) natural person, corporation, limited or unlimited liability company, trust, joint venture, association, corporation, partnership;

(ii) federal, national or local government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial body of Hong Kong, the United States of America or any other relevant jurisdiction; or

(iii) other entity whatsoever.

APPENDIX 2 THE SCHEME

THE BERMUDA SCHEME

IN THE SUPREME COURT OF BERMUDA
COMMERCIAL COURT
CIVIL JURISDICTION
2021: No. 110

IN THE MATTER OF GCL NEW ENERGY HOLDINGS LIMITED

IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981

SCHEME OF ARRANGEMENT
(under section 99 of the Companies Act 1981 of Bermuda)

between

GCL NEW ENERGY HOLDINGS LIMITED
(a company incorporated with limited liability under the laws of Bermuda)

and

THE SCHEME CREDITORS
(as hereinafter defined)

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1. DEFINITIONS AND INTERPRETATION

1.1 In this Scheme:

"Agents of the Notes"	**means the Registrar and Paying Agent.**
"Accepted"	means, in relation to a Scheme Claim, the acceptance by the Company of such Scheme Claim (or part thereof) in accordance with Clause 11 hereof for the purposes of determining any entitlement to Scheme Consideration without Dispute or, where a Scheme Claim is Disputed, the acceptance or determination by the Adjudicator of a Disputed Scheme Claim (or part thereof) for such purpose in accordance with the Adjudication Procedure; and "Accept" shall be construed accordingly.
"Accepted Scheme Claim"	means a Scheme Claim against the Company which has been Accepted.
"Account Holder"	means any Person who is recorded in the books of a Clearing System as being a holder of a book-entry interest in the Notes in an account with that Clearing System or, as the context may require, is or was recorded in such books as being such a holder of Notes in such an account at the Record Time.
"Account Holder Letter"	means a letter (as varied in accordance with Clause 19.7) from an Account Holder on behalf of the relevant Noteholder substantially in the form of, as the context requires: (a) the account holder letter set out in Appendix 4 (*Solicitation Packet*) of the Scheme Document, as submitted to the Information Agent prior to the Record Time; and/or (b) the holding period account holder letter set out in appendix 1 (*Holding Period Account* Holder *Letter*) of Appendix 9 (*Holding Period Trust Deed*) of the Scheme Document, as submitted to the Information Agent after the Record Time and prior to the Bar Time, provided, in each case, that the Company shall have discretion to accept a purported Account Holder Letter (which contains substantially the information required in respect of such Account Holder Letter) as such even if such letter deviates from the aforementioned forms.
"Adjudication Procedure"	means the procedure for the resolution of Disputed Scheme Claims as set out in Part E (*General Scheme Provisions*) of this Scheme.
"Adjudicator"	means the Person named in Clause 18 and any suitably qualified replacement the Company may appoint in accordance with Clause 18 to act as an adjudicator in respect of any Disputed Scheme Claim in accordance with the Adjudication Procedure.

"Admiralty Harbour"	Admiralty Harbour Capital Limited, which is acting as financial advisor to the Company in connection with the Restructuring.
"Adviser"	means each of Admiralty Harbour and its advisers, Milbank, Conyers Dill & Pearman, King & Wood Mallesons, Grandall Law Firm (Beijing), FTI and the Information Agent; and "**Advisers**" shall be construed accordingly.
"Affiliates"	means in relation to any Person, its current and former direct and indirect subsidiaries, subsidiary undertakings, parent companies, holding companies, partners, related partnerships, equity holders, members and managing members, and any of their respective Affiliates.
"Allowed Proceeding"	means any Proceeding by a Scheme Creditor to enforce its rights under the Scheme or the Scheme Document and/or to compel the Company or any other Person or entity to comply with its obligations under the Scheme and any Proceeding by a Scheme Creditor pursuant to or in connection with the Scheme Consideration and/or the Fixed Fee.
"Bar Time"	means 5:00 p.m. (Hong Kong time) / 6:00 a.m. (Bermuda time) on the date falling three Business Days before the Holding Period Expiry Date.
"Bermuda Court"	means the Supreme Court of Bermuda.
"Bermuda Court Sanction Hearing"	means the hearing at the Bermuda Court of the petition to sanction the Scheme.
"Bermuda Registrar of Companies"	means the Registrar of Companies in Bermuda.
"Bermuda Sanction Order"	means the order of the Bermuda Court sanctioning the Scheme (with or without modification).
"Book Entry Interest"	means in relation to the Notes, a beneficial interest as principal in the Global Notes held through and shown on, and transferred only through, records maintained in book entry form by the Clearing Systems.
"Business Day"	means any day on which banks are open for business generally in all of Hong Kong, London, Bermuda, the PRC, and New York.
"Cash Consideration"	means the cash consideration payable to each Noteholder who submits a duly completed Account Holder Letter in respect of its Scheme Claims to the Information Agent prior to the Record Time, in the amount of US$50 per US$1,000 in principal amount of the Notes held by such Noteholder at the Record Time under its Accepted Scheme Claim.
"Chairperson"	means the chairperson of the Scheme Meeting.
"Claims"	means all and any actions, causes of action, claims, counterclaims, suits, debts, sums of money, accounts, contracts, agreements, promises,

	damages, judgments, executions, demands or rights whatsoever or howsoever arising, whether present, future, prospective or contingent, known or unknown, whether or not for a fixed or unliquidated amount, whether or not involving the payment of money or the performance of an act or obligation or any failure to perform any obligation or any omission, whether arising at common law, in equity or by statute in or under the laws of Hong Kong, New York, Bermuda, or under any other law or in any other jurisdiction howsoever arising; and "**Claim**" shall be construed accordingly.
"Clearing Systems"	means each of Euroclear Bank SA/NV and any successor and Clearstream Banking S.A. and any successor; and "**Clearing System**" means either one of them.
"Clearstream"	means Clearstream Banking S.A..
"Collateral Agent"	means Madison Pacific Trust Limited and any successor, acting as collateral agent under the New Security Documents, for itself and the benefit of the holders of the New Notes and the New Notes Trustee.
"Committee"	means the *ad hoc* committee of certain Noteholders (as constituted from time to time), certain members of which are represented by Houlihan Lokey (China) Limited as financial adviser and Hogan Lovells as legal adviser.
"Committee Advisers"	means each of Houlihan Lokey (China) Limited, Hogan Lovells, Moorlander Consulting Limited and Walkers (Hong Kong), as the advisers to certain members of the Committee.
"Committee Party"	means each Noteholder that is a member of the Committee and its successors, assigns, Designated Recipients, Affiliates and Personnel and each Committee Adviser.
"Companies Act"	means the Companies Act 1981 as applicable in Bermuda.
"Companies Ordinance"	means the Companies Ordinance (Cap. 622) (as amended) as applicable in Hong Kong.
"Company"	means GCL New Energy Holdings Limited協鑫新能源控股有限公司, a company incorporated with limited liability under the laws of Bermuda and listed on the HKEx with stock code 451.
"Consenting Creditors"	means each Noteholder who is party to the RSA as a Consenting Creditor (as defined in the RSA); and "**Consenting Creditors**" means such Noteholders collectively.
"Collateral"	means all collateral securing, or purported to be securing, directly or indirectly, the New Notes or any New Notes Subsidiary Guarantee pursuant to the New Security Documents following the repayment of the CDB Term Loan Facility, and shall initially consist of the capital stock of all of the initial New Notes Subsidiary Guarantors and GCL

	New Energy NC Holdings LLC held directly by the Company or the initial New Notes Subsidiary Guarantor Pledgors.
"Cross-Border Recognition"	means in connection with any Insolvency Proceeding commenced in any one jurisdiction the recognition of that Insolvency Proceeding in another jurisdiction, whether under laws relating to bankruptcy, liquidation, insolvency, reorganization, winding-up, or composition or adjustment of debts or similar law, international principles of judicial comity, statute, enactment or other regulation.
"**Customary Securities Lending or Repo Arrangement**"	has the meaning given to it in the RSA.
"Deed of Release"	means the deed of release to be executed by the Scheme Creditors for the benefit of the Company and other beneficiaries on the Restructuring Effective Date, substantially in the form set out in Appendix 8 (*Deed of Release*) of the Scheme Document.
"Deferred Restructuring Effective Date"	means the date specified as such in any Extension Notice, but which (for the avoidance of doubt) must be a date falling prior to the Longstop Date.
"Depositary"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, as common depositary for Euroclear and Clearstream under the Indenture.
"Designated Recipient Form"	means the form appended to the Account Holder Letter and available on the Scheme Website by which a Scheme Creditor may appoint a Designated Recipient to be the recipient of the New Notes that would otherwise be issued to a Scheme Creditor.
"Designated Recipient"	means, in relation to any Scheme Creditor, any single entity that is designated by that Scheme Creditor in a Designated Recipient Form as the recipient of the portion of New Notes to which that Scheme Creditor is entitled pursuant to the terms of the Scheme, provided that the Designated Recipient shall only be validly designated if it can make affirmative Securities Law Representations by submission of a duly completed Distribution Confirmation Deed.
"Directors"	means directors of the Company; and "**Director**" shall be constructed accordingly.
"Dispute"	means any dispute whatsoever arising in relation to a Scheme Claim of a Scheme Creditor under or in respect of the Note Documents; and "**Disputed**" shall be construed accordingly.
"Disputed Scheme	means a Scheme Claim against the Company which has been Disputed.

Claim"	
"Disputed Scheme Claim Resolution Deadline"	has the meaning given to it in Clause 19.1.
"Distribution Confirmation Deed"	means the form appended to the Account Holder Letter and available on the Scheme Website confirming, amongst other things, that the Scheme Creditor or its Designated Recipient may lawfully be issued the New Notes.
"Eligible Consenting Creditor"	means a Consenting Creditor which is an Eligible Creditor (as defined in the RSA).
"Eligible Consenting Creditor Notes"	means, with respect to each Eligible Consenting Creditor, its Eligible Notes (as defined in the RSA).
"Eligible Creditor"	means a Noteholder who: (a) submits a duly completed: (i) Account Holder Letter; and (ii) Distribution Confirmation Deed including affirmative Securities Law Representations; and, if applicable, Designated Recipient Form, in each case, to the Information Agent prior to the Record Time; and (b) who has an Accepted Scheme Claim.
"Escrow Agent"	means Madison Pacific Trust Limited.
"Euroclear"	means Euroclear Bank SA/NV.
"Excluded Liabilities"	means any liability of the Company that is not subject to the arrangement and compromise to be effected by this Scheme, including (without limitation) the Scheme Costs and amounts due pursuant to Clause 7.2(e)(ii).
"Explanatory Statement"	means the explanatory statement in relation to the Scheme required by section 100 of the Companies Act and incorporated into the Scheme Document.
"Extension Notice"	means a notice issued by the Company in accordance with Clause 6.6.
"Fixed Fee"	means, with respect to each Eligible Consenting Creditor, an amount equal to: (i) the aggregate principal amount of its Eligible Consenting Creditor Notes; *divided by* (ii) the aggregate principal amount of the Eligible Consenting Creditor Notes held by all Eligible Consenting Creditors collectively; *multiplied by* (iii) US$17,800,000.
"FTI"	FTI Consulting (Hong Kong) Limited.
"Force Majeure"	means any act of god, government act, war, pandemic, epidemic, fire, flood, earthquake, and other natural disasters, strikes, changes to effective legislation, explosion, civil commotion or act of terrorism, which prevents the fulfilment of obligations under this Scheme, and the occurrence of which is not the direct or indirect result of action or

	inaction of any Scheme Creditor or the Company.
"Foreign Representative"	has the meaning provided in Clause 3.3(a).
"Global Notes"	means the global notes by which the Notes were offered and sold in offshore transactions in reliance on Regulation S under the U.S. Securities Act, which are registered in the name of The Bank of New York Depository (Nominees) Limited (as nominee of the Depositary).
"Governmental Entity"	means any federal, national or local government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial body of any jurisdiction.
"Group"	means the Company and its subsidiaries.
"HKEx"	means The Stock Exchange of Hong Kong Limited.
"Holding Period Expiry Date"	means the last day of the Holding Period.
"Holding Period"	means the period from the Restructuring Effective Date up to the date falling three months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date).
"Holding Period Trust Deed"	means the trust deed to be executed on or before the Restructuring Effective Date by the Holding Period Trustee for the benefit of the Ineligible Creditors, substantially in the form set out at Appendix 9 (*Holding Period Trust Deed*) of the Scheme Document.
"Holding Period Trustee"	means Lucid, as bare trustee of the Trust Assets for and on behalf of the Scheme Creditors, pursuant to the terms of the Holding Period Trust Deed.
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC.
"**Indebtedness**"	has the same meaning given to that term in the New Notes Indenture.
"Indenture"	means the indenture dated 30 January 2018, as amended, supplemented, or otherwise modified from time to time, between the Company, the Subsidiary Guarantors and Notes Trustee pursuant to which the Notes were constituted.
"Ineligible Creditor"	means a Scheme Creditor who is not an Eligible Creditor.
"Information Agent"	means Lucid Issuer Services Limited, which is acting as information agent for the Company in connection with the Restructuring.
"Insolvency Proceeding"	means any proceeding, process, appointment or application under any law relating to insolvency, reorganization, winding-up, or composition or adjustment of debts, including, without limitation, winding-up, liquidation, bankruptcy, provisional liquidation, receivership,

	administration, provisional supervision, company voluntary arrangement, scheme of arrangement, suspension of payment under court supervision or any other analogous proceedings in any jurisdiction (including any of the foregoing brought for the purpose of obtaining Cross-Border Recognition).
"Intercreditor Agreement"	the intercreditor agreement substantially in the form contained in Part I of Schedule II to the New Notes Indenture, to be dated as of, or as soon as practicable following, the CDB Loan Repayment Date, among (i) the Company, (ii) the Subsidiary Guarantor Pledgors, (iii) the Collateral Agent and (iv) the New Notes Trustee (as may be amended, supplemented or modified from time to time).
"Intermediary"	means a Person (other than an Account Holder) who holds an interest in the Notes on behalf of another Person or other Persons.
"Liability"	means any debt, liability or obligation whatsoever, whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation, and whether arising at common law, in equity or by statute in or under the laws of Hong Kong, New York, Bermuda, or under any other law or in any other jurisdiction howsoever arising; and "**Liabilities**" shall be construed accordingly.
"Longstop Date"	means 30 June 2021 (the "**Original Longstop Date**"), or such later date and time as the Company may elect in accordance with the requirements set out in Clause 6.8.
"Longstop Date Extension Notice"	means a notice issued by the Company in accordance with Clause 6.8.
"Longstop Date Extension"	has the meaning provided in Clause 6.8.
"Lucid"	means Lucid Issuer Services Limited.
"Macau"	means the Macau Special Administrative Region of the PRC.
"Majority Consenting Creditors"	means, at any time, Consenting Creditors who hold (in aggregate) more than 50% of the outstanding principal amount of the Notes held (in aggregate) by all Consenting Creditors collectively at that time.
"Milbank"	means Milbank LLP, which is acting as international legal advisor to the Company in connection with the Restructuring
"New Depositary"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, as common depositary for Euroclear and Clearstream under the New Indenture.

"New Global Notes"	means the global notes evidencing the New Notes, in the form attached as Appendix A to the New Notes Indenture, which will be registered in the name of The Bank of New York Depository (Nominees) Limited (as nominee of the New Depositary).
"New Notes"	means the 10.00% per annum U.S. dollar denominated senior notes due 2024 to be issued by the Company pursuant to the New Notes Indenture, in an aggregate principal amount equal to (i) the Total Scheme Claim Amount; minus (ii) the Total Cash Consideration Amount.
"New Notes Indenture"	means the indenture relating to the New Notes, substantially in the form of the document in Appendix 10 (*New Notes Indenture*) of the Scheme Document, to be entered into between, amongst others, the Company and the New Notes Trustee.
"New Notes Trustee"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, in its capacity as Trustee under the New Notes Indenture or any successor trustee under the New Notes Indenture.
"Note Documents"	means, collectively, the Notes, the Indenture and any related guarantee or security documents.
"Noteholders"	means those Persons with an economic or beneficial interest as principal in the Notes held through the Clearing Systems at the Record Time (which for the avoidance of doubt, includes any Person who has entered into a Customary Securities Lending or Repo Arrangement in respect of any Notes held through the Clearing Systems at the Record Time as a lender or seller-subject-to-repurchase (as the case may be), provided that the counterparty to that Customary Securities Lending or Repo Arrangement holds the relevant book entry interests in respect of such Notes as the Account Holder at the Record Time).
"Notes"	means the US$500,000,000 7.1% senior notes due 2021 issued by the Company pursuant to the Indenture.
"Notes Trustee"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, in its capacity as trustee under the Indenture or any successor trustee under the Indenture.
"Original Longstop Date"	has the meaning given to it in the definition of "Longstop Date".
"Paying Agent"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, in its capacity as paying agent under the Indenture or any successor

	paying agent under the Indenture.
"Person"	means any natural person, corporation, limited or unlimited liability company, trust, joint venture, association, corporation, partnership, Governmental Entity or other entity whatsoever.
"Personnel"	means, in relation to any Person, its current and former officers, partners, directors, employees, staff, agents, counsel and other representatives.
"Power of Attorney"	means the irrevocable power of attorney in the form appended to Exhibit J to the New Notes Indenture, granted in favour of the Escrow Agent by the Company and each Subsidiary Guarantor as pledgor or chargor, as the case may be.
"Post"	means delivery by pre-paid first class post or air mail or generally recognized commercial courier service; and "**Posted**" shall be construed accordingly.
"PRC"	means the People's Republic of China, and for the purpose of this Scheme does not include Hong Kong, Macau, or Taiwan.
"Proceeding"	means any process, suit, action, legal or other legal proceeding including without limitation any arbitration, mediation, alternative dispute resolution, judicial review, adjudication, demand, statutory demand, execution, distraint, forfeiture, re-entry, seizure, lien, enforcement of judgment, enforcement of any security or Insolvency Proceedings in any jurisdiction.
"Record Date"	means 2 June 2021.
"Record Time"	means 5:00 p.m. on 2 June 2021 (London time) / 00:00 a.m. 3 June 2021 (Hong Kong time) / 1:00 p.m. 2 June 2021 (Bermuda time).
"Registrar"	means The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, in its capacity as registrar under the Indenture or any successor registrar under the Indenture.
"Released Claim"	means any Scheme Claim or any past, present and/or future Claim arising out of, relating to or in respect of: (a) the Scheme Claims and any of the facts and matters giving rise to the Scheme Claims; (b) the preparation, negotiation, sanction or implementation of the Scheme and/or the RSA; and/or (c) the preparation, negotiation and/or execution of the Restructuring Documents and the carrying out of the steps and transactions contemplated therein in accordance with their terms.
"Released Person"	means the Company and its Affiliates and its and their Personnel.
"Remaining Cash	means an amount of cash equal to: (a) the total amount of the Residual

Consideration"	Cash Consideration; less (b) the aggregate amount of Residual Cash Consideration distributed to all Ineligible Creditors who establish, prior to the Bar Time, their entitlement to Residual Cash Consideration in accordance with the Holding Period Trust Deed.
"Remaining New Notes"	means New Notes with a principal amount equal to: (a) the total principal amount of the Residual New Notes; less (b) the aggregate principal amount of Residual New Notes distributed to all Ineligible Creditors who establish, prior to the Bar Time, their entitlement to Residual New Notes in accordance with the Holding Period Trust Deed
"Residual Cash Consideration"	means the amount of cash equal to the Total Cash Consideration Amount minus the amount of Cash Consideration distributed in accordance with Clause 7.2(a).
"Residual New Notes"	means the portion of the New Notes which remains after distribution in accordance with Clause 7.2(c).
"Restructuring"	means the proposed restructuring in accordance with the terms of the RSA.
"Restructuring Conditions"	means each of the conditions precedent to the occurrence of the Restructuring Effective Date as set out in Clause 16 of this Scheme.
"Restructuring Documents"	means the New Notes, the New Global Notes, the New Notes Indenture, the Deed of Release, the Holding Period Trust Deed, the Intercreditor Agreement, the Share Charges or the Share Pledges, as the case may be, and the Power of Attorney.
"Restructuring Effective Date"	means the date falling two Business Days after the date on which each of the Restructuring Conditions has been satisfied or, in the event that the Company delivers an Extension Notice, the Deferred Restructuring Effective Date.
"Restructuring Effective Notice"	means the notice to be issued by the Company and delivered to the Information Agent in accordance with Clause 6.4 confirming satisfaction of the Restructuring Conditions and the Restructuring Effective Date.
"RSA"	means the restructuring support agreement dated 23 December 2020 between the Company, the Subsidiary Guarantors and certain Noteholders, as amended and restated on 5 February 2021.
"Scheme"	means the scheme of arrangement between the Company and the Scheme Creditors pursuant to section 99 of the Companies Act in its present form or with or subject only to any modifications, additions or conditions that the Bermuda Court may approve or impose, provided that any such modification, addition or condition does not have a material adverse effect on the rights of the Scheme Creditors (and is not prohibited by the terms of the Scheme).

"Scheme Claim"	means a Claim against the Company arising directly or indirectly out of, in relation to and/or in connection with the Note Documents, whether before, at or after the Record Time (but excluding the Excluded Liabilities); and "**Scheme Claims**" shall be construed accordingly.
"Scheme Conditions"	means each of the conditions precedent to the effectiveness of this Scheme, as set out in Clause 15 of this Scheme.
"Scheme Claims Determination Notice"	has the meaning given to it in Clause 11.5.
"Scheme Consideration"	means, together, the New Notes and the Cash Consideration (and, without double counting, any Residual New Notes, Residual Cash Consideration and cash adjustments payable as a result of the rounding down of fractional entitlements of New Notes in accordance with the terms of Clause 7.2(c)(i)).
"Scheme Costs"	means the liability of the Company in respect of the fees, costs and expenses of the Advisers.
"Scheme Creditor Parties"	means, in respect of a Scheme Creditor, its predecessors, successors, assigns, Designated Recipients, Affiliates and Personnel.
"Scheme Creditors"	means the creditors of the Company in respect of the Scheme Claims at the Record Time, including (but without double counting in each case), the Depositary, the Notes Trustee, each of the Noteholders, the Account Holders and Intermediaries.
"Scheme Document"	means the composite scheme document dated 12 May 2021 of the Company addressed to Scheme Creditors containing, among other things, the Explanatory Statement of the Company in compliance with the Companies Act and the terms of the Scheme (including all appendices, schedules and annexures thereto).
"Scheme Effective Date"	means the first date at which all of the Scheme Conditions have been satisfied, as specified in the Scheme Effective Notice.
"Scheme Effective Notice"	means the notice to be issued by the Company and delivered to the Information Agent in accordance with Clause 6.4 confirming satisfaction of the Scheme Conditions and specifying the Scheme Effective Date.
"Scheme Meeting"	means the meeting convened at the direction of the Bermuda Court at which this Scheme will be considered and voted upon by the Scheme Creditors and any adjournment thereof.
"Scheme Website"	means https://deals.lucid-is.com/gclnewenergy, provided that access to such website shall not be restricted in any manner at any time (including, without limitation, by requiring a valid password to be entered).

"SEC"	means the U.S. Securities and Exchange Commission.
"Share Charges" or "Share Pledges"	means the charge agreements or the pledge agreements, as the case may be, to be granted in favour of the Collateral Agent by: (a) GCL New Energy Holdings Limited in respect of the shares it holds in PIONEER GETTER LIMITED; (b) PIONEER GETTER LIMITED in respect of the shares it holds in: GCL New Energy Management Limited, GCL New Energy Development Limited, and GCL New Energy International Limited; (c) GCL New Energy Management Limited in respect of the shares it holds in GCL New Energy Trading Limited; (d) GCL New Energy International Limited in respect of the shares it holds in GCL New Energy, Inc.; and (e) GCL New Energy Inc. in respect of the shares it holds in GCL New Energy NC Holdings LLC, in each case, substantially in the form contained in Part II of Schedule II of the New Notes Indenture and which shall become effective on or after the date on which all outstanding amounts under the CDB Loan Facility have been repaid and discharged in full.
"Solicitation Packet"	means the solicitation packet in Appendix 4 (*Solicitation Packet*) of the Scheme Document.
"Securities Law Representations"	means the securities law confirmations and undertakings set out in Annex B to the Distribution Confirmation Deed.
"**Subsidiaries**"	has the meaning given to that term in the New Notes Indenture.
"Subsidiary Guarantors"	means each of PIONEER GETTER LIMITED, GCL New Energy Development Limited, GCL New Energy Management Limited and GCL New Energy Trading Limited; and "**Subsidiary Guarantor**" means any one of them.
"Super Majority Consenting Creditors"	means, at any time, Consenting Creditors who hold (in aggregate) more than 75% of the outstanding principal amount of the Notes held (in aggregate) by all Consenting Creditors collectively at that time.
"Total Cash Consideration Amount"	means US$25,000,000.
"Total Residual Scheme Claim Amount"	means the Total Scheme Claim Amount in respect of the Ineligible Creditors.
"Total Scheme Claim	means, the aggregate amount of all the Scheme Claims of each Scheme

Amount"	Creditor, being an amount equal to the sum of: (a) the outstanding principal amount of the Notes held by each Scheme Creditor as at the Record Time; plus (b) all accrued and unpaid interest on such Notes up to but excluding the Restructuring Effective Date. For the purposes of sub-paragraph (b) of this definition, interest on the Notes will be treated as having accrued at the rate of 7.1% per annum specified in the Indenture from 31 July 2020 until 30 January 2021 and then shall be deemed to accrue at the rate of 10.0% per annum from 31 January 2021 until (but excluding) the Restructuring Effective Date.
"Trust Assets"	means the Residual New Notes and the Residual Cash Consideration (and, without double counting, any cash adjustments payable as a result of the rounding down of fractional entitlements of New Notes in accordance with the terms of clause 6 of Appendix 9 *(Holding Period Trust Deed*).
"US Bankruptcy Code"	means Title 11 of the United States Code.
"US Bankruptcy Court"	means the United States Bankruptcy Court for the Southern District of New York.
"U.S. Securities Act"	means U.S. Securities Act of 1933, as amended, including the rules and regulations promulgated by the SEC thereunder.

1.2 In this Scheme, unless the context otherwise requires or otherwise expressly provided:

(a) references to Recitals, Parts, Clauses, Sub-Clauses, Schedules and Appendices are references to the recitals, parts, clauses, sub-clauses, schedules and appendices respectively of or to this Scheme;

(b) references to a statute or a statutory provision include the same as subsequently modified, amended or re-enacted from time to time;

(c) references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto;

(d) the singular includes the plural and vice versa and words importing one gender shall include all genders;

(e) headings to Recitals, Parts, Clauses and Sub-Clauses are for ease of reference only and shall not affect the interpretation of this Scheme;

(f) references to "**US$**", "**HKD**" and "**RMB**" are references to the lawful currency of the United States of America, Hong Kong and the People's Republic of China, respectively;

(g) the words "**include**" and "**including**" are to be construed without limitation, general words introduced by the word "**other**" are not to be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things

and general words are not to be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;

(h) a company is a "**subsidiary**" of another company, its "**holding company**", if that other company: (a) holds a majority of the voting rights in it; (b) is a member of it and has the right to appoint or remove a majority of its board of directors; or (c) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it, or, if it is a subsidiary of a company that is itself a subsidiary of that other company; and

(i) an "**undertaking**" means a body corporate or partnership; or an unincorporated association carrying on a trade or business, with or without a view to profit; and an undertaking is a parent undertaking in relation to another undertaking, a "**subsidiary undertaking**", if: (a) it holds the majority of voting rights in the undertaking; (b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; (c) it has the right to exercise a dominant influence over the undertaking: (i) by virtue of provisions contained in the undertaking's articles; or (ii) by virtue of a control contract; or (d) it is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking.

PART A
BACKGROUND

2. THE COMPANY

2.1 The Company was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 13 February 1992 under the name "Same Time Holdings Limited". On 24 April 2014, it changed its name to "GCL New Energy Holdings Limited" and adopted "協鑫新能源控股有限公司" as its secondary name.

2.2 The Company's registered office is at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

2.3 As at the date hereof:

(a) the authorised share capital of the Company is HK$150,000,000 consisting of 36,000,000,000 ordinary shares of HK$0.00416 (or 1/240) each; and

(b) the issued and fully paid up share capital of the Company is HK$0.00416 consisting of 21,073,715,441 ordinary shares of HK$0.00416 (or 1/240) each.

2.4 On 30 January 2018, the Company entered into the Indenture pursuant to which the Notes were constituted and such indebtedness was guaranteed by the Subsidiary Guarantors.

3. THE PURPOSE OF THE SCHEME

3.1 The principal object and purpose of this Scheme is to effect a compromise and arrangement between the Company and the Scheme Creditors in respect of the Scheme Claims. The arrangement and compromise effected pursuant to this Scheme will enable the Group to continue to carry on business as a going concern and is an alternative to the commencement of insolvency proceedings in respect of the Company and the Subsidiary Guarantors.

3.2 On the Restructuring Effective Date and conditional on completion of each of the steps outlined in paragraphs (a) to (e) (inclusive) of Clause 7.2, by reason of the terms of this Scheme, the Notes will be cancelled and discharged and the respective rights and obligations of the Scheme Creditors (including, for the avoidance of doubt, any Person that acquires an interest in the Notes after the Record Time), the Company, the Subsidiary Guarantors and the Notes Trustee towards one another under the Note Documents will terminate and be of no further force and effect.

3.3 On the Scheme Effective Date, each Director shall be:

(a) appointed as the Company's foreign representative (the "**Foreign Representative**") in respect of any future application for Cross-Border Recognition of this Scheme; and

(b) authorised to make an application on behalf of the Company for a suitable order:

(i) from the US Bankruptcy Court under Chapter 15 of the US Bankruptcy Code;

(ii) under any other applicable law, legal doctrine or Proceeding concerning Cross-Border Recognition (including any other applicable law, legal doctrine or

Proceeding in the United States or England and Wales) and such other additional relief and/or assistance, as the Foreign Representative may be required by the Company to obtain.

4. THE NOTES

The Notes are held under customary arrangements whereby:

(a) the Notes were constituted by the Indenture;

(b) the Notes were issued in global registered form, with the Global Notes being held by The Bank of New York Depository (Nominees) Limited (as nominee of the Depositary);

(c) interests in the Global Notes are held by Account Holders (whose identities are recorded directly in the books or other records maintained by the Clearing Systems) through the Clearing Systems, under electronic systems designed to facilitate paperless transactions in respect of dematerialised securities; and

(d) each Account Holder may be holding its recorded interest in the Global Notes on behalf of one or more Noteholders.

5. THE NOTES TRUSTEE, DEPOSITARY AND THE SCHEME

5.1 The Bermuda Court has ordered that the Notes Trustee and the Depositary (including any nominee of the Depositary as registered holder of the Notes) shall refrain from voting at the Scheme Meeting to the extent necessary to avoid double counting of votes at the Scheme Meeting.

5.2 Each Noteholder will be entitled to vote at the Scheme Meeting, in accordance with the terms of this Scheme, in respect of all of the Notes in respect of which it owns an economic or beneficial interest as principal at the Record Time.

PART B
THE SCHEME

6. APPLICATION OF THE SCHEME

6.1 The compromise and arrangement effected by this Scheme shall apply to all Scheme Claims and shall be binding on the Company and all Scheme Creditors and their respective successors, assigns and transferees.

6.2 Excluded Liabilities shall not be subject to the arrangement and compromise effected by this Scheme.

6.3 The terms of this Scheme shall become effective on and from the Scheme Effective Date.

6.4 The Company shall promptly notify the Information Agent of:

(a) the satisfaction of the Scheme Conditions and the occurrence of the Scheme Effective Date; and

(b) the satisfaction of the Restructuring Conditions and the occurrence of the Restructuring Effective Date;

by sending a Scheme Effective Notice or Restructuring Effective Notice (as applicable) to the Information Agent and the Information Agent shall promptly notify Scheme Creditors, the Notes Trustee and the New Notes Trustee of the Scheme Effective Date or Restructuring Effective Date, (as applicable), by:

(a) sending the Scheme Effective Notice or Restructuring Effective Notice (as applicable) to the Notes Trustee and New Notes Trustee;

(b) circulating the Scheme Effective Notice or Restructuring Effective Notice (as applicable) to Scheme Creditors via the Clearing Systems;

(c) posting the Scheme Effective Notice or Restructuring Effective Notice (as applicable) on the Scheme Website; and

(d) sending the Scheme Effective Notice or Restructuring Effective Notice (as applicable) via electronic mail to each Person who the Company believes may be a Scheme Creditor and which is registered as a Scheme Creditor with the Information Agent or has otherwise notified the Company or Information Agent of its valid electronic mail address.

6.5 The Company shall also promptly notify Scheme Creditors of the occurrence of the Scheme Effective Date or the Restructuring Effective Date (as applicable) by announcement on the HKEx.

6.6 The Company may, at its sole discretion, at any time before the occurrence of the Restructuring Effective Date, postpone the Restructuring Effective Date to a later date, provided always that the Deferred Restructuring Effective Date shall be no later than the Longstop Date. In the event that the Company wishes to postpone the Restructuring Effective Date in accordance with this Clause 6.6, it shall immediately deliver an Extension Notice specifying the Deferred Restructuring Effective Date to the Information Agent and the Information Agent shall promptly notify Scheme

Creditors, the Notes Trustee and the New Notes Trustee of the Deferred Restructuring Effective Date by:

(a) sending the Extension Notice to the Notes Trustee and New Notes Trustee;

(b) circulating the Extension Notice to Scheme Creditors via the Clearing Systems;

(c) posting the Extension Notice on the Scheme Website; and

(d) sending the Extension Notice via electronic mail to each Person who the Company believes may be a Scheme Creditor and which is registered as a Scheme Creditor with the Information Agent or has otherwise notified the Company or Information Agent of its valid electronic mail address.

6.7 The Company shall also promptly notify Scheme Creditors of the Deferred Restructuring Effective Date (if any) by announcement on the HKEx.

6.8 The Company may, at any time before the occurrence of the Original Longstop Date, elect to extend the Longstop Date (such extension, a "**Longstop Date Extension**"); subject to the following requirements:

(a) where the extended Longstop Date is a date no later than 30 September 2021, the prior written consent of the Majority Consenting Creditors shall be required for such Longstop Date Extension;

(b) where the extended Longstop Date is a date falling after 30 September 2021, the prior written consent of the Company and the Super Majority Consenting Creditors shall be required for such Longstop Date Extension; and

(c) subject to compliance with paragraphs (a) or (b) above (as applicable), the Company shall promptly notify the Information Agent of the Longstop Date Extension by delivering a Longstop Date Extension Notice to the Information Agent and the Information Agent shall promptly notify Scheme Creditors, the Notes Trustee and the New Notes Trustee of the Longstop Date Extension by:

(i) sending the Longstop Date Extension Notice to the Notes Trustee and New Notes Trustee;

(ii) circulating the Longstop Date Extension Notice to Scheme Creditors via the Clearing Systems;

(iii) posting the Longstop Date Extension Notice on the Scheme Website; and

(iv) sending the Longstop Date Extension Notice via electronic mail to each Person who the Company believes may be a Scheme Creditor and which is registered as a Scheme Creditor with the Information Agent or has otherwise notified the Company or Information Agent of its valid electronic mail address.

6.9 The Company shall also promptly notify Scheme Creditors of any Longstop Date Extension by announcement on the HKEx.

6.10 For the avoidance of doubt, any purported extension of the Longstop Date made without the prior written consent of the Majority Consenting Creditors or Super Majority Consenting Creditors (as applicable) in accordance with Clause 6.8 shall be void *ab initio* and of no force or effect

7. EFFECT OF THE SCHEME

7.1 On the Restructuring Effective Date, all of the rights, title and interest of Scheme Creditors in respect of:

(a) Scheme Claims; and

(b) Claims against the Subsidiary Guarantors arising directly or indirectly out of, in relation to and/or in connection with the Note Documents;

whether before, at or after the Record Time shall be subject to each of the arrangements and compromises set out in this Scheme.

7.2 On the Restructuring Effective Date:

(a) the Company shall pay the Fixed Fee to each Eligible Consenting Creditor by way of transfer to the Clearing System cash account (which must be the cash account linked to the securities account in which the Notes to which that Eligible Consenting Creditor was entitled at the Record Time were held) as designated in the Account Holder Letter submitted by or on behalf of that Eligible Consenting Creditor;

(b) the Company shall pay to each Noteholder who submits a duly completed Account Holder Letter in respect of its Scheme Claims to the Information Agent prior to the Record Time, cash consideration of US$50 per US$1,000 in principal amount of the Notes held by such Noteholder at the Record Time under its Accepted Scheme Claim, by way of transfer to the Clearing System cash account (which must be the cash account linked to the securities account in which the Notes to which that Noteholder was entitled at the Record Time were held) as designated in the Account Holder Letter submitted by or on behalf of that Noteholder;

(c) the New Notes Indenture will be executed and delivered by the parties thereto and the Company shall:

(i) ensure that the New Global Notes are executed and delivered to the New Depositary and interests in the New Global Notes are credited in the relevant amounts to the accounts in the Clearing Systems designated by the Eligible Creditors in their Account Holder Letters, such that each Eligible Creditor will receive such proportion of the New Notes as is equivalent to the proportion that the total amount of such Eligible Creditor's Accepted Scheme Claim bears to the Total Scheme Claim Amount as at the Record Time; but provided that:

(A) interests in the New Notes will be credited in minimum denominations of US$200,000 of principal amount and integral multiples of US$1 in excess thereof;

(B) no fraction of New Notes will be issued;

(C) entitlements of Eligible Creditors to New Notes will be rounded down to the nearest US$1 increment of New Notes (in excess of US$200,000);

(D) pay a cash adjustment to each relevant Noteholder as a result of any rounding down described in the immediately preceding paragraph by way of transfer to the Clearing System cash account (which must be the cash account linked to the securities account in which the Notes to which that Noteholder was entitled at the Record Time were held) as designated in the Account Holder Letter submitted by or on behalf of that Noteholder; and

(E) the interests in the New Global Notes to which a Noteholder is entitled under the terms of this Scheme will be credited to the Clearing System account in which that Noteholder held its interests in the Notes at the Record Time; and

(ii) procure that the Share Charges or the Share Pledges, as the case may be, and the Intercreditor Agreement are entered into but not dated and the Power of Attorney is granted in favour of the Escrow Agent and delivered to the Escrow Agent; and

(iii) give all such instructions as are required to be given by it to the New Notes Trustee and/or the New Depositary for this purpose;

(d) all Residual New Notes and Residual Cash Consideration shall be transferred to the securities accounts designated by the Holding Period Trustee and the Holding Period Trustee shall enter into the Holding Period Trust Deed pursuant to which it will hold the Residual New Notes and Residual Cash Consideration on trust for the Ineligible Creditors in accordance with the terms of the Holding Period Trust Deed; and

(e) to the extent not already completed prior to the Restructuring Effective Date:

(i) the Company shall pay all fees, costs and expenses of all of the Advisers, the Information Agent, the Holding Period Trustee, the Notes Trustee, the Agents of the Notes (and the legal counsel of the Notes Trustee and the Agents of the Notes) and the New Notes Trustee and the Agents of the New Notes (and the legal counsel of the New Notes Trustee and the Agents of the New Notes), pursuant to the terms agreed between the Company and the relevant party that have been duly invoiced by no later than five Business Days before the Restructuring Effective Date (or such later date as may be agreed by the Company with the relevant party or parties); and

(ii) the Company shall pay the fees of Houlihan Lokey (China) Limited, Hogan Lovells and Moorlander Consulting Limited in their capacity as advisors to certain Scheme Creditors, in an aggregate amount of US$4,500,000, by way of transfer of such amounts to the bank account specified by each of such advisors, provided always that the aggregate amount so payable by the Company shall not exceed US$4,500,000.

7.3 On the Restructuring Effective Date and conditional on completion of each of the steps outlined in paragraphs (a) to (e) (inclusive) of Clause 7.2:

(a) the Company shall ensure that the Global Notes representing the Notes are cancelled by the Paying Agent and shall give all such instructions as are required to be given by it to the Notes Trustee and/or the Depositary for such purpose;

(b) the Company shall, for and on behalf of each Scheme Creditor, execute the Deed of Release; and

(c) the respective rights and obligations of the Scheme Creditors, any Person that acquires an interest in the Notes after the Record Time, the Company, the Subsidiary Guarantors and the Notes Trustee towards one another under the Note Documents will terminate.

7.4 On the Holding Period Expiry Date, each Ineligible Creditor to the extent it has established, prior to the Bar Time, its entitlement to its share of the Trust Assets in accordance with the terms of the Holding Period Trust Deed (and has not previously received any part of the following as Scheme Consideration) will receive:

(a) cash consideration of US$50 per US$1,000 in principal amount of the Notes held by such Ineligible Creditor at the Record Time under its Accepted Scheme Claim pursuant to the Holding Period Trust Deed, out of the Residual Cash Consideration (by way of transfer to the Ineligible Creditor in accordance with the terms of the Holding Period Trust Deed); and

(b) such New Notes as constitutes the proportion of Residual New Notes that is equivalent to the proportion that the total amount that such Ineligible Creditor's Accepted Scheme Claim bears to the Total Residual Scheme Claim Amount as at the Record Time (by way of transfer to the Ineligible Creditor in accordance with the terms of the Holding Period Trust Deed).

7.5 On the Holding Period Expiry Date, the Company will receive the Remaining Cash Consideration and the Remaining New Notes and shall hold such Remaining Cash Consideration and Remaining New Notes on trust for the benefit of all Noteholders that are Ineligible Creditors which have a Scheme Claim that is subject to adjudication under Clause 19 (until (a) such time as all such Adjudication Procedures have ended or each relevant Scheme Claim has been extinguished in accordance with the terms of the Scheme and (b) all Scheme Consideration payable to such Ineligible Creditors (being involved in an adjudication), at the time specified in subparagraph (a) of this Clause 7.5 in accordance with the terms of the Scheme, has been so paid, upon which time the Company shall deliver the Remaining New Notes to the Paying and Transfer Agent for cancellation in accordance with Section 2.08 of the New Notes Indenture).

7.6 Subject to Clause 19.10, if an Ineligible Creditor fails to establish its entitlement to the Trust Assets in accordance with the terms of the Holding Period Trust Deed prior to the Bar Time, then that Ineligible Creditor's rights under the Scheme shall be extinguished and that Ineligible Creditor shall not be entitled to receive Scheme Consideration under this Scheme.

8. NO RIGHT TO COMMENCE PROCEEDINGS

8.1 From and after the Scheme Effective Date, no Scheme Creditor shall be entitled to commence, continue or procure the commencement or continuation of any Proceeding, whether directly or indirectly, against any of the Released Persons or in respect of any property of any of the Released Persons in respect of any Scheme Claim or any Released Claim, save that the Notes Trustee and

the Depositary will be entitled to commence or continue Proceedings in respect of any accrued and unpaid fees and expenses due to them or their respective legal and professional advisers under the terms of the Note Documents in respect of the period ending on the Restructuring Effective Date, provided that, for the avoidance of doubt, nothing contained herein shall prevent or prohibit any Scheme Creditor from commencing and continuing an Allowed Proceeding.

8.2 Each Released Person (who is not a party to this contract) shall be fully entitled to enforce Clause 8.1, in its own name, (whether by way of a Proceeding or by way of defence or estoppel (or similar) in any jurisdiction whatsoever) as if it were a party hereto pursuant to any applicable law which so permits.

8.3 Each Scheme Creditor is deemed to acknowledge that if it, or any Person claiming through it, takes any Proceedings against the Released Persons in breach of Clauses 8.1 or 8.2 or the Deed of Release, the Released Person shall be entitled to obtain an order as of right staying those Proceedings and providing for payment, by the Scheme Creditor concerned and any Person claiming through it, of any reasonable costs, charges or other expenses incurred by such Released Person as a result of taking such Proceedings.

9. INSTRUCTIONS, AUTHORISATIONS AND DIRECTIONS

9.1 Each Scheme Creditor hereby authorizes and instructs the Depositary and the Notes Trustee to, on or after the Scheme Effective Date, take whatever action is necessary or reasonably appropriate to give effect to the terms of this Scheme.

9.2 On and from the Scheme Effective Date, in consideration of the rights provided to the Scheme Creditors under this Scheme and solely for the purposes of giving effect to the terms of this Scheme, each Scheme Creditor hereby appoints the Company as its attorney and agent and irrevocably authorises, directs, instructs and empowers the Company (represented by any authorised representative) to:

(a) enter into, execute and deliver (whether as a deed or otherwise) for and on behalf of each Scheme Creditor the Deed of Release (substantially in the form appended to the Scheme Document but subject to any modifications approved or imposed by the Bermuda Court in accordance with the terms hereof or as otherwise permitted under the terms of this Scheme) and any other document referred to, contemplated by or ancillary to any of the foregoing; and

(b) take whatever action is necessary to ensure that the books and records of the Clearing Systems are updated to reflect the terms of this Scheme, including without limitation to:

(i) instruct the Clearing Systems to debit the Book Entry Interests relating to the Notes from the custody account of each Scheme Creditor (or its Account Holder, as applicable);

(ii) authorise the cancellation of the Book Entry Interests in respect of the Notes; and

(iii) take or carry out any other step or procedure reasonably required to effect the settlement of this Scheme.

9.3 Each Scheme Creditor hereby (for itself and its successors, assigns and transferees) releases, discharges and exonerates each of the Notes Trustee and its officers, agents, delegates, affiliates, attorneys and advisers from any and all Liability to the Scheme Creditors:

(a) by reason of any of them acting in accordance with the authorisation and instruction in this Clause 9;

(b) for the manner of performance of all acts carried out on the authorisation and instruction in this Clause 9; and

(c) under the Note Documents with effect from the Restructuring Effective Date and conditional on completion of each of the steps outlined in paragraphs (a) to (e) (inclusive) of Clause 7.2 (without prejudice to any rights, privileges, immunities, indemnities and limitations of Liability of the Notes Trustee under the Indenture);

in each case: (i) save to the extent of the Notes Trustee's and/or its officers, agents, delegates, affiliates, attorneys and advisers gross negligence, willful misconduct or fraud; (ii) whether or not the Company obtains a suitable order pursuant to any applicable law, legal doctrine or Proceeding concerning Cross-Border Recognition.

9.4 Each Scheme Creditor hereby acknowledges and agrees that any action taken by the Company in accordance with this Scheme or the Restructuring Documents will not constitute a breach of the Note Documents or any other agreement or document governing the terms of any Scheme Claim.

9.5 The directions, instructions and authorisations granted under this Clause 9 shall be treated, for all purposes whatsoever and without limitation, as having been granted by deed and the Company shall be entitled to delegate the authority granted and conferred by this Clause 9 to any duly authorised officer or agent of the Company as necessary.

10. SCHEME CREDITOR UNDERTAKINGS AND RELEASES

10.1 In consideration for its entitlement to the Scheme Consideration, each Scheme Creditor hereby gives the undertakings, releases and waivers in this Clause 10.

10.2 With immediate effect on and from the Restructuring Effective Date and conditional on completion of each of the steps outlined in paragraphs (a) to (e) (inclusive) of Clause 7.2, each Scheme Creditor (on behalf of itself and its respective successors, assigns and representatives) conclusively, irrevocably, unconditionally, fully and absolutely:

(a) waives, discharges and releases all of its rights, title and interests in and to its Scheme Claims, in consideration for its entitlement to receive the Scheme Consideration in accordance with this Scheme;

(b) waives, discharges and releases any right or remedy it may have (i) under the Note Documents and/or otherwise against any Released Person and/or Committee Party in relation to any breaches or defaults under the Note Documents or (ii) in connection with the implementation of this Scheme and the execution of the Restructuring Documents;

(c) ratifies and confirms everything which any Released Person may lawfully do or cause to be done in accordance with any authority conferred by this Scheme and agrees not to challenge:

(i) the validity of any act done or omitted to be done, as permitted by the terms of this Scheme; or

(ii) the exercise or omission to exercise of any power conferred in accordance with the provisions of this Scheme,

in each case in good faith by any Released Person;

(d) waives, releases and discharges each and every Released Claim which it ever had, may have or hereafter can, shall or may have against any Released Person and/or Committee Party; and

(e) undertakes to the Released Persons that it will not, and shall use all reasonable endeavours to procure that its Scheme Creditor Parties will not, commence or continue, or instruct, direct or authorise any other Person to commence or continue, any Proceedings in respect of or arising from any Released Claim other than an Allowed Proceeding.

10.3 Each Scheme Creditor acknowledges and agrees that, and shall use all reasonable endeavours to procure that each of its Scheme Creditor Parties acknowledges and agrees that:

(a) it may later discover facts in addition to or different from those which it presently knows or believes to be true with respect to the subject matter of this Scheme;

(b) it is its intention to fully, and finally forever settle and release any and all matters, disputes and differences, whether known or unknown, suspected or unsuspected, which presently exist, may later exist or may previously have existed between it and any of the Released Persons and/or Committee Parties in respect of the Released Claims on the terms set out in this Scheme; and

(c) in furtherance of this intention, the waivers, releases and discharges given in this Scheme shall be, and shall remain, in effect as full and complete general waivers, releases and discharges notwithstanding the discovery or existence of any such additional or different facts.

10.4 The Company represents and warrants that, as at the Restructuring Effective Date, there will be no Indebtedness outstanding owed by the Subsidiaries of the Company incorporated in the PRC to the Company or the Subsidiaries of the Company incorporated outside the PRC.

10.5 The releases, waivers and undertakings under this Clause 10 shall:

(a) not prejudice or impair any rights of any Scheme Creditor created under this Scheme or any other Restructuring Document and/or which arise as a result of a failure by the Company or any party to this Scheme to comply with any terms of this Scheme or any other Restructuring Document, and all such rights shall remain in full force and effect;

(b) not prejudice or impair any claims or causes of action of any Scheme Creditor, arising from or relating to the negligence, breach of fiduciary duty, fraud, dishonesty, wilful default or wilful misconduct of any other party which is seeking to rely on such releases, waivers or undertakings; and

(c) not require a Scheme Creditor to procure any undertaking or acknowledgement from, or action by any entity from which such Scheme Creditor acquired its rights in respect of any Scheme Claim and/or to whom such Scheme Creditor has transferred or transfers its rights in respect of any Scheme Claim.

PART C
IDENTIFICATION OF ACCEPTED CLAIMS

11. DETERMINATION OF ACCEPTED SCHEME CLAIMS

11.1 All Persons claiming to be Scheme Creditors must provide the Information Agent with a duly completed Account Holder Letter (in the case of a Noteholder) in respect of their Scheme Claims:

(a) prior to the Record Time, should they wish to: (i) ensure that they are able to vote at the Scheme Meeting and/or (ii) receive Scheme Consideration on the Restructuring Effective Date; and

(b) prior to the Bar Time, if they wish to receive Scheme Consideration before the expiry of their right to receive the same.

11.2 Voting instructions given in Account Holder Letters delivered after the Record Time will be disregarded for voting purposes at the Scheme Meeting. Notwithstanding any other provision of this Scheme, the Chairperson of the Scheme Meeting will be entitled, at the sole discretion of the Chairperson, to permit a Scheme Creditor in respect of which a completed Account Holder Letter has not been delivered prior to the Record Time to vote at the Scheme Meeting if: (i) the relevant Scheme Creditor has delivered a completed Account Holder Letter between the Record Time and the Scheme Meeting or (ii) the Chairperson considers that the relevant Scheme Creditor has otherwise produced sufficient proof that it is a Noteholder.

11.3 All Accepted Scheme Claims shall be determined as at the Record Time by the Company. The Company shall assess Accepted Scheme Claims for the purposes of determining entitlements to Scheme Consideration by reference to the sum of: (a) the outstanding principal amount of the Notes held by each Scheme Creditor as at the Record Time; plus (b) all accrued and unpaid interest on such Notes up to but excluding the Restructuring Effective Date (for this purpose, interest on the Notes will be treated as having accrued at the rate of 7.1% per annum specified in the Indenture from 31 July 2020 until 30 January 2021 and then shall be deemed to accrue at the rate of 10.0% per annum from 31 January 2021 until (but excluding) the Restructuring Effective Date).

11.4 The Company shall determine whether to Accept each Scheme Claim by ensuring that the Company or its Information Agent will verify such claim set out in the Account Holder Letter submitted by or on behalf of a Noteholder against the relevant information provided by the Clearing System through which that Noteholder (or its Account Holder acting on its behalf) holds its interest in the Notes at the Record Time.

11.5 If the Company refuses to Accept an alleged Claim received from an alleged Scheme Creditor or other Person, it shall prepare a statement in writing or electronic mail of its reasons for doing so (a "**Scheme Claims Determination Notice"**) and send such statement to the Person alleging such Claim against the Company:

(a) if such alleged Claim is received by the Record Time, within three Business Days after the Record Time; or

(b) if such alleged Claim is received after the Record Time but prior to the Bar Time, within three Business Days after it determines to refuse to accept the alleged Claim.

11.6 In the event that there is any Dispute between the Company and any Person as to the existence or the amount of the Liability or Claim asserted by an alleged Scheme Creditor (other than disputes that arise in connection with the casting of votes at the Scheme Meeting, which shall be resolved by the Chairperson in accordance with Part E (*General Scheme Provisions*)), the Company or such alleged Scheme Creditor shall refer the matter to the Adjudicator in accordance with the Adjudication Procedure as set out in Part E (*General Scheme Provisions*).

12. SALES, ASSIGNMENTS OR TRANSFERS

12.1 Subject to Clause 12.2:

(a) neither the Company nor the Information Agent shall be under any obligation to recognise any sale, assignment or transfer of any Scheme Claim after the Record Time for the purposes of determining any entitlement to attend and vote at the Scheme Meeting or to the Scheme Consideration; and

(b) all distributions of Scheme Consideration in accordance with Clause 7.2 shall be made irrespective of any sale, assignment or transfer of any Scheme Claim after the Record Time.

12.2 If the Company has received written notice of a sale, assignment or transfer of a Scheme Claim (from each relevant party to such sale, assignment or transfer), the Company may, in its absolute discretion and subject to such evidence as it may reasonably require and any other terms and conditions which the Company may consider necessary or desirable, agree to recognise such sale, assignment or transfer for the purposes of determining any entitlement to attend and vote at the Scheme Meeting or to the Scheme Consideration. It shall be a term of such recognition that such purchaser, assignee or transferee so recognised by the Company shall be bound by the terms of this Scheme and for the purposes of this Scheme shall be a Scheme Creditor.

12.3 Notwithstanding the above provisions of this Clause 12, any purchaser, assignee or other transferee of any Scheme Claim after the Record Time shall be bound by the terms of this Scheme in the event that it becomes effective.

13. PROVISION OF INFORMATION

13.1 Account Holder Letters shall provide the Information Agent with all information requested in, and be submitted in accordance with the instructions set out in, the form of the Account Holder Letter.

13.2 If the Information Agent refuses to accept an Account Holder Letter it shall promptly prepare a written statement or electronic mail of its reasons for doing so and send such statement to the party that provided such Account Holder Letter.

14. THE INFORMATION AGENT

The Information Agent shall not be liable for any Claim or Liability arising in respect of the performance of its duties as Information Agent under this Scheme except where such claim or Liability arises as a result of its own fraud, dishonesty, gross negligence, wilful deceit or wilful misconduct.

PART D
CONDITIONS TO THE SCHEME AND RESTRUCTURING

15. CONDITIONS TO THE EFFECTIVENESS OF THE SCHEME

This Scheme shall only become effective following the satisfaction of all of the following Scheme Conditions:

(a) the approval of the Scheme (with or without modifications) by a simple majority in number of the Scheme Creditors attending and voting at the Scheme Meeting either in person or by proxy representing at least three fourths in value of the aggregate Scheme Claims of the Scheme Creditors attending and voting at the Scheme Meeting either in person or by proxy;

(b) the sanction of this Scheme (with or without modification) by the Bermuda Court; and

(c) the delivery of an office copy of the Bermuda Sanction Order to the Bermuda Registrar of Companies for registration.

16. CONDITIONS TO THE EFFECTIVENESS OF THE RESTRUCTURING

The Restructuring Effective Date shall only occur following the satisfaction of all of the following Restructuring Conditions:

(a) each of the Scheme Conditions has been satisfied and the Scheme Effective Date has occurred;

(b) the Company has paid all fees, costs and expenses of the Advisers, the Information Agent, the Holding Period Trustee, the Notes Trustee, the Agents of the Notes (and the legal counsel of the Notes Trustee and the Agents of the Notes) and the New Notes Trustee and the Agents of the New Notes (and the legal counsel of the New Notes Trustee and the Agents of the New Notes) that it is required to pay pursuant to the terms agreed between the Company and the relevant party that have been duly invoiced no later than five Business Days before the Restructuring Effective Date (or such later date as may be agreed by the Company or the relevant party or parties); and

(c) the Company has paid the fees of Houlihan Lokey (China) Limited, Hogan Lovells and Moorlander Consulting Limited in their capacity as advisors to certain Scheme Creditors, in an aggregate amount of US$4,500,000, by way of transfer of such amounts to the bank account specified by each of such advisors, provided always that the aggregate amount so payable by the Company shall not exceed US$4,500,000.

PART E
GENERAL SCHEME PROVISIONS

17. SECURITIES LAW CONSIDERATIONS

17.1 The New Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction.

17.2 In sanctioning this Scheme, the Bermuda Court has been apprised of the fact that the Company will rely on the Bermuda Court's approval of this Scheme as the basis for the Section 3(a)(10) exemption under the U.S. Securities Act for the offer, issuance and distribution of the Scheme Consideration to the Scheme Creditors in exchange for their Scheme Claims.

18. THE ADJUDICATOR

18.1 There shall be one Adjudicator whose duty it will be to act as an expert, and not as an arbitrator, with respect to all matters referred to him under the terms of the Scheme. The Adjudicator will be responsible for the determination of Scheme Claims referred to him under the Scheme and will have the powers, rights, duties and functions conferred upon him by the Scheme. Except in the case of fraud, gross negligence or wilful misconduct, the Adjudicator will not be liable to the Company or any Scheme Creditor for any act or omission by the Adjudicator in the performance or purported performance of his powers, rights, duties and functions under the Scheme.

18.2 Upon the Scheme Effective Date, the Company shall appoint an individual who meets the criteria specified in Clause 18.6 as the Adjudicator under the Scheme.

18.3 The office of Adjudicator shall be vacated if the holder of such office:

(a) dies;

(b) is convicted of an indictable offence;

(c) resigns his office (which shall be permissible and effective only if he gives at least two weeks' notice to the Company prior to such resignation);

(d) becomes bankrupt;

(e) is disqualified from membership of a professional body of which he is a member;

(f) is disqualified from acting as a company director by any court of competent jurisdiction;

(g) becomes mentally disordered; or

(h) has a conflict of interest.

18.4 In the event of a vacancy in the office of the Adjudicator, the Company shall appoint a suitably qualified replacement who also meets the criteria specified in Clause 18.6.

18.5 The Adjudicator shall have the powers, duties and functions, and the rights, conferred upon him by the Scheme. In exercising his powers and carrying out his duties and functions under the Scheme,

the Adjudicator shall act in good faith and with due care and diligence in the interests of the Scheme Creditors as a whole, and shall exercise his powers under the Scheme for the purposes of ensuring that the Scheme is implemented in compliance with its terms.

18.6 Each Adjudicator shall be a Hong Kong Senior Counsel, United Kingdom Queen's Counsel or Bermuda barrister with not less than 10 years' experience in restructuring and insolvency matters, who shall be independent and impartial from the Company and have no conflict of interest in respect of the Disputed Claim but who the Company may, in its absolute discretion, select to act as Adjudicator.

19. DISPUTE RESOLUTION PROCEDURES

19.1 If a Scheme Creditor disputes the Company's determination of its Scheme Claim and no agreement in respect of that dispute can be reached between the Company and the Scheme Creditor by the date falling five Business Days from the date on which the Scheme Claims Determination Notice is deemed to be received (in accordance with Clause 27) by that Scheme Creditor (the "**Disputed Scheme Claim Resolution Deadline**"), the Scheme Creditor shall be entitled within 21 calendar days of the Disputed Scheme Claim Resolution Deadline to apply in writing to the Adjudicator to review its Disputed Scheme Claim.

19.2 No application to the Adjudicator shall be considered or determined unless the relevant Scheme Creditor or Person who purports to be a Scheme Creditor confirms in its application to the Adjudicator that: (a) the determination by the Company is being disputed by the Scheme Creditor or such Person in good faith; and (b) it shall deliver such documents and perform such acts promptly and without undue delay as may reasonably be requested by the Adjudicator for the purpose of enabling him to make a determination of the Scheme Creditor's application made in accordance with Clause 19.1 and this Clause 19.2.

19.3 Failure to apply to the Adjudicator within the 21 calendar days period set out in Clause 19.1 and/or make the confirmation set out in Clause 19.2 shall be deemed to be an irrevocable acceptance by the Scheme Creditor of the Company's decision in respect of its Scheme Claim and any right to further challenge the finding of the Company in respect of such Scheme Claim shall be waived, in each case, as at the end of the 21 calendar days period.

19.4 The Adjudicator shall review the Scheme Creditor's application made in accordance with Clauses 19.1 and 19.2 including its Disputed Scheme Claim and relevant evidence before him (and any additional evidence as he may request and receive from the relevant Scheme Creditor, the Company and any factual and/or expert witnesses) in relation to the Disputed Scheme Claim and determine, on the balance of probabilities, whether all or part of that Disputed Scheme Claim would be admissible as a proof in the Company's winding up in Bermuda and the quantum of such admissible proof and therefore should be Accepted. This determination by the Adjudicator will be made on the basis that all of the Noteholders are contingent creditors of the Company by virtue of their being Noteholders, and the Noteholders shall not be required to prove their standing as contingent creditors in relation to their Scheme Claim but the amount of their Scheme Claim shall be subject to Adjudication. The Adjudicator shall in accordance with Clause 19.6 notify the Company and the relevant Scheme Creditor in writing of his decision and such decision will be final and binding on the Company and the relevant Scheme Creditor, insofar as the law allows. The Company and the relevant Scheme Creditor shall honour the Adjudicator's decision which may be enforced by the Bermuda Court.

19.5 The Adjudicator shall have discretion to extend such timeframes and/or adopt procedures (including, without limitation, requesting written submissions and further evidence from the parties, requesting oral hearings and/or the provision of expert evidence) relevant to the nature of the Disputed Scheme Claim being considered so as to provide a fair, efficient and expeditious means for the final resolution of the Disputed Scheme Claim. Specifically, the Adjudicator may, in his sole discretion and as the Adjudicator considers appropriate:

(a) provide additional directions to the relevant Scheme Creditor and/or the Company to submit written submissions and further evidence;

(b) establish the conduct of any oral hearing provided each of the relevant Scheme Creditor and the Company is given reasonable notice in writing of any such event;

(c) appoint one or more experts (who shall be and remain impartial and independent of the Company and the relevant Scheme Creditor) to report in writing to him on specific issues relating to the Disputed Scheme Claim, as identified by the Adjudicator; and/or

(d) extend the timetable set out in Clause 19.6.

19.6 Without prejudice to Clause 19.5, if a Disputed Scheme Claim is referred to the Adjudicator by a Scheme Creditor in accordance with Clauses 19.1 and 19.2, the following timetable shall apply:

(a) within 14 calendar days of receiving a Scheme Creditor's application made in accordance with Clauses 19.1 and 19.2, the Adjudicator may call upon the Company and/or the relevant Scheme Creditor to produce any further documents or other information which he deems necessary;

(b) if such documentation or other information is not received within 14 calendar days of the date upon which the Adjudicator makes the request, the Adjudicator shall, subject to Clause 19.6(c), make his determination on the basis of the documents received from the Company and/or the relevant Scheme Creditor, as applicable, by such time;

(c) within 14 calendar days of: (i) such documentation being provided by the Company and/or the Scheme Creditor, as applicable; or (ii) the expiry of the period provided for in Clause 19.6(b); the Adjudicator shall provide the Company and the Scheme Creditor with a copy of his written decision and thereafter the amount Accepted by the Adjudicator in respect of the Disputed Scheme Claim shall be binding on the Company and the Scheme Creditor, and (to the fullest extent permitted by applicable law) there shall be no right of challenge or appeal from the decision of the Adjudicator; and

(d) if the Adjudicator does not require further information he shall, within 14 calendar days of receiving notification of the Disputed Scheme Claim, provide the Company and the Scheme Creditor with a copy of his written decision and thereafter the amount Accepted by the Adjudicator in respect of the Disputed Scheme Claim shall be binding on the Company and the Scheme Creditor and (to the fullest extent permitted by applicable law) there shall be no right of challenge or appeal from the decision of the Adjudicator.

19.7 On the making of a decision by the Adjudicator, the Scheme Creditor's Account Holder Letter shall be deemed to have been varied in accordance with the Adjudicator's decision and as fully, correctly and irreversibly setting out that Scheme Creditor's Scheme Claim.

19.8 Communication between the Adjudicator, the Company and the relevant Scheme Creditors shall be conducted by electronic mail (other than in circumstances where the Adjudicator determines that oral submissions are necessary).

19.9 If a Scheme Claim is:

(a) Accepted by the Adjudicator in its entirety, the Company shall bear all of the costs of the adjudication (including the legal and other expenses incurred in relation to the adjudication by the relevant Scheme Creditor, and the costs and expenses incurred by the Adjudicator and any expert appointed by the Adjudicator in accordance with Clause 19.5(c));

(b) rejected by the Adjudicator in its entirety, the Scheme Creditor shall bear all of the costs of the adjudication (including the legal and other expenses incurred in relation to the adjudication by the Company, and the costs and expenses incurred by the Adjudicator and any expert appointed by the Adjudicator in accordance with Clause 19.5(c)); or

(c) Accepted or rejected by the Adjudicator in part, the question of who shall bear the costs of the adjudication (including the legal and other expenses incurred in relation to the adjudication by the Company and the relevant Scheme Creditor, and the costs and expenses incurred by the Adjudicator and any expert appointed by the Adjudicator in accordance with Clause 19.5(c)) shall be determined by the Adjudicator.

19.10 Notwithstanding any other provision of this Scheme, in the event that any Disputed Scheme Claim has not been resolved by the Adjudicator prior to the Bar Time, no Scheme Consideration shall be distributed in respect of such Disputed Scheme Claim unless the Adjudicator subsequently determines that such Disputed Scheme Claim should be Accepted (in part or in whole) by the Company. In the event of such determination:

(a) the relevant Scheme Creditor whose Disputed Scheme Claim has been Accepted (in part or in whole) by the Company under the Adjudication Procedure shall be entitled to:

(i) cash consideration of US$50 per US$1,000 in principal amount of the Notes held by such Scheme Creditor at the Record Time under its Accepted Scheme Claim (as Accepted under the Adjudication Procedure);

(ii) if such Scheme Creditor has submitted a duly completed Distribution Confirmation Deed and, if applicable, Designated Recipient Form, prior to the Bar Time, such Scheme Creditor or, if applicable, its Designated Recipient, shall be entitled to receive such proportion of the New Notes as is equivalent to the proportion that the total amount of such Scheme Creditor's Accepted Scheme Claim (as Accepted under the Adjudication Procedure) bears to the Total Scheme Claim Amount as at the Record Time (subject to the terms and conditions set out in Clauses 7.2(c)(A) to 7.2(c)(E)); and

(iii) if such Scheme Creditor is an Eligible Consenting Creditor, cash in lieu of any Fixed Fee to which it would otherwise have been entitled (based on the Adjudicator's decision) in accordance with the terms of this Scheme;

(b) the Cash Consideration, New Notes (if any) and Fixed Fee (or cash in lieu thereof, in accordance with Clause 19.10(a)(iii), if any) to which that Scheme Creditor is entitled shall

be distributed to such Scheme Creditor within one calendar month of such determination by way of transfer to the Clearing System Account in which such Scheme Creditor held its interest in the Notes, or the cash account (as applicable) linked to such Clearing System Account, as indicated in its Account Holder Letter; and

(c) if the Scheme Creditor in respect of such Disputed Scheme Claim fails to submit a duly completed Distribution Confirmation Deed and, if applicable, Designated Recipient Form prior to the Bar Time, any right that such Scheme Creditor may have in the New Notes shall be extinguished irrevocably at and from the Bar Time.

19.11 Notwithstanding any other provision of this Scheme, for the avoidance of doubt, the Company is not required to postpone the Restructuring Effective Date or the Scheme Effective Date in the event that any Disputed Scheme Claim has not been determined by the Adjudicator prior to the Restructuring Effective Date or the Scheme Effective Date.

20. GENERAL PROVISIONS IN RELATION TO VOTING AT THE SCHEME MEETING

20.1 Every Scheme Creditor whose vote is validly cast in person or by its authorized representative (if a corporation) or by proxy at the Scheme Meeting shall have one vote for every US$1 of its Scheme Claim (rounded down to the nearest US$1) as calculated for voting purposes in accordance with Clause 20.2.

20.2 Subject to Clause 20.3, the amount of the Scheme Claims of each Scheme Creditor who submits a valid Account Holder Letter in respect of Scheme Claims, will be calculated for voting purposes as at the Record Time. Specifically, votes of Noteholders will be admitted at the Scheme Meeting at a value equal to the sum of: (i) the outstanding principal amount of the Notes in which each Noteholder held an economic or beneficial interest as principal at the Record Time (without double counting); plus (ii) all accrued and unpaid interest on such Notes up to but excluding the Record Date (for this purpose, interest on the Notes will be treated as having accrued at the rate of 7.1% per annum specified in the Indenture from 31 July 2020 until 30 January 2021 and then shall be deemed to accrue at the rate of 10.0% per annum from 31 January 2021 until (but excluding) the Record Date). This is subject to the Information Agent verifying such principal amount against the information provided by the Clearing System through which that Noteholder (or its Account Holder acting on its behalf) holds its interest in the Notes at the Record Time.

20.3 If a Scheme Claim is unascertained, contingent or Disputed the Chairperson may admit the Scheme Claim for voting purposes at the Scheme Meeting only at a value which the Chairperson considers is a fair and reasonable assessment of the sums owed by the Company in respect of that Scheme Claim.

20.4 The amount of a Scheme Claim which is accepted by the Chairperson for voting purposes is not indicative of whether that Scheme Claim will be Accepted by the Company (or if applicable, by the Adjudicator) for the purposes of determining entitlement to Scheme Consideration. The Company (or, if applicable, the Adjudicator) will separately determine whether to Accept a Scheme Claim for the purposes of determining entitlement to Scheme Consideration; and, for such purposes Scheme Claims will be assessed as at the Record Time and will include interest (if any) which may have accrued in favour of a Scheme Creditor up to but excluding the Restructuring Effective Date, with such interest on the Notes being treated as having accrued at the rate of 7.1% per annum specified in the Indenture from 31 July 2020 until 30 January 2021 and then being deemed to have accrued at the rate of 10.0% per annum from 31 January 2021 until (but excluding) the Restructuring Effective Date).

20.5 The Chairperson of the Scheme Meeting will collate the votes from each Scheme Creditor and will add the votes during the Scheme Meeting. The Chairperson will be responsible for counting the votes. The Chairperson shall then report to the Scheme Creditors as to whether the Scheme has been approved.

20.6 For purposes of voting at the Scheme Meeting, any vote need only indicate whether the Scheme Creditor casting such vote approves or does not approve the Scheme.

20.7 Subject to any inherent jurisdiction of the Bermuda Court, the decision of the Chairperson of the Scheme Meeting as to the admission of votes at that meeting shall be final and binding to the fullest extent permitted by law for the purposes of, and in relation to the proceedings at, the Scheme Meeting.

20.8 Prior to the Record Time, the Company shall cancel or procure the cancellation of any Notes that it or any other member of the Group has a beneficial interest in or which it or any other member of the Group has redeemed, converted, acquired or purchased and, for the avoidance of doubt, any such Notes shall not be voted at the Scheme Meeting.

21. QUORUM REQUIRED FOR SCHEME MEETING

21.1 The Scheme Meeting shall require a quorum of two Scheme Creditors present in person or by proxy.

21.2 No business shall be transacted at the Scheme Meeting unless a quorum is present when the meeting proceeds to business.

22. CHAIRPERSON OF THE SCHEME MEETING

The Chairperson of the Scheme Meeting shall be Ms. Jacqueline Chan of Milbank or Ms. Michelle Xu of Admiralty Harbour.

23. SCHEME COSTS

The Company shall pay all costs incurred by the Company and the Committee in connection with the negotiation, preparation and implementation of the Scheme as and when they arise, including the costs of the directions hearing and convening the Scheme Meeting, the costs of holding the Scheme Meeting (and any adjournment), the costs of the petitions to the Bermuda Court to sanction the Scheme and the Bermuda Court Sanction Hearing, and the costs, charges, expenses and disbursements of all Advisers in accordance with the terms agreed between the Company and the relevant Adviser and (if applicable) the remuneration, costs and expenses of the Adjudicator in accordance with Clause 19.9.

24. MODIFICATIONS OF THE SCHEME

The Company may, at any hearing to sanction this Scheme, consent on behalf of all Scheme Creditors and each Subsidiary Guarantor to any modification of this Scheme or any terms or conditions which the Bermuda Court may think fit to approve or impose and which would not directly or indirectly have a material adverse effect on the interests of any Scheme Creditor under this Scheme.

25. MODIFICATIONS OF THE NEW NOTES AND THE HOLDING PERIOD TRUST DEED FOLLOWING THE RESTRUCTURING EFFECTIVE DATE

25.1 Nothing in this Scheme shall prevent any modification of the terms of any Restructuring Document in accordance with its terms following the Restructuring Effective Date.

25.2 The parties to each of the New Notes, New Notes Indenture, Share Charges, Power of Attorney and Letter of Authorisation may, prior to its execution on the Restructuring Effective Date, consent to any modification of such document which is of a formal, minor or technical nature or to correct a manifest or proven error or to comply with mandatory provisions of law. The Company and the Holding Period Trustee may, prior to its execution on the Restructuring Effective Date, without the consent of the beneficiaries of the Holding Period Trust Deed, make any modification to the form of the Holding Period Trust Deed which is of a formal, minor or technical nature or to correct a manifest or proven error or to comply with mandatory provisions of law.

26. TERMINATION OF THE SCHEME

26.1 This Scheme shall terminate automatically, and be of no further force and effect in the event that the Restructuring Effective Date and completion of the steps outlined in paragraphs (a) to (e) (inclusive) of Clause 7.2 have not occurred by the Longstop Date.

26.2 In the event that this Scheme is terminated pursuant to Clause 26.1, each Scheme Creditor shall be entitled to exercise any and all of its rights, powers and remedies against the Company and/or the Subsidiary Guarantors under the terms and conditions of the Note Documents as though this Scheme had never been contemplated or implemented.

27. NOTICES

27.1 Without prejudice to any other provision of this Scheme specifying another method of notice, any notice or other written communication to be given under or in relation to this Scheme shall be given in writing and shall be deemed to have been duly given if it is delivered by hand or sent by Post (and by air mail where it is addressed to a different country from that in which it is posted) or by email, to:

(a) in the case of the Company, the details given below; or

Address:	GCL New Energy Holdings Limited Unit 1707A, Level 17 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
For the attention of:	Mr. Patrick Ho
Email:	patrickho@gclnewenergy.com

(b) in the case of a Scheme Creditor, its last known address or email address known to the Company, provided that all deliveries of notices required to be made by this Scheme shall

also be effective by sending the same in pre-paid envelopes or via email addressed to the Scheme Creditors or, if so directed by the Scheme Creditors, to the relevant Account Holder for the Persons respectively entitled thereto at the addresses or email addresses appearing in the relevant Account Holder Letter or to such other addresses or email addresses (if any) as such Persons may respectively direct in writing; and

(c) in the case of any other Person, any address or email address set forth for that Person in any agreement entered into in connection with this Scheme.

27.2 In addition:

(a) any notice or other written communication to be given to the Scheme Creditors under or in relation to this Scheme may also be given and shall be deemed to have been duly given if: (i) sent by electronic means through the Clearing Systems, (ii) published on the Scheme Website or (iii) published on the website of the HKEx; and

(b) any Account Holder Letter delivered to the Information Agent by a Scheme Creditor shall be deemed to have been duly delivered if submitted online at the Scheme Website.

27.3 Any notice or other written communication to be given under this Scheme shall be deemed to have been served:

(a) if delivered by hand, on the first Business Day following delivery;

(b) if sent by e-mail, at the time of transmission;

(c) if sent by Post, on the first Business Day after posting; and

(d) if distributed electronically through the Clearing Systems, on the first Business Day after such electronic distribution; and

(e) if published or posted electronically on the Scheme Website or on the website of the HKEx, on the day of such online publication.

27.4 In proving service, it shall be sufficient proof, that the notice was transmitted by e-mail to the relevant e-mail address of the party or, in the case of a notice sent by Post, that the envelope was properly stamped, addressed and placed in the Post.

27.5 The accidental omission to send any notice, written communication or other document in accordance with this Clause 27 or the non-receipt of any such notice by any Scheme Creditor, shall not affect any of the provisions of this Scheme or the effectiveness thereof.

28. FORCE MAJEURE

None of the Scheme Creditors, the Subsidiary Guarantors, the Company or the Information Agent shall be in breach of its obligations under this Scheme as a result of any delay or non-performance of its obligations under this Scheme arising from any Force Majeure.

29. CONFLICT AND INCONSISTENCY

In the case of a conflict or inconsistency between the terms of this Scheme and the terms of the Scheme Document, the terms of this Scheme will prevail.

30. GOVERNING LAW AND JURISDICTION

30.1 This Scheme shall be governed by, and construed in accordance with, the laws of Bermuda. The Company, each Subsidiary Guarantor, the Information Agent and each of the Scheme Creditors agree that, to the fullest extent permitted by applicable law, any Disputed Scheme Claim or other Dispute shall be determined in accordance with the Adjudication Procedure provided by this Scheme.

30.2 Without prejudice to the application of the Adjudication Procedure, the Scheme Creditors agree that the Bermuda Court shall have exclusive jurisdiction to hear and determine any dispute or Proceedings arising out of or in connection with the Scheme and/or implementation of the Scheme and the Scheme Creditors hereby submit to the exclusive jurisdiction of the Bermuda Court for those purposes.

APPENDIX 3 NOTICE OF SCHEME MEETING

NOTICE OF SCHEME MEETING

IN THE SUPREME COURT OF BERMUDA

COMMERCIAL COURT

CIVIL JURISDICTION

2021: NO. 110

IN THE MATTER OF

GCL NEW ENERGY HOLDINGS LIMITED

AND IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981

Terms used in this Notice have the same meaning as in the composite scheme document dated 12 May 2021 (the "**Scheme Document**") relating to the proposed scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda between GCL New Energy Holdings Limited (the "**Company**") and the Scheme Creditors (the "**Scheme**").

NOTICE IS HEREBY GIVEN that, by order dated 6 May 2021 (the "**Order**"), the Supreme Court of Bermuda (the "**Bermuda Court**") has directed that a meeting of Scheme Creditors (the "**Scheme Meeting**") of the Company be convened for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme.

The Scheme Meeting will be held at the offices of Milbank at 30th Floor Alexandra House, 18 Chater Road, Central, Hong Kong at 7:00 p.m. on 4 June 2021 (Hong Kong time) / 8:00 a.m. on 4 June 2021 (Bermuda time). All Scheme Creditors are requested to attend the Scheme Meeting at such place and time either in person (or, if a corporation, by a duly authorised representative) or by proxy.

Scheme Creditors may vote in person (or, if a corporation, appoint a duly authorised representative) or proxy to vote in their place. Scheme Creditors may appoint proxies to vote at the Scheme Meeting in Part 2 (*Voting and Appointment of Proxy*) of the Account Holder Letter.

The Bermuda Court has ordered that the Notes Trustee and the Depositary (including any nominee of the Depositary as registered holder of the Notes) shall refrain from voting at the Scheme Meeting to the extent necessary to avoid double counting of votes at the Scheme Meeting.

Each Scheme Creditor (or, if a corporation, its duly authorised representative) or proxy will be required to register its attendance at the Scheme Meeting prior to the commencement of the Scheme Meeting. Registration in respect of the Scheme Meeting will commence no later than one hour before the scheduled start time of 7:00 p.m. (Hong Kong time) on the date of the Scheme Meeting and each Scheme Creditor (or, if a corporation, its duly authorised representative) or proxy must be registered prior to the commencement of the Scheme Meeting.

To ensure it is able to vote on the Scheme and attend the Scheme Meeting (in person (or, if a corporation, by a duly authorised representative) or by proxy), a Scheme Creditor should ensure that an Account Holder

Letter is completed and lodged with the Information Agent in accordance with the instructions set out in the Solicitation Packet by no later than the Record Time for the Scheme, being 5:00 p.m. on 2 June 2021 (London time) / 00:00 a.m. 3 June 2021 (Hong Kong time) / 1:00 p.m. 2 June 2021 (Bermuda time).

Copies of the Scheme, the Scheme Document and the Solicitation Packet (this will include the Account Holder Letter) are available to download from the Scheme Website (https://deals.lucid-is.com/gclnewenergy).

Printed copies of the Scheme, the Scheme Document and the Solicitation Packet (this will include the Account Holder Letter) can be obtained free of charge by Scheme Creditors from 9:00 a.m. to 5:00 p.m. (Hong Kong time) on any day (other than Saturdays, Sundays or statutory holidays in Hong Kong) prior to the day appointed for the Scheme Meeting, from Milbank at 30th Floor Alexandra House, 18 Chater Road, Central, Hong Kong and from 9:00 a.m. to 5:00 p.m. (Bermuda time) on any day (other than Saturdays, Sundays or statutory holidays in Bermuda) prior to the day appointed for the Scheme Meeting, from Conyers Dill & Pearman at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

By the Order, the Bermuda Court directed that (a) the Scheme Meeting will be chaired by Ms. Jacqueline Chan of Milbank or Ms. Michelle Xu of Admiralty Harbour and (b) the Chairperson shall report the results of the Scheme Meeting to the Bermuda Court.

The Scheme will be subject to the subsequent approval of the Bermuda Court and to the fulfilment or waiver (as applicable) of the conditions of the Scheme as set out in the Scheme Document.

The petition seeking sanction of the Scheme shall be heard at 8:30 p.m. (Hong Kong time) on 11 June 2021 / 9:30 a.m. (Bermuda time) on 11 June 2021. All Scheme Creditors are entitled to attend that sanction hearing in Bermuda in person or through counsel to support or oppose the sanctioning of the Scheme.

For further information please contact either the Information Agent (details below) or the Chairperson by email to JChan@milbank.com and michelle.xu@ahfghk.com.

Lucid Issuer Services Limited

In London	*In Hong Kong*
Tankerton Works	**3/F Three Pacific Place**
12 Argyle Walk	**1 Queen's Road East**
London, WC1H 8HA	**Admiralty, Hong Kong**
Attention: Paul Kamminga	**Attention: Mu-yen Lo**
Telephone: +44 20 7704 0880	**Telephone: +852 2281 0114**

Email: gclnewenergy@lucid-is.com
Scheme Website: https://deals.lucid-is.com/gclnewenergy

Date: 12 May 2021

GCL New Energy Holdings Limited

APPENDIX 4 SOLICITATION PACKET

SOLICITATION PACKET

THIS SOLICITATION PACKET IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Scheme Creditors

Scheme Creditors include (for the avoidance of doubt, but without double counting in each case):

(a) Noteholders;

(b) the Notes Trustee;

(c) the Depositary; and

(d) Account Holder and Intermediaries.

Account Holders are those persons who are direct participants in the Clearing Systems with their interests in the Notes being recorded directly in the books or other records maintained by the Clearing System.

For the purpose of the Scheme, you will be a Noteholder if you hold, or as the case may be, held an economic or beneficial interest as principal in the Notes held in global form through the Clearing Systems at the Record Time.

Purpose and Content of this Solicitation Packet

This Solicitation Packet performs the following important functions:

- first, the Company is soliciting votes from the Noteholders in respect of the Scheme. This Solicitation Packet sets out instructions and guidance for voting at the Scheme Meeting; and

- second, in order to receive any Scheme Consideration if the Scheme becomes effective in accordance with its terms, Noteholders are required to ensure that a duly completed Account Holder Letter with applicable appendices is submitted to the Information Agent. This Solicitation Packet includes the forms of those documents, as well as instructions and guidance for how to complete them.

Please read the Scheme Document and the Scheme and follow the instructions contained herein before completing your Account Holder Letter.

Unless otherwise defined herein, defined words shall have the meaning given to them in the Scheme Document.

Key Dates

The key dates in respect of the Scheme are:

- **Custody Instruction Deadline**: being 5:00 p.m. on 1 June 2021 (London time) / 00:00 a.m. 2 June 2021 (Hong Kong time) / 1:00 p.m. 1 June 2021 (Bermuda time)

- **Record Time**: being 5:00 p.m. on 2 June 2021 (London time) / 00:00 a.m. 3 June 2021 (Hong Kong time) / 1:00 p.m. 2 June 2021 (Bermuda time)

- **Scheme Meeting**: being 7:00 p.m. on 4 June 2021 (Hong Kong time) / 8:00 a.m. on 4 June 2021 (Bermuda time)

- **Scheme Effective Date**: being the date on which the Bermuda Sanction Order is delivered to the Bermuda Registrar of Companies for registration. The occurrence of the Scheme Effective Date will be notified by the Company in accordance with the Scheme

- **Restructuring Effective Date**: being the date falling two Business Days after the date on which each of the Restructuring Conditions has been satisfied or, in the event that the Company delivers an Extension Notice, the Deferred Restructuring Effective Date. The occurrence of the Restructuring Effective Date will be notified by the Company in accordance with the Scheme

- **Bar Time**: being 5:00 p.m. (Hong Kong time) on the date falling three Business Days before the Holding Period Expiry Date

- **Holding Period Expiry Date**: being the date falling three months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date)

Voting at the Scheme Meeting

To ensure that you are able to vote at the Scheme Meeting:

- please ensure that the Account Holder Letter is duly completed, executed and returned in accordance with the instructions set out therein so that it is received by the Information Agent online at https://deals.lucid-is.com/gclnewenergy by the Record Time;

- please note that each Scheme Creditor needs only to submit one Account Holder Letter in respect of the Scheme; and

- in the case of Noteholders, please allow sufficient time for your Account Holder to give instructions to the Clearing Systems in accordance with the procedures established between them to ensure that a duly completed Account Holder Letter is submitted to the Information Agent by the Record Time and the Notes are blocked in the relevant Clearing System prior to the **Custody Instruction Deadline** and the submission of the Account Holder Letter.

Entitlement to receive Scheme Consideration

If you wish to receive the Scheme Consideration on the Restructuring Effective Date, please ensure that the Account Holder Letter and, for receiving New Notes, Distribution Confirmation Deed are duly completed, executed and returned online at https://deals.lucid-is.com/gclnewenergy in accordance with the instructions set forth therein so that they are received by the Information Agent by the **Record Time**.

If you are not an Eligible Person (i.e. a person who can make the affirmative securities law confirmations and undertakings set out in Annex B to the Distribution Confirmation Deed), you may designate a Designated Recipient who is an Eligible Person to receive your New Notes by submission of a Designated Recipient Form in accordance with the terms of the Scheme and the instructions contained herein.

A Scheme Creditor who fails to submit the required documents by the Record Time will not receive the Scheme Consideration on the Restructuring Effective Date and will be regarded as an Ineligible Creditor. **An Ineligible Creditor should read and follow instructions set out in the Holding Period Trust Deed for submission of the required documentation by the Bar Time**.

FOR ASSISTANCE CONTACT

Lucid Issuer Services Limited

In London	*In Hong Kong*
Tankerton Works	**3/F Three Pacific Place**
12 Argyle Walk	**1 Queen's Road East, Admiralty**
London, WC1H 8HA	**Hong Kong**
Attention: Paul Kamminga	**Attention: Mu-yen Lo**
Telephone: +44 20 7704 0880	**Telephone: +852 2281 0114**

Email: gclnewenergy@lucid-is.com

Scheme Website: https://deals.lucid-is.com/gclnewenergy

ACTIONS TO BE TAKEN – DOCUMENTS AND DEADLINES

Summary Table for Scheme Creditor

Action	**Documents / Custody Instructions to submit**	**Deadline**
To vote at the Scheme Meeting	• Custody Instruction	• **Custody Instruction Deadline and prior to submission of the Account Holder Letter** (Check relevant deadlines with your custodian and Clearing System, as they may impose their own earlier deadlines)
	• Account Holder Letter (for the avoidance of doubt, comprising of both Part 1 (*Noteholder, Account Holder and Holdings Details*) and Part 2 (*Voting and Appointment of Proxy*) thereto, and including the Custody Instruction Reference Number)	• **Record Time**
To receive the Cash Consideration and New Notes on the Restructuring Effective Date **If only the Account Holder Letter has been submitted, the Noteholder will only be entitled to receive the relevant portion of Cash Consideration on the Restructuring Effective Date**	• Custody Instruction	• **Custody Instruction Deadline and prior to submission of the Account Holder Letter** (Check relevant deadlines with your custodian and Clearing System, as they may impose their own earlier deadlines)
	• Account Holder Letter (for the avoidance of doubt, comprising of both Part 1 (*Noteholder, Account Holder and Holdings Details*) and Part 2 (*Voting and Appointment of Proxy*) thereto, and including the Custody Instruction Reference Number) • Distribution Confirmation Deed • Designated Recipient Form (for Noteholder who is not an Eligible Person and who wishes to appoint a Designated Recipient to receive the New Notes)	• **Record Time**
To receive the Cash Consideration and New Notes on the Holding Period Expiry Date	• See documents required in the Holding Period Trust Deed for establishing entitlements to the Trust Assets	• **Bar Time**

TABLE OF CONTENTS

1. GENERAL GUIDANCE

1.1 Introduction

(a) These instructions have been prepared to assist the Noteholders and Account Holders in completing the Account Holder Letter located at Schedule 1 and the documents enclosed therewith.

(b) The Account Holder Letter encloses the following documents:

(i) The Designated Recipient Form, being a form that a Scheme Creditor may complete in order to appoint a Designated Recipient to be the recipient of the New Notes that would otherwise be issued to such Scheme Creditor. The Designated Recipient Form is located at Appendix 1 (*Designated Recipient Form*) to the Account Holder Letter.

(ii) The Distribution Confirmation Deed, being a deed that a Scheme Creditor (or its Designated Recipient) must complete in order to confirm (amongst other things) that such Scheme Creditor (or its Designated Recipient) may lawfully be issued with the New Notes. The Distribution Confirmation Deed is located at Appendix 2 (*Distribution Confirmation Deed*) to the Account Holder Letter.

(c) The Bermuda Court has ordered that the Notes Trustee and the Depositary (including any nominee of the Depositary as registered holder of the Notes) shall refrain from voting at the Scheme Meeting to the extent necessary to avoid double counting of votes at the Scheme Meeting.

(d) The Information Agent has been appointed to facilitate communications with Scheme Creditors concerning the Scheme. The Information Agent's remuneration and expenses, and all costs incurred by it on behalf of the Company, shall be met by the Company.

1.2 Voting at the Scheme Meeting

(a) Before the Scheme can become effective and binding on the Company and the Scheme Creditors, among other terms and conditions set out in the Scheme, a simple majority in number of the Scheme Creditors attending and voting at the Scheme Meeting either in person or by proxy representing at least three fourths in value of the aggregate Scheme Claims of the Scheme Creditors attending and voting at the Scheme Meeting either in person or by proxy at the Scheme Meeting must vote to approve the Scheme.

(b) A Noteholder will be entitled to vote at the Scheme Meeting provided it has submitted (or it has had submitted on its behalf) a validly completed Account Holder Letter in accordance with the instructions herein and by the Record Time. For each Noteholder, a Custody Instruction must also have been submitted in respect of the Noteholders' Notes by the Custody Instruction Deadline (see paragraph 4.2 below for further details).

(c) The Scheme Meeting has been ordered by the Bermuda Court to be summoned to take place, at the offices of Milbank at 30th Floor Alexandra House, 18 Chater Road, Central, Hong Kong, with any adjournment as may be appropriate, at **7:00 p.m. on 4 June 2021 (Hong Kong time) / 8:00 a.m. on 4 June 2021 (Bermuda time)**. Formal notices of the

Scheme Meeting are set out in Appendix 3 (*Notice of Scheme Meeting*) of the Scheme Document.

(d) The dates referred to in paragraph 1.2(c) above assume that the Scheme Meeting will not be adjourned or delayed.

1.3 Process and deadline for voting at the Scheme Meeting

(a) Voting on the Scheme will take place at the Scheme Meeting by Noteholders appearing in person, by a duly authorised representative (in the case of a corporation) or by proxy as explained in more detail in paragraph 2 below.

(b) To ensure that it is able to vote at the Scheme Meeting, a Noteholder must ensure that its Account Holder Letter is submitted to the Information Agent before the **Record Time**. Each Noteholder must submit its voting instructions to its Account Holder sufficiently in advance of the Record Time to enable its Account Holder to complete and return the Account Holder Letter to the Information Agent by the Record Time.

(c) The Company reserves the right to terminate or amend this Solicitation Packet in a manner that is not materially adverse to the interests of the Scheme Creditors at any time prior to the Record Time. The Company also reserves the right to change the Record Time to a later time or date. Any such extension will be followed as promptly as practicable by notice thereof. If the Company extends the Record Time, it also reserves the right to establish a later Custody Instruction Deadline.

(d) Subject to paragraph 1.3(e) below, the failure of a Noteholder to:

(i) submit (or if applicable, procure that its Account Holder submits) a validly completed Account Holder Letter by the Record Time; and/or

(ii) block (or procure that its Account Holder blocks) its Notes in the relevant Clearing System before the Custody Instruction Deadline;

will mean that the voting instructions, votes and elections contained in any Account Holder Letter subsequently received by the Information Agent from or on behalf of that Scheme Creditor will be disregarded for the purposes of voting at the Scheme Meeting and the relevant Noteholder will not be entitled to vote on the Scheme at the Scheme Meeting.

(e) Notwithstanding any other provision of this Scheme, the Chairperson of the Scheme Meeting will be entitled, at the sole discretion of the Chairperson, to permit a Scheme Creditor in respect of which a completed Account Holder Letter has not been delivered prior to the Record Time to vote at the Scheme Meeting if: (i) the relevant Scheme Creditor has delivered a completed Account Holder Letter between the Record Time and the Scheme Meeting or (ii) the Chairperson considers that the relevant Scheme Creditor has otherwise produced sufficient proof that it is a Noteholder.

1.4 Assessment of Scheme Claims for voting purposes

(a) The principal amount of the Scheme Claims of each Scheme Creditor who submits a valid Account Holder Letter will be calculated for voting purposes as at the **Record Time**. A copy of each Account Holder Letter may be confidentially provided to the Company by

the Information Agent, together with any other documents or information provided by each Scheme Creditor in support of its Scheme Claim. This information will be used by the Chairperson to determine whether each resolution is validly passed at the Scheme Meeting. Specifically, votes of Noteholders will be admitted at the Scheme Meeting at a value equal to the sum of: (i) the outstanding principal amount of the Notes in which each Noteholder held an economic or beneficial interest as principal at the Record Time (without double counting); plus (ii) all accrued and unpaid interest on such Notes up to but excluding the Record Date (for this purpose, interest on the Notes will be treated as having accrued at the rate of 7.1% per annum specified in the Indenture from 31 July 2020 until 30 January 2021 and then shall be deemed to accrue at the rate of 10.0% per annum from 31 January 2021 until (but excluding) the Record Date). This is subject to the Information Agent (i) verifying the principal amount of the Notes set out in the relevant Account Holder Letter against the information provided by the Clearing System through which that Noteholder (or its Account Holder acting on its behalf) holds its interest in the Notes at the Record Time and (ii) reconciling the Custody Instruction Reference Number specified in the Account Holder Letter submitted by or on behalf of a Noteholder with the blocking instructions recorded by the Clearing System.

(b) Only those persons who (i) are Noteholders as at the Record Time and (ii) have submitted an Account Holder Letter by the Record Time in accordance with paragraphs 2.3 and 2.4 below are entitled to attend and vote, either in person (or, if a corporation, by a duly authorised representative) or by proxy at the Scheme Meeting.

(c) The Chairperson may, for voting purposes only, reject a Scheme Claim in whole or in part if the Chairperson considers that the relevant Noteholder has not complied with the voting procedures described in this Solicitation Packet. If a Scheme Claim is unascertained, contingent or Disputed, the Chairperson may admit the Scheme Claim for voting purposes at the Scheme Meeting only at a value which the Chairperson considers is a fair and reasonable assessment of the sums owed by the Company in respect of that Scheme Claim.

(d) The Chairperson will report to the Bermuda Court at the hearing to sanction the Scheme with his or her decision to reject any Scheme Claims, with details of those Scheme Claims and the reasons for rejection.

(e) The admission and valuation of any Scheme Claim for voting purposes does not (in itself) constitute an admission of the existence or value of the Scheme Claim and will not bind the Company for any purpose other than voting at the Scheme Meeting.

1.5 Transfers / assignments after the Record Time

The Company is under no obligation to recognise any assignment or transfer of any Scheme Claim after the Record Time for the purposes of determining entitlements under the Scheme, save that if the Company has received written notice of a sale, assignment or transfer of a Scheme Claim (from each relevant party to such sale, assignment or transfer), the Company may, in its absolute discretion and subject to such evidence as it may reasonably require and any other terms and conditions which the Company may consider necessary or desirable, agree to recognise such sale, assignment or transfer for the purposes of determining any entitlement to attend and vote at the Scheme Meeting or to the Scheme Consideration. It shall be a term of such recognition that such purchaser, assignee or transferee so recognised by the Company shall be bound by the terms of the Scheme and for the purposes of the Scheme shall be a Scheme Creditor.

2. VOTING INSTRUCTIONS

2.1 General

(a) Each Scheme Creditor must (and must procure that its Account Holder does):

(i) validly complete and submit the relevant parts of the Account Holder Letter in accordance with these instructions and the instructions contained therein;

(ii) indicate its decision to either vote for or against the Scheme; and

(iii) sign and return the Account Holder Letter to the Information Agent in accordance with the instructions contained in this Solicitation Packet and the relevant Account Holder Letter.

(b) Each Noteholder who is not an Account Holder shall submit its voting instructions through its Account Holder. Each Noteholder who is not an Account Holder should procure that its Account Holder submits an Account Holder Letter to the Information Agent allowing sufficient time for the Account Holder to receive the Account Holder Letter, complete the relevant parts of the Account Holder Letter, and transmit the Account Holder Letter to the Information Agent so that it is actually received by the Record Time.

(c) It will be the responsibility of Account Holders, who are not Noteholders, to obtain from each Noteholder (through any Intermediaries, if applicable) on whose behalf they are acting, in accordance with the procedures established between them, whatever information or instructions they may require to identify in an Account Holder Letter the relevant Noteholder and to provide the information, instructions and confirmations required by the Account Holder Letter. Unless due to absent gross negligence, breach of fiduciary duty, fraud, dishonesty, wilful default or wilful misconduct, none of the Company, the Information Agent, the Notes Trustee or any other person will be responsible for any loss or liability incurred by a Noteholder as a result of any determination by the Information Agent that an Account Holder Letter contains an error or is incomplete.

(d) If a person is in any doubt as to whether or not it is a Noteholder or an Account Holder, such person should contact the Information Agent using the contact details set out in the Account Holder Letter in this Solicitation Packet.

2.2 Completion of an Account Holder Letter by a Noteholder

Elections relating to Scheme Meeting

(a) In summary, each Scheme Creditor may decide, among other things:

(i) to attend and vote at the Scheme Meeting in person (or, if a corporation, by a duly authorised representative); or

(ii) to instruct the Chairperson as its proxy to vote on behalf of, and in accordance with the wishes of, such Scheme Creditor; or

(iii) to appoint someone else as its proxy to attend the Scheme Meeting and to vote on behalf of, and in accordance with the wishes of, such Scheme Creditor,

in each case, by ensuring that such election is recorded in the Account Holder Letter submitted by it or on its behalf and that Part 2 (*Voting and Appointment of Proxy*) of the Account Holder Letter is completed.

(b) Each Scheme Creditor is recommended to appoint a proxy (either the Chairperson or someone of its choice who would be willing to attend the Scheme Meeting) in any event, even if that Scheme Creditor intends to attend and vote in person (or, if a corporation, by a duly authorised representative), in case such Scheme Creditor is unable to do so for some reason. A Scheme Creditor who appoints a proxy will still be entitled to attend and vote at the Scheme Meeting in person (or, if a corporation, by a duly authorised representative), but the proxy previously appointed will no longer be entitled to vote under that appointment.

Instructions to be included

(c) Each Scheme Creditor should ensure that the following is included in the Account Holder Letter submitted:

(i) its identity and other information in Section 1 (*Details of the Noteholder*) of Part 1 (*Noteholder, Account Holder and Holdings Details*) of the Account Holder Letter;

(ii) the Account Holder's information and details of the Notes which are the subject of the Account Holder Letter, including the ISIN code, the principal amount of the Notes held, the Clearing System account number of the Account Holder and, in respect of the relevant Custody Instruction the relevant Custody Instruction Reference Number in Sections 2 (*Account Holder Details*) and 3 (*Details of Holdings*) of Part 1 (*Noteholder, Account Holder and Holdings Details*) of the Account Holder Letter;

(iii) its voting instructions with respect to the Scheme in Part 2 (*Voting and Appointment of Proxy*) of the Account Holder letter;

(iv) if applicable, the appointment of a Designated Recipient in Appendix 1 (*Designated Recipient Form*) of the Account Holder Letter; and

(v) a completed and signed (by the Scheme Creditor and its Designated Recipient (if applicable)) Distribution Confirmation Deed in Appendix 2 (*Distribution Confirmation Deed*) of the Account Holder Letter.

(d) Each Scheme Creditor that submits, delivers or procures the delivery of an Account Holder Letter shall be deemed to make the representations, warranties and undertakings to the Company and the Information Agent set forth in the Account Holder Letter.

2.3 Submission of an Account Holder Letter

(a) The Solicitation Packet (including the Account Holder Letter), the Scheme Document, the Scheme and related materials are available for inspection on the Scheme Website (https://deals.lucid-is.com/gclnewenergy) by Scheme Creditors.

(b) The Account Holders shall also forward the Solicitation Packet, the Scheme Document, the Scheme and any related materials (or, if this is impracticable for technical reasons, directions to the Scheme Website where all such documents may be accessed) to the relevant Noteholders for voting. After the Noteholders return their voting instructions, votes and elections to the Account Holder, the Account Holder must ensure the Account Holder Letter is fully completed and then return the Account Holder Letter to the Information Agent.

(c) All Account Holder Letters should be delivered by Account Holders to the Information Agent as soon as possible and by the Record Time.

2.4 Attending the Scheme Meeting

(a) The Scheme Meeting will take place at the time and place described in paragraph 1.2(c) above.

(b) Any Scheme Creditor or its proxy attending the Scheme Meeting in person must produce a duplicate copy of the Account Holder Letter validly completed and submitted by or on behalf of that Scheme Creditor together with evidence of corporate authority (in the case of a corporation) (for example, a valid power of attorney and/or board resolutions) and evidence of personal identity (being a valid original passport or other original government-issued photographic identification) at the registration desk by no later than one hour before the scheduled time of the Scheme Meeting. If appropriate personal identification or evidence of authority is not produced, that person shall only be permitted to attend and vote at the Scheme Meeting at the discretion of the Chairperson.

(c) If a Noteholder appoints the Chairperson as its proxy, there is no need for the Chairperson to take the Account Holder Letter to the Scheme Meeting.

3. INSTRUCTIONS RELATING TO SCHEME CONSIDERATION

3.1 General

(a) The Scheme Consideration under the terms of the Scheme comprises the following:

(i) Cash Consideration; and

(ii) New Notes to be issued by the Company pursuant to the New Notes Indenture (and, without double counting, any cash adjustments payable as a result of the rounding down of fractional entitlements of New Notes in accordance with the terms of the Scheme);

(b) The Scheme Consideration will be distributed to Scheme Creditors on **two separate dates** under the terms of the Scheme:

(i) on the **Restructuring Effective Date**, the relevant part of the Scheme Consideration will be distributed among those Scheme Creditors that have submitted to the Information Agent, the duly completed and signed copies of the Account Holder Letter and, for receiving the New Notes, the Distribution Confirmation Deed and, if applicable, a Designated Recipient Form by the Record Time and whose Scheme Claims have become Accepted Scheme Claims (the "**Eligible Creditors**"); and

(ii) on the **Holding Period Expiry Date**, the relevant part of the Scheme Consideration will be distributed among those Ineligible Creditors who subsequently establish their entitlement to Scheme Consideration under the terms of the Holding Period Trust Deed by the Bar Time.

(c) The Scheme Consideration will be eligible for distribution, clearing and settlement only through Euroclear and Clearstream. It will not be possible to receive the Scheme Consideration without providing relevant Euroclear or Clearstream account details.

3.2 Restructuring Effective Date

(a) In order to be an Eligible Creditor (and, therefore, to receive both Cash Consideration and New Notes on the Restructuring Effective Date), a Scheme Creditor must ensure that duly completed and signed copies of the Account Holder Letter, the Distribution Confirmation Deed and, if applicable, a Designated Recipient Form are delivered so that they are received by the Information Agent by the Record Time, or in the event that the Scheme Meeting is adjourned, such later time and date as may be set by the Company and notified to Scheme Creditors in the same manner in which the notice of the Scheme Meeting was notified to them.

(b) A Scheme Creditor may be an Eligible Creditor even if it votes against, or does not submit a vote in respect of, the Scheme.

(c) Any Scheme Creditor who fails to submit a duly completed Account Holder Letter shall receive no Cash Consideration or New Notes on the Restructuring Effective Date. Any Scheme Creditor that only submits the Account Holder Letter (without the Appendices thereto, being the Distribution Confirmation Deed and, if applicable, a Designated Recipient Form) shall receive no New Notes on the Restructuring Effective Date. Subject to compliance with the instructions in paragraph 3.3 below, an Ineligible Creditor shall receive its entitlement to the Scheme Consideration on the Holding Period Expiry Date.

3.3 Bar Time and Holding Period Expiry Date

(a) The **Bar Time** is the final deadline for a Scheme Creditor to submit the documentation required to receive any Scheme Consideration under the terms of the Scheme.

(b) The **Holding Period Expiry Date** is the date falling three months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date) as notified by the Company to Scheme Creditors pursuant to the provisions of the Scheme.

(c) If a Scheme Creditor has not already done so on or before the Record Time, it must ensure that duly completed and signed copies of the required documents are received by the

Information Agent and/or the Holding Period Trustee (as applicable) by the Bar Time in accordance with the terms of this Solicitation Packet and/or the Holding Period Trust Deed (as applicable) for receiving the Scheme Consideration on the Holding Period Expiry Date (but note that Scheme Claims will be determined as at the Record Time with interest (if any) accrued up to but excluding the Restructuring Effective Date).

(d) Any remaining amount of the Scheme Consideration after the distribution set out in paragraph 3.3(c) above shall be transferred to the Company by the Holding Period Trustee in accordance with the terms of the Holding Period Trust Deed on the Holding Period Expiry Date.

All Scheme Claims will be released on the Restructuring Effective Date in accordance with the terms of and subject to the conditions set out in the Scheme. If a Scheme Creditor fails to do the above, it will cease to be entitled to receive any Scheme Consideration but shall have its Scheme Claims compromised irrevocably and shall be bound by the releases under the Scheme.

4. BLOCKING NOTES AND UNDERTAKING NOT TO TRANSFER

4.1 General

(a) Subject to paragraph 4.1(f) below, a Noteholder who procures the submission of an Account Holder Letter (to vote at the Scheme Meeting and/or receive any Scheme Consideration) **must before the Custody Instruction Deadline and prior to delivering the Account Holder Letter to the Information Agent block its Notes by ensuring that its Account Holder** follows the instructions set out in paragraph 4.2 below.

(b) An Account Holder Letter will not be valid for the purposes of voting at the Scheme Meeting or receiving Scheme Consideration on the Restructuring Effective Date and the Company and the Information Agent reserve the right to reject any Account Holder Letter that does not contain reference to a valid Custody Instruction Reference Number in accordance with paragraph 4.2 below.

(c) Please note that the Clearing System in which you (or your custodian) hold your Notes may impose an earlier deadline for the submission of the Custody Instruction and/or Account Holder Letter. To ensure timely submission of your Custody Instruction and Account Holder Letter, please ask your custodian to check with the Clearing System as to whether any earlier deadline is applicable and ensure that your Custody Instruction and/or Account Holder Letter are received before any applicable deadline. This is particularly important if you wish to submit an Account Holder Letter by the Record Time in order to vote at the Scheme Meeting and/or to receive Scheme Consideration on the Restructuring Effective Date.

(d) The Notes should be blocked in accordance with the standard practices and procedures of Euroclear or Clearstream (as applicable) and the deadlines required by Euroclear or Clearstream, their Account Holders and any Intermediary. Euroclear or Clearstream, as applicable, will automatically assign a Custody Instruction Reference Number in respect of each Custody Instruction and, as noted above, the Custody Instruction Reference Number must be cross referenced in the Account Holder Letter relating to the Notes in respect of which the Custody Instruction Reference Number has been obtained. It is the responsibility of Account Holders (and Noteholders to ensure that their Account Holders)

to comply with any particular deadlines required by such persons or the Information Agent in order to meet the Custody Instruction Deadline and the Record Time. As such, Account Holders should ensure that Euroclear or Clearstream (as applicable) has received Custody Instructions regarding the Notes that are the subject of each Account Holder Letter and each Noteholder procuring the submission of an Account Holder Letter by its Account Holder should instruct its Account Holder to confirm that (and the Account Holder should ensure that) the Account Holder Letter cross references the Custody Instruction Reference Number.

(e) If the Restructuring Effective Date occurs before the Longstop Date, all of the Notes will be cancelled in the Clearing Systems and will be irrevocably released and cancelled in full in accordance with the terms of the Scheme as at the Restructuring Effective Date and thereafter will not be capable of being traded in the Clearing Systems.

(f) Any documentation and relevant Custody Instruction submitted by or on behalf of a Noteholder shall be irrevocable for all purposes in connection with the Scheme unless and until the Company has provided an irrevocable instruction to the Information Agent in accordance with paragraph 4.1(g) below.

(g) The Company shall provide an irrevocable instruction to the Information Agent to immediately cause the Notes to be unblocked:

(i) within two Business Days after one of the circumstances below occurs:

(A) the Scheme is not approved by the requisite majorities of the Scheme Creditors at the Scheme Meeting, and is withdrawn or is terminated in accordance with terms of the Scheme;

(B) the Scheme is not sanctioned by a final and unappealable order of the Bermuda Court, or the Restructuring otherwise does not become effective, by the Longstop Date; or

(C) the Company gives written notice of an intention not to proceed with the Scheme; or

(ii) if the Company at its sole discretion consents to unblock the Notes.

4.2 Procedure for blocking Notes

(a) Subject to paragraph 4.1(f) above, a Noteholder that procures submission of an Account Holder Letter (to vote at the Scheme Meeting and/or receive any Scheme Consideration) **must ensure that its Account Holder, prior to delivering the Account Holder Letter to the Information Agent**:

(i) submits the relevant custody instruction to block its Notes in Euroclear or Clearstream ("**Custody Instruction**") in accordance with the standard practices and procedures required by Euroclear or Clearstream prior to the Custody Instruction Deadline until such time as the Notes are cancelled or unblocked in accordance with paragraph 4.1(g) above; and

(ii) includes in the relevant Account Holder Letter reference to the custody instruction reference number ("**Custody Instruction Reference Number**").

(b) The relevant Clearing System will provide the Information Agent with confirmation that the Notes that are the subject of the relevant Account Holder Letter have been blocked with effect from or before the date of the relevant Account Holder Letter. In the event that the Clearing System has not received a Custody Instruction prior to its relevant deadline, the Company may reject the Account Holder Letter for the purposes of voting at the Scheme Meeting or receiving Scheme Consideration on the Restructuring Effective Date.

4.3 Undertaking not to transfer

(a) Once a Custody Instruction Reference Number has been received, the Notes held by that Account Holder will be "blocked" from trading until such time as the Notes are cancelled or unblocked in accordance with paragraph 4.1(g) above. By completion of the Account Holder Letter with inclusion of the Custody Instruction Reference Number, the relevant Noteholder will be deemed to have given the undertaking that it will not, from the date of submission of its Account Holder Letter, sell, transfer, assign or otherwise dispose of its interest in all or any part of its specified Notes until such time as the Notes are cancelled or unblocked in accordance with paragraph 4.1(g) above.

SCHEDULE 1 ACCOUNT HOLDER LETTER

ACCOUNT HOLDER LETTER

For use by Account Holders in respect of

US$500,000,000 7.1% senior notes due 2021 (ISIN: XS1746281226, Common Code: 174628122; Regulation S Global Note) (the "**Notes**")

issued by

GCL New Energy Holdings Limited (the "**Company**")

in relation to the Company's scheme of arrangement under Section 99 of the Companies Act 1981 as applicable in Bermuda (the "**Scheme**").

Capitalised terms used but not defined in this Account Holder Letter have the meaning given to them in the composite scheme document relating to the Scheme issued by the Company on 12 May 2021 (the "**Scheme Document**"), subject to any amendments or modifications made by the Bermuda Court.

The Scheme will, if implemented, materially affect the Noteholders of the Company. Noteholders must use this Account Holder Letter (by instructing their Account Holder if the Noteholder is not an Account Holder) to (a) register details of their interest in the Notes, (b) if they wish, make certain elections in relation to the voting at the Scheme Meeting, and (c) allow them to receive Scheme Consideration. The summary of the Account Holder Letter is set out below.

Key Dates

The key dates in respect of the Scheme are:

- **Custody Instruction Deadline**: being 5:00 p.m. on 1 June 2021 (London time) / 00:00 a.m. 2 June 2021 (Hong Kong time) / 1:00 p.m. 1 June 2021 (Bermuda time)

- **Record Time**: being 5:00 p.m. on 2 June 2021 (London time) / 00:00 a.m. 3 June 2021 (Hong Kong time) / 1:00 p.m. 2 June 2021 (Bermuda time)

- **Scheme Meeting**: being 7:00 p.m. on 4 June 2021 (Hong Kong time) / 8:00 a.m. on 4 June 2021 (Bermuda time)

- **Scheme Effective Date**: being the date on which the Bermuda Sanction Order is delivered to the Bermuda Registrar of Companies for registration. The occurrence of the Scheme Effective Date will be notified by the Company in accordance with the Scheme

- **Restructuring Effective Date**: being the date falling two Business Days after the date on which each of the Restructuring Conditions has been satisfied or, in the event that the Company delivers an Extension Notice, the Deferred Restructuring Effective Date. The occurrence of the Restructuring Effective Date will be notified by the Company in accordance with the Scheme

- **Bar Time**: being 5:00 p.m. (Hong Kong time) on the date falling three Business Days before the Holding Period Expiry Date

- **Holding Period Expiry Date**: being the date falling three months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date)

The validly completed Account Holder Letter together with any accompanying documents should be submitted to Lucid Issuer Services Limited (as the "**Information Agent**") online at https://deals.lucid-is.com/gclnewenergy by the Record Time in order for a Noteholder to vote at the Scheme Meeting and be eligible to receive the Scheme Consideration on the Restructuring Effective Date.

If a Noteholder is not an Eligible Person (i.e. a person who can make the affirmative securities law confirmations and undertakings set out in Annex B to the Distribution Confirmation Deed), it may designate a Designated Recipient who is an Eligible Person to receive its share of the New Notes by submission of a Designated Recipient Form in accordance with the terms of the Scheme. Any Designated Recipient appointed by a Noteholder must hold its account with the same Account Holder as that Noteholder.

Each Ineligible Creditor should establish its entitlement to the Trust Assets in accordance with the terms of the Holding Period Trust Deed. If an Ineligible Creditor fails to establish its entitlement to the Trust Assets in accordance with the terms of the Holding Period Trust Deed prior to the Bar Time, that Ineligible Creditor's rights under the Scheme shall be extinguished and that Ineligible Creditor shall not be entitled to receive any Cash Consideration or New Notes under the Scheme.

On the Holding Period Expiry Date, the Company will receive the Remaining Cash Consideration and the Remaining New Notes.

Blocking Notes

Any Noteholder that procures the submission of an Account Holder Letter (to vote at the Scheme Meeting and/or receive any Scheme Consideration on the Restructuring Effective Date) must block its Notes by ensuring that its Account Holder, **prior to delivering the Account Holder Letter to the Information Agent** submits the relevant custody instruction to block its Notes held with Euroclear or Clearstream ("**Custody Instruction**") by the Custody Instruction Deadline and includes in the relevant Account Holder Letter reference to the custody instruction reference number ("**Custody Instruction Reference Number**"). An Account Holder Letter will not be valid for the purpose of voting at the Scheme Meeting or receiving Scheme Consideration on the Restructuring Effective Date and the Company reserves the right to reject any Account Holder Letter that does not contain reference to a valid Custody Instruction Reference Number.

The Notes will, subject to satisfaction of the conditions to the same outlined in the Scheme, be cancelled in the Clearing Systems as at the Restructuring Effective Date and thereafter will not be capable of being traded in the Clearing Systems.

Online Account Holder Letter Form

It is highly recommended that the completed Account Holder Letter is printed or saved as a PDF document after submission. You will receive acknowledgment of the transmission of your submission together with the final PDF. Original paper copies of the Account Holder Letter are not required and should not be sent to the Information Agent.

A separate Account Holder Letter, Distribution Confirmation Deed and, if applicable, Designated Recipient Form must be completed in respect of each separate beneficial holding in the Notes.

You are strongly advised to read the Scheme Document, the Scheme and, in particular, the Solicitation Packet at Appendix 4 of the Scheme Document before you complete the Account Holder Letter. The Solicitation Packet contains detailed information on the various options contained in this Account Holder Letter.

This Account Holder Letter and any non-contractual obligations arising out of or in relation to this Account Holder Letter shall be governed by, and interpreted in accordance with, the laws of Bermuda. The courts of Bermuda have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Account Holder Letter. By submission of the Account Holder Letter to the Information Agent, the Scheme Creditor irrevocably submits to the jurisdiction of such courts and waives any objections to proceedings in such courts on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

FOR ASSISTANCE CONTACT

Lucid Issuer Services Limited

In London	*In Hong Kong*
Tankerton Works	**3/F Three Pacific Place**
Argyle Walk	**1 Queen's Road East, Admiralty**
London, WC1H 8HA	**Hong Kong**
Attention: Paul Kamminga	**Attention: Mu-yen Lo**
Telephone: +44 20 7704 0880	**Telephone: +852 2281 0114**

Email: gclnewenergy@lucid-is.com

Scheme Website: https://deals.lucid-is.com/gclnewenergy

SUMMARY OF THIS ACCOUNT HOLDER LETTER

The Account Holder Letter must be validly completed and submitted to the Information Agent.

PART 1	**NOTEHOLDER, ACCOUNT HOLDER AND HOLDINGS DETAILS**	***This Part 1 and 2 comprise the Account Holder Letter.*** ***The Account Holder Letter must be completed in all cases by the Account Holder for and on behalf of the Noteholder and signed by the Account Holder to constitute a validly completed Account Holder Letter.*** ***A Noteholder must submit such a validly completed Account Holder Letter to cast a vote at the Scheme Meeting or receive any amount of the Scheme Consideration if the Scheme becomes effective in accordance with its terms.***
Section 1	Details of the Noteholder	
Section 2	Account Holder Details	
Section 3	Details of Holdings	
PART 2	**VOTING AND APPOINTMENT OF PROXY**	
Section 1	Account Holder Confirmations	
Section 2	Voting Instructions relating to the Scheme and Appointment of Proxy	
APPENDIX 1	**DESIGNATED RECIPIENT FORM**	*This Appendix 1 must be completed by the Account Holder for and on behalf of the Noteholder, and signed by the Account Holder, if the Noteholder would like a Designated Recipient to receive its share of the New Notes*
APPENDIX 2	**DISTRIBUTION CONFIRMATION DEED**	*This Appendix 2 must be returned by the Account Holder for and on behalf of the Noteholder, and signed by the Noteholder (and if applicable the Designated Recipient) in order for the Noteholder (or its Designated Recipient) to receive any New Notes* *For the avoidance of doubt, a Noteholder does not have to complete a Distribution Confirmation Deed in order to vote on the Scheme*
Annex A	General confirmations, acknowledgements, warranties and undertakings	
Annex B	Securities Law confirmations and undertakings	
Annex C	Details of Noteholder / Designated Recipient	
Annex D	Confirmation Form	

PART 1
NOTEHOLDER, ACCOUNT HOLDER AND HOLDINGS DETAILS

Irrespective of any elections made under any other Part of this Account Holder Letter, an Account Holder Letter received by the Information Agent that does not include all information requested in this Part 1 will not constitute a validly completed Account Holder Letter and the relevant Noteholder will not be entitled to cast a vote at the Scheme Meeting or receive any amount of the Scheme Consideration if the Scheme becomes effective in accordance with its terms.

Section 1 **Details of the Noteholder**

Please identify the Noteholder (that is, the person that is the beneficial owner of and/or the holder of the ultimate economic interest in the Notes to which this Account Holder Letter relates) on whose behalf you are submitting this Account Holder Letter.

To be completed for all Noteholders:

Full name of Noteholder: _____

Is the Noteholder an Eligible Person? (circle one) YES / NO

Contact name: _____

Country of residence/headquarters: _____

E-mail address: _____

Telephone number (with country code): _____

To be completed if the Noteholder is an institution/corporation/fund:

Jurisdiction of incorporation/establishment of Noteholder: _____

Section 2 **Account Holder Details**

Full name of Account Holder: _____

Clearing System (circle one): EUROCLEAR / CLEARSTREAM

Clearing System account number: _____

Authorised employee of Account Holder (print name): _____

Telephone number of authorised employee (with country code): _____

E-mail of authorised employee: _____

Section 3 **Details of Holdings**

The Account Holder holds the following Notes to which this Account Holder Letter relates which have been "blocked" at the Record Time. Such Notes must have been "blocked" through delivery of Custody Instruction to the relevant Clearing System by the Custody Instruction Deadline, the reference number in relation to which is identified below.

Amount blocked at Clearing System[13]	**Clearing System**	**Clearing System account number**	**Custody Instruction Reference Number**[14]

[13] The amount entered should be the entire principal amount of Notes in respect of which the Account Holder is giving instructions on behalf of the relevant Noteholder pursuant to this Account Holder Letter. If the Account Holder holds Notes in respect of which it is not giving instructions pursuant to this Account Holder Letter, this amount should not be stated and is not required to be notified.

[14] Corresponding to the Custody Instruction in Euroclear / Clearstream submitted by the Account Holder on behalf of the Noteholder.

By signing this Part 1 of this Account Holder Letter, the Account Holder confirms that it has been instructed by the Noteholder in respect of which this Account Holder Letter is being submitted to certify that such Noteholder (i) holds the Notes detailed in Section 3 (*Details of Holdings*) of this Part 1 of this Account Holder Letter as at the Record Time; (ii) will ensure that such Notes remain blocked in the relevant Clearing System until cancelled or unblocked in accordance with the terms of the Scheme or as otherwise agreed by the Company or the Information Agent; and (iii) in respect of any distribution of Scheme Consideration, acknowledges and agrees that the Company shall be entitled to treat such Noteholder (or, if applicable, its Designated Recipient) as the party entitled to receive the Scheme Consideration in respect of such holding of Notes.

Before returning this Account Holder Letter, please make certain that you have provided all the information requested.

For the purposes of a Noteholder voting or receiving any Scheme Consideration under the Scheme:

- the relevant Custody Instruction (as applicable) must have been delivered in respect of the Notes identified in Section 3 (*Details of Holdings*) of this Part 1 of this Account Holder Letter;
- the Information Agent will accept this Account Holder Letter only if a valid Custody Instruction Reference Number is included in Section 3 (*Details of Holdings*) of this Part 1 of this Account Holder Letter in respect of the Notes which are the subject of this Account Holder Letter;
- information in this Account Holder Letter must be consistent with the Custody Instruction; and
- in respect of any distribution of New Notes, the Distribution Confirmation Deed and, if applicable, the Designated Recipient Form must be validly completed.

SIGNING:

Account Holder's authorized employee / representative name: _____

Executed by authorized employee / representative for and on behalf of Account Holder: _____

Date: _____

PART 2
VOTING AND APPOINTMENT OF PROXY

Irrespective of any elections made under any other Part of this Account Holder Letter, an Account Holder Letter received by the Information Agent that does not include a completed copy of this Part 2 will not constitute a validly completed Account Holder Letter and the relevant Noteholder will not be entitled to cast a vote at the Scheme Meeting or receive any amount of the Scheme Consideration if the Scheme becomes effective in accordance with its terms.

Section 1 **Account Holder Confirmations**

The Account Holder named below for itself hereby confirms to the Company and the Information Agent as follows (select "yes" or "no" as appropriate for each item):

(1) That all authority conferred or agreed to be conferred pursuant to this Account Holder Letter and every obligation of the Account Holder under this Account Holder Letter shall, to the best of its knowledge and the extent permitted by law, be binding upon the successors and assigns of the Account Holder and that all of the information in this Account Holder Letter is complete and accurate.

☐ Yes

☐ No

(2) That, in relation to the Notes identified in Section 3 (*Details of Holdings*) of Part 1 (*Noteholder, Account Holder and Holdings Details*) of this Account Holder Letter, the Account Holder has authority to give the voting instructions set out in Section 2 (*Voting Instructions relating to the Scheme*) of this Part 2 of this Account Holder Letter, indicate the elections set forth herein (if applicable) and, if applicable, to nominate the person named in Section 2 (*Voting Instructions relating to the Scheme*) of this Part 2 of this Account Holder Letter to attend and vote at the Scheme Meeting.

☐ Yes

☐ No

In order for a Noteholder to be eligible to vote (either in person or by proxy), an Account Holder must respond "yes" in respect of each of paragraphs (1) and (2) above.

By delivering this Account Holder Letter to the Information Agent, the Account Holder confirms that the Noteholder (on whose behalf this Account Holder Letter is submitted) agrees that the Noteholder shall be deemed to have made the representations, warranties and undertakings set forth below in favour of the Company and the Information Agent as at the date on which this Account Holder Letter is delivered to the Information Agent.

(3) Each Noteholder who submits, delivers or procures the delivery of an Account Holder Letter represents, warrants and undertakes to the Company and the Information Agent that:

(a) it has received the Scheme and the Scheme Document and has had sufficient opportunity to review all documents contained or referred to therein;

(b) to the best of its knowledge, it is lawful to seek voting instructions from that Noteholder in respect of the Scheme;

(c) it is assuming all of the risks inherent in that Noteholder participating in the Scheme and has undertaken all the appropriate analysis of the implications of participating in the Scheme for that Noteholder;

(d) the Notes which are the subject of the Account Holder Letter are, at the time of delivery of such Account Holder Letter, held by it (directly or indirectly) or on its behalf at the relevant Clearing System;

(e) it has not given voting instructions or submitted an Account Holder Letter with respect to Notes other than those that are the subject of this Account Holder Letter;

(f) it authorises the Clearing Systems to provide details concerning its identity, the Notes which are the subject of the Account Holder Letter and delivered on its behalf and its applicable account details to the Company, the Notes Trustee and the Information Agent and their respective legal and financial advisers at the time the Account Holder Letter is submitted;

(g) save as expressly provided in the Scheme Document, none of the Company, the Information Agent, the Notes Trustee or any of their respective Affiliates, directors, officers or employees has made any recommendation to that Noteholder as to whether, or how, to vote in relation to the Scheme, and that it has made its own decision with regard to voting based on any legal, tax or financial advice that it has deemed necessary to seek;

(h) all authority conferred or agreed to be conferred pursuant to these representations, warranties and undertakings shall, to the best of its knowledge and to the extent permitted by law, be binding on the successors and assigns of that Noteholder (in the case of a corporation or institution) or the successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives of that Noteholder (in the case of a natural person) and shall not be affected by, and shall survive, the insolvency, bankruptcy, dissolution, death or incapacity (as the case may be) of that Noteholder; and

(i) it is solely liable for any taxes or similar payments imposed on it under the laws of any applicable jurisdiction as a result of voting in favour of the Scheme (other than any taxes or similar payments for which a member of the Group is liable in accordance with the New Notes and/or the New Notes Indenture), and that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Company, the Information Agent, the Notes Trustee or any of their Affiliates, directors, officers, advisers or employees in respect of such taxes or similar payments.

(4) Any Noteholder that is unable to give any of the representations in paragraph (3) above should contact the Information Agent directly as soon as possible.

Section 2 **Voting Instructions relating to the Scheme and Appointment of Proxy**

The Noteholder wishes to vote (or to instruct its proxy to vote) at the Scheme Meeting as follows (please check **only one box**):

☐ **FOR** the Scheme; or

☐ **AGAINST** the Scheme.

The Noteholder wishes (please check **only one box**):

☐ to appoint the Chairperson as its proxy to attend and vote on the Scheme on its behalf at the Scheme Meeting in accordance with the instructions set forth above;

☐ to appoint the proxy (other than the Chairperson) identified below to attend and vote on the Scheme on its behalf at the Scheme Meeting in accordance with the instructions set forth above:

Name: ----------

Passport country and number: ----------

☐ to attend and vote on the Scheme at the Scheme Meeting in person (or, if a corporation, by a duly authorised representative), as identified below, in such manner as the Noteholder thinks fit.

Name: ----------

Passport country and number: ----------

Notes:

(a) Unless a Noteholder is an individual attending in person or a corporation attending by a duly authorized representative, it must appoint a proxy to vote on its behalf at the Scheme Meeting. It is recommended that the Chairperson is appointed as the proxy, as there would in such circumstances be no need for any additional documents or identification to be taken to the Scheme Meeting by or on behalf of the Noteholder.

(a) Any Noteholder or its proxy attending the Scheme Meeting in person must produce a duplicate copy of the Account Holder Letter validly completed and submitted on behalf of that Noteholder together with evidence of corporate authority (in the case of a corporation) (for example, a valid power of attorney and/or board resolutions) and evidence of personal identity (being a valid original passport or other original government-issued photographic identification) at the registration desk by no later than one hour before the scheduled time of the Scheme Meeting.

(b) For the avoidance of doubt, the Account Holder Letter should be completed and submitted to the Information Agent by the Record Time.

APPENDIX 1 TO THE ACCOUNT HOLDER LETTER
DESIGNATED RECIPIENT FORM

To be eligible to receive the New Notes, the Noteholder must be an Eligible Person. Otherwise, the Noteholder may appoint a Designated Recipient who is an Eligible Person to receive all of the New Notes otherwise attributable to the Noteholder.

Eligible Person means a person who can make affirmative securities law confirmations and undertakings set out in Annex B to Appendix 2 (*Distribution Confirmation Deed*) to this Account Holder Letter.

IMPORTANT NOTE: The Designated Recipient must hold an account with the same Account Holder in either Euroclear or Clearstream as the Scheme Creditor.

Full name of Noteholder: _____

The Noteholder hereby irrevocably and unconditionally nominates:

Name of Designated Recipient _____

Contact name: _____

Country of residence/headquarters: _____

E-mail address: _____

Telephone number (with country code): _____

to be its Designated Recipient for the purposes of the Scheme in respect of all of the New Notes otherwise attributable to it.

Euroclear or Clearstream account details of the Designated Recipient's Account Holder:

Name of the Account Holder: _____

Clearing System (circle one): EUROCLEAR / CLEARSTREAM

Clearing System account number: _____

Authorised employee name: _____

Telephone number (with country code): _____

E-mail address: _____

A Noteholder may not appoint more than one Designated Recipient.

The **Noteholder** and any **Account Holder** (each a "**Relevant Person**") named below for itself hereby confirms to the Company and the Information Agent that, in relation to the Scheme Claim that is the subject of the Account Holder Letter, the Relevant Person has authority to identify the Designated Recipient specified in this Appendix 1 (*Appointment of Designated Recipient*) (if any) and to give on its behalf the instruction given in the applicable Account Holder Letter:

☐ Yes

☐ No

SIGNING:

Account Holder's authorized employee / representative name: _____

Executed by authorized employee representative / for and on behalf of Account Holder: _____

Date: _____

APPENDIX 2 TO THE ACCOUNT HOLDER LETTER
DISTRIBUTION CONFIRMATION DEED

Any Noteholder that wishes to receive a proportion of the New Notes on the Restructuring Effective Date must ensure that this Distribution Confirmation Deed is duly completed in the affirmative and returned by its Account Holder, together with a duly completed Account Holder Letter (and, if applicable, a Designated Recipient Form), to the Information Agent by the Record Time.

Distribution Confirmation Deed

This Deed is made by way of deed poll by the persons whose details are set out in Annex C on the date stated in the execution page of this Deed.

For the benefit of the Company, and with the intention and effect that it may be directly relied upon and enforced separately by each Released Person and each Adviser, even though they are not party to this Deed.

1. **Definitions and interpretation**

1.1 Unless otherwise defined herein, defined terms in this Deed shall have the meanings given to them in the Scheme Document and the Scheme.

1.2 In this Deed unless the context otherwise requires:

(a) words in the singular include the plural and in the plural include the singular;

(b) the words "including" and "include" shall not be construed as or take effect as limiting the generality of the foregoing;

(c) the headings shall not be construed as part of this Deed nor affect its interpretation;

(d) references to any clause, without further designation, shall be construed as a reference to the clause of this Deed so numbered;

(e) reference to any act, statute or statutory provision shall include a reference to that provision as amended, re-enacted or replaced from time to time whether before or after the date of this Deed and any former statutory provision replaced (with or without modification) by the provision referred to;

(f) reference to a person includes a reference to any body corporate, unincorporated association or partnership and to that person's legal personal representatives or successors; and

(g) the principles of construction set out in the Scheme apply to this Deed except that references to the Scheme shall instead be construed as referenced to this Deed.

2. **Confirmations, warranties and undertakings**

2.1 The Noteholder or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, gives the confirmations, acknowledgements, warranties and undertakings set out in:

(a) Annex A (*General confirmations, acknowledgements, warranties and undertakings)*;

(b) Annex B (*Securities Law confirmations and undertakings*); and

(c) Annex D (*Confirmation Form*).

2.2 Without prejudice to the provisions in Annex A, Annex B and Annex D, the Noteholder and, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, hereby irrevocably warrants, undertakes and represents to the Company that with effect from the Restructuring Effective Date:

(a) it will not seek to dispute, set aside, challenge, compromise or question in any jurisdiction the validity and efficacy of the cancellation and/or write-down of its Scheme Claims, including the Notes, provided that such cancellation and/or write-down was done in accordance with the terms of the Scheme;

(b) it will not seek to dispute, challenge, set aside or question the validity, authority or efficacy of the Scheme in any jurisdiction or before any court, regulatory authority, tribunal or otherwise and, without prejudice to the generality of the foregoing, notwithstanding that the Company (which is the issuer of the Notes) is incorporated in Bermuda, that certain subsidiaries of the Company are incorporated in Hong Kong, the PRC, British Virgin Islands, the United States or otherwise or that the Indenture is governed by New York law; and

(c) it has obtained all necessary consents, authorisations, approvals and/or permissions required to be obtained by it under the laws and regulations applicable to it in any jurisdiction in order to sign this Deed and its signatory represents that it is duly authorised to sign this Confirmation on that party's behalf,

but provided always that the Noteholder shall not be prevented from enforcing the terms of the Scheme or any Restructuring Document and/or taking any such action as is required to prevent, remedy or enforce any breach of the same.

3. **Grant of authority to the Company to execute certain documents on behalf of the Noteholders**

Subject only to the Scheme Effective Date occurring, the Noteholder and, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, hereby irrevocably and unconditionally authorise the Company, and appoint the Company as their true and lawful attorney (acting by its directors or other duly appointed representative) to enter into, execute and deliver (as applicable) the Restructuring Documents on behalf of each of them and agree to be bound by their terms.

4. **Distribution of the New Notes**

4.1 The Noteholder or, if the Noteholder has appointed a Designated Recipient, the Designated Recipient, confirms in relation to the claim that is the subject of the applicable Account Holder Letter that it intends to receive the New Notes to which it is entitled in accordance with the terms of the Scheme.

4.2 To the extent that a Noteholder (or its Designated Recipient) is entitled to receive any of the New Notes under the terms of the Scheme, it irrevocably directs the Company and/or the Information Agent to issue such New Notes to it by crediting its account, held with Euroclear or Clearstream, as applicable, and identified in its Account Holder Letter with a beneficial interest in the New Notes.

Annex A to the Distribution Confirmation Deed

General confirmations, acknowledgements, warranties and undertakings

1. The Noteholder or, if the Noteholder has appointed a Designated Recipient, the Designated Recipient, confirms to the Company, the Information Agent and the Notes Trustee that:

   (a) to the best of its knowledge, it has complied with all laws and regulations applicable to it in any jurisdiction with respect to the Scheme, the Account Holder Letter and this Deed;

   (b) it is (i) an Eligible Person; or (ii) if the Noteholder has appointed a Designated Recipient, the Noteholder will retain no beneficial interest in any New Notes nominated to be held by any Designated Recipient(s) if the Noteholder is itself not an Eligible Person;

   (c) it has received and reviewed the Scheme and the Scheme Document and assumes all of the risks inherent in participating in the Scheme and has undertaken all the appropriate analysis of the implications of participating in the Scheme;

   (d) it has submitted instructions to block its Notes held with Euroclear or Clearstream, as applicable, and accordingly from the date on which it delivers its Account Holder Letter it will not sell, transfer, assign or otherwise dispose of its interest in all or any part of its specified Notes until the earliest of the following circumstances: (i) the Restructuring Effective Date (at which time the Notes will, subject to satisfaction of the conditions to the same set out in the Scheme, be cancelled); (ii) the Scheme not being approved by the requisite majorities of the Noteholders at the Scheme Meeting, and being withdrawn or terminated in accordance with terms of the Scheme; (iii) the Scheme not being sanctioned by a final and unappealable order of the Bermuda Court, or the Restructuring otherwise not becoming effective, by the Longstop Date; and (iv) the Company giving Noteholders written notice of an intention not to proceed with the Scheme;

   (e) it authorises the Clearing Systems to provide details concerning its identity, the Notes which are the subject of the Account Holder Letter and its applicable account details to the Company and the Information Agent and their respective legal and financial advisers at the time the Account Holder Letter is submitted;

   (f) it acknowledges that no information has been provided to it by the Company, any other member of the Group, the Notes Trustee, the Advisers or the Information Agent with regard to the tax consequences arising from the receipt of any of the New Notes or the participation in the Scheme and acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Scheme (other than any taxes and similar or related payments for which any member of the Group is liable in accordance with the New Notes and/or the New Notes Indenture) and agrees that it will not and does not have any right of recourse (whether by way of reimbursements, indemnity or otherwise) against the Company, any other member of the Group, the Notes Trustee, the Advisers or the Information Agent or any other person in respect of such taxes and payments;

   (g) it consents to, and agrees to be bound by the terms of the Scheme and the other matters contained herein, upon the Scheme becoming effective;

(h) it acknowledges that all authority conferred or agreed to be conferred pursuant to the Account Holder Letter and this Deed and each obligation and the authorisations, instructions and agreements given by it shall, to the best of its knowledge and to the extent permitted by law, be binding upon its successors, assigns, administrators, trustees in bankruptcy and legal representatives and that all of the information in the Account Holder Letter and this Deed is true, complete and accurate as at the date of this Deed;

(i) it authorises the execution and the taking of all steps as are reasonably required to give effect to this Deed and its terms;

(j) it acknowledges that neither the Scheme nor the transactions contemplated by the Scheme Document shall be deemed to be investment advice or a recommendation as to a course of conduct by the Company, any other member of the Group, any member of the Committee, the Advisers, the Committee Advisers, the Notes Trustee or any of their respective officers, directors, employees or agents; and

(k) it represents that, in directing the execution and delivery of this Deed, it has made an independent decision in consultation with its advisers and professionals to the extent that it considers it necessary.

2. The Noteholder or, if the Noteholder has appointed a Designated Recipient, the Designated Recipient hereby acknowledges and agrees that the confirmations, authorisations, acknowledgements and waivers made by it in this Annex A are also given in favour of each relevant Released Person, Adviser and Committee Adviser, who, in each case, are entitled to enforce and enjoy the benefit of any terms contained therein.

Annex B to the Distribution Confirmation Deed
Securities Law confirmations and undertakings

The Noteholder or, if the Noteholder has appointed a Designated Recipient, the Designated Recipient, confirms to the Company, the Information Agent and the Notes Trustee that:

(a) it understands that the New Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction ;

(b) it understands that the New Notes will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof, and it agrees on its own behalf and on behalf of any investor for which it is acquiring the New Notes to transfer such New Notes only pursuant to:

(i) a registration statement that has been declared effective under the U.S. Securities Act; or

(ii) any other available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

(c) it understands that unless the Company determines otherwise in accordance with applicable law, the New Notes will, to the extent they are issued in certificated form, bear a legend substantially in the following form:

> THIS NOTE AND THE SUBSIDIARY GUARANTEES RELATED TO THIS NOTE (COLLECTIVELY, THE "**SECURITY**") HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

(d) it will notify any person to whom it subsequently re-offers, resells, pledges, transfers or otherwise disposes of the New Notes of the foregoing restrictions on transfer;

(e) it understands and acknowledges that the Company shall not be obliged to recognise any resale or other transfer of the New Notes made other than in compliance with the restrictions set forth in this Distribution Confirmation Deed and the terms of the New Notes;

(f) it confirms that it will acquire an interest in the New Notes for its own account as principal, or for the account of one or more other persons who are able to and who shall be deemed to make all of the representations and agreements in this Distribution Confirmation Deed and for whom it exercises sole investment discretion;

(g) the receipt of New Notes by such person is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act;

(h) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investing in the New Notes, and is experienced in investing in capital markets and is able to bear the economic risk of investing in the New Notes (which it may be required to bear for an indefinite period of time and it is able to bear such risk for an indefinite period), and has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to its investment in the New Notes, and is able to sustain a complete loss of its investment in the New Notes;

(i) it has or has access to all information that it believes is necessary, sufficient or appropriate in connection with its acquisition of the New Notes and has made an independent decision to acquire the New Notes based on the information concerning the business and financial condition of the Company and other information available to it which it has determined is adequate for that purpose;

(j) it will comply with all securities laws of any state or territory of the United States or any other applicable jurisdiction, including without limitation "blue sky" laws, and acceptance of the New Notes will not violate any applicable law;

(k) it understands that neither the SEC, nor any other United States state or other securities commission or regulatory authority has registered, approved or disapproved of the New Notes or passed comment upon the accuracy or adequacy of the Solicitation Packet, the Scheme or the Scheme Document, and that any representation to the contrary is a criminal offence in the United States;

(l) it has consulted and will continue to consult, in each case as required, its own legal, financial and tax advisers with respect to the legal, financial and tax consequences of the Scheme, the New Notes and the Restructuring in its particular circumstances;

(m) it understands that the New Notes will not be listed on a U.S. securities exchange or any inter-dealer quotation system in the United States and that the Company does not intend to take action to facilitate a market in any of the New Notes in the United States. Consequently, it understands that that it is unlikely that an active trading market in the United States will develop for any such securities;

(n) it understands that the foregoing representations, warranties and agreements are required in connection with United States securities laws and that the Company and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. It agrees that, if any of the acknowledgements, representations and warranties made in connection with its receipt of the New Notes are no longer accurate, it will promptly, and in any event prior to the issuance of the New Notes, notify the Company in writing;

(o) it is either (i) a "**qualified investor**" within the meaning of Regulation (EU) 2017/1129; or (ii) is not incorporated or situated in any member state of the European Economic Area;

(p) it is not located or resident in the United Kingdom or, if it is a resident of or located in the United Kingdom, it is: (i) a person who has professional experience in matters relating to investments and qualifies as an Investment Professional in accordance with Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) a high net worth company, unincorporated association, partnership, trustee

or any person to whom communication may otherwise lawfully be made in accordance within Article 49(2) of the Order; or (iii) person falling within Article 43(2) of the Order;

(q) it understands that the arrangements for the issue of the New Notes have not been authorised by Hong Kong's Securities and Futures Commission ("**SFC**"), nor has the Scheme Document (for this purposes including the Solicitation Packet) been approved by the SFC pursuant to section 105(1) of Hong Kong's Securities and Futures Ordinance ("**SFO**") or section 342C(5) of Hong Kong's Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("**C(WUMP)O**") or registered by Hong Kong's Registrar of Companies pursuant to section 342C(7) of C(WUMP)O;

(r) it is not located or resident in Hong Kong or, if it is resident or located in Hong Kong, it is (i) a person whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or (ii) a professional investor as defined in the SFO;

(s) it understands that the New Notes have not been and will not be registered under the relevant laws of the PRC;

(t) it is not in Singapore or, if it is in Singapore, it is (i) an "**institutional investor**" as defined in the Securities and Futures Act, Chapter 289, as amended or modified from time to time (the "**SFA**"); (ii) a relevant person (as defined in Section 275(2) of the SFA) and in the case of an "**accredited investor**", as such term is defined in Section 4A of the SFA as modified by Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; (iii) a person referred to in Section 275(1A) of the SFA; or (iv) a person to whom the New Notes may otherwise be offered pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA;

(u) it will comply with all securities laws relating to the New Notes that apply to it in any place in which it accepts, holds or sells any of the New Notes. It has obtained all consents or approvals that it needs in order to receive the New Notes, and the Company is not responsible for compliance with these legal requirements; and

(v) it will not offer or resell any of the New Notes, or cause any offer for the resale of the New Notes, in any state or jurisdiction in which such offer, a solicitation for the purchase of, or resale of the New Notes would be unlawful under, or cause the Company to be in breach of, the securities laws of such state or jurisdiction and it has complied and will comply with all applicable laws and regulations with respect to anything done by it in relation to the New Notes.

Annex C to the Distribution Confirmation Deed

Details of Noteholder / Designated Recipient

Noteholder (if applicable) _____

Name of Noteholder: _____

Email address: _____

Registered or principal address: _____

Place of organisation or incorporation: _____

Telephone number: _____

Designated Recipient (if applicable)

Name of Designated Recipient: _____

Email address: _____

Registered or principal address: _____

Place of organisation or incorporation: _____

Telephone number: _____

Annex D to the Distribution Confirmation Deed

Confirmation Form

Any Noteholder that does not make the relevant confirmations **by ticking the "Yes" box below and completing Annex C and this Annex D** to this Distribution Confirmation Deed shall not be entitled to receive a distribution of New Notes and should contact the Information Agent without delay.

The Noteholder and if applicable the Designated Recipient, acknowledges and agrees to the terms, confirmations, acknowledgements, warranties and undertakings set out in this Distribution Confirmation Deed, including without limitation those set out at Annex A (*General confirmations, acknowledgements, warranties and undertakings*) and Annex B (*Securities Law confirmations and undertakings*) and this Annex D (*Confirmation Form*):

☐ Yes

In witness whereof this Deed has been executed as a deed and delivered on _____ by the parties hereto.

Individual Noteholders

EXECUTED and DELIVERED as a DEED by

***[Noteholder]*,** _____

_____ (sign)

_____

(print name)

In the presence of:

Witness signature:

_____

____

Witness name:

_____

____

Witness address:

_____

____

Non-individual Noteholders

EXECUTED and DELIVERED as a DEED
for and on behalf of
***[Noteholder]*,** _____

_____ (sign)
Name:

_____ Title:

(print name)

acting by:

_____

(sign)
Name:
Title:

Individual Designated Recipients

EXECUTED and DELIVERED as a DEED by

[Designated Recipient], _____

_____ (sign)

_____

(print name)

In the presence of:

Witness signature:

_____

_____

Witness name:

_____

_____

Witness address:

_____

_____

Non-individual Designated Recipients

EXECUTED and DELIVERED as a DEED
for and on behalf of
[Designated Recipient], _____

_____ (sign)
Name:
_____ Title:
(print name)

acting by:

_____

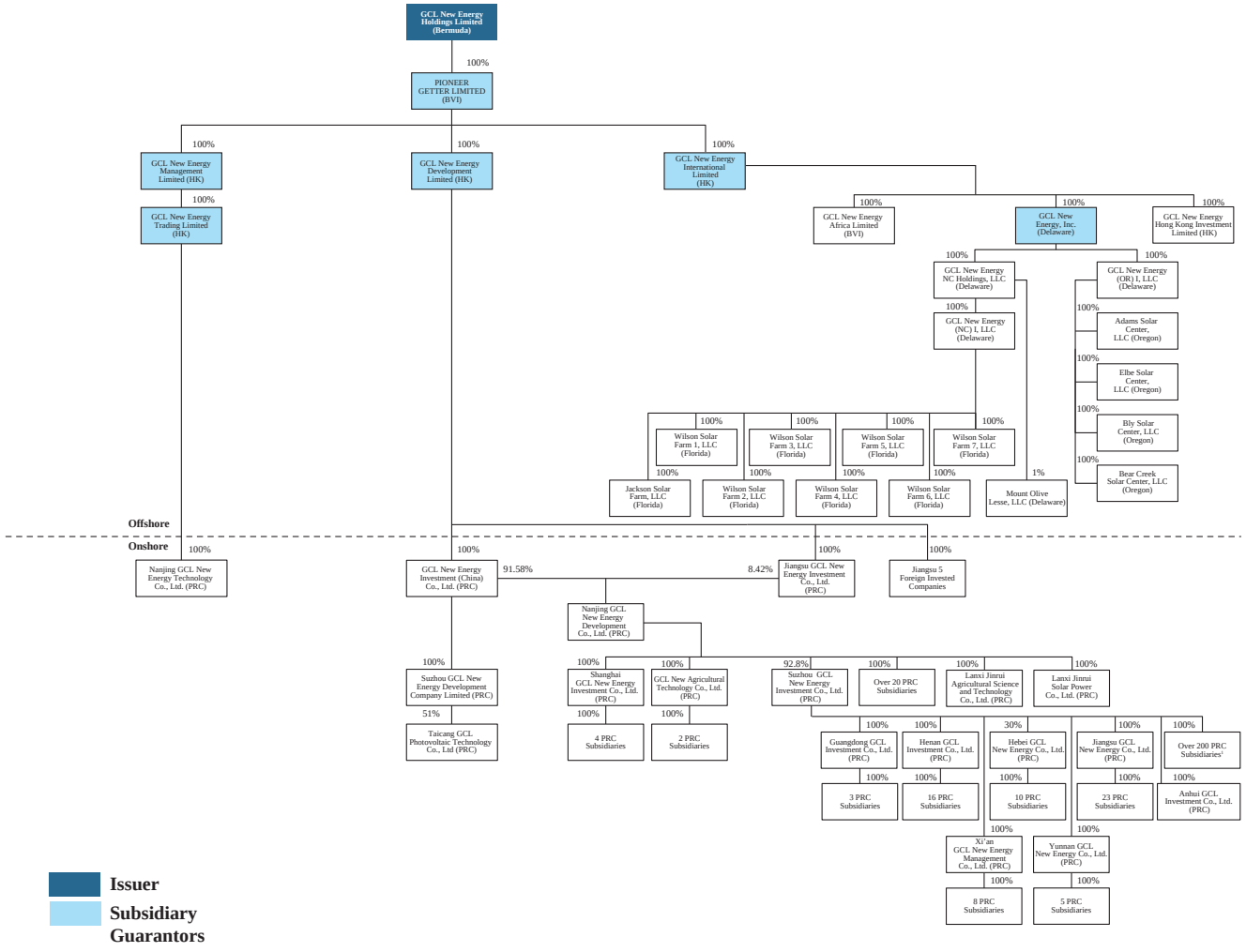
(sign)
Name:
Title:

APPENDIX 5 GROUP STRUCTURE CHART

The following chart illustrates the Group's simplified corporate structure as at the date of this Scheme Document:

CORPORATE STRUCTURE

The following chart illustrates our simplified corporate structure as of the date of this Scheme Document:



Note:

1. Certain amount of shares of a number of the PRC subsidiaries directly held by their direct shareholder Suzhou GCL New Energy Investment Co. Ltd. has been pledged to various entities for financing purposes.

APPENDIX 6 LIQUIDATION ANALYSIS

GCL New Energy Holdings Limited

Liquidation Analysis

FTI CONSULTING™

April 2021

Table of Contents

Glossary of Terms and Abbreviations

Terms	Definition
A&R RSA	Amended and Restated Restructuring Support Agreement dated 5 February 2021
b	Billion
Bermuda Scheme	Restructuring process as defined in the A&R RSA
Company or Issuer	GCL New Energy Holdings Limited
Company's Advisors	Admiralty Harbour Capital Limited and Milbank LLP
Court	Bermuda Court
FTI Consulting, FTI or we	FTI Consulting (Hong Kong) Limited / FTI Consulting Inc
GCL-Poly	GCL-Poly Energy Holdings Limited
Group	GCL New Energy Holdings Limited and its subsidiaries
Holding Segment	Intermediate holding companies including Pioneer Getter Limited, GCL New Energy Development Limited, GCL New Energy Management Limited and GCL New Energy Trading Limited
International Segment	Comprises of GCL New Energy International Limited and all subsidiaries in the US, Japan and Africa
Liquidation Analysis	A hypothetical liquidation analysis to evaluate the estimate recoveries to creditors in a liquidation scenario
Liquidation Analysis Date	31 December 2020
m	Million
Management	Management of the Company
Maturity Date	30 January 2021
National Subsidy Catalogue	A catalogue published by the PRC's grid operators to register renewable projects qualified for subsidy from the PRC government

Terms	Definition
National Subsidy List	A list replacing the National Subsidy Catalogue with simplified application and approval process for non-hydro renewable projects
NBV	Net book value
Note Holders	Holders of the Offshore Notes
Offshore Notes	USD500m 7.1% senior notes issued by the Company due at the Maturity Date
Platform Entities	The intermediate holding companies which hold the Project Entities
PPE	Property, plant and equipment
PRC	People's Republic of China
PRC Segment	Subsidiaries including 25 Platform Entities and 254 Project Entities incorporated in the PRC
Project Entities	Operating entities that own/operate the solar power plants
Report	This Liquidation Analysis report
RSA	Restructuring Support Agreement originally dated 23 December 2020, as amended on 5 February 2021
Scheme Creditors	Creditors of the Issuer whose claims against the Issuer and its subsidiary guarantors are (or will be) the subject of the Bermuda Scheme
Subsidy Tariffs	Subsidy tariffs for electricity sold to state grid companies in the PRC
Segment	Each of the four consolidated segments including the Company, the Holding Segment, the PRC Segment and the International Segment
US	The United States of America

Disclaimer

- This report has been prepared by FTI solely for the use of GCL New Energy Holdings Limited (the "**Company**" or the "**Issuer**") and the Company's professional advisors as well as for the information (on a non-reliance basis) of the Scheme Creditors, and to provide an estimate of the recoveries available to the Scheme Creditors in a hypothetical liquidation scenario in respect of the Company. This report will be disclosed as an appendix to the Scheme Document in respect of the Company's proposed Bermuda Scheme strictly on a non-reliance basis. Reliance on this report is limited to the Company only and does not extend to any other party including Scheme Creditors.

- This report is based on information and explanations provided by the Company which have not been subject to independent verification or audit. FTI assumes no liability whatsoever and makes no representations or warranties, express or implied, in relation to the contents of this report, including its accuracy, completeness or verification insofar as this is reliant on information or explanations provided by the Company or for any other statement made or purported to be made by or on behalf of the Company.

- In accepting delivery of this document, each recipient acknowledges that the information presented in this document has been prepared in a limited period of time based on limited information provided to FTI Consulting. We are reliant upon representations made by the management of the Company regarding the accuracy and validity of the information provided to us. Where information has been obtained from other sources, the appropriate indication has been provided.

- Each recipient of this report acknowledges that the Company operates in an industry that has been and is likely to continue to be subject to fluctuations, changes in regulatory, cyclical movements and uncertainty. The information contained in this report contains certain assumptions considered by the authors as correct at the time of writing that may prove to be incorrect. The information contained in this report is subject to change at any time.

Overview

Background

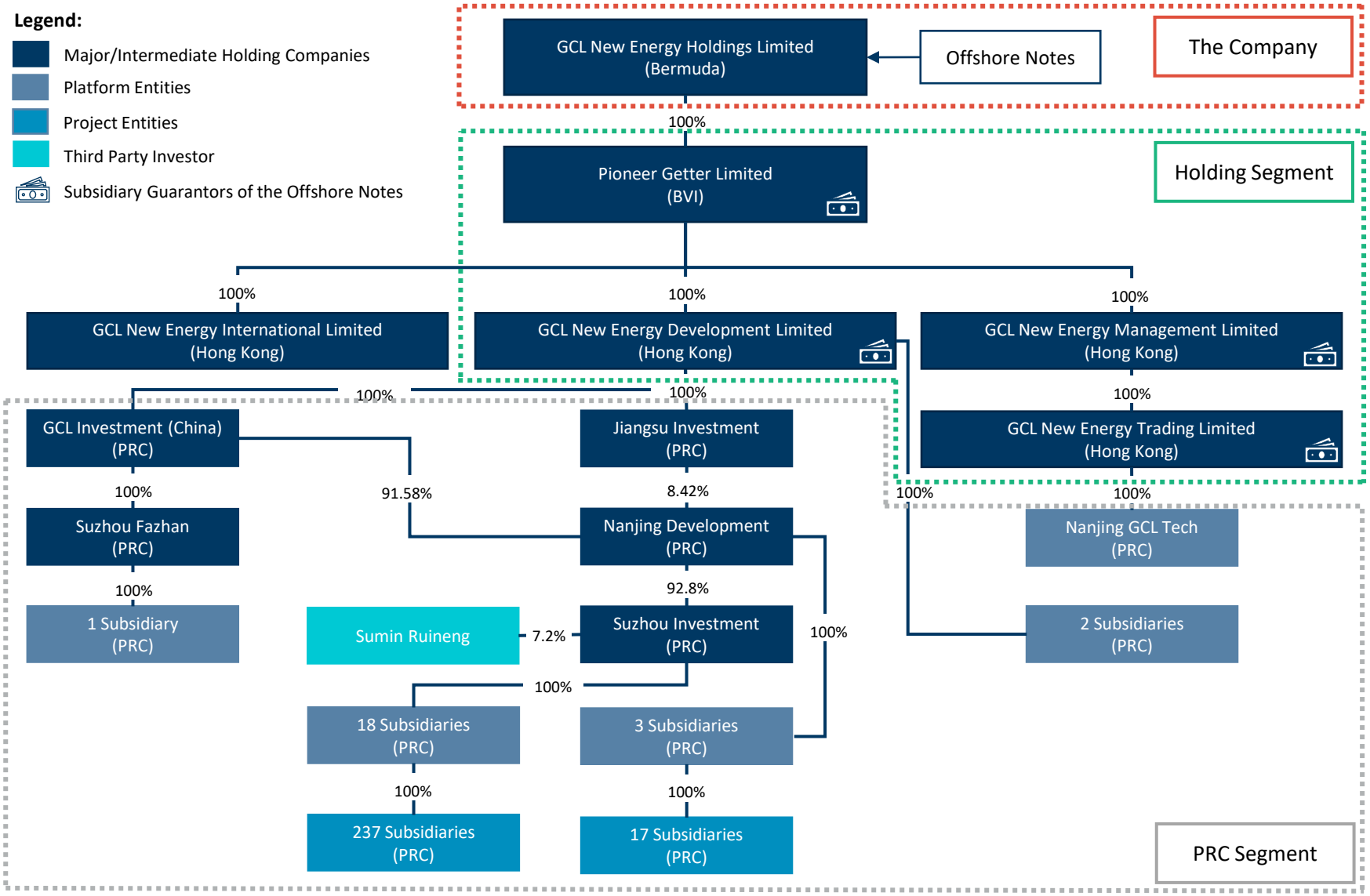
Engagement of FTI Consulting

- GCL New Energy Holdings Limited (the "**Company**" or the "**Issuer**") is an exempted company incorporated under the laws of Bermuda with limited liability.
- In accordance with the Amended and Restated Restructuring Support Agreement dated 5 February 2021 ("**A&R RSA**") in respect of the Restructuring Support Agreement originally dated 23 December 2020 ("**RSA**"), the Issuer has determined that it wishes to proceed with the Bermuda Scheme (as defined in the A&R RSA) ("**Bermuda Scheme**").
- On 5 March 2021, FTI Consulting (Hong Kong) Limited ("**FTI**" or "**we**") were engaged by the Company to prepare a liquidation analysis on a hypothetical basis of the Company, together with its subsidiaries (the "**Group**") to determine the estimated recoveries to creditors ("**Liquidation Analysis**") as at 31 December 2020 ("**Liquidation Analysis Date**") in the context of the Bermuda Scheme. A simplified group structure has been produced over the page.
- We understand and acknowledge that a copy of this Report ("**Report**") will be provided to the Bermuda Court (the "**Court**") as part of the Bermuda Scheme.
- For the purposes of the Liquidation Analysis, we have received instructions from the Company and have also had discussions with the Company's advisors (acting on the Company's behalf) – Admiralty Harbour Capital Limited (as financial advisors to the Company) and Milbank LLP (as legal advisors to the Company) (together the "**Company's Advisors**") for further information.
- Our scope of work as set out in the engagement letter requires us to:
  - Review all available documents including but not limited to financial statements, loan agreements and other such documents provided by the management of the Company.
  - Undertake analysis of above documents combining with meetings with senior personnel and management team to perform Liquidation Analysis.

Group Overview

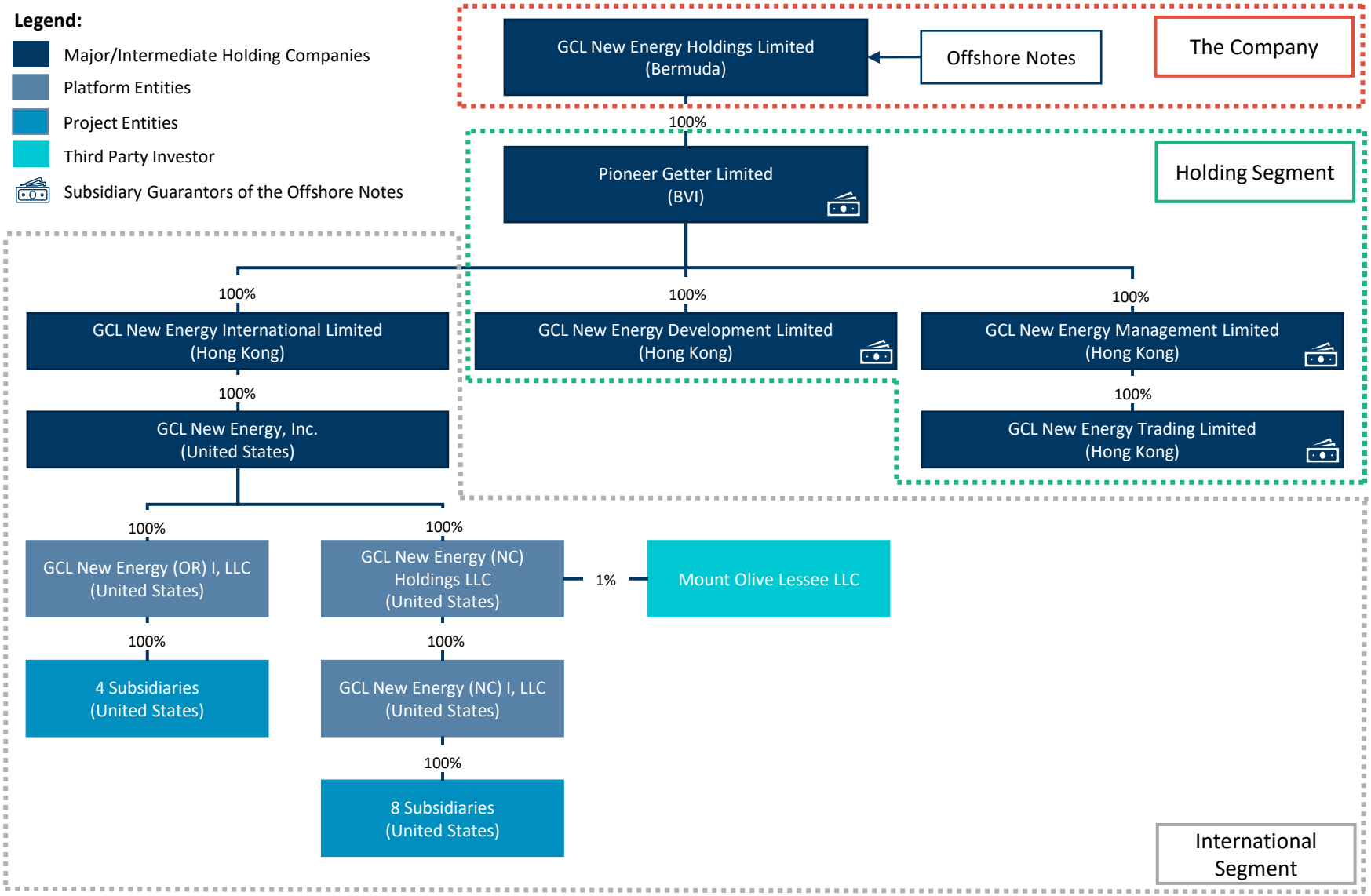
- The Company was listed on the Hong Kong Stock Exchange in 2014 (HK: 0451) as a new energy company under the GCL Group. Together with its subsidiaries, the Group's primary business is the sale of electricity and the development, construction, operation and management of solar power plants. As at the date of the Report, the Company is 53.3% owned by GCL-Poly Energy Holdings Limited (HK: 3800)("**GCL-Poly**"), a polysilicon producer and wafer supplier.
- The Company primarily owns and operates solar power plants in the People's Republic of China ("**PRC**") and also has international operations in the United States of America ("**US**").
- In relation to the operations in the PRC, pursuant to the New Tariff Notice issued in August 2013, renewable projects are required to apply and be approved to be registered in the National Subsidy Catalogue, in order to receive subsidy tariffs for electricity sold to state grid companies in the PRC ("**Subsidy Tariffs**"). In January 2020, the PRC government replaced the National Subsidy Catalogue with National Subsidy List which simplified the application and approval process to receive Subsidy Tariffs.

Background – Group Structure



Note: The names of the PRC entities were directly translated from abbreviated entity names in Chinese provided by Management.

Background – Group Structure (cont'd)



Key Assumptions, Methodologies and Limitations

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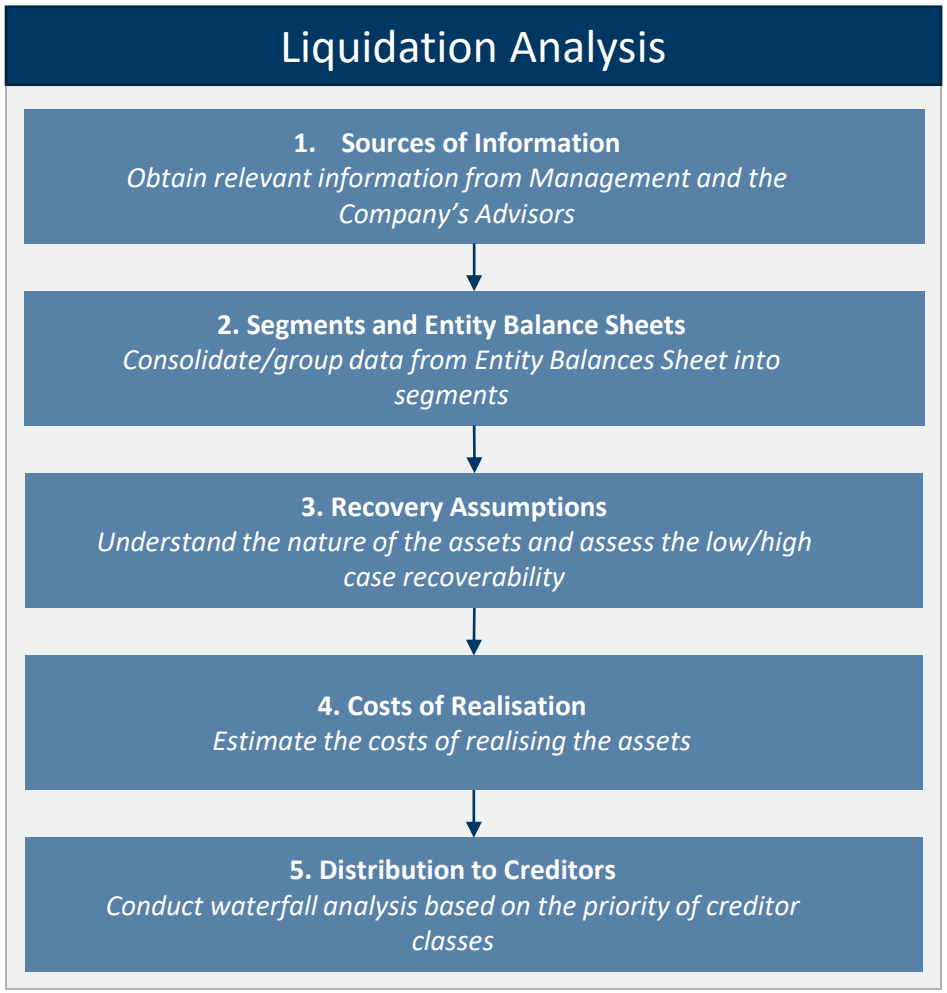
Key Assumptions, Methodologies and Limitations

The Liquidation Analysis is supported by an integrated financial model and information provided by Management. Our key assumptions and methodologies applied are detailed below.



1. Sources of Information

- Our primary sources of information include publicly available information as well as financial information provided by the management of the Company ("**Management**") including:
  - Mr. Haywood Ng – Assistant General Manager, Finance (the Company)
  - Ms. Huang – Vice President of Finance (PRC Segment)
  - Ms. Anne Adrineda – Financial Controller of GCL New Energy Inc (International Segment)
- We have placed reliance on representations made by Management as well as on discussions with the Company's Advisors (acting on the Company's behalf).
- Key information provided by Management includes:
  - Unaudited management accounts and consolidation workbooks as at the Liquidation Analysis Date;
  - Additional information and supporting schedules in respect of various balance sheet accounts as at the Liquidation Analysis Date;
  - Information on the Group structure;
  - Major loan agreements with various banks and financial institutions; and
  - Project financing information for the PRC Segment.
- We do not accept responsibility for such information which remains the responsibility of Management. We have satisfied ourselves, as far as possible, that the information presented in the Liquidation Analysis is consistent with other information made available to us in the course of our work. We have not however, sought to establish the reliability of the sources by reference to other evidence.

Key Assumptions, Methodologies and Limitations

2. Segments and Entity Balance Sheets

- We were provided with the consolidated workbooks of the Group as at 30 December 2020 which included the balance sheet of each entity within the Group.
- Given the significant number of PRC subsidiaries, the complexity of its organisational structure in the PRC and the jurisdictions of its businesses, we conferred with the Company's Advisors to consider a methodology to conduct the analysis on a consolidated basis.
- Accordingly, it was devised that the Liquidation Analysis be conducted by splitting the Group into four consolidated segments (each a "**Segment**") being:

1. **The Company**: The Company is the ultimate holding company of the Group and indirectly holds 100% equity interest in the Holding Segment and the International Segment. Any excess funds from the liquidations of the Holding Segment and International Segment would flow up the Company as an equity distribution.
2. **Holding Segment**: The Holding Segment consists of 4 intermediate holding companies registered in Hong Kong. These intermediate holding companies ultimately holds 100% equity interest of the PRC Segment. Any excess funds from the liquidations of the PRC Segment would flow to the Holding Segment as an equity distribution.
3. **PRC Segment**: The PRC Segment consists of 5 onshore intermediate holding companies, which holds 25 Platform Entities, which in turn holds 254 Project Entities.

   Platform Entities mainly serve as holding companies of various groups of Project Entities as well as guarantors of certain loan financing entered into by Project Entities ("**Platform Entities**"). Project Entities are the operating entities that own/operate the solar power plants ("**Project Entities**"). We understand from Management that all Project Entities (excluding the dormant entities – see Appendix A) are continuing to operate business as usual.

   The majority of the liabilities of the PRC Segment derive from third-party loans provided to the Project Entities which are guaranteed by certain Platform Entities. Based on the information provided by Management, we have aggregated the liabilities of each Project Entity. For the purposes of this Liquidation Analysis, we assume that upon liquidation of the PRC Segment, the aggregated realisation of assets in the PRC Segment will be used to repay the aggregated debts recognised in the PRC Segment.
4. **International Segment**: The International Segment is primarily held through GCL New Energy, Inc. and represents the Group's overseas operations outside of China. It includes subsidiaries registered in the US, Japan and Africa.

   The operations of the International Segment is predominantly located in the US. We understand from Management that the operations in Japan and Africa ceased as at the Liquidation Analysis Date. These companies are in the process of deregistration and no distributions are estimated based on Management representation. Adjustment are made to exclude the assets and liabilities of the subsidiaries relating to the businesses in Japan and Africa and the analysis focuses on the US subsidiaries and operations.

Key Assumptions, Methodologies and Limitations

3. Recovery Assumptions

- The estimated recovery of assets for each Segment are provided in both low and high case scenarios.
- The assumptions applied to each asset class in each Segment, together with supporting commentary are detailed in the following "Summary Liquidation Analysis" section.
- In addition, we make the following low and high case assumptions with respect to the PRC Segment.
  - **Low case**: Recoverability is driven by the sale of individual asset classes on a stand-alone basis (such as PPE, receivables etc.). This assumes the liquidator/ trustee is unable to realise the projects as described in the high case below.
  - **High case**: As discussed with Management, the sale of a project would ordinarily be sold by way of equity interest in the Project Entities. It is assumed that a liquidator/ trustee would also conduct a similar process in order to achieve a higher value. We have assumed that the quality of the projects/assets would form the basis of the proceeds realised. Quality of assets and recoverability are analysed based on a number of factors including but not limited to:- compliance with regulatory requirements; registration on the National Subsidy Catalogue or National Subsidy List; pledged status of assets; and entitlement to receive Subsidy Tariffs.

4. Costs of Realisation

- The proceeds realised from the sale of assets will be reduced by the costs incurred by a liquidator / trustee.
- In a liquidation scenario, we assume there will be costs to realise assets which will be paid in priority to any distribution to any class of creditors and deducted to the extent that there are sufficient assets to meet those costs.
- Costs of realisation includes but not limited to :
  - Performing statutory duties relating to the liquidation process, including preparing statutory documents and communicating with stakeholders and creditors;
  - Undertaking any statutory investigations into the affairs of the companies;
  - Managing assets through to sale to preserve maximum value, which may require an extended period of time;
  - Dealing with creditor and stakeholder enquiries;
  - Handling employee redundancies and severance payments;
  - Adjudicating creditor claims and any potential conflicts between creditors; and
  - Distributing asset realisations to creditors in accordance with applicable waterfall.
- In addition, costs of realisation will also include professional fees payable to legal advisors, agents and other professional advisors that may reasonably assist the liquidator/trustee in the realisation of the assets.
- We have estimated the costs of realisations as follows:
  - **The Company and Holding Segment**: Given the majority of the operating assets are held by the International and PRC Segment, the costs are primarily related to the overall administration of the liquidation.
  - **The PRC Segment and the International Segment**: Estimated costs are based on a percentage of the value of assets realised.

Key Assumptions, Methodologies and Limitations

5. Distribution to Creditors

- The estimated liabilities of each Segment were assessed based on the following criteria:
  - Whether the liabilities are secured or unsecured
  - Whether the liabilities are due to intercompany creditors or third-party creditors.
  - Management have also advised that certain onshore debt are cross collateralised
- We have assumed for all Segments that after the assets are realised, the priority of distributions are as follows:
  - Costs of realisation; then
  - Secured claims (up to the value of the secured/pledged asset) with the shortfall to secured creditors being recognised as an unsecured claim; then
  - Preferential claims such as PRC tax and employee severance entitlements; then
  - Unsecured claims, which includes:
    - Related parties incl. associates, joint ventures, related entities in the Group and related entities outside the Group (i.e. owned by GCL-Poly)
    - Shortfall owed to secured creditors
    - Third parties
    - Perpetual bondholders, noting that the relevant perpetual bonds are classified as an equity item in the balance sheet but ranks in priority to equity; then.
  - Shareholders, which include:
    - Dividends payable, which is classified as a liability item in the balance sheet. Dividend payables is assumed to be paid in priority to equity distributions.
    - Shareholder's equity.
- **Treatment of intercompany claims**
  - Intercompany claims are assumed to rank as unsecured claims equally with third-party trade creditors. We note that in practice, there are situations where intercompany claims owed from PRC entities to offshore creditors may be structurally subordinated to the claims of third-party creditors within the PRC.
  - Where intercompany claims are mutual between Segments (i.e. Holding Segment owes International Segment, and vice versa), we have applied an iterative and sequential flow of distribution where liquidation value is cycled back and forth to satisfy the intercompany claims against each other.

Key Assumptions, Methodologies and Limitations

Limitations

- The Liquidation Analysis is a hypothetical illustration of the potential outcomes that may occur if the Group were to enter into a liquidation scenario.
- We have placed reliance on the use of estimates and assumptions that are inherently subject to change based on factors that may not be known at the time the Liquidation Analysis has been prepared.
- We have not conducted any independent audit in relation to the information provided to us.
- For the purposes of our preparing this report, the Company has made available to us certain non-public information and commercially sensitive information (including at Segment or entity level) that has not previously been made public by the Company. Such information has not been included in this Report. Accordingly, this Report shall only present a summary liquidation analysis at the Company level and details in respect of the respective Segments are not disclosed.
- There are certain risk factors which have not been modelled into the Liquidation Analysis due to the uncertainty and variability of considering same. Should any of these risk factors arise in an actual liquidation of the Group, there could be material change to the estimated outcome to unsecured creditors and shareholders as presented in this Report.

The risk factors include but are not limited to:

- Potential tax liabilities relating to the disposal of the assets or entities of the Group. No detailed tax analysis has been conducted by FTI.
- Recoveries from the pursuit of any potential causes of actions or any unknown litigation or legal proceedings that could arise as a result of the Group entering into liquidation.
- Potential crystallization of claims and/or contingent claims that could arise as a result of the Group entering into liquidation. Examples may include damages for breach of contract.
- The value of creditor claims are assumed to be as recorded in the Company's books. This may not reflect the quantum of claims in an actual liquidation which can only be confirmed via an claims adjudication process which may vary from the Company's books and records.
- The time taken to realise assets, which is likely to take place over an extended period of time (i.e. years) depending on the relevant jurisdiction, the Courts and stakeholder involvement. Costs of realisation inherently increases as time passes as well as secured creditor claims which is likely subject to additional interest charges and default rates.
- Repatriation of funds from the PRC entities (onshore) to offshore creditors may be subject to capital restrictions. The Liquidation Analysis assumes the free flow of capital.
- Policy changes as regard to the Subsidy Tariffs could materially impact the value attributed to the realisation of the PRC assets.

Please note this list is not an exhaustive lists of all factors that could impact the estimated outcome as presented in this Report.

Summary Liquidation Analysis

FTI CONSULTING™

Summary Liquidation Analysis

The Company

Estimated Distributions - The Company	Note	NBV 31-Dec-20	Recovery Low Case		Recovery High Case	
		RMB'000	%	RMB'000	%	RMB'000
Non-current assets						
Interests in subsidiaries	[N1]	0	0%	-	0%	-
Amounts due from related companies	[N2]	82,438	0%	39	16%	13,534
Total non-current assets		**82,438**	**0%**	**39**	**16%**	**13,534**
Current assets						
Other receivables, prepayments and deposits	[N3]	74,785	0%	-	1%	509
Amounts due from joint ventures	[N4]	32	0%	-	0%	-
Amounts due from related companies	[N2]	7,176,034	0%	3,408	16%	1,178,105
Bank balances and cash	[N5]	1,442	100%	1,442	100%	1,442
Total current assets		**7,252,294**	**0%**	**4,850**	**16%**	**1,180,056**
Total assets		**7,334,731**	**0%**	**4,889**	**16%**	**1,193,590**
Less: Costs of realisation	[N6]			(4,000)		(5,000)
Amount available for distribution to creditors				**889**		**1,188,590**
Preferential claims						
Employee compensation - preferential portion	[N7]			-		-
Amount available for distribution to unsecured creditors				**889**		**1,188,590**
Unsecured claims						
Intercompany claims	[N8]			378,651		378,651
Offshore Notes	[N8]			3,261,099		3,261,099
Third party unsecured claims	[N8]			1,057,014		1,057,014
Total unsecured and non-preferential claims				**4,696,765**		**4,696,765**
Estimated distribution rate for unsecured creditors				*0.0%*		*25.3%*
Estimated distributions to shareholders				**-**		**-**

Source: Management information; FTI analysis

Overview

- The Company is the ultimate parent of the Group. It holds 100% equity interest in Pioneer Getter Limited, an intermediate holding entity with no other assets or liabilities other than its 100% equity interest in the Holding Segment and the International Segment.
- The adjacent table summarises the estimated distributions to creditors and shareholders of the Company.
  - With the majority of the Group's operating assets being held by the operating segments (i.e. the PRC Segment and International Segment), the asset realisations attributed to the Company are primarily driven by the repayment of amounts due from related companies and available bank balances and cash.
  - No equity distributions are expected from either the Holding or International Segments.
  - As at the Liquidation Analysis Date, the estimated distribution to the unsecured creditors is estimated to be between RMB0.9m and RMB1.2b, which represents 0.0% to 25.3% of total unsecured claims.
    - Of which, the estimated distribution to Note Holders is estimated to be between RMB0.6m and RMB825.3m.
  - Given the shortfall to the unsecured creditors of the Company, no equity distributions are expected to the shareholders of the Company.

Summary Liquidation Analysis

The Company

Estimated Distributions - The Company	Note	NBV 31-Dec-20	Recovery Low Case		Recovery High Case	
		RMB'000	%	RMB'000	%	RMB'000
Non-current assets						
Interests in subsidiaries	[N1]	0	0%	-	0%	-
Amounts due from related companies	[N2]	82,438	0%	39	16%	13,534
Total non-current assets		**82,438**	**0%**	**39**	**16%**	**13,534**
Current assets						
Other receivables, prepayments and deposits	[N3]	74,785	0%	-	1%	509
Amounts due from joint ventures	[N4]	32	0%	-	0%	-
Amounts due from related companies	[N2]	7,176,034	0%	3,408	16%	1,178,105
Bank balances and cash	[N5]	1,442	100%	1,442	100%	1,442
Total current assets		**7,252,294**	**0%**	**4,850**	**16%**	**1,180,056**
Total assets		**7,334,731**	**0%**	**4,889**	**16%**	**1,193,590**
Less: Costs of realisation	[N6]			(4,000)		(5,000)
Amount available for distribution to creditors				**889**		**1,188,590**
Preferential claims						
Employee compensation - preferential portion	[N7]			-		-
Amount available for distribution to unsecured creditors				**889**		**1,188,590**
Unsecured claims						
Intercompany claims	[N8]			378,651		378,651
Offshore Notes	[N8]			3,261,099		3,261,099
Third party unsecured claims	[N8]			1,057,014		1,057,014
Total unsecured and non-preferential claims				**4,696,765**		**4,696,765**
Estimated distribution rate for unsecured creditors				*0.0%*		*25.3%*
Estimated distributions to shareholders				**-**		**-**

Source: Management information; FTI analysis

Breakdown for amounts due from other segments	Note	NBV 31-Dec-20	Recovery Low Case		Recovery High Case	
		RMB'000	%	RMB'000	%	RMB'000
Amount due from the Holding Segment	[N2]	6,624,589	0.1%	3,447	17.9%	1,187,271
Amount due from the International Segment	[N2]	633,882	0.0%	-	0.7%	4,367
Subtotal		**7,258,472**	**0.0%**	**3,447**	**16.4%**	**1,191,639**
Interest receivable from the International Segment	[N3]	73,886	0.0%	-	0.7%	509

Source: Management information; FTI analysis

Assets

- The NBV of the assets held by the Company totals RMB7.3b as at the Liquidation Analysis Date, which includes:
  - **[N1] Interests in subsidiaries**: The book value of interests in subsidiaries which represents the paid-up capital of Pioneer Getter Limited.

    Based on our analysis, unsecured creditors in the Holding Segment and the International Segment will not be repaid in full. Accordingly, there is no estimated distribution from the Holding Segment or the International Segment as there are no excess funds to enable any return to shareholders.
  - **[N2] Amounts due from related companies**: Represents the current (and non-current) account with the Holding Segment and International Segment. The recoverability is derived from the estimated distribution to the unsecured creditors from the liquidations of the Holding Segment and the International Segment – see adjacent table for further details.

    Holding Segment

    - The Holding Segment is comprised of Pioneer Getter Limited, GCL New Energy Development Limited, GCL New Energy Management Limited and GCL New Energy Trading Limited. This segment directly holds the PRC Segment.
      - The estimated return to unsecured creditors is between 0.1% to 17.9%.
    - The primary assets of the Holding Segment are its interest in the PRC Segment. It also holds a small amount of bank balances/cash. We briefly discuss the recoverability from its interest in the PRC Segment over the page.

Summary Liquidation Analysis

The Company

Estimated Distributions - The Company	Note	NBV 31-Dec-20	Recovery Low Case		Recovery High Case	
		RMB'000	%	RMB'000	%	RMB'000
Non-current assets						
Interests in subsidiaries	[N1]	0	0%	-	0%	-
Amounts due from related companies	[N2]	82,438	0%	39	16%	13,534
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Total current assets		**7,252,294**	**0%**	**4,850**	**16%**	**1,180,056**
Total assets		**7,334,731**	**0%**	**4,889**	**16%**	**1,193,590**
Less: Costs of realisation	[N6]			(4,000)		(5,000)
Amount available for distribution to creditors				**889**		**1,188,590**
Preferential claims						
Employee compensation - preferential portion	[N7]			-		-
Amount available for distribution to unsecured creditors				**889**		**1,188,590**
Unsecured claims						
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Third party unsecured claims	[N8]			1,057,014		1,057,014
Total unsecured and non-preferential claims				**4,696,765**		**4,696,765**
Estimated distribution rate for unsecured creditors				*0.0%*		*25.3%*
Estimated distributions to shareholders				**-**		**-**

Source: Management information; FTI analysis

Breakdown for amounts due from other segments	Note	NBV 31-Dec-20	Recovery Low Case		Recovery High Case	
		RMB'000	%	RMB'000	%	RMB'000
Amount due from the Holding Segment	[N2]	6,624,589	0.1%	3,447	17.9%	1,187,271
Amount due from the International Segment	[N2]	633,882	0.0%	-	0.7%	4,367
Subtotal		**7,258,472**	**0.0%**	**3,447**	**16.4%**	**1,191,639**
Interest receivable from the International Segment	[N3]	73,886	0.0%	-	0.7%	509

Source: Management information; FTI analysis

PRC Segment

- The PRC Segment comprises of 5 onshore intermediate holding companies, which holds 25 Platform Entities, which in turn holds 254 Project Entities.
- Our assumptions regarding the recoverability of the assets in the PRC Segment are noted on page 12 under "Recovery Assumptions" and our analysis is summarised below:
  - **Low case:** It is assumed that the assets are realised on a standalone basis in a low case scenario. Under this scenario, we expect that there will be no distributions made to the Holding Segment as there are insufficient funds to meet all unsecured claims of the PRC Segment in full. Certain amounts due from associates, other receivables, prepayments are not recoverable and non-transferable in the event operations of the projects cease.
  - **High case:** The estimated amount that will flow to the Holdings Segment is RMB1.3b under the high case scenario. It is assumed that all unsecured claims of the PRC Segment will be met in full and the excess will be distributed to the Holdings Segment as a dividend. Under this scenario, the recovery amount for the assets in the PRC is significantly higher as a majority of the assets recovered will be derived from the sale of the projects on an equity basis. Sale of the equity interest of the Project Entities yields a much higher recovery amount as it assumed operations of the projects will be preserved.

Summary Liquidation Analysis

The Company

Estimated Distributions - The Company	Note	NBV 31-Dec-20	Recovery Low Case		Recovery High Case	
		RMB'000	%	RMB'000	%	RMB'000
Non-current assets						
Interests in subsidiaries	[N1]	0	0%	-	0%	-
Amounts due from related companies	[N2]	82,438	0%	39	16%	13,534
Total non-current assets		**82,438**	**0%**	**39**	**16%**	**13,534**
Current assets						
Other receivables, prepayments and deposits	[N3]	74,785	0%	-	1%	509
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Amounts due from related companies	[N2]	7,176,034	0%	3,408	16%	1,178,105
Bank balances and cash	[N5]	1,442	100%	1,442	100%	1,442
Total current assets		**7,252,294**	**0%**	**4,850**	**16%**	**1,180,056**
Total assets		**7,334,731**	**0%**	**4,889**	**16%**	**1,193,590**
Less: Costs of realisation	[N6]			(4,000)		(5,000)
Amount available for distribution to creditors				**889**		**1,188,590**
Preferential claims						
Employee compensation - preferential portion	[N7]			-		-
Amount available for distribution to unsecured creditors				**889**		**1,188,590**
Unsecured claims						
Intercompany claims	[N8]			378,651		378,651
Offshore Notes	[N8]			3,261,099		3,261,099
Third party unsecured claims	[N8]			1,057,014		1,057,014
Total unsecured and non-preferential claims				**4,696,765**		**4,696,765**
Estimated distribution rate for unsecured creditors				*0.0%*		*25.3%*
Estimated distributions to shareholders				**-**		**-**

Source: Management information; FTI analysis

Breakdown for amounts due from other segments	Note	NBV 31-Dec-20	Recovery Low Case		Recovery High Case	
		RMB'000	%	RMB'000	%	RMB'000
Amount due from the Holding Segment	[N2]	6,624,589	0.1%	3,447	17.9%	1,187,271
Amount due from the International Segment	[N2]	633,882	0.0%	-	0.7%	4,367
Subtotal		**7,258,472**	**0.0%**	**3,447**	**16.4%**	**1,191,639**
Interest receivable from the International Segment	[N3]	73,886	0.0%	-	0.7%	509

Source: Management information; FTI analysis

International Segment

- The International Segment includes all the subsidiaries in the US, Japan and Africa.
- We understand from Management that the operations in Japan and Africa ceased as at the Liquidation Analysis Date. These companies are in the process of deregistration and no distributions are estimated based on Management representation. The analysis focused primarily on the US subsidiaries and operations.
  - The estimated return to unsecured creditors is between 0% to 0.7% in the low and high case, respectively.
- The primary assets of the International Segment are its interest in solar power plants and equipment located in the US, bills and trade receivables, and pledged bank and other deposits.

— **[N3] Other receivables, prepayments and deposits**: Consists of the following:

- Prepayments for listing fees which are not recoverable upon liquidation.
- Interest receivables due from the International Segment. The recoverability of this asset class is derived from the estimated distribution to the unsecured creditors from the International Segment.

— **[N4] Amount due from joint ventures**: We understand from Management that the joint ventures have ceased operations. The recovery amount is expected to be nil.

— **[N5] Bank balances and cash**: We understand that there are no restrictions placed on available bank balances and cash. Accordingly, we have estimated a full recovery of the balance.

Summary Liquidation Analysis

The Company

Estimated Distributions - The Company	Note	NBV 31-Dec-20	Recovery Low Case		Recovery High Case	
		RMB'000	%	RMB'000	%	RMB'000
Non-current assets						
Interests in subsidiaries	[N1]	0	0%	-	0%	-
Amounts due from related companies	[N2]	82,438	0%	39	16%	13,534
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Current assets						
Other receivables, prepayments and deposits	[N3]	74,785	0%	-	1%	509
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Amounts due from related companies	[N2]	7,176,034	0%	3,408	16%	1,178,105
Bank balances and cash	[N5]	1,442	100%	1,442	100%	1,442
Total current assets		**7,252,294**	**0%**	**4,850**	**16%**	**1,180,056**
Total assets		**7,334,731**	**0%**	**4,889**	**16%**	**1,193,590**
Less: Costs of realisation	[N6]			(4,000)		(5,000)
Amount available for distribution to creditors				**889**		**1,188,590**
Preferential claims						
Employee compensation - preferential portion	[N7]			-		-
Amount available for distribution to unsecured creditors				**889**		**1,188,590**
Unsecured claims						
Intercompany claims	[N8]			378,651		378,651
Offshore Notes	[N8]			3,261,099		3,261,099
Third party unsecured claims	[N8]			1,057,014		1,057,014
Total unsecured and non-preferential claims				**4,696,765**		**4,696,765**
Estimated distribution rate for unsecured creditors				*0.0%*		*25.3%*
Estimated distributions to shareholders				**-**		**-**

Source: Management information; FTI analysis

Costs of realisation

- **[N6]** We have estimated between RMB4.0m and RMB5.0m in respect of liquidator/trustee fees in accordance with the methodology set out on page 12.

Creditors' claims

- Total creditors' claims of the Company totals RMB4.7b as at the Liquidation Analysis Date, which includes:
  - **[N7] Preferential claims**: The preferential component of the employee severance entitlement would need to be settled with the available assets prior to any distributions to unsecured creditors. The Company does not employ any staff.
  - **[N8] Unsecured claims**: Includes amount due to related parties, other payables and accruals, and the Offshore Notes.

Appendices

A. Schedule of Group Entities

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Appendix A – Schedule of Group Entities

The Company, Holding Segment & International Segment

The Company

No.	Name of Company	Juristiction of Incorporation	Shareholder	% Ownership
1	GCL New Energy Holdings Limited	Bermuda	Parent Company	-

The Holding Segment

No.	Name of Company	Juristiction of Incorporation	Shareholder	% Ownership
1	Pioneer Getter Limited	BVI	GCL New Energy Holdings Limited	100%
2	GCL New Energy Management Limited	Hong Kong	Pioneer Getter Limited	100%
3	GCL New Energy Development Limited	Hong Kong	Pioneer Getter Limited	100%
4	GCL New Energy Trading Limted	Hong Kong	GCL New Energy Management Limit	100%

International Segment

No.	Name of Company	Juristiction of Incorporation	Shareholder	% Ownership
1	GCL New Energy International Limited	Hong Kong	Pioneer Getter Limited	100%
2	GCL New Energy Inc	United States	GCL New Energy International Limit	100%
3	GCL New Energy (OR) I, LLC	United States	GCL New Energy Inc	100%
4	GCL New Energy NC Holdings, LLC	United States	GCL New Energy Inc	100%
5	Mount Olive Lessee LLC	United States	GCL New Energy NC Holdings, LLC	1%
6	Adams Solar Center, LLC	United States	GCL New Energy (OR) I, LLC	100%
7	Elbe Solar Center, LLC	United States	GCL New Energy (OR) I, LLC	100%
8	Bly Solar Center, LLC	United States	GCL New Energy (OR) I, LLC	100%
9	Bear Creek Solar Center, LLC	United States	GCL New Energy (OR) I, LLC	100%
10	GCL New Energy (NC) I, LLC	United States	GCL New Energy NC Holdings, LLC	100%
11	Wilson Solar Farm 1, LLC	United States	GCL New Energy (NC) I, LLC	100%
12	Wilson Solar Farm 2, LLC	United States	GCL New Energy (NC) I, LLC	100%
13	Wilson Solar Farm 3, LLC	United States	GCL New Energy (NC) I, LLC	100%
14	Wilson Solar Farm 4, LLC	United States	GCL New Energy (NC) I, LLC	100%
15	Wilson Solar Farm 5, LLC	United States	GCL New Energy (NC) I, LLC	100%
16	Wilson Solar Farm 6, LLC	United States	GCL New Energy (NC) I, LLC	100%
17	Wilson Solar Farm 7, LLC	United States	GCL New Energy (NC) I, LLC	100%
18	Jackson Solar Farm, LLC	United States	GCL New Energy (NC) I, LLC	100%

Appendix A – Schedule of Group Entities

PRC Segment

No.	Name of Company	Registered Province	Shareholder	% Ownership
1	Nanjing Development	Jiangsu	GCL Investment (China)	91.58%
			Jiangsu Investment	8.42%
2	GCL Investment (China)	Jiangsu	GCL New Energy Development Limited	100%
3	Yili GCL	XinJiang	Suzhou Investment	100%
4	Suzhou Investment	Jiangsu	Nanjing Development	93%
5	Inner Mongolia Xiangdao	Inner Mongolia	Suzhou Investment	100%
6	Xiaoshan Shuqimeng	ZheJiang	Suzhou Investment	100%
7	Hengshan Jinghe	Shannxi	Suzhou Investment	100%
8	Pukou GCL	Jiangsu	Suzhou Investment	100%
9	Shanghai Xiechang	Shanghai	Nanjing Development	100%
10	Nanjing Design	Jiangsu	Nanjing Development	100%
11	Yushen Dongtou	Shannxi	Suzhou Investment	100%
12	Zhenglanqii Gudian	Inner Mongolia	Suzhou Investment	100%
13	Dongfang Yicheng	Hainan	Suzhou Investment	100%
14	Ruyang GCL	Henan	Suzhou Investment	100%
15	Suqian Green Energy	Jiangsu	Suzhou Investment	100%
16	Yongning Shengjing	Ningxia	Suzhou Investment	100%
17	Baoying Xinyuan	Jiangsu	Suzhou Investment	100%
18	Nantong Haide	Jiangsu	Suzhou Investment	100%
19	Delingha Xiehe	Qinghai	Suzhou Investment	100%
20	Hainan Shineng	Qinghai	Suzhou Investment	100%
21	Hefei GCL	Anhui	Suzhou Investment	100%
22	Beipiao GCL	Liaoning	Suzhou Investment	100%
23	Shanghai GCL	Shanghai	Suzhou Investment	100%
24	GCL New Agricultural	Jiangsu	Suzhou Investment	100%
25	Yuanmou Green Electric	Yunnan	Suzhou Investment	100%
26	Donghai GCL	Jiangsu	Suzhou Investment	100%
27	Xuzhou Xinri	Jiangsu	Suzhou Investment	100%
28	Tongyu GCL	Jilin	Suzhou Investment	100%
29	Menghai GCL	Yunnan	Suzhou Investment	100%
30	Suzhou Kaifa	Jiangsu	Suzhou Investment	100%
31	Suzhou Operation	Jiangsu	Nanjing Development	100%
32	Pucheng GCL	FuJian	Suzhou Investment	100%
33	Kaifeng Huaxin	Henan	Suzhou Investment	100%
34	Guangdong GCL	Guangdong	Suzhou Investment	100%
35	Panzhihua GCL	Sichuan	Nanjing Development	100%
36	Yuhong GCL	Liaoning	Suzhou Investment	100%
37	Taoyuan Xinneng	Hunan	Suzhou Investment	100%
38	Taoyuan Xinyuan	Hunan	Suzhou Investment	100%
39	Taoyuan Xinhui	Hunan	Suzhou Investment	100%
40	Zhenjiang Xinli	Jiangsu	Suzhou Investment	100%

No.	Name of Company	Registered Province	Shareholder	% Ownership
41	Yuncheng Xinhua	Shandong	Suzhou Investment	100%
42	Xianghe GCL	Hebei	Suzhou Investment	100%
43	Haibin Agricultural	Jiangsu	Suzhou Investment	100%
44	Jingbian GCL	Shannxi	Suzhou Investment	100%
45	Gonghe Tenghui	Qinghai	Suzhou Investment	100%
46	Yuyang Longyuan	Shannxi	Suzhou Investment	100%
47	Luquan GCL	Yunnan	Suzhou Investment	100%
48	Samenxia Xieli	Henan	Suzhou Investment	100%
49	Gaotang GCL	Shandong	Suzhou Investment	100%
50	Shenmu Jingpu	Shannxi	Suzhou Investment	100%
51	Shenmu Jingdeng	Shannxi	Suzhou Investment	100%
52	Shenmu Jingfu	Shannxi	Suzhou Investment	100%
53	Huaian Ronggao	Jiangsu	Suzhou Investment	100%
54	Jurong Xinda	Jiangsu	Suzhou Investment	100%
55	Qinghai GCL	Qinghai	Suzhou Investment	100%
56	Tongyu Zanjia	Jilin	Suzhou Investment	100%
57	Chengde GCL	Hebei	Suzhou Investment	100%
58	Anfu GCL	Jiangxi	Suzhou Investment	100%
59	Gaoyou GCL	Jiangsu	Suzhou Investment	100%
60	Jingbian Shunfeng	Shannxi	Suzhou Investment	100%
61	Yixian Guoxin	Hebei	Nanjing Development	100%
62	Panzhihua Agricultural	Sichuan	GCL New Agricultural	100%
63	Yanbian GCL	Sichuan	Suzhou Investment	100%
64	Qianxi GCL	Hebei	Nanjing Development	100%
65	Panzhihua Xinren	Sichuan	Nanjing Development	100%
66	Xinyang Financial	Jiangsu	Nanjing Development	100%
67	Suixi GCL	Guangdong	Suzhou Investment	100%
68	Nantong GCL	Jiangsu	Suzhou Investment	100%
69	Funing Xinyuan	Jiangsu	Suzhou Investment	100%
70	Ceheng GCL	Guizhou	Suzhou Investment	100%
71	Jian GCL	Jiangxi	Nanjing Development	100%
72	Inner Mongolia Yuanhai	Inner Mongolia	Suzhou Investment	100%
73	Wulate Yuanhai	Inner Mongolia	Suzhou Investment	100%
74	Haifeng GCL	Guangdong	Suzhou Investment	100%
75	Eshan Yongxin	Yunnan	Suzhou Investment	100%
76	Heqing Xinhua	Yunnan	Suzhou Investment	100%
77	Yanshan Lixin	Yunnan	Suzhou Investment	100%
78	Kaifeng Agricultural	Henan	Suzhou Investment	100%
79	Wujiaqu GCL	XinJiang	Suzhou Investment	100%
80	Pingyi Fuxiang	Shandong	Suzhou Investment	100%

Note: The names of the PRC entities were directly translated from abbreviated entity names in Chinese provided by Management.

Appendix A – Schedule of Group Entities

PRC Segment (cont'd)

No.	Name of Company	Registered Province	Shareholder	% Ownership
81	Gaotang Agricultural	Shandong	Suzhou Investment	100%
82	Baoying GCL	Jiangsu	Suzhou Investment	100%
83	Changsha Xinjia	Hunan	Suzhou Investment	100%
84	Changzhou Zhonghui	Jiangsu	Suzhou Investment	100%
85	Baotou Tenghui	Inner Mongolia	Suzhou Investment	100%
86	Wuhan Design	Hubei	Nanjing Development	100%
87	Kuancheng GCL	Hebei	Nanjing Development	100%
88	Jingshan GCL	Hubei	Suzhou Investment	100%
89	Pucheng Xinpu	FuJian	Shanghai GCL	100%
90	Pucheng Agricultural	FuJian	Shanghai GCL	100%
91	Funing Agricultural	Jiangsu	Suzhou Investment	100%
92	Poyang GCL	Jiangxi	Suzhou Investment	100%
93	Tengzhou Agricultural	Shandong	Suzhou Investment	100%
94	Shanglin GCL	Guangxi	Suzhou Investment	100%
95	Qinzhou GCL	Guangxi	Suzhou Investment	100%
96	Sunite Jinxi	Inner Mongolia	Suzhou Investment	100%
97	Shenmu Pingxi	Shannxi	Suzhou Investment	100%
98	Shenmu Pingyuan	Shannxi	Suzhou Investment	100%
99	Hongta Zhongtai	Yunnan	Suzhou Investment	100%
100	Tengzhou GCL	Shandong	Suzhou Investment	100%
101	Lingshou Xinneng	Hebei	Suzhou Investment	100%
102	Zhenjiang Xinlong	Jiangsu	Suzhou Investment	100%
103	Sanya GCL	Hainan	Suzhou Investment	100%
104	Delingha Shidai	Qinghai	Suzhou Investment	100%
105	Lianshui Agricultural	Jiangsu	Suzhou Investment	100%
106	Yuncheng Agricultural	Shandong	Suzhou Investment	100%
107	Shanggao Lifeng	Jiangxi	Suzhou Investment	100%
108	Jilin Yilian	Jilin	Suzhou Investment	100%
109	Beijing Technology	Beijing	Nanjing Development	100%
110	Henan GCL	Henan	Suzhou Investment	100%
111	Leizhou GCL	Guangdong	Suzhou Investment	100%
112	Qinzhou Agricultural	Guangxi	Suzhou Investment	100%
113	Yongzhou GCL	Hunan	Suzhou Investment	100%
114	Suzhou Fazhan	Jiangsu	Suzhou Investment	100%
115	Shiyan Yunneng	Hubei	Suzhou Investment	100%
116	Jiangsu GCL	Jiangsu	Suzhou Investment	100%
117	Shanxi GCL	Shannxi	Suzhou Investment	100%
118	Delingha Sunlight	Qinghai	Suzhou Investment	100%
119	Mudan Development	Jiangsu	Nanjing Development	100%
120	Guizhou Zhongxin	Guizhou	Suzhou Investment	100%

No.	Name of Company	Registered Province	Shareholder	% Ownership
121	Anlong Maoan	Guizhou	Suzhou Investment	100%
122	Sanmenxia Agricultural	Henan	Suzhou Investment	100%
123	Shanglin Agricultural	Guangxi	Suzhou Investment	100%
124	Yexian GCL	Henan	Suzhou Investment	100%
125	Lianshui Xinyuan	Jiangsu	Suzhou Investment	100%
126	Tianjin Xinhai	Tianjin	Suzhou Investment	100%
127	Yanyuan Bainiao	Sichuan	Suzhou Investment	100%
128	Funing Mudan	Jiangsu	Nanjing Development	100%
129	Taiqian GCL	Henan	Suzhou Investment	100%
130	Taiqian Agricultural	Henan	Suzhou Investment	100%
131	Gaotang Xiechang	Shandong	Suzhou Investment	100%
132	Anhui GCL	Anhui	Suzhou Investment	100%
133	Yunnan GCL	Yunnan	Suzhou Investment	100%
134	Huaian Xinyuan	Jiangsu	Suzhou Investment	100%
135	Guanyun GCL	Jiangsu	Suzhou Investment	100%
136	Longkou GCL	Shandong	Suzhou Investment	100%
137	Zhuangliang Guangyuan	Gansu	Suzhou Investment	100%
138	Nanjing Xinri	Jiangsu	Suzhou Investment	100%
139	Taihu Xinneng	Anhui	Suzhou Investment	100%
140	Pizhou GCL	Jiangsu	Suzhou Kaifa	100%
141	Zhangjiagang GCL	Jiangsu	Suzhou Investment	100%
142	Henan Zhuoyue	Henan	Suzhou Investment	100%
143	Lufeng Xinneng	Yunnan	Suzhou Kaifa	100%
144	Langkazi GCL	Xizang	Suzhou Investment	100%
145	Jingshan Xinhui	Hubei	Suzhou Kaifa	100%
146	Huludao GCL	Liaoning	Suzhou Investment	100%
147	Dali GCL	Shannxi	Suzhou Investment	100%
148	Luohe Xinli	Henan	Suzhou Kaifa	100%
149	Guangzhou GCL	Guangdong	Suzhou Investment	100%
150	Yongcheng Xinli	Henan	Suzhou Investment	100%
151	Weishan Xinneng	Shandong	Suzhou Investment	100%
152	Zhenping GCL	Henan	Suzhou Investment	100%
153	Queshan Zhuiri	Henan	Suzhou Investment	100%
154	Shanwei GCL	Guangdong	Suzhou Investment	100%
155	Xihan GCL	Shannxi	Suzhou Investment	100%
156	Shicheng GCL	Jiangxi	Suzhou Investment	100%
157	Dexing GCL	Jiangxi	Suzhou Kaifa	100%
158	Luodian GCL	Guizhou	Suzhou Investment	100%
159	Shenzhen Rongxin	Guangdong	Suzhou Investment	100%
160	Liuzhi GCL	Guizhou	Suzhou Investment	100%

Note: The names of the PRC entities were directly translated from abbreviated entity names in Chinese provided by Management.

Appendix A – Schedule of Group Entities

PRC Segment (cont'd)

No.	Name of Company	Registered Province	Shareholder	% Ownership
161	Xuzhou Xinhui	Jiangsu	Suzhou Investment	100%
162	Lankao GCL	Henan	Suzhou Kaifa	100%
163	Cuomei GCL	Xizang	Suzhou Investment	100%
164	Suzhou Photovoltaic Technology	Jiangsu	Suzhou Fazhan	51%
165	Nanping Agricultural	FuJian	Shanghai GCL	100%
166	Yingde GCL	Guangdong	Suzhou Investment	100%
167	Shangqiu Xieneng	Henan	Suzhou Kaifa	100%
168	Zhenjiang Development	Jiangsu	GCL New Energy Development Limited	100%
169	Tangshan Xinlu	Hebei	Nanjing Development	100%
170	Yuhong Agricultural	Liaoning	Suzhou Investment	100%
171	Lianyungang Xinzhong	Jiangsu	Suzhou Investment	100%
172	Beihai GCL	Guangxi	Suzhou Investment	100%
173	Putian Xinneng	FuJian	Suzhou Kaifa	100%
174	Dingan GCL	Hainan	Suzhou Investment	100%
175	Jiangsu Investment	Jiangsu	GCL New Energy Development Limited	100%
176	Shenyang Xinyuan	Liaoning	Suzhou Investment	100%
177	Tongyu Xinyuan	Jilin	Suzhou Investment	100%
178	Yongcheng Agricultural	Henan	Suzhou Investment	100%
179	Inner Mongolia GCL	Inner Mongolia	Suzhou Investment	100%
180	Yongcheng Xinneng	Henan	Suzhou Kaifa	100%
181	Peixian Xinri	Jiangsu	Suzhou Investment	100%
182	Haidong Yuantong	Qinghai	Suzhou Investment	100%
183	Ceheng Jingzhun	Guizhou	Suzhou Investment	100%
184	Xinyi Xinri	Jiangsu	Suzhou Investment	100%
185	Guizhou GCL	Guizhou	Suzhou Investment	100%
186	Shandong GCL	Shandong	Suzhou Investment	100%
187	Huzhu Haoyang	Qinghai	Suzhou Investment	100%
188	Lanxi Jinrui	ZheJiang	Nanjing Development	100%
189	Lanxi Agricultural	ZheJiang	Nanjing Development	100%
190	Shangshui GCL	Henan	Suzhou Investment	100%
191	Ningxia GCL	Ningxia	Suzhou Investment	100%
192	Jurong Xinhui	Jiangsu	Nanjing Development	100%
193	Hubei GCL	Hubei	Suzhou Investment	100%
194	Guangxi GCL	Guangxi	Suzhou Investment	100%
195	Shangshui Agricultural	Henan	Suzhou Investment	100%
196	Wushan Xinqing	Chongqing	Suzhou Investment	100%
197	Guolin GCL	HeilongJiang	Suzhou Kaifa	100%
198	Hebei Tongxin	Hebei	Nanjing Development	100%
199	Liaoning GCL	Liaoning	Suzhou Investment	100%
200	Kunming Yufeng	Yunnan	Suzhou Investment	100%

No.	Name of Company	Registered Province	Shareholder	% Ownership
201	Honghe Ruixin	Yunnan	Suzhou Investment	100%
202	Suzhou Dingyu	Jiangsu	Suzhou Kaifa	100%
203	Xuzhou Xinsheng	Jiangsu	GCL New Energy Development Limited	100%
204	Dushan GCL	Guizhou	Suzhou Investment	100%
205	Nanzhao Xinli	Henan	Suzhou Investment	100%
206	Nanzhao Agricultural	Henan	Suzhou Investment	100%
207	Tianmen Xinyao	Hubei	Suzhou Investment	100%
208	Changnan GCL	Shandong	Suzhou Investment	100%
209	Gaotang Xierong	Shandong	Suzhou Investment	100%
210	Jishui Xieneng	Jiangxi	Suzhou Kaifa	100%
211	Sihong Xinneng	Jiangsu	Suzhou Investment	100%
212	Qinghai Baineng	Qinghai	Suzhou Investment	100%
213	Hualong Xiehe	Qinghai	Suzhou Investment	100%
214	Shangshui Technology	Henan	Suzhou Investment	100%
215	Anhui Operation	Anhui	Suzhou Investment	100%
216	Donghua Operation	Jiangsu	Suzhou Investment	100%
217	Ninggan Operation	Ningxia	Suzhou Investment	100%
218	Shangdong Operation	Shandong	Suzhou Investment	100%
219	Dongbei Operation	Liaoning	Suzhou Investment	100%
220	Guangxi Operation	Guangxi	Suzhou Investment	100%
221	Lianghu Operation	Hubei	Suzhou Investment	100%
222	Qingzang Operation	Qinghai	Suzhou Investment	100%
223	Jingjinji Operation	Hebei	Suzhou Investment	100%
224	Inner Mongolia Operation	Inner Mongolia	Suzhou Investment	100%
225	Shanxi Operation	Shannxi	Suzhou Investment	100%
226	Henan Operation	Henan	Suzhou Investment	100%
227	Xinjiang Operation	XinJiang	Suzhou Investment	100%
228	Guangdong Operation	Guangdong	Suzhou Investment	100%
229	Xiechang Agricultural	Shandong	Suzhou Investment	100%
230	Hetian GCL	XinJiang	Suzhou Investment	100%
231	Jianquan Xinken	Ningxia	Suzhou Investment	100%
232	Dengkou GCL	Inner Mongolia	Suzhou Investment	100%
233	Zhenyuan Yuyang	Gansu	Suzhou Investment	100%
234	Zhenyuan Agricultural	Gansu	Suzhou Investment	100%
235	Shouguang Wanhai	Shandong	Suzhou Investment	100%
236	Beijing Henghua	Beijing	GCL New Agricultural	100%
237	Inner Mongolia Beirong	Inner Mongolia	Nanjing Development	100%
238	Xinan Agricultural	Henan	Suzhou Investment	100%
239	Yongcheng GCL	Henan	Suzhou Investment	100%
240	Yulin Huaxin	Shannxi	Suzhou Investment	100%

Note: The names of the PRC entities were directly translated from abbreviated entity names in Chinese provided by Management.

Appendix A – Schedule of Group Entities

PRC Segment (cont'd)

No.	Name of Company	Registered Province	Shareholder	% Ownership
241	Dingbian Xieguang	Shannxi	Suzhou Investment	100%
242	Junxian Xinli	Henan	Suzhou Kaifa	100%
243	Inner Mongolia Mengxin	Inner Mongolia	Suzhou Investment	100%
244	Haifeng Huaxin	Guangdong	Suzhou Investment	100%
245	Xian Xieneng	Shannxi	Suzhou Investment	100%
246	Woming Energy	Urumqi	Suzhou Investment	100%
247	Qinzhou Xinli	Guangdong	Suzhou Investment	100%
248	Nanjing Xinjia	Jiangsu	Suzhou Investment	100%
249	Qinghai Electric	Qinghai	Suzhou Investment	100%
250	Zhengzhou Kerun	Henan	Suzhou Investment	100%
251	Zhengzhou Xiejia	Henan	Suzhou Investment	100%
252	Kashi Electric	XinJiang	Suzhou Investment	25%
253	Beijing New Energy	Beijing	Suzhou Investment	30%
254	Huarong Electric	Hunan	Suzhou Investment	20%
255	Linzhou Solar	Henan	Suzhou Investment	20%
256	Ruzhou Electric	Henan	Suzhou Investment	45%
257	Xinan Electric	Henan	Suzhou Investment	45%
258	Jiangling Electric	Hubei	Suzhou Investment	45%
259	Heibei GCL	Hebei	Suzhou Investment	30%
260	Guangping Electric	Hebei	Suzhou Investment	30%
261	Shanxi New Energy	Shanxi	Suzhou Investment	30%
262	Shanxi Energy	Shanxi	Suzhou Investment	4%
263	Fenxi Electric	Shanxi	Suzhou Investment	30%
264	Ruicheng Electric	Shanxi	Suzhou Investment	30%
265	Mengxian Electric	Shanxi	Suzhou Investment	30%
266	Mengxian Energy	Shanxi	Suzhou Investment	30%
267	Suuzhou Electric	Anhui	Suzhou Investment	10%
268	Huaibei Electric	Anhui	Suzhou Investment	10%
269	Jinhu Solar	FuJian	Suzhou Investment	25%
270	Qinzhou Electric	Guanxi	Suzhou Investment	40%
271	Beijing GCL Tech	Beijing	Suzhou Investment	49%

Note: The names of the PRC entities were directly translated from abbreviated entity names in Chinese provided by Management.

Appendix A – Schedule of Group Entities

Assets Held for Sale & Dormant Entities

Assets Held for Sale

No.	Name of Company	Juristiction of Incorporation	Shareholder	% Ownership
1	Hefei Jiannan	Anhui	Suzhou Investment	100%
2	Hefei Jiuyang	Anhui	Suzhou Investment	100%
3	Zhenglanqi Guodian	Inner Mongolia	Suzhou Investment	100%
4	Ruyang GCL	Henan	Suzhou Investment	100%
5	Hubei Masheng	Hubei	Suzhou Investment	100%
6	Baotou Liteng	Inner Mongolia	Changzhou Zhonghui	100%
7	Ningxia Zhongwei	Ningxia	Ningxia GCL	100%

Dormant Entities

No.	Name of Company	Juristiction of Incorporation	Shareholder	% Ownership
1	Kaifeng Agricultural	Henan	Suzhou Investment	100%
2	Pingyi Fuxiang	Shandong	Suzhou Investment	100%
3	Lianshui Agricultural	Jiangsu	Suzhou Investment	100%
4	Sanmenxia Agricultural	Henan	Suzhou Investment	100%
5	Taiqian Agricultural	Henan	Suzhou Investment	100%
6	Suzhou Photovoltaic Technology	Jiangsu	Suzhou Kaifa	100%
7	Sihong Xinneng	Jiangsu	Suzhou Investment	100%
8	Xiechang Agricultural	Shandong	Suzhou Investment	100%
9	Yexian GCL	Henan	Suzhou Investment	100%
10	Dexing GCL	Jiangxi	Suzhou Kaifa	100%
11	Guolin GCL	Heilongjiang	Suzhou Kaifa	100%
12	Dushan GCL	Guizhou	Suzhou Investment	100%
13	Tianmen Xinyao	Hubei	Suzhou Investment	100%
14	Changnan GCL	Shandong	Suzhou Investment	100%
15	Gaotang Xierong	Shandong	Suzhou Investment	100%
16	Jishui Xieneng	Jiangxi	Suzhou Kaifa	100%
17	Shangshui Technology	Henan	Suzhou Investment	100%
18	Beijing Henghua	Beijing	GCL New Agricultural	100%
19	Yongcheng GCL	Henan	Suzhou Investment	100%
20	Dingbian Xieguang	Shannxi	Suzhou Investment	100%
21	Junxian Xinli	Henan	Suzhou Kaifa	100%
22	Inner Mongolia Mengxin	Inner Mongolia	Suzhou Investment	100%
23	Haifeng Huaxin	Guangdong	Suzhou Investment	100%
24	Xian Xieneng	Shannxi	Suzhou Investment	100%
25	Woming Energy	Urumqi	Suzhou Investment	100%
26	Qinzhou Xinli	Guangdong	Suzhou Investment	100%
27	Nanjing Xinjia	Jiangsu	Suzhou Investment	100%
28	Qinghai Electric	Qinghai	Suzhou Investment	100%
29	Zhengzhou Kerun	Henan	Suzhou Investment	100%
30	Zhengzhou Xiejia	Henan	Suzhou Investment	100%

Note: The names of the PRC entities were directly translated from abbreviated entity names in Chinese provided by Management.

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APPENDIX 7 FINANCIAL STATEMENTS

APPENDIX 7

Index to Financial Statements

Deloitte. 德勤

TO THE SHAREHOLDERS OF GCL NEW ENERGY HOLDINGS LIMITED
協鑫新能源控股有限公司
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 69 to 205, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB1,218 million for the year ended 31 December 2020, and as of that date, the Group's current liabilities exceeded its current assets by approximately RMB9,230 million. In addition, as set out in note 42, as at 31 December 2020, the Group has entered into agreements which will involve capital commitments of approximately RMB135 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings. During the current year, the cross default clauses in several banks of the Group have been triggered as a result of (i) GCL-Poly Energy Holdings Limited ("GCL-Poly"), its parent company and being the guarantor of certain bank borrowings of the Group, defaulted the repayment of its bank borrowing, (ii) the Group defaulted repayment of certain of its bank and other borrowings, and (iii) 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 of certain bank borrowings; and accordingly resulted in a reclassification of long-term borrowings of approximately RMB4,541 million to current liabilities as at 31 December 2020 under the applicable accounting standard. Moreover, as disclosed in note 47(a) to the consolidated financial statements, on 1 February 2021, the Group announced that the failure of repayment of the senior notes with principal amount of US$500 million which constituted the event of default under the terms of indenture.

The Group is undertaking a number of financing plans and other measures as described in note 2 to the consolidated financial statements in order to ensure it is able to meet its commitments in the next twelve months. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures

can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. However, the likelihood of successful implementation of these financing plans and other measures, including the Group's ongoing compliance with their borrowing covenants, and along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on tariff adjustments on electricity sales	
We identified the recognition of the Group's revenue on tariff adjustments on electricity sales as a key audit matter due to the significant management judgement involved in determining whether each of the Group's operating power plants had qualified for, and had met, all the requirements and conditions as required under the prevailing government policies and regulations for entitlement of the tariff adjustments and accordingly, the timing and eligibility of accruing revenue on tariff adjustments. As described in note 6 to the consolidated financial statements, revenue on tariff adjustments on electricity sales of approximately RMB2,905 million was recognised for the year ended 31 December 2020 in which the Group had submitted the applications for tariff adjustments of all on-grid solar power plants and under government's approval process.	Our procedures in relation to the recognition of the Group's revenue on tariff adjustment on electricity sales included: • Obtaining an understanding of key controls in connection with the recognition of tariff adjustment and assessing the operating effectiveness of key controls; • Obtaining the relevant supporting documents, for example, power purchase agreements and an understanding of the policies and regulations set by the government authorities on tariff adjustment on sales of electricity in this industry to evaluate the appropriateness of management's judgement on recognising tariff adjustments on electricity sales; • Obtaining legal opinion from the Group's People's Republic of China (the "PRC") legal advisor in relation to the assessment that all of the Group's solar power plants currently in operation have met the requirement and conditions as stipulated in the prevailing government policies and regulations for the entitlement of the tariff adjustment when the electricity was delivered on grid; and • Assessing the appropriateness of the Group's entitlement of the tariff adjustments on electricity sales by checking the Group's applications of the tariff adjustments on electricity sales to their subsequent approvals issued by the PRC government.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Fung Hin Chiu.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
1 April 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Revenue	6	**4,935,189**	6,051,987
Cost of sales		**(1,803,746)**	(2,098,222)
Gross profit		**3,131,443**	3,953,765
Other income	7	**219,496**	306,882
Other gains and losses, net	8	**(1,220,488)**	(48,986)
Impairment loss on expected credit loss model, net of reversal	8	**(321,235)**	—
Administrative expenses			
— share-based payment expenses	36	**—**	(1,787)
— other administrative expenses		**(522,265)**	(693,151)
Bargain purchase from business combination	37	**—**	73,858
Share of profits of associates	17	**102,395**	49,096
Share of (losses) profits of joint ventures	18	**(493)**	24,391
Finance costs	9	**(2,450,370)**	(2,881,752)
(Loss) profit before tax		**(1,061,517)**	782,316
Income tax expense	10	**(156,362)**	(177,563)
(Loss) profit for the year	11	**(1,217,879)**	604,753
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(42,367)**	16,689
Total comprehensive (expense) income for the year		**(1,260,246)**	621,442
(Loss) profit for the year attributable to:			
Owners of the Company		**(1,368,354)**	294,688
Non-controlling interests			
— Owners of perpetual notes		**166,822**	162,000
— Other non-controlling interests		**(16,347)**	148,065
		(1,217,879)	604,753

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTE	**2020 RMB'000**	2019 RMB'000
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(1,410,721)**	311,377
Non-controlling interests			
— Owners of perpetual notes		**166,822**	162,000
— Other non-controlling interests		**(16,347)**	148,065
		(1,260,246)	621,442
		RMB cents	RMB cents
(Loss) earnings per share	14		
— Basic		**(7.17)**	1.54
— Diluted		**(7.17)**	1.54

Consolidated Statement of Financial Position

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**25,363,172**	35,400,109
Right-of-use assets	16	**1,257,603**	1,513,943
Interests in associates	17	**1,205,898**	1,013,284
Interests in joint ventures	18	**3,135**	3,628
Amounts due from related companies	25	**40,529**	96,951
Other investment	19	**—**	100,000
Other non-current assets	20	**1,061,080**	1,773,126
Contract assets	22	**1,227,979**	5,639,898
Pledged bank and other deposits	26	**493,455**	877,996
Deferred tax assets	33	**142,212**	162,807
		30,795,063	46,581,742
CURRENT ASSETS			
Trade and other receivables	21	**8,961,551**	4,958,918
Other loan receivables	24	**—**	14,250
Amounts due from related companies	25	**357,296**	959,302
Tax recoverable		**2,777**	5,284
Pledged bank and other deposits	26	**250,551**	823,279
Bank balances and cash	26	**1,143,481**	1,073,451
		10,715,656	7,834,484
Assets classified as held for sale	27	**3,525,749**	—
		14,241,405	7,834,484
CURRENT LIABILITIES			
Other payables and deferred income	28	**4,688,437**	5,968,129
Amounts due to related companies	25	**312,194**	593,474
Tax payable		**19,951**	32,925
Loans from related companies	29	**788,668**	646,111
Bank and other borrowings	30	**12,392,695**	11,522,908
Bonds and senior notes	31	**3,261,099**	271,742
Lease liabilities	32	**88,927**	66,122
		21,551,971	19,101,411
Liabilities directly associated with assets classified as held for sale	27	**1,919,568**	—
		23,471,539	19,101,411
NET CURRENT LIABILITIES		**(9,230,134)**	(11,266,927)
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,564,929**	35,314,815

Consolidated Statement of Financial Position

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Loans from related companies	29	**119,840**	918,073
Bank and other borrowings	30	**11,611,827**	19,410,173
Bonds and senior notes	31	**—**	3,470,542
Lease liabilities	32	**898,759**	1,095,460
Deferred income	28	**349,062**	387,531
Deferred tax liabilities	33	**48,560**	63,393
		13,028,048	25,345,172
NET ASSETS		**8,536,881**	9,969,643
CAPITAL AND RESERVES			
Share capital	34	**66,674**	66,674
Reserves		**4,969,191**	6,379,912
Equity attributable to owners of the Company		**5,035,865**	6,446,586
Equity attributable to non-controlling interests			
— Owners of perpetual notes		**2,329,936**	2,163,114
— Other non-controlling interests		**1,171,080**	1,359,943
TOTAL EQUITY		**8,536,881**	9,969,643

The consolidated financial statements on pages 69 to 205 were approved and authorised for issue by the Board of Directors on 1 April 2021 and are signed on its behalf by:

Zhu Yufeng
DIRECTOR

Hu Xiaoyan
DIRECTOR

Consolidated Statement of Changes on Equity

For the year ended 31 December 2020

	Attributable to owners of the Company									Non-controlling interests		
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000 *(Note a)*	Legal reserves RMB'000 *(Note b)*	Translation reserve RMB'000	Special reserve RMB'000 *(Note c)*	Share options reserve RMB'000	Retained earnings (accumulated losses) RMB'000	Sub-total RMB'000	Perpetual notes RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019	66,674	4,265,230	15,918	727,683	(59,321)	491,218	214,824	412,972	6,135,198	2,001,114	1,565,228	9,701,540
Profit for the year	—	—	—	—	—	—	—	294,688	294,688	162,000	148,065	604,753
Other comprehensive income for the year	—	—	—	—	16,689	—	—	—	16,689	—	—	16,689
Total comprehensive income for the year	—	—	—	—	16,689	—	—	294,688	311,377	162,000	148,065	621,442
Transfer to legal reserves	—	—	—	1,034,299	—	—	—	(1,034,299)	—	—	—	—
Recognition of equity-settled share-based payments *(note 36)*	—	—	—	—	—	—	1,787	—	1,787	—	—	1,787
Forfeitures of share options *(note 36)*	—	—	—	—	—	—	(16,257)	16,257	—	—	—	—
Deemed disposal of partial interest in a subsidiary *(note 48(c))*	—	—	—	(1,885)	—	—	—	109	(1,776)	—	30,489	28,713
Disposal of subsidiaries *(note 38(b))*	—	—	—	(140,840)	—	—	—	140,840	—	—	—	—
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(383,839)	(383,839)
At 31 December 2019 and 1 January 2020	**66,674**	**4,265,230**	**15,918**	**1,619,257**	**(42,632)**	**491,218**	**200,354**	**(169,433)**	**6,446,586**	**2,163,114**	**1,359,943**	**9,969,643**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,368,354)**	**(1,368,354)**	**166,822**	**(16,347)**	**(1,217,879)**
Other comprehensive expense for the year	**—**	**—**	**—**	**—**	**(42,367)**	**—**	**—**	**—**	**(42,367)**	**—**	**—**	**(42,367)**
Total comprehensive expense for the year	**—**	**—**	**—**	**—**	**(42,367)**	**—**	**—**	**(1,368,354)**	**(1,410,721)**	**166,822**	**(16,347)**	**(1,260,246)**
Transfer to legal reserves	**—**	**—**	**—**	**425,793**	**—**	**—**	**—**	**(425,793)**	**—**	**—**	**—**	**—**
Forfeitures of share options *(note 36)*	**—**	**—**	**—**	**—**	**—**	**—**	**(22,309)**	**22,309**	**—**	**—**	**—**	**—**
Disposal of subsidiaries *(note 38(a))*	**—**	**—**	**—**	**(91,871)**	**—**	**—**	**—**	**91,871**	**—**	**—**	**(119,873)**	**(119,873)**
Dividend declared to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(52,643)**	**(52,643)**
At 31 December 2020	**66,674**	**4,265,230**	**15,918**	**1,953,179**	**(84,999)**	**491,218**	**178,045**	**(1,849,400)**	**5,035,865**	**2,329,936**	**1,171,080**	**8,536,881**

Notes:

(a) Contributed surplus represents (i) the amount of RMB16,924,000 (equivalent to HK$15,941,000) credited to the contributed surplus as a result of the capital reduction and consolidation of shares of the Company on 16 September 2003; and (ii) the Company made a distribution in respect of 2008 final dividend amounting to RMB1,006,000 (equivalent to HK$1,138,000) out of the contributed surplus during the year ended 31 March 2009.

(b) Legal reserves represent the amounts set aside from the retained earnings by certain subsidiaries incorporated in the People's Republic of China ("PRC") and is not distributable as dividend. In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to legal reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances and cash dividends.

(c) Special reserve represents the difference between (i) the consideration to acquire additional interest in subsidiaries and the respective share of the carrying amounts of net assets acquired; and (ii) the consideration to dispose of partial interest in subsidiaries without losing controls and the carrying amounts of the attributable net assets disposed of.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000 (Restated)
OPERATING ACTIVITIES		
(Loss) profit before tax	**(1,061,517)**	782,316
Adjustments for:		
Amortisation of deferred income on government grant — ITC (defined in note 7)	**(14,078)**	(14,159)
Depreciation of:		
— property, plant and equipment	**1,363,384**	1,642,170
— right-of-use assets	**95,998**	91,901
Impairment loss on property, plant and equipment	**1,137,851**	57,235
Impairment loss on expected credit loss model, net of reversal	**321,235**	—
Gain on disposal of property, plant and equipment	**—**	(43,006)
Loss on disposal of right-of-use assets	**—**	2,583
Finance costs	**2,450,370**	2,881,752
Interest income	**(22,882)**	(24,383)
Interest arising from contracts containing significant financial component	**(77,100)**	(118,218)
Share-based payment expenses	**—**	1,787
Share of losses (profits) of joint ventures	**493**	(24,391)
Share of profits of associates	**(102,395)**	(49,096)
Gain on early termination of a lease	**(23,571)**	(7)
Fair value change on other investment	**(13,027)**	—
Loss (gain) on disposal of solar power plant projects	**218,004**	(26,926)
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**207,836**	—
Bargain purchase on acquisition of subsidiaries	**—**	(73,858)
Gain on disposal of joint ventures	**—**	(35,263)
Unrealised exchange (gain) loss, net	**(361,682)**	58,201
Operating cash flows before movements in working capital	**4,118,919**	5,108,638
Increase in other non-current assets	**(70,822)**	(185,561)
Decrease (increase) in contract assets	**4,504,445**	(2,169,795)
Increase in trade and other receivables	**(5,685,582)**	(552,675)
Decrease (increase) in amounts due from related companies	**35,380**	(3,525)
Increase in other payables	**1,493,659**	267,370
(Decrease) increase in amounts due to related companies	**(1,773)**	15,087
Cash generated from operations	**4,394,226**	2,479,539
Income taxes paid	**(155,577)**	(144,167)
NET CASH FROM OPERATING ACTIVITIES	**4,238,649**	2,335,372

	NOTES	2020 RMB'000	2019 RMB'000 (Restated)
INVESTING ACTIVITIES			
Interest received		**62,473**	13,179
Payments for construction and purchase of property, plant and equipment		**(1,343,408)**	(3,606,273)
Proceeds from disposal of property, plant and equipment		**—**	104,918
Proceeds from disposal of right-of-use assets		**1,287**	641
Payments of right-of-use assets		**(23,188)**	(14,254)
Payments of deposits for leases		**(35,377)**	(7,804)
Acquisition of subsidiaries	37	**—**	29,669
Settlement of consideration payables for acquisition of subsidiaries with solar power plant projects		**(1,000)**	(110,298)
Proceeds from disposal of subsidiaries with solar power plant projects	38	**1,166,524**	30,388
Deposit received from disposal of a subsidiary	27(c)	**79,000**	–
Settlement of consideration receivables from disposal of subsidiaries with solar power plant projects		**168,696**	206,992
Proceeds from disposal of joint ventures		**—**	53,780
Withdrawal of pledged bank and other deposits		**1,113,235**	1,314,028
Placement of pledged bank and other deposits		**(199,848)**	(1,015,640)
Repayment from a borrower of other loan receivables		**12,790**	6,000
Advance to related companies		**(15,063)**	(7,156)
Repayment from related companies		**20,000**	236,734
Capital contribution to an associate		**(31,648)**	—
Dividend received from joint ventures		**—**	25,494
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**974,473**	(2,739,602)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	NOTE	2020 RMB'000	2019 RMB'000
			(Restated)
FINANCING ACTIVITIES			
Interest paid		**(1,948,617)**	(2,265,990)
Proceeds from bank and other borrowings		**753,831**	10,238,428
Repayment of bank and other borrowings		**(3,307,063)**	(7,254,272)
Repayments of lease liabilities		**(51,367)**	(71,318)
Proceeds from loans from related companies		**94,811**	625,803
Repayment of loans from related companies		**(309,023)**	(30,000)
Proceeds from loan from an associate of ultimate holding company		**—**	200,000
Repayment of loan from an associate of ultimate holding company		**—**	(279,137)
Repayment to ultimate holding company		**—**	(761,831)
Redemption of bonds		**(350,000)**	(585,000)
Advances from related companies		**21,809**	14,647
Repayment to related companies		**(7,472)**	(14,636)
Proceeds from re-sell of bonds issued		**76,742**	322,500
Capital contribution by non-controlling interests	48c	**—**	28,713
Dividend paid to non-controlling interests		**(44,750)**	(126,157)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(5,071,099)**	41,750
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**142,023**	(362,480)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
Represented by			
— bank balances and cash		**1,073,451**	1,361,978
— bank balances and cash classified as held for sale		**—**	44,873
		1,073,451	1,406,851
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(23,975)**	29,080
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Represented by			
— bank balances and cash		**1,143,481**	1,073,451
— bank balances and cash classified as held for sale		**48,018**	—
		1,191,499	1,073,451

1. GENERAL INFORMATION

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Elite Time Global Limited, a company incorporated in the British Virgin Islands ("BVI"). Its ultimate holding company is GCL-Poly Energy Holdings Limited ("GCL-Poly"), a company incorporated in the Cayman Islands with shares listed on the Stock Exchange. The address of the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company. Its subsidiaries (hereinafter together with the Company collectively referred to as the "Group") are principally engaged in the sale of electricity, development, construction, operation and management of solar power plants ("Solar Energy Business").

The functional currency of the Company and the presentation currency of the Group's consolidated financial statements are Renminbi ("RMB").

2. BASIS OF PREPARATION

The Group incurred a net loss of approximately RMB1,218 million for the year ended 31 December 2020, and as of that date, the Group's current liabilities exceeded its current assets by approximately RMB9,230 million. In addition, as at 31 December 2020, the Group has entered into agreements which will involve capital commitments of approximately RMB135 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings.

As at 31 December 2020, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, loans from related companies and lease liabilities amounted to approximately RMB30,930 million. The amounts included bank and other borrowings, loans from a related company and lease liabilities classified as liabilities directly associated with assets classified as held for sales of RMB1,713 million, RMB3 million and RMB52 million, respectively. For the remaining balance of approximately RMB29,162 million, RMB16,531 million will be due in the coming twelve months from the end of the reporting period, including bank and other borrowings of approximately RMB4,541 million, which shall be due after twelve months from the end of the reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities 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, the default of repayment of certain of the Group's bank and other borrowings and the default of repayment of a bank borrowing by GCL-Poly, the guarantor of the Group's certain bank borrowings. Accordingly, these bank and other borrowings became repayable on demand as at 31 December 2020.

2. BASIS OF PREPARATION *(continued)*

As at 31 December 2020, the Group's (i) pledged bank and other deposits (including pledged bank and other deposits classified as assets held for sale of RMB44 million) and (ii) bank balances and cash (including bank balances and cash classified as assets held for sale of RMB48 million) amounted to approximately RMB788 million and RMB1,191 million, respectively.

The financial resources available to the Group as at 31 December 2020 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements together with the repayment of borrowings. The Group is undergoing the process of negotiations with respective borrowers for extension or renewal of the defaulted bank and other borrowings and as of the date of these consolidated financial statements, the Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings. The Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing power plant projects in exchange for cash proceeds.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2020. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures, that will be due in the coming twelve months from 31 December 2020, and the on-going covenants compliance upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Financing through the issuance of the Company's shares

As disclosed in note 47(b), the Company successfully issued 2,000 million shares with net cash proceeds of approximately HK$895 million (equivalent to RMB753 million).

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

As disclosed in note 47(a), on 1 February 2021, the Group announced that the failure of repayment of the senior notes with principal amount of US$500 million which constituted the event of default under the terms of indenture. On 9 February 2021, the Group announced that holders of the senior notes of approximately US$459 million, which representing 91.85% of the outstanding aggregate principal amount of the senior notes, had validly submitted their respective executed irrevocable accession deeds for exchanging the senior notes for new notes with an extended maturity and terms as stipulated in the amended and restated restructuring support agreement (the "RSA"). The Group has commenced the application of passing of the RSA under the Court of the Bermuda. The Group expects all relevant documents will be submitted to the Court of the Bermuda in mid-April 2021 and targets to execute the RSA by June 2021.

2. BASIS OF PREPARATION *(continued)*

(iii) Financing through divesting of certain power plants

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

(a) During the current year, the Group entered into share transfer agreements with various independent third parties to dispose 48 subsidiaries (the "Disposal Projects") at consideration in aggregate of RMB3,356 million, of which 21 subsidiaries with consideration of RMB1,894 million were disposed as at 31 December 2020, 8 subsidiaries with consideration of RMB510 million have been classified as held for sale and 19 subsidiaries with consideration of RMB952 million have been approved for disposals subsequent to the end of the reporting period, as disclosed in note 38(a), 27, 47(c) and 47(d), respectively. Consideration of RMB1,341 million arising from disposal of 21 subsidiaries of the Disposal Projects and consideration of RMB79 million arising from disposal of a subsidiary which classified as held for sale were received during the current year. The remaining disposals and consideration of RMB1,936 million including consideration receivables from subsidiaries disposed during the year are expected to be completed and received in the coming twelve months from 31 December 2020.

(b) Subsequent to the end of the reporting period, the Group and an independent third party entered into a cooperation framework agreement (the "Cooperation Framework Agreement") regarding the disposal of 44 subsidiaries of the Group in the People's Republic of China (the "PRC"). In addition to the Cooperation Framework Agreement, the Group entered into ten share transfer agreements with this independent third party to dispose of 10 subsidiaries at a consideration in aggregate of RMB1,615 million as set out in note 47(j) (the "First Batch Projects") and the Group is undergoing the negotiation in relation to the remaining 34 subsidiaries (the "Second Batch Projects") for the terms of share transfer agreements and the consideration of the Second Batch Projects has not yet been finalised. The First Batch Projects and the Second Batch Projects are planned to be completed by the end of first half of year 2021 and second half of year 2021, respectively and the consideration of the both projects are expected to be received in the coming twelve months from 31 December 2020.

(iv) Others

Upon the completion of the Disposal Projects and the First Batch Projects and the Second Batch Projects, the Group will own 114 solar power plants with an aggregate grid connected capacity of approximately 2.8GW. Those operational solar power plants are expected to generate operating cash inflows to the Group within the coming twelve months from the date of these consolidated financial statements.

By taking the above measures, the Directors believe that the Group has sufficient working capital to meet the financial obligations when they fall due and the on-going loan covenants compliance. Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described above, should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, if applicable. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards")

Amendments to IFRS Standards that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRS Standards issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

In addition, the Group applied the agenda decision of the IFRS Interpretation Committee of the IASB (the "Committee") issued in December 2020 in relation to Supply Chain Financing Arrangements.

The application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRS 9, IAS 39 and IFRS 7 in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 Impacts on application of Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

3.2 Impacts on application of Amendments to IFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

Amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.2 Impacts on application of Amendments to IFRS 3 Definition of a Business (continued)

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

3.3 Impacts on application of the agenda decision of the Committee — Supply Chain Financing Arrangements

In December 2020, the Committee, through its agenda decision, clarified how liabilities to pay for goods or services received and the related cash flows when the related invoices are part of supply chain financing arrangements should be presented in the statement of financial position and statement of cash flows. The Committee observed that an entity's assessment of the nature of the liabilities that are part of the supply chain financing arrangements may help in determining whether the related cash flows arise from operating or financing activities. Accordingly, the settlement of trade related payables directly by the relevant financiers which resulted in derecognition of the relevant liabilities constitute non-cash transactions and the entity's subsequent settlement with financiers should be considered as repayment of borrowings and presented under financing activities in the statement of cash flows. Upon issuance of the agenda decision, the management of the Group reassessed the Group's accounting policies in respect of the presentation of cash flows arising from discounting bills which are not derecognised, in which the Group considered the cash received from discounting as borrowings whilst the cash flows relating to the borrowings were presented under operating activities as the management considered the cash flows are in substance, the receipts from trade customers. Based on the clarification through the agenda decision, the Group changed its accounting policies retrospectively by presenting the cash received from discounting under financing activities in the consolidated statement of cash flows and the settlement of the related receivables and borrowings are disclosed as non-cash transactions.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

Amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.3 Impacts on application of the agenda decision of the Committee — Supply Chain Financing Arrangements (continued)

Effects of this change in accounting policies on the consolidated statement of cash flows are as follows:

- Proceeds received from discounting bills which did not qualify for derecognition previously included under operating activities of approximately RMB376 million have been reclassified and presented as cash inflows under financing activities for the year ended 31 December 2019, which resulted in decrease in net cash from operating activities for the year ended 31 December 2019 by approximately RMB376 million, and increase in net cash from financing activities for the year ended 31 December 2019 by approximately RMB376 million; and

- the effects on settlement of the relevant receivables and related borrowings on maturity of the discounted bills with aggregate amounts of approximately RMB90 million have been disclosed as non-cash transactions for the year ended 31 December 2019.

For the year ended 31 December 2020, the net cash from operating activities would have been increased by approximately RMB59 million and the net cash used in financing activities would have been increased by RMB59 million, if the Group has not changed the accounting policies.

The reclassification has had no effect on reported profit or loss, total comprehensive income, financial position or equity for any period presented.

The effect of discounting bills on its cash flows and disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes have been presented in note 41.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

New and amendments to IFRS Standards that have been issued but not yet effective

The Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[6]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.
6 Effective for annual periods beginning on or after 1 April 2021.

Except as described below, the Directors anticipate that the application of the all other new and amendments to IFRS Standards will have no significant impact on the Group's consolidated financial statements in the foreseeable future.

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in IFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting* issued by IASB in March 2018 (the "Conceptual Framework") instead of International Accounting Standard Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting in September 2010*) adopted by IASB;

- add a requirement that, for transactions and other events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

Amendments to IFRS 3 Reference to the Conceptual Framework (continued)

The amendments are applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform — Phase 2* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

At 31 December 2020, the Group has a London Interbank Offered Rate ("LIBOR") bank borrowing which may be subject to interest rate benchmark reform. The Group is still assessing the financial impact resulting from the reform on application of the amendments as the banks had not informed the Group for the details regarding the replacement benchmark in relation to the interest rate of the bank loans currently linked with LIBOR as at 31 December 2020. The impacts on application, if any, will be disclosed in the Group's future consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months;

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

Based on the Group's outstanding liabilities as at 31 December 2020, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

The amendments also explains how an entity can identify material accounting policy information. Such information is expected to be material if users of an entity's financial statements would need it to understand other material information in the financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (continued)

IFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity could judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement to help entities apply its "four-step materiality process" to accounting policy disclosures.

The directors of the Company do not expect the amendments will have material impact on the financial position or performance of the Group. The impacts of application on disclosures or presentation, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to IAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The directors of the Company do not expect the amendments will have material impact on the financial position or performance of the Group. The impacts of application on disclosures, if any, will be disclosed in the Group's future consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRS Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment* ("IFRS 2"), leasing transactions that are accounted for in accordance with IFRS 16 *Lease*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income ("OCI") are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Changes in the Group's interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interest (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in OCI in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("IFRS 9"), or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations or asset acquisitions *(continued)*

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms, except for right-of-use assets relating to leasehold lands in which the relevant acquirees are the registered owners with full upfront lease payments, which are measured at fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associate and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and OCI of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the year in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of associate or joint venture. In addition, the Group accounts for all amounts previously recognised in OCI in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in OCI by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale from the time when the investment is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the assets (or all the assets and liabilities in the group) are measured in accordance with applicable IFRSs.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue from sales of electricity is recognised at a point in time when the control of the electricity transferred, being at the point when electricity has generated and transmitted to the customer.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Variable consideration

For contracts that contain variable consideration in relation to sales of electricity to the grid companies which contain tariff adjustments related to solar power plants yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "Catalogue") by the PRC government, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty with the variable consideration is subsequently resolved.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers *(continued)*

Variable consideration (continued)

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstance during the reporting period.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease component from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (continued)

Lease modifications

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Sale and leaseback transactions

Effective from 1 January 2019, the Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as loans from a related company and other loans within the scope of IFRS 9.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the year in which they become receivable. Such grants are presented under "other income".

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit schemes and the Mandatory Provident Fund Schemes, are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefit are recognised as an expense unless another IFRS Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 36.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting condition is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment arrangements *(continued)*

Equity-settled share-based payment transactions (continued)

Share options granted to employees and others providing similar services *(continued)*

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit and loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings (accumulated losses).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised of the temporary differences arises from initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in OCI or directly in equity, in which case, the current and deferred tax are also recognised in OCI or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings are tangible assets that are held for use in the production or supply of goods or services, or for administration purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Depreciation is recognised so as to write off the cost of items of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment and right-of-use assets

At the end of reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets the require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs are directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Other gains and losses, net" line item.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets, financial guarantee contracts and contract assets

The Group performs impairment assessment under expected credit loss ("ECL") on financial assets (including trade and other receivables, amounts due from related companies, other loan receivables, pledged bank and other deposits, bank balances and cash, financial guarantee contracts and contract assets) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtors ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected significant adverse change in the regulatory, economics, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets, financial guarantee contracts and contract assets *(continued)*

(i) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payment are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrate otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence to a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets, financial guarantee contracts and contract assets *(continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instruments that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for trade receivables and contract assets are assessed collectively for debtors with shared credit risk characteristics by reference to past default experience of the debtor, adjusted for factors in relation to general economic conditions of the solar industry and an assessment of both the current as well as the forecast direction at the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets, financial guarantee contracts and contract assets *(continued)*

(v) Measurement and recognition of ECL (continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised loss, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including other payables, amounts due to related companies, loans from related companies, bank and other borrowings and bonds and senior notes are subsequently measured at amortised cost using the effective interest method.

Prior to application of IFRS 16 on 1 January 2019, the financing arrangements entered into with financial institutions, where the Group transferred the legal title of certain equipment of the Group to the relevant financial institutions, and the Group is obligated to repay by instalments over the lease period, are accounted for as collateralised borrowing at amortised cost using effective interest method. The relevant equipment is not derecognised and continue to depreciate over their useful life by the Group during the lease period.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition on tariff adjustments on sales of electricity

Tariff adjustments represents subsidy received and receivable from the government authorities in respect of the Group's solar power generation business.

Pursuant to the New Tariff Notice issued in August 2013 (the "New Tariff Notice"), a set of standardised procedures for the settlement of the tariff subsidy have come into force and approvals for the registration in the Catalogue on a project-by-project basis are required before the allocation of funds to the state grid companies, which then would make settlement to the Group.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Critical judgements in applying accounting policies *(continued)*

Revenue recognition on tariff adjustments on sales of electricity (continued)

In January 2020, the PRC government has simplified the application and approval process to receive tariff adjustments. Pursuant to the 2020 Measures (as defined in note 6) announced by the PRC government in January 2020, the PRC government will no longer announce new additions to the existing Catalogue while the grid companies will regularly announce a List (as defined in note 6) for solar power plant projects which are entitled to the tariff adjustments. All on-grid solar power plants already registered in the Catalogue would be enlisted in the List automatically. For those on-grid solar power plants which are not yet registered in the Catalogue, they need to meet the relevant requirements and conditions for tariff subsidy as stipulated in the 2020 Measures and to complete the submission and application on the Platform. Grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List.

Tariff adjustments of RMB2,905,309,000 (2019: RMB3,623,057,000) were included in the sales of electricity for the year ended 31 December 2020 as disclosed in note 6, of which the relevant tariff adjustments were recognised only to the extent that it is highly probable that such an inclusion would not result in a significant revenue reversal in the future on the basis that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants, and taking into account the legal opinion as advised by the Group's legal advisor, who considered that all of the Group's solar power plants currently in operation had met the requirements and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff subsidy when the electricity was delivered on grid, and also the requirements and conditions for the entitlement of the tariff subsidy under the 2020 Measures. Hence, the Group's operating power plants are able to be enlisted in the List subsequent to the year ended 31 December 2020 and the accrued revenue on tariff subsidy are fully recoverable. During the current year, the Group recognised revenue of RMB552 million (2019: RMB2,589 million) in respective of tariff adjustments recognised as revenue relating to solar power plants not yet registered in the List (2019: Catalogue).

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Determination of timing of settlement of tariff adjustments on sales of electricity

For the tariff adjustments yet to obtain approval for registration in the List (2019: Catalogue) by the PRC government at the end of the reporting period, the Group considered that it contained a significant financing component over the relevant portion of tariff adjustment until the settlement of the trade receivables. In determining the period of extended financing, the Group has to exercise judgement and make estimation in timing of collection of the tariff adjustments with reference to historical pattern and experience for application and approval for registration in the List (2019: Catalogue). The Group has adjusted the respective tariff adjustment for the financing component based on estimated timing of collection.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Determination of timing of settlement of tariff adjustments on sales of electricity (continued)

The adjustment for financing component is sensitive to changes in expected timing of settlement of the tariff adjustments. Change in facts and circumstances will result in revision of the expected collection period of the tariff adjustments which will be reflected as an increase or a reduction in financing component adjustment for the period in which such a revision takes place.

The revenue of the Group was adjusted by approximately RMB212 million for the year ended 31 December 2020 (2019: RMB151 million) for this financing component and in relation to revision of expected timing of tariff settlement.

Provision of ECL for trade receivables and contract assets

The Group uses practical expedient in estimating ECL on trade receivables and contract assets which are not assessed individually are assessed collectively. The provision rates are based on internal credit rating as groupings for various debtors which shared credit risk characteristics by reference to repayment history of the debtor, taking into account general economic conditions of the solar industry, relevant country default risk, and an assessment of both the current as well as forecast direction at the reporting date. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at 31 December 2020 and 2019, the ECL provision for trade receivables and contract assets is considered insignificant.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 40b.

Useful lives and impairment of property, plant and equipment

Property, plant and equipment are stated at costs less accumulated depreciation, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or revenue growth rates in the cash flow projections, could materially affect the recoverable amounts.

The Group has made substantial investments in property, plant and equipment. The power generators and equipment are vulnerable to the change in market condition due to government policies. Due to the fact that consideration in relation to the disposals is lower than the carrying amount of net assets of certain subsidiaries, the implementation of Circular 426, which shortens the entitlement period of tariff adjustments granted to solar plants from 25 years to 20 years which is effective from October 2020 as well as after taking into consideration of the Group's financial resources, approximately RMB1,137,851,000 of impairment loss on property, plant and equipment is recognised during the current year.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2020 and 2019.

For sales of electricity, the Group generally entered into power purchase agreements with local grid companies with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer and the amount included RMB2,905,309,000 (2019: RMB3,623,057,000) tariff adjustment recognised during the current year. Except for trade receivables and contract assets relating to tariff adjustment, the Group generally grants credit period of approximately one month to customers from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

The financial resource for the tariff adjustment is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund to the respective state-owned grid companies for settlement to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加輔助資金管理暫行辦法). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment.

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020] No. 4)* (《關於促進非水可再生能源發電健康發展的若干意見》) (財建[2020]4號) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020] No. 5)* (《財政部國家發展改革委國家能源局關於印發〈可再生能源電價附加資金管理辦法〉的通知》) (財建[2020]5號) (the "2020 Measures") were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government will not announce new additions to the existing Catalogue and has further simplified the application and approval process regarding the registration of tariff adjustments for non-hydro renewable energy power plant projects into the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單, the "List"). The state grid companies will regularly announce the list based on the project type, time of grid connection and technical level of the solar power projects. All solar power plants already registered in the Catalogue will be enlisted in the List automatically. For those on-grid solar power projects which have already started operation but yet to register into the previous Catalogue and now, the List, these on-grid solar power projects are entitled to enlist into the List once they have met the conditions as stipulated on the Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) and completed the submission and application in the National Renewable Energy Information Management Platform (the "Platform").

Tariff adjustments are recognised as revenue and due from grid companies in the PRC in accordance with the relevant power purchase agreements.

* English name for identification only

6. REVENUE AND SEGMENT INFORMATION *(continued)*

For those tariff adjustments that are subject to approval for registration in the List (2019: Catalogue) by the PRC government at the end of the reporting period, the relevant revenue from these tariff adjustments are considered variable consideration, and are recognised only to the extent that it is highly probable that a significant reversal will not occur and are included in contract assets. Management assessed that all of the Group's operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. The contract assets are transferred to trade receivables upon the relevant power plant obtained the approval for registration in the Catalogue or when the relevant power plant is enlisted in the List since the release of the 2020 Measures.

Since certain of the tariff adjustments were yet to obtain approval for registration in the List (2019: Catalogue) by the PRC government, the management considered that it contained a significant financing component over the relevant portion of tariff adjustment until the settlement of the trade receivables. For the current year, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 1.99% to 2.36% per annum (2019: 2.55% to 3.01% per annum) and the adjustment in relation to revision of expected timing of tariff collection. As such, the Group's revenue was adjusted by approximately RMB212 million (2019: RMB151 million) and interest income amounting to approximately RMB77 million (2019: RMB118 million) (note 7) was recognised.

The Group's chief operating decision maker ("CODM"), being the executive directors of the Company, regularly reviews revenue by countries, except for the operations in the PRC which are by provinces; however, no other discrete information was provided. In addition, the CODM reviewed the consolidated results when making decisions about allocating resources and assessing performance. Hence, no further segment information other than entity wide information was presented.

Geographical information

The Group's operations are located in the PRC, Japan and the United States of America ("US").

Information about the Group's revenue from external customers is presented based on the location of the operations and customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
PRC	**4,849,482**	5,959,721	**28,878,257**	43,955,008
Other countries	**85,707**	92,266	**1,240,610**	1,388,980
	4,935,189	6,051,987	**30,118,867**	45,343,988

Note: Non-current assets excluded those relating to financial instruments (including pledged bank and other deposits, other investment and amounts due from related companies) and deferred tax assets.

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Information about major customers

For the year ended 31 December 2020, the revenue from grid companies under common control of the State Grid Corporation of China in total accounted for 98% (2019: 98%) of the Group's revenue. For the purpose of presenting further information about major customers and considering the extent of economic integration between grid companies, the sales to a subsidiary of State Grid Corporation of China which accounted for over 10% of the total revenue from external customers is as follows:

	2020 RMB'000	2019 RMB'000
Customer A	**4,849,482**	915,648

7. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Consultancy income *(Note a)*	**23,716**	32,111
Compensation income *(note 42(ii))*	**3,798**	6,615
Government grants		
— Incentive subsidies *(Note b)*	**7,577**	8,331
— Energy Income Credit ("ITC") *(note 28c)*	**14,078**	14,159
— Others	**265**	1,860
Interest arising from contracts containing significant financial component	**77,100**	118,218
Interest income of financial assets at amortised cost:		
— Bank interest income	**19,708**	21,654
— Interest income from other loan receivables *(note 24)*	**3,174**	682
— Interest income from loans to related companies	**—**	2,047
Management services income		
— Related companies *(note 45a)*	**47,132**	53,040
— Third parties	**17,717**	15,790
Others	**5,231**	32,375
	219,496	306,882

Notes:

(a) Consultancy income represents consultancy fees earned from third parties for design and planning for constructing solar power plants.

(b) Incentive subsidies were received from the relevant PRC government for improvement of working capital and financial assistance to the operating activities. The subsidies were granted on a discretionary basis and the conditions attached thereto were fully complied with.

8. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS, NET OF REVERSAL

	2020 RMB'000	2019 RMB'000
Exchange gain (losses), net *(Note a)*	**306,605**	(94,370)
Impairment loss on property, plant and equipment *(Note b)*	**(1,137,851)**	(57,235)
Loss on measurement of assets classified as held for sale to fair value less cost to sell *(note c)*	**(207,836)**	—
Gain on disposal of property, plant and equipment	**—**	43,006
(Loss) gain on disposal of solar power plant projects *(note 38)*	**(218,004)**	26,926
Gain on disposal of joint ventures *(note 18)*	**—**	35,263
Fair value change on other investment *(note 19)*	**13,027**	—
Gain on early termination of leases *(note 16)*	**23,571**	7
Loss on disposal of right-of-use assets	**—**	(2,583)
	(1,220,488)	(48,986)
Impairment loss on expected credit loss model, net of reversal:		
— Trade receivables	**(10,000)**	—
— Contract assets	**(5,398)**	—
— Other receivables	**(304,587)**	—
— Other loan receivables *(note 24)*	**(1,250)**	—
	(321,235)	—

Notes:

(a) Exchange gains (2019: losses) mainly arose from a loan from ultimate holding company, bank and other borrowings and the senior notes, all are denominated in US$ which depreciated (2019: appreciated) against RMB for the current year.

(b) Impairment loss on property, plant and equipment amounting to RMB1,137,851,000 and RMB57,235,000 is recognised during the years ended 31 December 2020 and 2019 with details as below.

8. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS, NET OF REVERSAL *(continued)*

Notes: (continued)

(b) *(continued)*

Year ended 31 December 2020

During the current year, the Group has entered into following disposals:

(i) As disclosed in note 38(a)(iii), the Group entered into five share transfer agreements with Xuzhou State Investment and disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng were completed during the current year.

Upon the date of share transfer agreements, the management conducted a review of the recoverable amount of each of five subsidiaries, being the CGU to which the assets belongs when it is not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of the five subsidiaries has been determined at the higher of value in use and fair value less costs to sell, which approximates the consideration of each of five subsidiaries stipulated in the share transfer agreements. As the recoverable amount is lower than the carrying amount of the net assets of certain five subsidiaries, impairment loss of RMB2,776,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial.

(ii) As disclosed in note 47(c), the Group entered into a series of five share transfer agreements with Xuzhou State Investment to sell its equity interests in five subsidiaries.

Upon the date of share transfer agreements, the management conducted a review of the recoverable amount of each of five subsidiaries, being the CGU to which the assets belongs when it is not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of the five subsidiaries has been determined at the higher of value in use and fair value less costs to sell, which approximates the consideration of each of five subsidiaries stipulated in the share transfer agreements. As the recoverable amount is lower than the carrying amount of the net assets of certain five subsidiaries, impairment loss of RMB27,266,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial.

(iii) As disclosed in note 47(d), the Group entered in a series of fourteen share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to sell its equity interests in fourteen subsidiaries.

Upon the date of share transfer agreements, the management conducted a review of the recoverable amount of each of fourteen of the assets subsidiaries, being the CGU to which the assets belongs when it is not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of the fourteen subsidiaries has been determined at the higher of value in use and fair value less costs to sell, which approximates the consideration of each of fourteen subsidiaries stipulated in the share transfer agreements. As the recoverable amount is lower than the carrying amount of the net assets of certain fourteen subsidiaries, impairment loss of RMB301,629,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial.

8. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS, NET OF REVERSAL *(continued)*

Notes: (continued)

(b) *(continued)*

Year ended 31 December 2020 (continued)

(iv) As disclosed in note 47(h), the Group entered in a share transfer agreements with Beijing United Rongbang (as defined in note 27(c)) to sell its equity interest in Wulate Houqi Yuanhai (as defined in note 48).

As at 31 December 2020, the management conducted a review of the recoverable amount of Wulate Houqi of the assets Yuanhai, being the CGU to which the assets belongs when it is not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of Wulate Houqi Yuanhai has been determined at the higher of value in use and fair value less costs to sell, which approximates the consideration stipulated in the share transfer agreements. As the recoverable amount is lower than the carrying amount of its net assets, impairment loss of RMB38,686,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial.

(v) As disclosed in note 27(a), the Group entered into six share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its entire equity interests in six wholly-owned subsidiaries and the disposals of all six subsidiaries have not been completed and classified as assets held for sale as at 31 December 2020.

Upon the date of the share transfer agreements, the management conducted a review of the recoverable amount of each of six subsidiaries, being the CGU to which the assets belongs when it is not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of the six subsidiaries has been determined at the higher of value in use and for value less costs to sell. As the recoverable is lower than the carrying amount of the net assets of certain six subsidiaries, impairment loss of RMB153,339,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial. In addition, loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB54,497,000 is recognised during the year as disclosed in note 8(c)(iii).

Due to the fact that consideration is lower than the carrying amount of net assets of certain subsidiaries which results in impairment loss of approximately RMB523,696,000 during the current year as well as the implementation of Circular 426, which shortens the entitlement period of tariff adjustments granted to solar plants from 25 years to 20 years which is effective from October 2020, the management of the Group considered there were impairment indicators and conducted impairment assessment on recoverable amounts of the Group's property, plant and equipment and right-of-use assets.

The recoverable amount of respective CGU, being each operating subsidiary, has been determined based on value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management of respective operating subsidiary covering the following 5 years with a pre-tax discount rate of range from 11% to 12% as at 31 December 2020. The forecasted revenue is by reference to the historical on-grid electricity generated and existing selling price under the power purchase agreements. The cash flows beyond the five-year are extrapolated using zero growth rate. Another key assumption for the value in use calculated is the efficiency of the on-grid electricity which is determined based on the CGU's past performance and management expectation for market development.

Based on the result of the assessment, the management of the Group determined that the recoverable amount of certain CGUs is lower than the carrying amount. The impairment amount has been allocated to power generation and equipment of each of CGUs as the management considered that such asset is the major asset of the relevant CGUs and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial. An impairment of RMB125,251,000 has been recognised in profit or loss during the current year.

8. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS, NET OF REVERSAL *(continued)*

Notes: (continued)

(b) *(continued)*

Year ended 31 December 2020 (continued)

Apart from the impairment assessment of the operating subsidiaries, impairment loss of approximately RMB470,543,000 and RMB18,361,000 of certain in-progress solar projects in relation to the construction in progress and the power generation and equipment has been recognised in profit or loss, respectively, after taking into consideration of the financial resources of the Group as well as the equipment costs related to certain in-progress solar power plants, which are still in preliminary stage, the management is of the opinion that those in-progress solar projects will not generate future economic returns to the Group.

Year ended 31 December 2019

During the year ended 31 December 2019, the power generator and related equipment of a solar power plant of the Group located in Shandong Province, the PRC, was damaged during typhoon and an impairment loss of approximately RMB57,235,000 was recognised for the respective property, plant and equipment.

(c) Loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB207,836,000 is recognised during the year ended 31 December 2020 with details as below.

(i) As disclosed in note 38(a)(i), the Group entered into six share transfer agreements with Hua Neng No. 1 Fund and Hua Neng No. 2 Fund to dispose of its entire equity interests in six wholly-owned subsidiaries, of which the disposals of five out of these six wholly-owned subsidiaries have not yet been completed as at 30 June 2020 and loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB80,548,000 is recognised in profit or loss during the year ended 31 December 2020.

(ii) As disclosed in note 38(a)(vi), the Group entered into a share transfer agreement with CDB New Energy to dispose of its 75% equity interest in Jinhu which has not yet been completed as at 30 June 2020 and loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB72,791,000 is recognised in profit or loss during the year ended 31 December 2020.

(iii) As disclosed in note 27, loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB54,497,000 is recognised during the year ended 31 December 2020 in relation to the disposal groups classified as held for sale as at 31 December 2020.

9. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest on financial liabilities at amortised cost:		
Bank and other borrowings *(note 30)*	**2,005,506**	2,345,024
Bonds and senior notes *(note 31)*	**266,317**	244,417
Loans from related companies *(note 45(b))*	**127,751**	265,188
Lease liabilities *(note 32)*	**63,606**	67,838
Total borrowing costs	**2,463,180**	2,922,467
Less: amounts capitalised in the cost of qualifying assets	**(12,810)**	(40,715)
	2,450,370	2,881,752

There is no borrowing costs capitalised during the year ended 31 December 2020 on the general borrowing pool. Borrowing costs capitalised for the year ended 31 December 2019 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.8% per annum to expenditure on qualifying assets.

10. INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
PRC Enterprise Income Tax ("EIT"):		
Current tax	**143,198**	129,436
Over-provision in prior years	**(3,253)**	(6,090)
	139,945	123,346
PRC dividend withholding tax	**14,578**	49,495
Deferred tax *(note 33)*	**1,839**	4,722
	156,362	177,563

The basic tax rate of the Company's PRC subsidiaries is 25% under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law.

Certain subsidiaries of the Group, being enterprises engaged in solar photovoltaic projects, under the EIT Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the years ended 31 December 2019 and 2020, certain subsidiaries of the Company engaged in solar photovoltaic projects had their first year of the 3-year 50% exemption period.

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated or operated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations is taxed at 8.25%, and profits above HK$2 million is taxed at 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the current year. No provision for taxation in Hong Kong Profits Tax was made as there is no assessable profit for both reporting periods.

The Federal and state income tax rate in the US are calculated at 21% and 8.84% respectively for both years. No provision for taxation in US Federal and state income tax were made as there is no assessable profit for both reporting periods.

10. INCOME TAX EXPENSE *(continued)*

The tax charge for the year can be reconciled to the (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 RMB'000	2019 RMB'000
(Loss) profit before tax	**(1,061,517)**	782,316
Tax at the domestic income tax rate of 25% *(Note)*	**(265,379)**	195,579
Tax effect of share of losses (profits) of joint ventures	**123**	(6,098)
Tax effect of share of profits of associates	**(25,599)**	(12,274)
Tax effect of expenses not deductible for tax purpose	**103,486**	261,067
Tax effect of deductible temporary differences not recognised	**393,823**	–
Tax effect of income not taxable for tax purpose	**(9,149)**	(5,644)
Tax effect of tax losses not recognised	**176,271**	112,553
Utilisation of tax losses previously not recognised	**(2,563)**	(6,158)
Over-provision in prior years	**(3,253)**	(6,090)
Withholding tax on distributed profits of the PRC subsidiaries	**14,578**	49,495
Effect of tax exemptions and concessions granted to the PRC subsidiaries	**(225,976)**	(404,867)
Income tax expense for the year	**156,362**	177,563

Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used which is PRC EIT rate.

11. (LOSS) PROFIT FOR THE YEAR

	2020 RMB'000	2019 RMB'000
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	**3,961**	4,362
Depreciation of:		
— Property, plant and equipment	**1,363,384**	1,642,170
— Right-of-use assets	**95,998**	91,901
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**241,444**	328,611
— Retirement benefit scheme contributions *(Note)*	**26,881**	66,376
Share-based payment expenses *(note 36)* (administrative expenses in nature)		
— Directors and staff	**—**	1,693
— Consultancy services	**—**	94

Note: The decrease in retirement benefit scheme contributions is mainly due to decrease in social insurance contribution in the PRC following the local government's social insurance concession policy during the outbreak of COVID-19.

12. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Particulars of the emoluments of Directors, the chief executive and the five highest paid employees are as follows:

(a) Directors' and President/Chief Executive's emoluments

The emoluments of each of the Directors and the President/Chief Executive of the Company are set out below:

Year ended 31 December 2020

Name of director	Directors' fees RMB'000	Other emoluments				Total RMB'000
		Bonuses RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	
President and Executive Directors						
Mr. SUN Xingping *(note i)*	—	—	20	64	—	84
Mr. MO Jicai *(note ii)*	—	—	452	36	—	488
Mr. ZHU Yufeng *(note iii)*	—	3,000	3,559	—	—	6,559
Executive Directors						
Ms. HU Xiaoyan	—	2,000	1,335	97	—	3,432
Mr. Liu Genyu *(note iv)*	—	—	158	—	—	158
Non-executive Directors						
Ms. SUN Wei	445	—	—	—	—	445
Mr. SHA Hongqiu *(note v)*	210	—	—	—	—	210
Mr. YEUNG Man Chung, Charles	445	—	—	—	—	445
Mr. HE Deyong	107	—	—	—	—	107
Independent Non-executive Directors						
Mr. WANG Bohua	248	—	—	—	—	248
Mr. XU Songda	248	—	—	—	—	248
Mr. LEE Conway Kong Wai	293	—	—	—	—	293
Mr. WANG Yanguo	248	—	—	—	—	248
Dr. CHEN Ying	248	—	—	—	—	248
Total	2,492	5,000	5,524	197	—	13,213

12. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' and President/Chief Executive's emoluments *(continued)*

Year ended 31 December 2019

Name of director	Directors' fees RMB'000	Other emoluments: Bonuses RMB'000	Other emoluments: Salaries and other benefits RMB'000	Other emoluments: Retirement benefits scheme contributions RMB'000	Other emoluments: Share-based payments RMB'000	Total RMB'000
President and Executive Director						
Mr. SUN Xingping	—	1,943	1,677	118	144	3,882
Executive Directors						
Mr. ZHU Yufeng	—	489	3,520	—	32	4,041
Ms. HU Xiaoyan	—	600	1,320	66	27	2,013
Non-executive Directors						
Ms. SUN Wei	440	—	—	—	27	467
Mr. SHA Hongqiu	440	—	—	—	72	512
Mr. YEUNG Man Chung, Charles	440	—	—	—	27	467
Mr. HE Deyong	105	—	—	—	—	105
Independent Non-executive Directors						
Mr. WANG Bohua	248	—	—	—	5	253
Mr. XU Songda	248	—	—	—	5	253
Mr. LEE Conway Kong Wai	291	—	—	—	6	297
Mr. WANG Yanguo	248	—	—	—	9	257
Dr. CHEN Ying	248	—	—	—	9	257
Total	2,708	3,032	6,517	184	363	12,804

Notes:

(i) Mr. Sun Xingping resigned as president and executive director of the Company with effect from 15 January 2020.

(ii) Mr. Mo Jicai was appointed as president and executive director with effect from 15 January 2020 and resigned from both positions with effect from 7 December 2020.

(iii) Mr. Zhu Yufeng is the executive director and Chairman of the Board and was appointed as president of the Company with effect from 7 December 2020.

(iv) Mr. Liu Genyu was appointed as an executive director of the Company with effect from 7 December 2020.

(v) Mr. Sha Hongqiu resigned as a non-executive director of the Company with effect from 17 June 2020.

12. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' and President/Chief Executive's emoluments *(continued)*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Bonuses are discretionary and are based on the Group's performance for both years.

No directors waived any emoluments and no incentive paid on joining and compensation for the loss of office for both years.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

(b) Employees' emoluments

The five highest paid employees of the Group during the year included two directors (2019: three), details of whose remuneration are set out in (a) above. Details of the emoluments of the remaining three (2019: two) highest paid employees in 2020 who are neither a director nor president/chief executive of the Company are as follows:

	2020 RMB'000	2019 RMB'000
Salaries, allowances and benefits in kind	**3,716**	2,750
Performance-related bonuses	**3,529**	1,849
Retirement benefits scheme contributions	**193**	194
	7,438	4,793

12. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Employees' emoluments *(continued)*

The number of the highest paid employees who are not the directors whose remuneration fell within the following bands is as follows:

	2020 No. of employees	2019 No. of employees
HK$1,500,001 to HK$2,000,000 (equivalent to approximately RMB1,333,951 to RMB1,778,600)	**1**	—
HK$2,000,001 to HK$2,500,000 (equivalent to approximately RMB1,778,601 to RMB2,223,250)	**1**	1
HK$2,500,001 to HK$3,000,000 (equivalent to approximately RMB2,223,251 to RMB2,667,900)	**—**	1
HK$4,000,001 to HK$4,500,000 (equivalent to approximately RMB3,557,201 to RMB4,001,850)	**1**	—

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

14. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

(Loss) earnings figures are calculated as follows:

	2020 RMB'000	2019 RMB'000
(Loss) profit for the year attributable to owners of the Company and for the purpose of basic and diluted (loss) earnings per share	**(1,368,354)**	294,688

Number of shares	2020 '000	2019 '000
Number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**19,073,715**	19,073,715

Diluted (loss) earnings per share did not assume the exercise of the share options since any exercise would result in decrease in loss per share in current year (2019: the exercise price is higher than the average share price).

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Power generators and equipment RMB'000	Leasehold improvements, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2019	1,495,608	41,938,908	207,166	44,505	2,370,386	46,056,573
Additions	—	—	34,149	3,013	445,430	482,592
Acquired on acquisition of subsidiaries *(note 37)*	24,693	975,102	182	386	—	1,000,363
Transfer	151,009	1,756,369	—	—	(1,907,378)	—
Disposal of subsidiaries *(note 38(b))*	(275,872)	(7,818,916)	(15,908)	(9,466)	(10,499)	(8,130,661)
Disposals	—	(70,644)	(3,475)	(3,499)	—	(77,618)
Effect of foreign currency exchange differences	—	1,100	9	—	5	1,114
At 31 December 2019	1,395,438	36,781,919	222,123	34,939	897,944	39,332,363
Additions	—	—	2,715	2,260	69,275	74,250
Disposal of subsidiaries *(note 38(a))*	(231,362)	(5,370,465)	(14,731)	(4,830)	—	(5,621,388)
Disposals	—	(24,579)	(1,416)	(833)	—	(26,828)
Transfer	131,286	236,930	138	—	(368,354)	—
Transfer to assets held for sale *(note 27)*	(91,771)	(3,233,652)	(2,874)	(1,630)	(3,417)	(3,333,344)
Effect of foreign currency exchange differences	—	(96,912)	(25)	—	(3,881)	(100,818)
At 31 December 2020	**1,203,591**	**28,293,241**	**205,930**	**29,906**	**591,567**	**30,324,235**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2019	126,615	2,903,599	32,933	23,177	—	3,086,324
Depreciation expense	66,259	1,549,372	18,897	7,642	—	1,642,170
Impairment loss recognised in profit or loss	—	57,235	—	—	—	57,235
Eliminated on disposal of subsidiaries *(note 38(b))*	(25,741)	(800,641)	(6,787)	(5,495)	—	(838,664)
Eliminated on disposals	—	(11,444)	(2,270)	(1,992)	—	(15,706)
Effect of foreign currency exchange differences	—	889	6	—	—	895
At 31 December 2019	167,133	3,699,010	42,779	23,332	—	3,932,254
Depreciation expense	74,082	1,266,500	18,124	4,678	—	1,363,384
Impairment loss recognised in profit or loss	—	667,308	—	—	470,543	1,137,851
Eliminated on disposal of subsidiaries *(note 38(a))*	(37,495)	(847,695)	(9,292)	(3,877)	—	(898,359)
Eliminated on disposals	—	—	(820)	(722)	—	(1,542)
Transfer to assets held for sale *(note 27)*	(15,689)	(547,932)	(1,523)	(1,405)	—	(566,549)
Effect of foreign currency exchange differences	—	(5,971)	(5)	—	—	(5,976)
At 31 December 2020	**188,031**	**4,231,220**	**49,263**	**22,006**	**470,543**	**4,961,063**
CARRYING AMOUNTS						
At 31 December 2020	**1,015,560**	**24,062,021**	**156,667**	**7,900**	**121,024**	**25,363,172**
At 31 December 2019	1,228,305	33,082,909	179,344	11,607	897,944	35,400,109

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis after taking into account of the residual value as follows:

Buildings	2%–4% or over the lease term, whichever is shorter
Power generators and equipment	4% per annum in the PRC or the percentage calculated based on license period in the US
Leasehold improvements, furniture, fixtures and equipment	20%–25%
Motor vehicles	20%–30%

All buildings were held under leases in the PRC.

As at 31 December 2020, the Group was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB730,850,000 (2019: RMB1,018,525,000). In the opinion of the Directors, the absence of the property ownership certificates to these property interests does not impair their carrying value to the Group as the Group paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

16. RIGHT-OF-USE ASSETS

	Leasehold lands	Rooftops	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2019 and 1 January 2020				
Carrying amount	1,368,902	126,438	18,603	1,513,943
At 31 December 2020				
Carrying amount	1,079,182	123,983	54,438	1,257,603
For the year ended 31 December 2020				
Depreciation charge	(66,527)	(5,930)	(23,541)	(95,998)
Disposal of subsidiaries *(note 38(a))*	(129,863)	—	—	(129,863)
Transfer to assets held for sale *(note 27)*	(52,916)	—	(22,135)	(75,051)
For the year ended 31 December 2019				
Depreciation charge	(75,033)	(6,071)	(10,797)	(91,901)
Disposal of subsidiaries *(note 38(b))*	(397,748)	(4,703)	(32,500)	(434,951)

16. RIGHT-OF-USE ASSETS *(continued)*

	2020 RMB'000	2019 RMB'000
Expense relating to short-term leases	**(6,178)**	(8,967)
Expense relating to leases with lease term ending within 12 months from the date of initial application	**—**	(19,841)
Total cash outflow for leases	**(145,996)**	(167,964)
Additions to right-of-use assets (including those arising from acquisition of subsidiaries)	**85,730**	82,038
Early termination of a lease	**(24,870)**	(161)
Effect of foreign currency exchange differences	**(16,288)**	(2,906)

For both years, the Group leases lands, rooftops and other equipment for its operations. Lease contracts are entered into for fixed terms of three to fifty years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold lands where its solar power plants are primarily located and office buildings. The Group is the registered owner of these property interests. The Group has obtained the land use right certificates for all leasehold lands except for those with carrying amount of RMB95,374,000 (equivalent to approximately HK$113,324,620) (2019: RMB105,402,000 (equivalent to approximately HK$125,240,019)) in which the Group is in the process of obtaining. Lump sum payments were made upfront to acquire these property interests.

The Group regularly entered into short-term leases for office, motor vehicles and staff quarter. As at 31 December 2020 and 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The Group has extension options in a number of leases for the leasehold lands. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors.

The Group assessed at lease commencement date/date of initial application whether it is reasonably certain to exercise the extension option. There is no extension option which the Group is not reasonably certain to exercise, the related lease liabilities is recognised. As at 31 December 2020, lease liabilities with the exercise of extension options of RMB616,990,000 (2019: RMB766,505,000) are recognised.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2020 and 2019, there is no such triggering event.

Details of the lease maturity analysis of lease liabilities are set out in note 32.

16. RIGHT-OF-USE ASSETS *(continued)*

Sale and leaseback transactions — seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the solar power plants. During the year ended 31 December 2019, RMB2,323,585,000 (2020: Nil) borrowings in respect of such sale and leaseback arrangements have been raised.

17. INTERESTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Cost of unlisted investments in associates	**1,058,998**	968,779
Share of post-acquisition profits, net of dividend received	**146,900**	44,505
	1,205,898	1,013,284

Details of the Group's associates at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2020	2019	2020	2019	
喀什博思光伏科技有限公司 Kashgar Solbright Technology Co. Ltd.*	PRC	**20%**	20%	**20%**	20%	Sale of solar products
華容縣協鑫光伏電力有限公司 Huarong County GCL Solar Power Co. Ltd.* ("Huarong")	PRC	**20%**	20%	**20%**	20%	Operation of solar power plants in the PRC
北京華橋新能源諮詢有限公司 Beijing Hua Qiao New Energy Limited*	PRC	**30%**	30%	**30%**	30%	Provision of consultancy services on solar power plant
林州市新創太陽能有限公司 Linzhou City Xinchuang Solar Company Limited* ("Linzhou Xinchuang") *(Note a)*	PRC	**20%**	20%	**20%**	20%	Operation of solar power plants in the PRC
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co. Ltd.* ("Ruzhou") *(Note b)*	PRC	**45%**	45%	**45%**	45%	Operation of solar plants in the PRC

17. INTERESTS IN ASSOCIATES *(continued)*

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2020	2019	2020	2019	
新安縣協鑫光伏電力有限公司 Xinan County GCL Solar Power Co., Ltd.* ("Xinan") *(Note b)*	PRC	45%	45%	45%	45%	Operation of solar power plants in the PRC
江陵縣協鑫光伏電力有限公司 Jiangling County GCL Solar Power Co., Ltd.* ("Jiangling") *(Note b)*	PRC	45%	45%	45%	45%	Operation of solar power plants in the PRC
山西協鑫新能源科技有限公司 Shanxi GCL New Energy Technologies Co., Ltd.* ("Shanxi GNE") *(Note c)*	PRC	30%	30%	30%	30%	Operation of solar power plants in the PRC
汾西縣協鑫光伏電力有限公司 Fenxi County GCL Photovoltaic Co., Ltd.* ("Fenxi GCL") *(Note c)*	PRC	30%	30%	30%	30%	Operation of solar power plants in the PRC
芮城縣協鑫光伏電力有限公司 Ruicheng County GCL Photovoltaic Co., Ltd.* ("Ruicheng GCL") *(Note c)*	PRC	30%	30%	30%	30%	Operation of solar power plants in the PRC
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.* ("Yu County Jinyang") *(Note c)*	PRC	30%	30%	30%	30%	Operation of solar power plants in the PRC
盂縣協鑫光伏電力有限公司 Yu County GCL Photovoltaic Co., Ltd.* ("Yu County GCL") *(Note c)*	PRC	30%	30%	30%	30%	Operation of solar power plants in the PRC
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping County Photovoltaic Development Co., Ltd.* ("Hanneng Guangping") *(Note c)*	PRC	30%	30%	30%	30%	Operation of solar power plants in the PRC
河北協鑫新能源有限公司 Hebei GCL New Energy Co., Ltd.* ("Hebei GNE") *(Note c)*	PRC	30%	30%	30%	30%	Operation of solar power plants in the PRC
宿州協鑫光伏電力有限公司 Suzhou GCL Solar Power Co., Ltd.* ("Suzhou GCL Solar Power") *(Note d)*	PRC	10%	N/A	10%	N/A	Operation of solar power plants in the PRC
淮北鑫能光伏電力有限公司 Huaibei Xinneng Solar Power Co., Ltd.* ("Huaibei Xinneng") *(Note d)*	PRC	10%	N/A	10%	N/A	Operation of solar power plants in the PRC

17. INTERESTS IN ASSOCIATES *(continued)*

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2020	2019	2020	2019	
金湖正輝太陽能電力有限公司 Jinhu Zhenghui Photovoltaic Co., Ltd* ("Jinhu") *(Note f)*	PRC	25%	N/A	25%	N/A	Operation of solar power plants in the PRC
欽州鑫奧光伏電力有限公司 Qinzhou Xinao Photovoltaic Power Company Limited* ("Xinao") *(Note e)*	PRC	40%	N/A	40%	N/A	Inactive

Notes:

(a) On 15 February 2019, as disclosed in note 38(b)(i), the Group disposed of 80% equity interest in Linzhou Xinchuang to 中廣核太陽能開發有限公司 CGN Solar Energy Development Co., Ltd.* ("CGN Solar"), an independent third party and retains significant influence on Linzhou Xinchuang upon completion of the disposal. Accordingly, the remaining 20% equity interest in Linzhou Xinchuang is accounted for as an associate.

(b) On 28 March 2019, as disclosed in note 38(b)(iii), the Group announced that it entered into share transfer agreements with 五凌電力有限公司 Wuling Power Corporation Ltd.* ("Wuling Power"), a subsidiary of China Power International Development Limited (中國電力國際發展有限公司), for the disposal of 55% equity interest in Ruzhou, Jiangling and Xinan. Since the Group retains 45% equity interest in aggregate in Ruzhou, Jiangling and Xinan and has significant influence, these companies are accounted for as associates.

(c) On 22 May 2019, as disclosed in note 38(b)(viii), the Group entered into a series of seven share transfer agreements with 上海榕耀新能源有限公司 Shanghai Rongyao New Energy Co., Ltd* ("Shanghai Rongyao"), an independent third party, in which the Group disposed 70% of its equity interest in Shanxi GNE, Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Hanneng Guangping and Hebei GNE. Since the Group retains 30% equity interest in aggregate in these companies and has significant influence, these companies are accounted for as associates.

(d) On 16 November 2020, as disclosed in note 38(a)(iii), the Group announced that it has entered into a series of five share transfer agreements with 徐州國投環保能源有限公司 Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* ("Xuzhou State Investment"), an independent third party, for disposal of 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan Power Limited ("Hefei Jiannan") and Hefei Jiuyang GCL New Energy Company Limited ("Hefei Jiuyang") and 67% equity interest in Dangshan Xinneng Photovoltaic Power Company Limited ("Dangshan Xinneng"). As the Group has right to appoint one out of five directors to Suzhou GCL Solar Power and Huaibei Xinneng and therefore the Group retains significant influence on Suzhou GCL Solar Power and Huaibei Xinneng upon completion of the disposal. Accordingly, the remaining 10% equity interest in Suzhou GCL Solar Power and Huaibei Xinneng are accounted for as associates.

(e) On 21 August 2020, as disclosed in note 38(a)(vii), the Group disposed of a total of 60% equity interest in Xinao to 國家電投集團貴州金元威寧能源有限公司 State Power Investment Corporation Limited* ("State Power Investment") and 廣西金元南方新能源有限公司 Guangxi Jinyuan South New Energy Limited* ("Guangxi Jinyuan"), which are independent third parties, the Group retains significant influence on Xinao upon completion of this disposal. Accordingly, the remaining 40% equity interest in Xinao is accounted for as investment in an associate.

(f) In July 2020, as disclosed in note 38(a)(vi), the Group disposed of 75% equity interest in Jinhu to 國際新能源科技有限公司 CDB New Energy Technology Co., Ltd.* ("CDB New Energy"), an independent third party and retains significant influence on Jinhu upon completion of the disposal. Accordingly, the remaining 25% equity interest in Jinhu is accounted for as an associate.

* English name for identification only

All associates are accounted for using the equity method in these consolidated financial statements.

17. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates as at 31 December 2020 and 2019 is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Standards.

Hebei GNE and its subsidiaries

	2020 RMB'000	2019 RMB'000
Current assets	**1,416,678**	1,165,101
Non-current assets	**2,595,750**	3,335,979
Current liabilities	**(1,139,447)**	(1,612,961)
Non-current liabilities	**(1,728,134)**	(1,880,453)

	2020 RMB'000	From 19 September 2019 to 31 December 2019 RMB'000
Revenue	**478,984**	147,150
Profit and total comprehensive income for the year/period	**137,179**	70,366
Dividends received from Hebei GNE and its subsidiaries during the year/period	**—**	—

17. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates *(continued)*

Hebei GNE and its subsidiaries (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hebei GNE and its subsidiaries recognised in the consolidated financial statements:

	2020 RMB'000	2019 RMB'000
Net assets of Hebei GNE and its subsidiaries	**1,144,847**	1,007,666
Proportion of the Group's ownership interest in Hebei GNE and its subsidiaries	**30%**	30%
Carrying amount of the Group's interest in Hebei GNE and its subsidiaries	**343,454**	302,300

Aggregate information of associates that are not individually material

	2020 RMB'000	2019 RMB'000
The Group's share of profit from operations and total comprehensive income	**61,241**	27,986
Carrying amount of the Group's interests in the associates	**862,444**	710,984

18. INTERESTS IN JOINT VENTURES

	2020 RMB'000	2019 RMB'000
Cost of unlisted investment in joint ventures	**6,701**	6,701
Share of post-acquisition losses, net of dividend received	**(6,474)**	(5,981)
Effect of foreign currency exchange differences	**2,908**	2,908
	3,135	3,628

18. INTERESTS IN JOINT VENTURES *(continued)*

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2020	2019	**2020**	2019	
啟創環球有限公司 Qichuang Global Limited*	BVI/Japan	**50%**	50%	**50%**	50%	Inactive
北京京糧協鑫科技有限公司 Beijing Jing Liang GCL Technology Limited* ("Jingliang")	PRC	**49%**	49%	**49%**	49%	Provision of consultancy services on solar power plant

* English name for identification only

All joint ventures are accounted for using the equity method in these consolidated financial statements.

Aggregate information of joint ventures that are not individually material

	2020 RMB'000	2019 RMB'000
The Group's share of (loss) profit from operations and total comprehensive (expense) income	**(493)**	24,391
Carrying amount of the Group's interests in the joint ventures	**3,135**	3,628

19. OTHER INVESTMENT

As at 31 December 2019, the Group invested RMB100,000,000 into an asset management plan managed by a financial institution in the PRC with maturity on 31 March 2021. Since the maturity date of the relevant investment was more than twelve months from the end of the reporting period, the relevant investment was presented as non-current asset as of 31 December 2019. The principal was not guaranteed by the relevant financial institution and the expected return rate as stated in the contract is 7.5%. As at 31 December 2019, the above investment was classified as financial assets measured at FVTPL.

During the current year, the Group entered into an asset transfer agreement with a financial institution to settle its other borrowings amounting to approximately RMB113,027,000 with such investment, and a gain of RMB13,027,000 has been recognised in the profit or loss.

20. OTHER NON-CURRENT ASSETS

	2020 RMB'000	2019 RMB'000
Refundable value-added tax	**981,075**	1,716,249
Others	**80,005**	56,877
	1,061,080	1,773,126

21. TRADE AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables *(Note a)*	**7,231,113**	3,049,935
Prepayments and deposits	**118,154**	90,103
Other receivables		
— Amounts due from former subsidiaries *(Note b)*	**108,562**	—
— Consultancy service fee receivables	**12,137**	11,762
— Consideration receivable from disposal of subsidiaries	**372,082**	277,116
— Advance to non-controlling interest shareholders	**18,750**	21,546
— Receivables for modules procurement	**63,376**	287,044
— Refundable value-added tax	**498,123**	741,358
— Dividend receivables	**217,774**	13,530
— Interest receivables	**33,015**	95,488
— Others	**603,052**	371,036
	9,276,138	4,958,918
Less: Allowance for credit loss		
— Trade	**(10,000)**	—
— Non-trade	**(304,587)**	—
	(314,587)	—
	8,961,551	4,958,918

Notes:

(a) At 1 January 2019, trade receivables from contract with customers amounted to approximately RMB2,981,150,000.

For sales of electricity in the PRC, the Group generally grants credit period of approximately one month to power grid companies in the PRC from the date of invoice in accordance with the relevant electricity sales contracts between the Group and the respective grid companies.

Trade receivables include bills received amounting to RMB153,398,000 (2019: RMB232,493,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than one year.

21. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

(a) *(continued)*

The following is an aged analysis of trade receivables (excluded bills held by the Group for future settlement), which is presented based on the invoice date at the end of the reporting period:

	2020 RMB'000	2019 RMB'000
Unbilled *(Note)*	**6,717,763**	2,524,359
0–90 days	**140,905**	128,953
91–180 days	**144,999**	17,814
Over 180 days	**64,048**	146,316
	7,067,715	2,817,442

Note: The amount represents unbilled basic tariff receivables for solar power plants operated by the Group, and tariff adjustment receivables of those solar power plants already registered in the List (2019: Catalogue). The Directors expect the unbilled tariff adjustments would be generally billed and settled within one year from end of the reporting date.

The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	2020 RMB'000	2019 RMB'000
0–90 days	**948,875**	504,582
91–180 days	**283,537**	401,488
181–365 days	**1,051,020**	677,679
Over 365 days	**4,434,331**	940,610
	6,717,763	2,524,359

As at 31 December 2020, included in these trade receivables are debtors with aggregate carrying amount of RMB271,495,000 (2019: RMB203,943,000) which are past due as at the end of the reporting date. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

(b) The amount represents amounts due from former subsidiaries of which the Group disposed of the entire interests during the year ended 31 December 2020. The amounts are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment.

Details of impairment assessment of trade and other receivables excluding prepayments and deposits and refundable value-added taxes are set out in note 40b.

22. CONTRACT ASSETS

	2020 RMB'000	2019 RMB'000
Sales of electricity	**1,227,979**	5,639,898

At 1 January 2019, contract assets amounted to approximately RMB4,236,405,000.

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration to the List (2019: Catalogue) at the end of the reporting date, and tariff adjustment is recognised as revenue upon electricity is generated as disclosed in note 6. Pursuant to the 2020 Measures, for those on-grid solar power plants yet to be registered on the List (2019: Catalogue), they are required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List. The contract assets are transferred to trade receivables when the Group's respective on-grid solar power plants are enlisted in the List. The Group considers the settlement terms contain significant financing component, and has adjusted the respective tariff adjustment for the financing component based on effective interest rate with reference to state treasury bonds of the PRC, as well as the estimated timing of collection. Accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties. The revenue of the Group was adjusted by approximately RMB212 million for the year ended 31 December 2020 (2019: RMB151 million) for this financing component and in relation to revision of expected timing of tariff adjustment in the contract assets.

Contract assets are reclassified to trade receivables at the point the respective on-grid solar power plant projects are enlisted on the List. The balances as at 31 December 2020 and 2019 are classified as non-current as they are expected to be received after twelve months from the reporting date.

Details of impairment assessment are set out in note 40b.

23. TRANSFER OF FINANCIAL ASSETS

During the current year, the Group endorsed certain bills for the settlement of payables for purchase of plant and machinery and construction costs; and discounted certain bills received by the Group to banks for financing.

The following were the Group's bills as at 31 December 2020 and 2019 that were transferred to banks or creditors by discounting or endorsing the bill, respectively, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these bills, it continues to recognise the full carrying amount of the receivables and recognised the cash received on the transfer as secured borrowings or the amounts outstanding with the creditors remain to be recognised as other payables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

23. TRANSFER OF FINANCIAL ASSETS *(continued)*

At 31 December 2020

	Bills discounted to banks with full recourse RMB'000	Bills endorsed to creditors with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	**41,634**	**64,303**	**105,937**
Carrying amount of associated liabilities	**(41,634)**	**(64,303)**	**(105,937)**
Net position	**—**	**—**	**—**

At 31 December 2019

	Bills discounted to banks with full recourse RMB'000	Bills endorsed to creditors with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	190,978	1,672	192,650
Carrying amount of associated liabilities	(190,978)	(1,672)	(192,650)
Net position	—	—	—

The Directors consider that the carrying amounts of the endorsed and discounted bills approximate their fair values.

The finance cost recognised for bills discounted to banks were included in interest on bank and other borrowings (note 9).

24. OTHER LOAN RECEIVABLES

The Group, as lender, entered into loan agreements with independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar power plant projects in the PRC. As at 31 December 2019, the outstanding balance is RMB14,250,000. The loans are receivable within twelve months from 31 December 2019, and interest rate at 6% per annum.

During the current year, RMB13,000,000 was received from one of the Borrowers and the remaining RMB1,250,000 has been fully impaired as the directors considered the balance is not recoverable.

25. AMOUNTS DUE FROM/TO RELATED COMPANIES

	2020 RMB'000	2019 RMB'000
Amounts due from an associate of an ultimate holding company		
— Non-trade related *(Note a)*	**—**	8,000
Amounts due from associates		
— Non-trade related *(Note b)*	**366,880**	991,646
Amounts due from joint ventures		
— Non-trade related *(Note c)*	**7,942**	8,297
Amounts due from fellow subsidiaries		
— Trade related *(Note d)*	**9,986**	46,742
— Non-trade related *(Note d)*	**11,851**	577
	21,837	47,319
Amounts due from the companies of which Mr. Zhu Yufeng and his family have significant influence		
— Non-trade related *(Note e)*	**1,166**	991
	397,825	1,056,253
Analysed for reporting purposes as:		
— Current assets	**357,296**	959,302
— Non-current assets	**40,529**	96,951
	397,825	1,056,253
— Trade related	**9,986**	46,742
— Non-trade related	**387,839**	1,009,511
	397,825	1,056,253
Amounts due to associates		
— Non-trade related *(Note b)*	**14,038**	417,103
Amounts due to fellow subsidiaries		
— Non-trade related *(Note d)*	**93,483**	79,816
Amounts due to the companies of which Mr. Zhu Yufeng and his family have significant influence		
— Non-trade related *(Note e)*	**204,673**	96,555
	312,194	593,474
Analysed for reporting purposes as:		
— Current liabilities	**312,194**	593,474

25. AMOUNTS DUE FROM/TO RELATED COMPANIES *(continued)*

Notes:

(a) As at 31 December 2019, the amount represents pledged deposits placed at 芯鑫融資租賃有限責任公司 Xinxin Finance Leasing Company Limited* ("Xinxin") for long-term loans advanced to the Group. During the current year, entire equity interest of Xinxin has been disposed by GCL-Poly and the entire balance is offset against loans from Xinxin as at 31 December 2020. Details of the loans are set out in note 29(b).

(b) The amounts due from/to associates are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment except for an amount of RMB40,529,000 (2019: RMB88,951,000) which, in the opinion of the Directors, is expected to be received after twelve months from the end of the reporting period and is classified as non-current.

(c) The amounts due from joint ventures are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment.

(d) The amounts due from/to fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment except for the amounts due from fellow subsidiaries of approximately RMB9,986,000 (2019: RMB46,742,000) which is arising from management services rendered to fellow subsidiaries with a credit term of 30 days.

The following is an aged analysis of the amounts due from fellow subsidiaries arising from management services presented based on the invoice date which approximated the respective revenue recognition date:

	2020 RMB'000	2019 RMB'000
0–90 days	**8,991**	9,248
91–180 days	**995**	9,248
181–365 days	**—**	18,495
Over 365 days	**—**	9,751
	9,986	46,742

(e) Mr. Zhu Yufeng and his family members hold in aggregate more than 20% of the related companies' share capital as at 31 December 2020 and 2019 and exercise significant influence over the related companies. The amounts due from/to the companies of which Mr. Zhu Yufeng and his family exercise significant influence are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment except for amounts of RMB526,000 due to companies of which Mr. Zhu Yufeng and his family exercise significant influence (2019: RMB512,000) which is arising from training services provided by related companies with credit term of 30 days. As at 31 December 2020, the aging of the trade related balances is within 90 days (2019: within 90 days). The maximum amount outstanding during the year ended 31 December 2020 is RMB1,249,000 (2019: RMB1,214,000) in relation to the non-trade balances for the amounts due from the companies of which Mr. Zhu Yufeng and his family exercise significant influence.

26. PLEDGED BANK AND OTHER DEPOSITS/BANK BALANCES AND CASH

Pledged bank and other deposits

Pledged bank and other deposits represent deposits pledged to banks and other financial institutions to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits carry fixed interest rates ranging from 0.4% to 2.0% (2019: 0.3% to 2.4%) per annum.

At 31 December 2020, pledged other deposits approximate RMB341,105,000 (2019: RMB564,048,000) are non-interest bearing.

26. PLEDGED BANK AND OTHER DEPOSITS/BANK BALANCES AND CASH *(Continued)*

Pledged bank and other deposits *(Continued)*

Bank and other deposits amounting to RMB250,551,000 (2019: RMB823,279,000) have been pledged to secure the Group's bills payable and short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to RMB493,455,000 (2019: RMB877,996,000) have been pledged to secure long-term borrowings and are therefore classified as non-current assets.

Bank balances

Bank balances carry interest at floating rates range from 0.01% to 0.385% (2019: 0.01% to 0.385%) per annum or fixed rates range from 1.1% to 2.75% (2019: 1.1% to 2.75%) per annum.

Details of impairment assessment of pledged bank and other deposits and bank balances are set out in note 40b.

27. ASSETS CLASSIFIED AS HELD FOR SALE

Disposal groups classified as held for sale

(a) On 29 September 2020, the Group entered into six share transfer agreements with 華能工融一號(天津)股權投資基金合夥企業有限公司 Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No.1 Fund") and 華能工融二號(天津)股權投資基金合夥企業有限公司 Huaneng Gongrong No.2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No.2 Fund") to dispose of its 100% equity interest in six wholly-owned subsidiaries, namely Hubei Macheng, Huixian City GCL, Qixian GCL, Ruyang GCL, Baotou Zhonglitenghui, Ningxia Zhongwei (all as defined in note 48(a)) at consideration in aggregate of RMB576,001,000 and the repayment of corresponding interest in shareholder's loan as at the date of disposals (the "Disposal Date A"). The subsidiaries operate solar power plant projects with in aggregate capacity of 403MW in Henan, the PRC (the "Project A").

As at 31 December 2020, the disposal of Baotou Zhonglitenghui, Ruyang GCL, Hubei Macheng and Ningxia Zhongwei have not been completed and presented as disposal groups held for sale. The disposals of Huixian City GCL and Qixian GCL were completed and disclosed in note 38(a)(ii).

The Group has granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which the Group has agreed that if the Project A fail to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date A during the four-year period after the Disposal Date A, or the operation of the Project A are disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the Group shall repurchase the entire equity interest in the Project A from Hua Neng No. 1 Fund and Hua Neng No. 2 Fund at a repurchase price which is the higher of (1) equity value of the Project A assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the share transfer agreements, together with any outstanding shareholder's loan advanced to the Project A by Hua Neng No. 1 Fund and Hua Neng No. 2 Fund. As the Project A has already registered in the Catalogue/List and receipt of tariff adjustment receivables are stable, in the opinion of the Directors, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date A and therefore, the possibility regarding the occurrence of the specified events as stipulated in the share transfer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at 31 December 2020 is considered as insignificant.

27. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

(b) On 16 November 2020, the Group entered into five share transfer agreements with Xuzhou State Investment to dispose of its 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and 67% equity interest in Dangshan Xinneng (all defined in note 48(a)), at consideration in aggregate of RMB276,437,000 and the repayment of corresponding interest in shareholder's loan as at the date of completion of disposals. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB276,437,000 to RMB269,267,000 during the current year. The subsidiaries operate solar power plant projects with in aggregate capacity of 174MW in Anhui, the PRC.

As at 31 December 2020, the disposals of Hefei Jiannan and Hefei Jiuyang have not been completed and classified as disposal groups held for sale. The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng were completed and disclosed in note 38(a)(iii).

(c) On 4 December 2020, the Group entered into a share transfer agreement with 北京聯合榮邦新能源科技有限公司 Beijing United Rongbang New Energy Technology Co., Ltd.* ("Beijing United Rongbang"), an independent third party, to disposal all of its 99.2% equity interests in Zhenglanqi State Power Photovoltaic Company Limited* ("Zhenglanqi") for consideration in aggregate of RMB209,600,000 and the repayment of corresponding interest in shareholder's loan as at the date of disposal. During the current year, RMB79,000,000 has been received and recognised as other payables as at 31 December 2020. Zhenglanqi has a solar power plant project with installed capacity of approximately 50MW in Inner Mongolia, the PRC. The disposal has not been completed as at 31 December 2020 and classified as held for sales.

(d) The Group entered into a share swap agreement with 上海綠璟投資有限公司 Shanghai Lujing Investment Management Limited ("Shanghai Lujing"). Pursant to the terms of the share swap agreement, the Group will acquire 20% of equity interests in each of Shenmu Jingpu, Shenmu Jingfu and Shenmu Jingdeng (all as defined in note 48(a)) at consideration of combination of cash of RMB69,260,000 and 80% equity interest in Shenmu Guotai (as defined in note 48(a)). The transaction has not been completed as at 31 December 2020.

As at 31 December 2020, the assets and liabilities attributable to Baotou Zhonglitenghui, Ruyang GCL, Hubei Macheng, Ningxia Zhongwei, Hefei Jiannan, Heifei Jiuyang, Zhenglanqi and Shenmu Guotai have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

* English name for identification only

27. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

As at 31 December 2020, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment *(note 15)*	2,613,456
Right-of-use assets *(note 16)*	75,051
Other non-current assets	81,784
Trade and other receivables	718,055
Pledged bank deposits	43,882
Bank balances and cash	48,018
	3,580,246
Less: Loss on measurement of assets classified as held for sale to fair value less cost to sell *(note 8)*	(54,497)
Total assets classified as held for sale	3,525,749
Other payables	(148,414)
Loan from a related company — due within one year *(Note)*	(3,085)
Bank and other borrowings — due within one year	(329,800)
Bank and other borrowings — due after one year	(1,383,066)
Lease liabilities — current	(3,035)
Lease liabilities — non-current	(48,823)
Tax payable	(3,345)
Total liabilities directly associated with assets classified as held for sale	(1,919,568)
Net asset of solar power plant projects classified as held for sale	1,606,181
Intragroup balances	(820,206)
Net assets of solar power plant projects	785,975

Note: The loan from a related company is unsecured, non-interest bearing and repayable on demand.

27. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

The following is an aged analysis of trade receivables presented based on the invoice date at 31 December 2020, which approximated the respective revenue recognition date:

	RMB'000
Unbilled *(Note)*	703,332
0–90 days	5,795
	709,127

Note: The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	RMB'000
0–90 days	98,008
91–180 days	79,308
181–365 days	151,429
Over 365 days	374,587
	703,332

For the electricity sale business, the Group generally granted credit period of approximately one month to power grid companies in the PRC from the date of invoice in accordance with the relevant electricity sales contract between the Group and the respective local grid companies.

The carrying amounts of the above bank borrowings are repayable:

	RMB'000
Within one year	173,800
More than one year, but not exceeding two years	165,325
More than two years, but not exceeding five years	473,600
More than five years	546,541
	1,359,266
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants[##] (Shown under current liabilities)	156,000
Less: Bank borrowings — due within one year	(329,800)
Bank borrowings — due after one year	1,185,466

27. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

The carrying amounts of the above other borrowings are repayable:

	RMB'000
Within one year	—
More than one year, but not exceeding two years	27,151
More than two years, but not exceeding five years	123,299
More than five years	47,150
Other borrowings — due after one year	197,600

The repayable amounts of bank and other borrowings are based on scheduled repayment dates set out in the respective loan agreements.

* English name for identification only

Lease liabilities payable:

	2020 RMB'000
Within one year	**3,035**
Within a period of more than one year but not more than two years	**2,410**
Within a period of more than two years but not more than five years	**8,343**
Within a period of more than five years	**38,070**
	51,858

28. OTHER PAYABLES AND DEFERRED INCOME

	2020 RMB'000	2019 RMB'000
Payables for purchase of plant and machinery and construction costs *(Note a)*	**3,299,276**	4,540,359
Payables to vendors of solar power plants	**66,320**	92,873
Other tax payables	**27,914**	88,018
Other payables	**672,054**	363,055
Advance from EPC contractors *(Note b)*	**80,244**	123,030
Deferred income *(Note c)*	**362,461**	401,857
Dividend payable to non-controlling shareholders	**230,881**	225,784
Accruals		
— Staff costs	**28,276**	27,562
— Legal and professional fees	**24,349**	14,344
— Interest payable	**177,932**	367,154
— Consultancy fees	**19,802**	89,373
— Others	**47,990**	22,251
	5,037,499	6,355,660
Analysed as:		
Current	**4,688,437**	5,968,129
Non-current deferred income	**349,062**	387,531
	5,037,499	6,355,660

The Group has financial risk management policies in place to ensure settlement of payables within the credit time frame.

Notes:

a. Included in payables for purchase of plant and machinery and construction costs are RMB236,862,000 (2019: RMB619,248,000) in which the Group presented bills to relevant creditors for settlement and remained outstanding at the end of the reporting period. It also contains obligations arising from endorsing bills with recourse with an aggregate amount of RMB64,303,000 (2019: RMB1,672,000). All bills presented by the Group is aged within one year and not yet due at the end of the reporting period.

b. The advance represents the amounts received from EPC contractors for modules procurement, in which the modules will be used in the construction of the Group's solar power plants.

c. Pursuant to the relevant prevailing federal policies in the US, taxpayers that construct or acquire on or before 31 December 2019 qualified energy property are allowed to claim an "ITC" at 30% for the taxable year in which such property is placed in service by the taxpayer. The Directors analysed the facts and circumstances of the ITC and determined that it is of nature of a government grant that is provided to the Group in the form of tax benefits relating to construction or acquisition of qualified energy property.

Against this, the Group entered into an inverted lease arrangement in February 2017 for its qualified solar power plant projects in the US ("Qualified Assets") with a third party financial institution, which acts as a tax equity investor, and the arrangement allows the Group to pass its entitled ITC ("ITC Benefit") that constitutes the right to offset against future tax payables to the tax equity investor for cash receipts in exchange. During the year ended 31 December 2017, ITC Benefit of the Group related to the Qualified Assets amounted to US$34,090,000 (equivalent to approximately RMB222,751,000) and was recognised as a government grant ("Grant") as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the tax equity investor and accordingly, the ITC Benefit was derecognised during the year that the invested lease arrangement was entered into with the tax equity investor. Approximately US$1,136,000 (equivalent to approximately RMB7,412,000) (2019: US$1,136,000 (equivalent to approximately RMB7,839,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

28. OTHER PAYABLES AND DEFERRED INCOME *(continued)*

Notes: (continued)

c. (continued)

During the year ended 31 December 2018, the Group entered into another financing arrangement for its four qualified solar power plant projects in the US with a third party financial institution, in which the Group passed its ITC Benefit to the financial institution that constitutes the right to offset against future tax payables to the financial institution for cash receipts in exchange. During the current year, ITC Benefit of the Group related to the four projects amounted to US$25,449,000 (equivalent to approximately RMB166,052,000) (2019: US$26,355,000 (equivalent to approximately RMB183,858,000)) and was recognised as a Grant as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the financial institution and accordingly, the relevant ITC Benefit was derecognised during year ended 31 December 2019. Approximately US$906,000 (equivalent to approximately RMB6,666,000) (2019: US$906,000 (equivalent to approximately RMB6,320,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

29. LOANS FROM RELATED COMPANIES

	2020 RMB'000	2019 RMB'000
Loans from:		
— companies controlled by Mr. Zhu Yufeng and his family *(Note a)*	**908,508**	1,173,643
— an associate of ultimate holding company *(Note b)*	**—**	390,541
	908,508	1,564,184
Analysed as:		
Current	**788,668**	646,111
Non-current	**119,840**	918,073
	908,508	1,564,184

Notes:

(a) As at 31 December 2020, loans from 協鑫集團有限公司 GCL Group Limited*, 南京鑫能陽光產業投資基金企業（有限合夥) Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)* ("Nanjing Xinneng"), 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Limited* ("Jiangsu GCL Construction"), 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited* ("Jiangsu GCL Real Estate") and 阜寧協鑫房地產開發有限公司 Funing Property Development Limited* ("Funing Property") in total amounted to RMB908,508,000 (2019: RMB1,173,643,000). These loans are unsecured, interest bearing ranging from 8% to 12% (2019: bearing at 8% per annum) per annum and repayable from 2020 through 2021. Approximately RMB788,668,000 (2019: RMB597,243,000) of the outstanding loans are repayable within twelve months from the end of the reporting period.

(b) As at 31 December 2019, loans from Xinxin, an associate of GCL-Poly amounted to approximately RMB390,541,000 and out of which, balance of approximately RMB181,130,000 was secured by a pledged deposit (note 25(a)), and certain property, plant and equipment held by the Group, interest bearing ranged from 6% to 8.58% per annum and repayable from 2020 through 2026. The remaining balance of approximately RMB209,411,000 is secured by certain property, plant and equipment held by the Group and interest bearing at 7.81% per annum.

As at 31 December 2019, approximately RMB48,868,000 of the outstanding loans are repayable within twelve months from the end of the reporting period, with the remainder of approximately RMB341,673,000 having a repayment term of eight years.

During the current year, GCL-Poly disposed of the entire equity interests in Xinxin and such balance has been reclassified to other borrowings as at 31 December 2020.

* English name for identification only

30. BANK AND OTHER BORROWINGS

	2020 RMB'000	2019 RMB'000
Bank loans	**7,664,067**	13,925,160
Other loans	**16,340,455**	17,007,921
	24,004,522	30,933,081
Secured	**22,163,914**	28,257,285
Unsecured	**1,840,608**	2,675,796
	24,004,522	30,933,081
The maturity of bank borrowings is as follows*:		
Within one year	**1,594,124**	2,205,184
More than one year, but not exceeding two years	**687,038**	1,348,590
More than two years, but not exceeding five years	**1,559,293**	5,107,949
More than five years	**1,595,371**	2,922,858
	5,435,826	11,584,581
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**2,228,241**	2,340,579
Less: Amounts due within one year shown under current liabilities	**(3,822,365)**	(4,545,763)
Amounts due after one year	**3,841,702**	9,379,397
Analysed as:		
Fixed-rate borrowings	**1,529,472**	2,742,440
Variable-rate borrowings	**6,134,595**	11,182,720
	7,664,067	13,925,160

30. BANK AND OTHER BORROWINGS *(continued)*

	2020 RMB'000	2019 RMB'000
The maturity of other borrowings is as follows*:		
Within one year	**4,445,158**	6,977,145
More than one year, but not exceeding two years	**1,796,182**	1,637,273
More than two years, but not exceeding five years	**3,850,805**	5,179,539
More than five years	**2,123,138**	3,213,964
	12,215,283	17,007,921
The carrying amount of other borrowings that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**4,125,172**	—
Less: Amounts due within one year shown under current liabilities	**(8,570,330)**	(6,977,145)
Amounts due after one year	**7,770,125**	10,030,776
Analysed as:		
Fixed-rate borrowings	**6,410,937**	5,520,722
Variable-rate borrowings	**9,929,518**	11,487,199
	16,340,455	17,007,921

* The repayable amounts of bank and other borrowings are based on scheduled repayment dates set out in the respective loan agreements.

During the current year, the default on the repayment of a bank borrowing by GCL-Poly, the Group's involvement in certain litigation cases relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain bank borrowings and the Group's default in certain bank and other borrowings (2019: breach of restrictive financial covenants of a borrowing by GCL-Poly) have triggered the cross default clauses of certain of the Group's bank and other borrowings as set out in the respective loan agreements between the Company and several banks and financial institutions. Accordingly, bank and other borrowings of the Group amounting to RMB4,541 million (2019: RMB1,597 million) is reclassified from non-current liabilities to current liabilities as at 31 December 2020. The management of the Group considers that the claims arising from the litigation will not have material impact to the Group as majority of the claims have been provided and included in payables for purchase of plant and machinery and construction costs as at 31 December 2020.

30. BANK AND OTHER BORROWINGS *(continued)*

Scheduled repayment terms for the bank borrowings that are repayable on demand due to breach of loan covenants:

	2020 RMB'000	2019 RMB'000
Within one year	**212,083**	743,168
More than one year, but not exceeding two years	**234,667**	522,911
More than two years, but not exceeding five years	**1,042,851**	990,600
More than five years	**738,640**	83,900
	2,228,241	2,340,579

Scheduled repayment terms for the other borrowings that are repayable on demand due to breach of loan covenants:

	2020 RMB'000	2019 RMB'000
Within one year	**1,600,206**	—
More than one year, but not exceeding two years	**302,175**	—
More than two years, but not exceeding five years	**1,386,432**	—
More than five years	**836,359**	—
	4,125,172	—

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are analysed as follows:

	2020	2019
Fixed-rate borrowings		
RMB borrowings	**4.35% to 18%**	4% to 13%
US$ borrowing	**1.72% to 5%**	2.5% to 9.94%
HK$ borrowings	**9.75%**	9.75%
Variable-rate borrowings		
RMB borrowings	**100% to 180% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")**	100% to 180% of Benchmark Rate
US$ borrowing	**LIBOR +3.25% to 4.3%**	LIBOR +2.39% to 4.3%

30. BANK AND OTHER BORROWINGS *(continued)*

The Group's borrowings denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2020 RMB'000	2019 RMB'000
US$	**1,371,177**	1,312,683
HK$	**185,152**	197,076

Included in other loans are RMB11,211 million (2019: RMB12,001 million) in which the Group entered into financing arrangements with financial institutions with lease terms ranging from 1 year to 12 years (2019: 2 years to 14.5 years), with legal title of the respective equipment transferred to the financial institutions. The Group continued to operate and manage the relevant equipment during the lease term without any involvement from the financial institutions, and the Group is entitled to purchase back the equipment at a minimal consideration upon maturity of respective leases, except for one of the financing arrangements with a financial institution that the Group can either exercise the early buyout option granted to the Group to purchase back the relevant equipment at a pre-determined price at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value upon the end of the lease period. Despite the arrangement involves a legal form of a lease while it does not constitute a sale and leaseback transaction, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method under IFRS 9/IAS 39 in prior years before application of IFRS 16, in accordance with the substance of the arrangement. Effective from 1 January 2019, the Group applies the requirements of IFRS 15 to assess whether sale and leaseback transactions constitute a sale as disclosed in note 16.

The Group is required to comply with certain restrictive financial covenants and undertaking requirements.

31. BONDS AND SENIOR NOTES

	2020 RMB'000	2019 RMB'000
Bonds *(Note a)*	**—**	271,742
Senior notes *(Note b)*	**3,261,099**	3,470,542
	3,261,099	3,742,284

Notes:

(a) On 3 August 2017 and 7 December 2017, the Group completed the first tranche and second tranche of the non-public issuance of green bonds amounting to RMB375,000,000 and RMB560,000,000, respectively, for a term of 3 years with a fixed interest rate of 7.5% per annum. Part of the second tranche amounting to RMB50,000,000 was subscribed by the Group via an external trust. As at 31 December 2019, the first tranche and second tranche of the non-public green bonds, amounting to RMB1,000,000 and RMB76,500,000 have been acquired by the Group, respectively.

During the year ended 31 December 2019, 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.*, a fellow subsidiary of the Group, also purchased part of the first tranche and second tranche of the non-public green bonds through secondary market with a face value of RMB99,000,000 and RMB173,500,000, respectively.

31. BONDS AND SENIOR NOTES *(continued)*

Notes: (continued)

(a) (continued)

In July 2019, RMB275,000,000 out of the first tranche of the non-public green bonds of RMB375,000,000 and RMB310,000,000 out of the second tranche of the non-public green bonds of RMB560,000,000 were redeemed by the Group upon maturity while the holders of the remaining first and second tranche of the non-public green bonds exercised their option to extend the maturity of the bonds to July 2020 and December 2020, respectively.

During the current year, the Group redeemed the remaining first and second tranches of the non-public green bonds, amounting to RMB100,000,000 and RMB250,000,000, respectively.

(b) On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to RMB3,167 million), which bear interest at 7.1% per annum and mature on 30 January 2021. The net proceeds of the notes issuance, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million (equivalent to RMB3,119 million).

Subsequent to the end of reporting period, the Group defaulted the settlement of the senior notes, details are disclosed in note 47(a).

* English name for identification only

32. LEASE LIABILITIES

	2020 RMB'000	2019 RMB'000
Lease liabilities payable:		
Within one year	**88,927**	66,122
Within a period of more than one year but not more than two years	**90,777**	132,988
Within a period of more than two years but not more than five years	**223,416**	250,765
Within a period of more than five years	**584,566**	711,707
	987,686	1,161,582
Less: Amount due for settlement with 12 months shown under current liabilities	**(88,927)**	(66,122)
Amount due for settlement after 12 months shown under non-current liabilities	**898,759**	1,095,460

The weighted average incremental borrowing rates applied to lease liabilities is 5.38% (2019: 5.46%).

All lease obligations are denominated in the functional currencies of the relevant group entities.

33. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2020 RMB'000	2019 RMB'000
Deferred tax assets	**142,212**	162,807
Deferred tax liabilities	**(48,560)**	(63,393)
	93,652	99,414

The following are the deferred tax liabilities (assets) recognised and movements thereon during the year:

	Fair value adjustments on acquisitions RMB'000	Unrealised profits on plant and equipment RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	(6,786)	(186,591)	48,104	(145,273)
Charge (credit) to profit or loss	295	(5,737)	10,164	4,722
Acquisition of solar power plant projects	12,165	—	—	12,165
Disposal of solar power plant projects	—	36,867	(7,895)	28,972
At 31 December 2019	5,674	(155,461)	50,373	(99,414)
Charge (credit) to profit or loss	295	5,186	(3,642)	1,839
Disposal of solar power plant projects	—	15,409	(11,486)	3,923
At 31 December 2020	**5,969**	**(134,866)**	**35,245**	**(93,652)**

Under the tax law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to RMB2,340,768,000 (2019: RMB2,345,155,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. During the current year, withholding tax of RMB14,578,000 (2019: RMB49,495,000) are charged to profit or loss for the dividends declared and paid by the PRC subsidiaries of RMB291,560,000 (2019: RMB989,880,000).

At the end of the reporting period, the Group has unused tax losses of approximately RMB1,441,925,000 (2019: RMB747,486,000) available for offset against future profits. Unrecognised tax losses of approximately RMB393,000 was disposed together with the disposal of subsidiaries during the year ended 31 December 2020. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB1,233,734,000 (2019: RMB538,905,000) will expire from 2021 to 2025 (2019: 2020 to 2024) and other losses may be carried forward indefinitely.

33. DEFERRED TAXATION *(Continued)*

At the end of the reporting period, the Group has deductible temporary difference mainly in respect of impairment of certain assets in aggregate of approximately RMB1,575,292,000 (2019: RMBnil). No deferred tax asset has been recognised to the deductible temporary difference as it is not probable that tax profit will be available against which the deductible temporary difference can be utilised.

34. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
At 1 January 2019, 31 December 2019 and 2020 (Ordinary shares of HK$0.00416 each)	36,000,000,000	150,000

	Number of shares	Amount HK$'000	Shown in consolidated financial statements as RMB'000
Issued and fully paid:			
At 1 January 2019, 31 December 2019 and 2020 (Ordinary shares of HK$0.00416 each)	19,073,715,441	79,474	66,674

35. PERPETUAL NOTES

On 18 November 2016, Nanjing GCL New Energy (as defined in note 48(a)), an indirect wholly-owned subsidiary, entered into a perpetual notes agreement with 保利協鑫（蘇州）新能源有限公司 GCL-Poly (Suzhou) New Energy Co., Ltd.* ("GCL-Poly (Suzhou)"), 江蘇協鑫矽材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd.* ("Jiangsu GCL"), 蘇州協鑫光伏科技有限公司 Suzhou GCL Photovoltaic Technology Co., Ltd.* ("Suzhou GCL") and 太倉協鑫光伏科技有限公司 Taicang GCL Photovoltaic Technology Co., Ltd.* ("Taicang GCL") (together, the "Lenders"). Each of the Lenders is a wholly-owned subsidiary of GCL-Poly. Nanjing GCL New Energy issued perpetual notes of RMB800,000,000 and RMB1,000,000,000 in November and December 2016, respectively and key terms are as follows:

(a) Interest rate

Interest rate is 7.3% per annum for the first two years, 9% per annum for the third to fourth year and 11% per annum starting from the fifth year.

(b) Maturity date

There is no maturity date.

* English name for identification only

35. PERPETUAL NOTES *(continued)*

(c) Repayment terms

The distribution shall be repaid on the 21st day of the last month of each quarter (the "Distribution Payment Date"). Nanjing GCL New Energy shall have the right to defer any due and payable distribution payment indefinitely by notifying the Lenders five working days before the Distribution Payment Date, and there is no compound interest on the deferred distribution payment. If Nanjing GCL New Energy chooses to defer distribution payment, for as long as there is any deferred distribution payment not yet paid in full, Nanjing GCL New Energy is not permitted to declare and pay dividends to its shareholders. The Lenders shall have no right at any time to request repayment of the perpetual notes from Nanjing GCL New Energy, but Nanjing GCL New Energy shall have the right, but not the obligations, to repay the perpetual notes amount by notifying the Lenders in writing five working days before the repayment of the perpetual notes at par value.

(d) Security

The perpetual notes are classified as equity instruments in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by Nanjing GCL New Energy to the holders are recognised in equity in the consolidated financial statements of the Group. During the year ended 31 December 2020, profit and total comprehensive income of RMB166,822,000 (2019: RMB162,000,000) was attributable to perpetual notes holders in accordance with the terms of the agreement. The entire distribution payment of RMB166,822,000 for the year ended 31 December 2020 (2019: RMB162,000,000) were deferred by the Group.

36. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

The Company's new share option scheme was adopted pursuant to a resolution passed on 15 October 2014 ("New Share Option Scheme") for the primary purpose of providing incentives to directors and eligible employees. Under the New Share Option Scheme, the Board of directors of the Company may grant options to eligible employees, including the Directors, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

At 31 December 2020, the number of shares in respect of which had been granted under the New Share Option Scheme and remained outstanding was approximately 442,430,898 (2019: 508,061,218) shares, representing 2.3% (2019: 2.7%) of the issued share capital of the Company at that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

36. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Equity-settled share option scheme *(continued)*

The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The following table discloses movements of the Company's share options:

2020

	Exercise price	Date of grant	Exercise period	Number of share options: Outstanding at 1 January 2020	During the year Forfeited	Outstanding at 31 December 2020
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	40,565,980	(16,105,600)	24,460,380
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	214,929,232	(20,132,000)	194,797,232
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	194,183,206	(29,392,720)	164,790,486
				508,061,218	(65,630,320)	442,430,898
Exercisable at the end of the year				273,312,032		253,180,032
Weighted average exercise price *(HK$)*				0.9147	0.7820	0.9344

2019

	Exercise price	Date of grant	Exercise period	Number of share options: Outstanding at 1 January 2019	During the year Forfeited	Outstanding at 31 December 2019
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	48,618,780	(8,052,800)	40,565,980
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	231,075,096	(16,145,864)	214,929,232
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	211,758,442	(17,575,236)	194,183,206
				549,835,118	(41,773,900)	508,061,218
Exercisable at the end of the year				274,036,784		273,312,032
Weighted average exercise price *(HK$)*				0.9255	0.8807	0.9147

During the current year, share-based payment expense of RMBnil (2019: RMB1,787,000) has been recognised in profit or loss. In addition, share options granted to certain Directors and employees have been forfeited during both years, and respective share options reserve of approximately RMB22,309,000 (2019: RMB16,257,000) is transferred to the Group's accumulated losses.

37. ACQUISITIONS OF SUBSIDIARIES

On 19 September 2018 and 21 March 2019, Suzhou GCL New Energy (as defined in note 48(a)), a subsidiary of the Group, entered into share transfer agreements with Zhongmin GCL, pursuant to which the Group agreed to repurchase 100% equity interest of Jinhu and Wanhai from Zhongmin GCL, a joint venture which 32% shareholding was held by the Group at the date of acquisition at consideration of approximately RMB192,000,000 and RMB72,000,000, respectively. Jinhu and Wanhai each operate a solar power plant project with capacity of 110MW and 35MW, respectively.

The acquisitions of Jinhu and Wanhai are completed in March 2019.

	Jinhu RMB'000	Wanhai RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition:			
Property, plant and equipment *(Note 1)*	741,478	258,885	1,000,363
Right-of-use assets	15,209	20,524	35,733
Trade receivables	154,526	56,038	210,564
Prepayments and other receivables	30,542	25,525	56,067
Bank balances and cash	23,107	6,562	29,669
Other payables	(166,469)	(71,344)	(237,813)
Deferred tax liabilities	(11,486)	(679)	(12,165)
Lease liabilities	(13,656)	(20,524)	(34,180)
Borrowings	(518,380)	(192,000)	(710,380)
Total fair value of identifiable net assets acquired	254,871	82,987	337,858
Consideration payable to the former owner	(192,000)	(72,000)	(264,000)
Bargain purchase gain recognised *(Note 2)*	62,871	10,987	73,858
Cash consideration paid	—	—	—
Bank balance and cash acquired	23,107	6,562	29,669
Net cash inflow	23,107	6,562	29,669

Note 1: Fair value of property, plant and equipment includes an amount of RMB58 million which represents fair value of relevant licences to operate the power plants. Licences to operate power plant is an intangible asset that meets the contractual legal criterion for recognition separately from goodwill, even if the Group cannot sell or transfer the licences separately from the acquired power plants. The Group recognised the fair value of the operating licenses and the power plants as single assets for financial reporting purposes as the useful lives of those assets are similar.

Note 2: The bargain purchase arose because the consideration paid by the Group was less than the fair value of the identifiable net assets of the underlying business acquired as determined by the independent professional valuer, mainly due to the vendor was in financial difficulties and was not able to repay the debt as it falls due.

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Year ended 31 December 2019

(i) Business acquisition

Impact of acquisition on the results of the Group

Had the acquisitions as mentioned above been effected at the beginning of the year, total amounts of revenue and profit for the year of the Group would have been RMB6,085,878,000 and RMB614,363,000, respectively. Such pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the above pro forma financial information, depreciation of the property, plant and equipment and right-of-use assets were calculated based on their recognised amounts at the date of the acquisition.

The revenue and profit contributed by entities acquired during that year are RMB120,459,000 and RMB30,997,000 respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB234,290,000. The estimate at acquisition date of contractual cash flows not expected to be collected is insignificant.

38. DISPOSAL OF SUBSIDIARIES

(a) Year ended 31 December 2020

(i) Six subsidiaries in Ningxia, Xinjiang and Jiangxi, the PRC

On 21 January 2020, the Group entered into six share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its entire equity interests in six wholly-owned subsidiaries, namely Yugan County, Ningxia Jinxin, Ningxia Luhao, Hami Ourui, Hami Yaohui, Ningxia Jinli (all as defined in note 48(a)) at a cash consideration in aggregate of RMB850,500,000 and the repayment of corresponding interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with in aggregate capacity of 294MW in Ningxia, Xinjiang and Jiangxi, the PRC (the "Project B") and the disposals were completed in the second half of 2020 (the "Disposal Date B").

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Year ended 31 December 2020 *(continued)*

(i) Six subsidiaries in Ningxia, Xinjiang and Jiangxi, the PRC (continued)

The Group has granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which the Group has agreed that if the Project B fail to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date B during the four-year period after the Disposal Date B, or the operation of the Project B are disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the Group shall repurchase the entire equity interest in the Project B from Hua Neng No. 1 Fund and Hua Neng No. 2 Fund at a repurchase price which is the higher of (1) equity value of the Project B assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the share transfer agreements, together with any outstanding shareholder's loan advanced to the Project B by Hua Neng No. 1 Fund and Hua Neng No. 2 Fund. As the Project B has already registered in the Catalogue/List and receipt of tariff adjustment receivables are stable, in the opinion of the Directors, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date B and therefore, the possibility regarding the occurrence of the specified events as stipulated in the share transfer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at Disposal Date B and 31 December 2020 is considered as insignificant.

(ii) Two subsidiaries in Henan, the PRC

As disclosed in note 27(a), the Group entered into six share transfer agreements dated 29 September 2020 with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its 100% equity interests in six wholly-owned subsidiaries. The disposals of Huixian City GCL and Qixian GCL with a cash consideration in aggregate of RMB117,515,000 were completed in the second half of 2020.

(iii) Three subsidiaries in Anhui, the PRC

As disclosed in note 27(b), the Group entered into five share transfer agreements dated 16 November 2020 with Xuzhou State Investment to dispose of its 90% equity interests in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and 67% equity interests in Dangshan Xinneng. The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng with a cash consideration in aggregate of RMB170,870,000 were completed as at 31 December 2020. The Group retains 10% equity interest in each of Suzhou GCL Solar Power and Huaibei Xinneng after the disposals and exercises significant influence, accordingly, these two companies are accounted for as associates. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB170,870,000 to RMB166,476,000 during the current year.

(iv) Four subsidiaries in Guangxi and Hainan, the PRC

The Group entered into four share transfer agreements dated 10 December 2020 with State Power Investment to dispose all of its 100%, 70.36%, 67.95% and 100% equity interests in Nanning Jinfu, Qinzhou XinJin, Shanglin GCL, Hainan Tianlike, respectively (all as defined in note 48(a), respectively) at a cash consideration in aggregate of RMB291,300,000. The subsidiaries operate solar power plant projects with in aggregate capacity of 185MW in Guangxi and Hainan, the PRC and the disposals were completed in the second half of 2020. The Group and State Power Investment mutually agreed to reduce the consideration from RMB291,300,000 to RMB281,075,000 during the current year.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Year ended 31 December 2020 *(continued)*

(v) Two subsidiaries in Anhui and Jiangsu, the PRC

The Group entered into two share transfer agreements dated 21 January 2020 with 中核（南京）能源發展有限公司 CNI (Nanjing) Energy Development Company Limited* to dispose of its entire equity interest in Fuyang Hengming and Zhen Jiang GCL (both as defined in note 48(a)) at a cash consideration in aggregate of RMB77,476,000. The subsidiaries operate solar power plant projects with in aggregate capacity of 40MW in Anhui and Jiangsu, the PRC and the disposals were completed in the first half of 2020.

(vi) Jinhu

The Group entered into a share transfer agreement dated 29 June 2020 with CDB New Energy to disposal of its 75% equity interests in Jinhu for a cash consideration in aggregate of RMB136,624,000. Jinhu has a solar power plant project with installed capacity of approximately 100MW in operation. The disposal was completed in July 2020. The Group retains 25% equity interest in Jinhu after the disposal and exercises significant influence, accordingly, Jinhu is accounted for as an associate as at 31 December 2020.

(vii) Xinao

The Group entered into a share transfer agreement dated 21 August 2020 with State Power Investment and Guangxi Jinyuan to dispose of its 60% equity interests in Xinao for a cash consideration in aggregate of RMB1,199,000. Xinao is an inactive company established in the PRC. The disposal was completed in August 2020. The Group retains 40% equity interest in Xinao upon the disposal and retains significant influence, and accordingly, Xinao is accounted for as an associate as at 31 December 2020.

(viii) Fengyang (as defined in note 48(a))

On 21 August 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interests in Fengyang at a cash consideration of RMB2,000,000. The disposal was completed on 8 December 2020.

(ix) Yulin (as defined in note 48(a))

On 22 September 2020, The Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Fengyang at a cash consideration of RMB500,000. The disposal was completed on 24 September 2020.

* English name for identification only

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Year ended 31 December 2020 *(continued)*

The net assets of the solar plant projects at the date of disposal were as follows:

	Six subsidiaries in Ningxia, Xinjiang and Jiangxi RMB'000 (Note i)	Two subsidiaries in Henan RMB'000 (Note ii)	Three subsidiaries in Anhui RMB'000 (Note iii)	Four subsidiaries in Guangxi and Hainan RMB'000 (Note iv)	Two subsidiaries in Anhui and Jiangsu RMB'000 (Note v)	Jinhu RMB'000 (Note vi)	Xinao RMB'000 (Note vii)	Fengyang RMB'000 (Note viii)	Yulin RMB'000 (Note ix)	Total RMB'000
Consideration:										
Consideration received	821,378	—	166,476	174,780	48,876	129,632	—	—	—	1,341,142
Consideration receivable	29,122	117,515	—	106,295	28,600	6,992	1,199	2,000	500	292,223
	850,500	117,515	166,476	281,075	77,476	136,624	1,199	2,000	500	1,633,365
Analysis of assets and liabilities over which control was lost:										
Property, plant and equipment *(note 15)*	1,813,053	426,314	746,968	881,849	226,649	611,040	1,579	1,419	14,158	4,723,029
Right-of-use assets *(note 16)*	9,414	13,677	51,268	30,300	10,387	12,733	2,084	—	—	129,863
Other non-current assets	85,659	8,592	34,576	69,693	9,640	6,146	—	20	106	214,432
Trade and other receivables	640,745	220,237	102,268	455,823	65,303	204,631	1,236	587	1,053	1,691,883
Bank balances and cash	26,014	4,840	74,742	28,968	5,501	28,114	126	25	6,288	174,618
Trade and other payables	(249,981)	(287,227)	(253,249)	(256,619)	(165,916)	—	(267)	(51)	(21,105)	(1,234,415)
Bank and other borrowings	(1,148,881)	(209,000)	(552,634)	(838,872)	(54,770)	(441,570)	—	—	—	(3,245,727)
Lease liabilities	(10,802)	(13,453)	(47,273)	(16,657)	(11,078)	(13,337)	(2,012)	—	—	(114,612)
Intragroup balances	(228,525)	17,251	75,901	43,250	(9,248)	(235,701)	(747)	—	—	(337,819)
Net assets disposed of	936,696	181,231	232,567	397,735	76,468	172,056	1,999	2,000	500	2,001,252
(Loss) gain on disposal of subsidiaries:										
Total consideration, net of transaction cost	828,931	117,515	166,476	281,075	77,476	129,632	1,199	2,000	500	1,604,804
Non-controlling interest	—	—	22,016	97,857	—	—	—	—	—	119,873
Fair value of residual interest	—	—	12,230	—	—	45,541	800	—	—	58,571
Net assets disposed of	(936,696)	(181,231)	(232,567)	(397,735)	(76,468)	(172,056)	(1,999)	(2,000)	(500)	(2,001,252)
(Loss) gain on disposal	(107,765)	(63,716)	(31,845)	(18,803)	1,008	3,117	—	—	—	(218,004)
Net cash inflow (outflow) arising on disposal:										
Cash consideration received	821,378	—	166,476	174,780	48,876	129,632	—	—	—	1,341,142
Less: bank balances and cash disposed of	(26,014)	(4,840)	(74,742)	(28,968)	(5,501)	(28,114)	(126)	(25)	(6,288)	(174,618)
	795,364	(4,840)	91,734	145,812	43,375	101,518	(126)	(25)	(6,288)	1,166,524

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Year ended 31 December 2019

(i) Linzhou Xinchuang

On 24 October 2018, the Group entered into a share transfer agreement with CGN Solar, pursuant to which the Group agreed to sell and CGN Solar agreed to purchase 80% equity interest of Linzhou Xinchuang at a cash consideration of RMB93,488,000 and repayment of the corresponding interest in shareholder's loan as at the date of completion of disposal. Linzhou Xinchuang operates solar power plant projects in Linzhou, the PRC ("Linzhou Project").

On 15 February 2019, the disposal of equity interest in Linzhou Xinchuang was completed. The Group retains 20% equity interest in Linzhou Xinchuang after the disposal and recognised a gain on disposal amounting to RMB4.9 million during the year ended 31 December 2019.

The Group has granted a put option to CGN Solar, pursuant to which the Group has agreed that if the Linzhou Project fails to generate an average annual on-grid electricity reaching 70% of the guaranteed amount during the three-year period, the Group shall repurchase the 80% equity interest in Linzhou Xinchuang from CGN Solar at a repurchase price to be agreed between both parties and replace all advancement from CGN Solar to Linzhou Xinchuang with its loan. As the average annual on-grid electricity generated by the project in the past two years well exceeded the aforesaid 70% requirement, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 15 February 2019, 31 December 2019 and 31 December 2020.

Besides, CGN Solar has granted the Group a put option, pursuant to which CGN Solar has agreed to grant the Group the right, but not an obligation, to request CGN Solar to purchase the remaining 20% equity interest in Linzhou Xinchuang upon the aforesaid guarantee being fulfilled. As the purchase price will be referenced to the fair value of Linzhou Project at the date of purchase of the remaining 20% equity interest in Linzhou Xinchuang by CGN Solar, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 15 February 2019, 31 December 2019 and 31 December 2020.

(ii) Wholly-owned subsidiaries in Inner Mongolia, the PRC

On 30 December 2018, the Group entered into share transfer agreements with 中國三峽新能源有限公司 China Three Gorges New Energy Co., Ltd* ("China Three Gorges New Energy"), an independent third party, pursuant to which the Group agreed to sell and China Three Gorges New Energy agreed to purchase 100% equity interest of several wholly-owned subsidiaries of the Group for a cash consideration in aggregate of RMB184,643,000. The wholly-owned subsidiaries of the Group operate a number of solar power plant projects in Inner Mongolia, the PRC. The disposal was completed in May 2019 and the Group recognised a gain on disposal amounting to RMB17.9 million during the year ended 31 December 2019.

* English name for identification only

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Year ended 31 December 2019 *(continued)*

(iii) Ruzhou, Jiangling and Xinan

On 28 March 2019, the Group announced that it has entered into share transfer agreements with Wuling Power for the disposal of 55% equity interest in Ruzhou, Jiangling and Xinan for a cash consideration in aggregate of approximately RMB328,400,000. Ruzhou, Jiangling and Xinan operate a number of solar power plants with approximately 280MW installed capacity in aggregate in the PRC. The disposals were completed in April 2019. The Group retains 45% equity interest in Ruzhou, Jiangling and Xinan and exercises significant influence; accordingly, these companies are accounted for as associates.

(iv) 紹興協鑫光伏電力有限公司 ("Shaoxing")

On 15 February 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Shaoxing at a cash consideration of RMB500,000. The disposal was completed in April 2019.

(v) 大柴旦協鑫電力有限公司 ("Dachaidan")

On 5 July 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Dachaidan at a cash consideration of RMB100,000. The disposal was completed in 31 July 2019.

(vi) 平邑富翔光伏電力有限公司 ("Pingyi")

On 31 July 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Pingyi at a cash consideration of RMB10,000,000. The disposal was completed in 9 October 2019.

(vii) 光山影環亞農業科技有限公司 ("Guangshan")

On 10 September 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Guangshan at a cash consideration of RMB10. The disposal was completed in 14 October 2019.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Year ended 31 December 2019 *(continued)*

(viii) Seven subsidiaries in Shanxi and Hebei, the PRC

On 22 May 2019, the Group entered into a series of seven share transfer agreements with Shanghai Rongyao for the disposal of 70% equity interest in Shanxi GNE, Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Hanneng Guangping and Hebei GNE (the "Target Company" or collectively as the "Target Companies") for consideration in aggregate of approximately RMB1,441,652,000. The seven subsidiaries operate a number of solar power plants with approximately 997MW installed capacity in aggregate in the PRC. The disposals were completed in second half of 2019. Since the Group retains 30% equity interest in aggregate in the seven disposed companies and has significant influence, these companies are accounted for as associates.

The Group has granted a put option to Shanghai Rongyao, pursuant to which the Group has agreed that within five years of the closing date of the respective disposals of the Target Company ("Closing Date") and at the option of Shanghai Rongyao and/or the Target Company, the Group shall be required to repurchase the entire equity interest of any direct subsidiaries of the Target Companies ("Project Companies") and any outstanding shareholder's loan advanced to the relevant Project Companies by the Target Company, Shanghai Rongyao and/or its affiliates in accordance with the share purchase agreements upon the occurrence of certain specified events, such as certain material defaults not being rectified by the Group within the specified period or any breaches not being rectified leading to certain administrative penalties being imposed on the Project Companies, etc.

In addition, the Group has granted a put option to Shanghai Rongyao, pursuant to which the Group has agreed that within five years of the Closing Date and at the option of the Shanghai Rongyao, the Group shall be required to repurchase the sold equity interest and any outstanding shareholder's loan advanced to the Target Company or each of the Project Companies by Shanghai Rongyao and/or its affiliates in accordance with the share purchase agreements if (i) Shanghai Rongyao has required the Group to repurchase not less than 50% of the Project Companies held by the relevant Target Company pursuant to the terms as stipulated in the share purchase agreements; or (ii) the occurrence of other specified repurchase events as stipulated in the share purchase agreement.

During the current year, five out of the seven subsidiaries precluded all repurchase events as stipulated in the share purchase agreement and the management considered that the possibility of remaining two subsidiaries regarding the occurrence of the specified events as stipulated in the share purchase agreement that would trigger the repurchase event is remote, in the opinion of the Directors, the fair value of the option is considered insignificant as at the Closing Date and as of 31 December 2020 and 2019.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Year ended 31 December 2019 *(continued)*

The net assets of the solar plant projects at the date of disposal were as follows:

	Linzhou Xinchuang RMB'000	Wholly-owned subsidiaries in Inner Mongolia RMB'000	Ruzhou, Xinan and Jiangling RMB'000	Shaoxing RMB'000	Dachaidan RMB'000	Pingyi RMB'000	Guangshan RMB'000	Seven subsidiaries in Shanxi and Hebei RMB'000	Total RMB'000
Consideration:									
Consideration received	73,488	142,402	110,900	500	100	—	—	—	327,390
Consideration receivable	20,000	108,489	217,500	—	—	10,000	—	1,441,652	1,797,641
	93,488	250,891	328,400	500	100	10,000	—	1,441,652	2,125,031
Analysis of assets and liabilities over which control was lost:									
Property, plant and equipment *(note 15)*	426,928	672,087	1,552,416	3,734	—	180,345	—	5,555,502	8,391,012
Right-of-use assets *(note 16)*	13,760	13,508	84,496	—	—	4,963	—	318,224	434,951
Contract assets	—	—	—	—	—	73,757	—	704,795	778,552
Other non-current assets	28,802	95,159	98,402	18	210	5,309	—	62,887	290,787
Trade and other receivables	79,876	124,247	427,470	—	—	67,263	—	1,174,301	1,873,157
Pledged bank and other deposits	—	—	—	—	—	—	—	31,620	31,620
Bank balances and cash	8,116	31,255	44,928	—	—	—	412	212,291	297,002
Trade and other payables	(28,922)	(33,923)	(29,103)	(2,272)	—	(75,289)	(470)	(896,599)	(1,066,578)
Bank and other borrowings	(221,198)	(647,410)	(1,317,785)	—	—	—	—	(4,331,170)	(6,517,563)
Lease liabilities	(12,931)	(6,125)	(85,477)	—	—	(28)	—	(154,191)	(258,752)
Intragroup payables	(181,978)	(15,849)	(168,788)	(538)	—	(220,317)	—	(637,680)	(1,225,150)
Net assets (liabilities) disposed of	112,453	232,949	606,559	942	210	36,003	(58)	2,039,980	3,029,038
Gain (loss) on disposal of subsidiaries:									
Total consideration	93,488	250,891	328,400	500	100	10,000	—	1,441,652	2,125,031
Fair value of residual interest	23,859	—	285,174	—	—	—	—	621,900	930,933
Net (assets) liabilities disposed of	(112,453)	(232,949)	(606,559)	(942)	(210)	(36,003)	58	(2,039,980)	(3,029,038)
Gain (loss) on disposal	4,894	17,942	7,015	(442)	(110)	(26,003)	58	23,572	26,926
Net cash inflow (outflow) arising on disposal:									
Cash consideration received	73,488	142,402	110,900	500	100	—	—	—	327,390
Less: bank balances and cash disposed of	(8,116)	(31,255)	(44,928)	—	—	—	(412)	(212,291)	(297,002)
	65,372	111,147	65,972	500	100	—	(412)	(212,291)	30,388

39. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which mainly includes amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes and lease liabilities, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, perpetual notes and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

40. FINANCIAL INSTRUMENTS

40a. Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets		
Amortised cost	**11,440,541**	7,972,686
FVTPL:		
Mandatorily measured at FVTPL	**—**	100,000
Financial liability		
Amortised cost	**34,807,169**	42,575,778

40b. Financial risk management objectives and policies

The Group's major financial instruments include other investment, trade and other receivables, other loan receivables, amounts due from related companies, pledged bank and other deposits, bank balances and cash, other payables, amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk

Currency risk

The Group operates in the PRC, Japan and the US and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB, HK$, US$ and Japanese Yen ("JPY"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
The Group				
HK$	**2,388**	30,779	**185,152**	314,481
US$	**12,335**	9,403	**4,339,468**	4,125,780
JPY	**—**	19,226	**—**	—
Inter-company balances				
RMB	**—**	—	**561**	561
HK$	**163,389**	423,823	**—**	7,168
US$	**621,895**	778,701	**470,280**	618,192
JPY	**11**	1,279	**15,495**	10,657

The foreign currency assets in 2020 and 2019 mainly relate to the US$, HK$ and JPY denominated pledged bank and other deposits and bank balances.

The foreign currency liabilities in 2020 and 2019 mainly relate to the US$ and HK$ denominated bonds and senior notes and bank and other borrowings.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2019: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2019: 5%) change in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of the balance is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates a decrease in post-tax loss (2019: an increase in post-tax profit) and a negative number below indicates an increase in post-tax loss (2019: a decrease in post-tax profit), where the functional currency of the respective entities had weakened 5% (2019: 5%) against the relevant foreign currencies. For a 5% (2019: 5%) strengthening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the loss (2019: profit) for the year.

	HK$ RMB'000	**US$** RMB'000	**JPY** RMB'000
2020			
Increase in loss for the year	**(809)**	**(174,170)**	**(647)**
2019			
Increase (decrease) in profit for the year	5,381	(164,958)	411

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to currency risk during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 32). The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances (see note 26), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, certain of the Group's borrowings are issued at variable rates which expose the Group to cash flow interest rate risk. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Interest rate risk *(continued)*

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2020 would have increased/decreased by approximately RMB80,321,000 (2019: profit for the year would have decreased/increased by approximately RMB115,302,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to interest rate risk during the year.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. As at 31 December 2020, the Group has a LIBOR bank loan that may be subject to the interest rate benchmark reform. The Group is closely monitoring the transition to new benchmark interest rates.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, pledged bank and other deposits, bank balances, amounts due from related companies, other receivables, other loan receivables and the financial loss to the Group arising from the financial guarantees provided by the Group. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the Group has a credit control policy in place under which credit evaluations of customers are performed on all customers requiring credit. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances collectively.

The Group's concentration of credit risk by geographical locations is mainly the PRC, which accounted for over 99% (31 December 2019: 99%) of the trade receivables as at 31 December 2020.

The trade receivables arising from sales of electricity are mainly due from the local grid companies in various provinces in the PRC. The management considered the probability of default of trade receivables is low by taking into the account of the past default experience of the debtors, adjusted for general economic conditions of the solar industry and an assessment of both current as well as forecast direction of market conditions at the reporting date. Accordingly, the management is of the opinion that the credit risk of trade receivables is limited.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Trade receivables and contract assets arising from contracts with customers *(continued)*

In relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the relevant counterparties are insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 5, the management are confident that all of the Group's operating power plants are able to be enlisted on the List (2019: Catalogue) in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

The Group always measures the loss allowance for trade receivables and contract assets, including those with significant financing component at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are assessed collectively for debtors which shared credit risk characteristics by reference to external credit ratings, taking into account general economic conditions of the solar power industry, relevant country default risk, and an assessment of both the current as well as the forecast direction at the reporting date.

Based on the average loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

Bank balances and pledged bank and other deposits

The credit risks on bank balances and pledged bank and other deposits are limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies in the PRC and Hong Kong.

The Group assessed 12m ECL for bank balances and pledged bank deposits by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances and pledged bank and other deposits is considered insignificant.

Other loan receivables

The Group has concentration of credit risk on other loan receivables as majority of the balances is due from a borrower. The management performs impairment assessment on the other loan receivables on a periodic basis. For the purpose of impairment assessment of other loan receivables, the loss allowance is measured at an amount equals to 12m ECL. In assessing the probability of default of the other loan receivables, the management has taken into account the industries the Borrowers operate, the past repayment history as well as forward looking information that is available without undue cost or effort. The management considered the ECL for other loan receivables was insignificant as at 31 December 2019 and during the year ended 31 December 2020, the Group has fully collected the loan receivable from the major borrower, for the remaining balance of RMB1,250,000, the Group considered the amount is not recoverable and has written-off the entire amount.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

For the purpose of impairment assessment of other receivables and amounts due from related companies, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies, except for an impairment loss of approximately RMB304,587,000 recognised on other receivables during the current year, the management considered the ECL provision for other receivables and amounts due from related companies is insignificant.

Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB4,434,770,000 (2019: RMB5,909,119,000) if the guarantees were called upon in entirety, of which RMB1,385,008,000 (2019: RMB540,000,000) were provided to third parties and RMB3,049,762,000 (2019: RMB5,369,119,000) were provided to related companies (note 45(f)) as at 31 December 2020. The credit risks on financial guarantee contracts provided by the Group were limited as the underlying borrowings were secured by assets of the relevant borrowers.

In addition to those financial guarantees provided to related parties as set out in note 45(f), the Group also provided financial guarantees to certain third parties for certain of their bank and other borrowings as at 31 December 2020. Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity.

At the end of the reporting period, the Directors have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. The loss allowance is measured at 12m ECL, in the opinion of the Directors, the fair value of the guarantees is considered insignificant at initial recognition, and the ECL as at 31 December 2019 and 2020 are insignificant. Details of the financial guarantee contracts are set out in note 45(f).

The management considered the ECL provision of financial guarantee contracts is insignificant.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/ other items
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and other items, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2020 RMB'000	Gross carrying amount 2019 RMB'000
Financial assets at amortised cost						
Other loan receivables	24	N/A	Low risk *(Note a)*	12m ECL	—	14,250
Amounts due from related companies	25	N/A	Low risk *(Note a)*	12m ECL	**397,825**	1,056,253
Pledged bank and other deposits						
— Pledged bank deposits	26	Aa1 to Ba1 (2019: AA to Ba1)	Low risk	12m ECL	**402,901**	1,137,227
— Pledged other deposits	26	AA+ to Baa3 (2019: AA+ to Baa3)	Low risk *(Note a)*	12m ECL	**341,105**	564,048
					744,006	1,701,275
Bank balances and cash	26	AA+ to Ba3 (2019: AA+ to Baa3)	Low risk	12m ECL	**1,143,481**	1,073,451
Other receivables and deposits	20, 21	N/A	Low risk *(Note a)*	12m ECL	**1,124,161**	1,077,522
		N/A	Loss *(Note e)*	Lifetime ECL credit-impaired	**304,587**	—
					1,428,748	1,077,522
Trade receivables	21	N/A	Low risk *(Note b)*	Lifetime ECL not credit-impaired	**7,231,113**	3,049,935
Other items						
Contract assets	22	N/A	Low risk *(Note b)*	Lifetime ECL not credit-impaired	**1,233,377**	5,639,898
Financial guarantee contracts	40(b), 45(f)	N/A	Low risk *(Note c)*	12m ECL	**4,434,770**	5,909,119

* The gross carrying amounts disclosed above include the relevant interest receivables which are presented in other receivables.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes:

a. In determining the ECL of bank balances and pledged bank and other deposits, the Group has taken into account the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit agencies and forward looking information as appropriate. The Group assessed 12m ECL for bank balances and pledged bank and other deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies and the management considers that expected credit loss on bank balances and pledged bank and other deposits are immaterial. In determining the ECL of other receivable and deposits and amounts due from related parties, the Group has taken into account the historical default experience and forward looking information as appropriate. There had been no significant increase in credit risk since initial recognition. The Group has considered the consistently low historical default rate in connection with payments and concluded that the expected credit loss on these balance is immaterial.

b. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items collectively for debtors grouped by internal credit rating.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to the Solar Energy Business. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed collectively within lifetime ECL (not credit-impaired) as at 31 December 2019 and 2020.

Gross carrying amount

2020

Internal credit rating	**Average loss rate**	**Trade receivables RMB'000**	**Average loss rate**	**Contract assets RMB'000**
Low risk	**0.24%**	**7,231,113**	**0.34%**	**1,233,377**

2019

Internal credit rating	Average loss rate	Trade receivables RMB'000	Average loss rate	Contract assets RMB'000
Low risk	0.04%	3,049,935	0.24%	5,639,898

The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. During the current year, the Group has recognised impairment loss on trade receivables and contract assets of approximately RMB10,000,000 (2019: RMBnil) and RMB5,398,000 (2019: RMBnil), respectively.

c. For financial guarantee contracts, the gross carrying amount represents the maximum amount that the Group has guaranteed under the relevant contract.

d. During the current year, the Group has written-off the entire amount of loan receivable from a borrower, amounting to RMB1,250,000.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes: (continued)

e. During the current year, the Group has recognised full impairment loss on other receivables of approximately RMB304,587,000 since the Directors considered the two counterparties are in severe financial difficulty.

The following table shows movement in ECL that has been recognised for other receivables.

	Lifetime ECL RMB'000
At 1 January and 31 December 2019	—
Changes due to other receivables recognised at 1 January 2020:	
Impairment losses recognised	304,587
At 31 December 2020	304,587

Changes in the loss allowance for other receivables are mainly due to:

	2020 Increase in lifetime ECL Credit-impaired RMB'000	2019 Increase in lifetime ECL Credit-impaired RMB'000
Other receivables with gross carrying amounts of RMB304,587,000 (2019: N/A) defaulted and transferred to credit-impaired	**304,587**	—

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management closely follows up the implementation of the financing measures as set out in note 2 to generate adequate financing and operating cash inflows of the Group.

As at 31 December 2020, the Group's current liabilities exceeded its current assets by RMB9,230 million and had bank balances and cash of approximately RMB1,143 million (2019: RMB1,073 million) against bank and other borrowings, bonds, and senior notes, loans from related companies and lease liabilities due within one year amounted to approximately RMB16,531 million (2019: RMB12,507 million).

The Group finances its capital intensive operations by short-term and long-term bank and other borrowings and shareholders' equity and perpetual notes.

Despite uncertainties mentioned in note 2, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

The Directors are of the opinion that, taking into account the above measures, undrawn banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

Liquidity and interest rate risk tables

	Weighted rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2020								
Other payables	—	4,456,480	—	—	—	—	4,456,480	4,456,480
Amounts due to related companies	—	312,194	—	—	—	—	312,194	312,194
Loans from related companies	7.87	—	946,352	156,582	—	—	1,102,934	908,508
Bank and other borrowings								
— fixed-rate	8.75	2,408,863	4,306,675	425,890	605,402	556,674	8,303,504	7,940,409
— variable-rate	5.01	326,158	1,042,145	2,744,767	8,401,437	5,780,461	18,294,968	16,064,113
Bonds and senior notes	7.10	3,378,267	—	—	—	—	3,378,267	3,261,099
Financial guarantee contracts	—	6,838,099	—	—	—	—	6,838,099	—
Subtotal		17,720,061	6,295,172	3,327,239	9,006,839	6,337,135	42,686,446	32,942,803
Lease liabilities	5.38	23,902	71,706	107,007	287,955	1,329,491	1,820,061	987,686
Total		17,743,963	6,366,878	3,434,246	9,294,794	7,666,626	44,506,507	33,930,489

	Weighted rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2019								
Other payables	—	5,742,755	—	—	—	—	5,742,755	5,742,755
Amounts due to related companies	—	593,474	—	—	—	—	593,474	593,474
Loans from related companies	9.31	15,952	735,034	627,367	366,136	78,888	1,823,377	1,564,184
Bank and other borrowings								
— fixed-rate	8.60	1,934,625	5,803,874	525,615	461,933	573,381	9,299,428	8,263,162
— variable-rate	5.72	1,305,214	3,915,643	2,984,868	10,499,441	5,924,821	24,629,987	22,669,919
Bonds and senior notes	7.13	123,828	129,640	330,968	3,611,928	—	4,196,364	3,742,284
Financial guarantee contracts	—	5,909,119	—	—	—	—	5,909,119	—
Subtotal		15,624,967	10,584,191	4,468,818	14,939,438	6,577,090	52,194,504	42,575,778
Lease liabilities	5.46	28,214	84,642	145,036	307,032	1,737,107	2,302,031	1,161,582
Total		15,653,181	10,668,833	4,613,854	15,246,470	8,314,197	54,496,535	43,737,360

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

Liquidity and interest rate risk tables *(continued)*

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

Bank and other borrowings that are repayable on demand due to breach of loan covenants which the cross default clauses in several banks of the Group have been triggered as a result of (i) GCL-Poly defaulted the repayment of its bank borrowing; (ii) the Group defaulted repayment of certain of its bank and other borrowings; and (iii) the Group was involved in several litigation cases in the PRC either as a defendant or a guarantor, as disclosed in notes 2 and 30, are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2020, the aggregate carrying amounts of these bank and other loans amounted to RMB6,353,413,000 (2019: RMB2,340,579,000). The Group is undergoing the process of negotiations with respective borrowers for extension or renewal of the defaulted bank and other borrowings and as of the date of these consolidated financial statements, the Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings. The Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing power plant projects in exchange for cash proceeds.

The following table details the Group's aggregate principal and interest cash outflows based on scheduled repayments for bank and other borrowings that became repayable on demand due to the aforesaid breach of loan covenants by the Group and GCL-Poly. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

	Weighted average interest rate	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2020	**5.63**	**1,860,621**	**765,793**	**2,831,823**	**1,654,697**	**7,112,934**	**6,353,413**
As at 31 December 2019	5.08	860,113	605,330	1,103,986	88,351	2,657,780	2,340,579

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount was claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considered that it is more likely than not that no amount would be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

40. FINANCIAL INSTRUMENTS *(continued)*

40c. Fair value measurements of financial instruments

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the Directors every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed below.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial asset	Fair value as at 2020 RMB'000	Fair value as at 2019 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Asset management plan investment measured at FVTPL *(Note)*	—	100,000	Level 3	Income approach — in this approach, the discounted cash flow method was used to capture the present value of future expected cash flows to be derived from the underlying assets	Discount rate of nil (2019: 7.5%)

Note: As at 31 December 2019, if the estimated discount rate used were multiplied by 95% or 105% while all the other variables were held constant, the fair value of the investments would increase by approximately RMB507,000 or decrease by approximately RMB503,000, respectively.

There is no transfer between the different levels of the fair value hierarchy for the year.

(ii) Reconciliation of Level 3 fair value measurements

	Other investment RMB'000
At 1 January 2019 and 31 December 2019	100,000
Fair value change in profit or loss	13,027
Disposal of investment	(113,027)
At 31 December 2020	—

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payable RMB'000 *(Note 28)*	Amounts due to related companies RMB'000 *(Note 25)*	Loans from related companies RMB'000 *(Note 29)*	Bank and other borrowings RMB'000 *(Note 30)*	Bonds and senior notes RMB'000 *(Note 31)*	Lease liabilities RMB'000 *(Note 32)*	Dividend payable to non-controlling shareholders RMB'000 *(Note 28)*	Total RMB'000
As at 1 January 2019	166,714	139,460	3,217,023	32,663,275	3,934,397	1,361,507	6,296	41,488,672
Financing cash flows	(728,532)	(207,536)	(286,996)	1,930,671	(493,030)	(75,383)	(126,157)	13,037
Operating cash flows	—	15,087	—	—	—	—	—	15,087
Non-cash and other transactions:								
Exchange alignment on translation	—	801	6,879	(5,459)	56,500	309	—	59,030
Finance costs	935,487	226,075	39,113	1,368,822	244,417	67,838	—	2,881,752
Interest capitalisation	40,715	—	—	—	—	—	—	40,715
Acquisition of subsidiaries	—	—	—	710,380	—	34,180	—	744,560
Disposal of subsidiaries	(47,230)	419,587	—	(5,644,608)	—	(258,752)	—	(5,531,003)
Dividend declared	—	—	—	—	—	—	383,839	383,839
Set off with consideration receivables and amounts due from associates	—	—	(1,400,000)	—	—	—	—	(1,400,000)
Set off with amount due from an associate of ultimate holding company	—	—	(11,835)	—	—	—	—	(11,835)
Set off with advance to non-controlling interest	—	—	—	—	—	—	(38,194)	(38,194)
Non-cash settlement of discounted bills	—	—	—	(90,000)	—	—	—	(90,000)
New leases entered	—	—	—	—	—	32,051	—	32,051
Lease terminated	—	—	—	—	—	(168)	—	(168)
At 31 December 2019	367,154	593,474	1,564,184	30,933,081	3,742,284	1,161,582	225,784	38,587,543
Financing cash flows	(721,518)	14,337	(251,263)	(3,447,077)	(539,575)	(81,253)	(44,750)	(5,071,099)
Operating cash flows	—	(1,773)	—	—	—	—	—	(1,773)
Non-cash and other transactions:								
Exchange alignment on translation	—	—	2,103	(105,762)	(207,927)	(3,880)	—	(315,466)
Finance costs	535,139	—	31,189	1,554,119	266,317	63,606	—	2,450,370
Interest capitalisation	12,810	—	—	—	—	—	—	12,810
Disposal of subsidiaries	(11,841)	—	(87,970)	(3,169,896)	—	(114,612)	—	(3,384,319)
Dividend declared	—	—	—	—	—	—	52,643	52,643
Set off with amounts due from associates	—	(293,844)	(62,994)		—	—	—	(356,838)
Set off with advance to non-controlling interests	—	—	—	—	—	—	(2,796)	(2,796)
Non-cash settlement of discounted bills	—	—	—	(209,706)	—	—	—	(209,706)
New leases entered	—	—	—	—	—	62,542	—	62,542
Lease terminated	—	—	—	—	—	(48,441)	—	(48,441)
Set off with amount due from a related party	—	—	—	(8,000)	—	—	—	(8,000)
Reclassify from loans from related company	—	—	(283,656)	283,656	—	—	—	—
Net off with other investment	—	—	—	(113,027)	—	—	—	(113,027)
Transfer from liabilities directly associated with assets as held-for-sale	(3,812)	—	(3,085)	(1,712,866)	—	(51,858)	—	(1,771,621)
At 31 December 2020	**177,932**	**312,194**	**908,508**	**24,004,522**	**3,261,099**	**987,686**	**230,881**	**29,882,822**

42. CAPITAL COMMITMENTS AND CONTINGENT ASSET/LIABILITIES

(i) Capital commitments

	2020 RMB'000	2019 RMB'000
Construction commitments in respect of solar power plant projects contracted for but not provided in the consolidated financial statements	**134,745**	377,044

(ii) Contingent asset

As disclosed in note 8, the Group has insurance policies in place to cover damages to property, plant and equipment amounting to RMB53,437,000 (2019: RMB57,235,000) incidental to typhoon during the year ended 31 December 2019. The Group received RMB3,798,000 (2019: RMB6,615,000) from insurance claim as compensation income and has an ongoing insurance claim for the remaining loss as at 31 December 2020 which will be recognised only when the compensation becomes receivable. Based on the insurance policies, the Directors believe that it is possible that their remaining claim will be successful.

(iii) Contingent liabilities

In July 2019, the Group discounted certain bills provided by third parties with a total face value of RMB1,136,390,000 for short-term financing, and the liabilities relating to these arrangements were fully settled to these relevant third parties during that year. As at 31 December 2019, these bills were not yet matured and outstanding. In accordance with the relevant regulations in the PRC, the Group, being an endorser of the bills, is jointly and severally liable if the relevant bills are not settled by the issuer upon maturity. However, in the opinion of the Directors, the risk of default in payment of these bills is remote because they are guaranteed by reputable PRC banks. The maximum exposure to the Group of these outstanding bills was RMB1,136,390,000 as at 31 December 2019.

During the current year, the entire amount was matured and settled in September 2020.

43. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

Pledge of assets

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2020 RMB'000	2019 RMB'000
Property, plant and equipment	**14,938,462**	21,027,038
Right-of-use assets	**11,701**	14,980
Pledged bank and other deposits	**744,006**	1,701,276
Trade receivables and contract assets	**7,823,245**	4,143,233
Amount due from an associate of ultimate holding company	**—**	8,000
	23,517,414	26,894,527

The Group's secured bank and other borrowings and loans from related companies 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) amount due from an associate of ultimate holding company*; and (vi) equity interests in some project companies of the Group.

* The loans from an associate of ultimate holding company are secured by pledged deposits, which are classified as amount due from a related company as at 31 December 2019. During the current year, such associate has been disposed by ultimate holding company and the balance is reclassified as other borrowings as at 31 December 2020.

Restrictions on assets

In addition, lease liabilities of RMB987,686,000 (2019: RMB1,161,582,000) are recognised with related right-of-use assets of RMB1,257,603,000 (2019: RMB1,395,426,000) as at 31 December 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

Details of bills issued by third parties endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs are disclosed in note 28.

Details of bills discounted to banks were included in interest on bank and other borrowings are disclosed in note 9.

44. RETIREMENT BENEFITS SCHEMES

(a) The PRC

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

During the current year, subject to the discretions of respective municipal government in the PRC, certain retirement benefit obligations are waived due to COVID-19.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

(c) The US

In 2015, the Company established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan and is funded by employers and employees, in the US that qualifies as an Inland Revenue Service ("IRS") deferred salary arrangement under Section 401(k) of the US Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to a maximum amount subject to certain IRS limitations.

(d) Japan

The Group participated in an employee's pension fund for all its employees in Japan. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to Employee's Pension Insurance Act.

During the year ended 31 December 2020, total amounts contributed by the Group to the schemes in the PRC, Hong Kong, the US and Japan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB26,881,000 (2019: RMB66,376,000).

45. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the consolidated financial statements, the Group also entered into the following material transactions or arrangements with related parties:

(a) Management services income from related companies

	2020 RMB'000	2019 RMB'000
Fellow subsidiaries		
蘇州保利協鑫光伏電力投資有限公司 Suzhou GCL-Poly Solar Power Investment Ltd.* ("Suzhou GCL-Poly") *(Note i)*	**32,516**	33,302
GCL Solar Energy Limited *(Note ii)*	**5,518**	3,443
武漢華鑫易能源有限公司 Wuhan Huaxinyi Energy Co. Ltd.* ("Wuhan Huaxin")	**—**	246
Joint ventures *(Note iv)*		
Jinhu	**—**	6,226
Wanhai	**—**	2,136
Associates *(Note iii)*		
Jiangling	**948**	656
Huarong	**3,503**	3,837
Linzhou Xinchuang	**2,968**	2,031
Xinan	**913**	632
Ruzhou	**766**	531
	47,132	53,040

* English name for identification only

Notes:

(i) 蘇州協鑫新能源運營科技有限公司 Suzhou GCL New Energy Operation and Technology Co., Ltd.* ("Suzhou GCL Operation"), an indirect wholly-owned subsidiary of the Company, provides operation and management services to the solar power plants of Suzhou GCL-Poly and its subsidiaries.

(ii) GCL New Energy International Limited and GCL New Energy, Inc., indirect wholly-owned subsidiaries of the Company, provided asset management and administrative services to GCL Solar Energy Limited for its overseas operations in South Africa and the US. GCL Solar Energy Limited is a subsidiary of GCL-Poly.

(iii) During the year ended 31 December 2020, Suzhou GCL Operation provided operation and management services to the solar power plants of Jiangling, Huarong, Linzhou Xinchuang, Xinan and Ruzhou.

(iv) During the year ended 31 December 2019: Jinhu and Wanhai were wholly-owned subsidiaries of 西安中民協鑫新能源有限公司 Xi'an Zhongmin GCL New Energy Company Limited*, a joint venture of the Group. Jinhu and Wanhai became wholly-owned subsidiaries of the Group in March 2019.

45. RELATED PARTY DISCLOSURES *(continued)*

(b) Interest on loans from related companies

	2020 RMB'000	2019 RMB'000
Ultimate holding company		
GCL-Poly	—	37,777
Associate of ultimate holding company		
Xinxin *(Note)*	**22,981**	31,449
Related companies		
GCL Group Limited	**7,193**	114,993
Nanjing Xinneng	**60,990**	51,590
Jiangsu GCL Real Estate	**2,934**	6,733
Jiangsu GCL Construction	**32,851**	22,646
Funing Property	**802**	—
	104,770	195,962
	127,751	265,188

Details of the loans from related companies are set out in note 29.

Note: On 23 December 2020, GCL-Poly disposed the entire equity interests in Xinxin and the transactions with Xinxin is no longer classified as related party transaction after 23 December 2020.

(c) Expense related to short-term leases/payments for right-of-use assets to related companies (Note)

	2020 RMB'000	2019 RMB'000
Fellow subsidiary		
蘇州協鑫工業應用研究院有限公司 Suzhou GCL Industrial Applications Research Co., Ltd* ("Suzhou GCL Industrial Applications Research")		
— Expenses relating to short-term leases	—	24,681
— Payments for right-of-use assets	**17,500**	—

* English name for identification only

45. RELATED PARTY DISCLOSURES *(continued)*

(c) Expense related to short-term leases/payments for right-of-use assets to related companies (Note) *(continued)*

Note: The Group entered into 2 lease agreements for the use of office premises from Suzhou GCL Industrial Applications Research for one year during the year ended 31 December 2019. The Group applied the short-term lease recognition exemption and therefore no right-of-use assets and lease liabilities has been recognised as at 31 December 2019.

During the current year, the Group has renewed one of the above lease agreements for three years and recognised right-of-use assets and lease liabilities of RMB45,570,000 and the Group made payments for right-of-use assets of RMB17,500,000 for the premises.

(d) Profit attributable on perpetual notes

	2020 RMB'000	2019 RMB'000
GCL-Poly (Suzhou)	**65,094**	63,000
Taicang GCL	**18,756**	18,000
Suzhou GCL	**46,333**	45,000
Jiangsu GCL	**36,639**	36,000
	166,822	162,000

Perpetual notes which are denominated in RMB and unsecured, have a variable distribution rate of 7.3% to 11% which could be deferred indefinitely at the option of the issuer and have no fixed repayment term. There is no distribution on perpetual notes for both years.

(e) Guarantees granted by related companies

At 31 December 2020, certain bank and other loans of the Group amounting to RMB1,820,033,000 (2019: RMB2,770,079,000) were guaranteed by ultimate holding company and/or fellow subsidiaries.

(f) Guarantees provided to related companies

As at 31 December 2020, the Group provided guarantee to its associates, including Shanxi GNE, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Fenxi GCL, Hanneng Guangping and Hebei GNE and their subsidiaries, for certain of their bank and other borrowings with maximum amount of RMB3,049,762,000 (2019: RMB5,369,119,000). Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition and the ECL as at 31 December 2020 and 2019 are considered insignificant.

45. RELATED PARTY DISCLOSURES *(continued)*

(g) Compensation of key management personnel

The remuneration of senior management personnel, comprising directors' (whether executive or otherwise) remuneration during the year was as follows:

	2020 RMB'000	2019 RMB'000
Short-term benefits	**13,016**	12,257
Post-employment benefits	**197**	184
Share-based payments	**—**	363
	13,213	12,804

The remuneration of the Directors and other key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

46. MAJOR NON-CASH TRANSACTIONS

(A) Year ended 31 December 2020

(i) During the year ended 31 December 2020, the Group entered into an offsetting agreement with 7 associates and related companies. Upon signing of agreement, the amounts due from those associates of RMB356,838,000 were settled by offsetting loans from related companies of RMB62,994,000 and amounts due to associates amounting to RMB293,844,000.

(ii) The Group entered into an asset transfer agreement with a financial institution to settle its other borrowings of RMB113,027,000 with its investment of RMB113,027,000.

(iii) During the year ended 31 December 2020, the dividend payable to non-controlling shareholders were settled by offsetting advance to non-controlling interests of RMB2,769,000.

(iv) On 23 December 2020, GCL-Poly disposed of the entire equity interests in Xinxin to independent third party and the loan from related company of RMB283,656,000 was reclassified to other borrowings as at 31 December 2020.

Other borrowing of RMB8,000,000 was settled by offsetting amount due from a related party, Xinxin, during the year ended 31 December 2020.

(v) During the year ended 31 December 2020, short-term borrowings/advances drawn on discounted bills with recourse of approximately RMB209,706,000 have been settled through bills discounted to the relevant financial institutions.

46. MAJOR NON-CASH TRANSACTIONS *(continued)*

(B) Year ended 31 December 2019

(i) The Group acquired 100% equity interest of Jinhu and Wanhai from Zhongmin GCL in March 2019 with aggregate consideration of RMB264,000,000.

Subsequent to the acquisition date, the Group partially settled consideration of RMB204,904,000 to Zhongmin GCL by (i) cash payment of RMB86,999,000, (ii) endorsement of bills receivables of RMB47,905,000 and (iii) offset with amount due from Zhongmin GCL by RMB70,000,000.

For the remaining consideration payable of RMB59,096,000, the Group further entered into a multi-party debt settlement agreement with Zhongmin GCL, Jinhu, Wanhai, and 中民新能（上海）投資有限公司 Zhongmin New Energy (Shanghai) Investment Company Limited* on 1 April 2019, and approximately RMB41,682,000 of such remaining consideration has been settled among these parties pursuant to this multi-party debt settlement agreement. The remaining sum of RMB17,414,000 was settled by the Group in cash during the current year.

(ii) The Group disposed of 70% equity interest in seven subsidiaries in Hebei and Shanxi Province to Shanghai Rongyao in 2020 for an aggregate consideration of RMB1,441,652,000.

Subsequent to the disposal date, the Group, Golden Concord Holdings Limited ("Golden Concord"), a substantial shareholder of GCL-Poly with significant influence, Shanghai Rongyao and Yunnan Provincial Energy Investment Group Company Limited ("Yunnan Energy"), a shareholder of Shanghai Rongyao, entered into an offsetting agreement. They agreed to offset part of the Group's consideration receivables from Shanghai Rongyao amounting to RMB1,329,674,000 and amounts due from those seven subsidiaries of RMB170,326,000 with (i) the loan from Golden Concord of RMB1,400,000,000 and (ii) a receipt in advance from Yunnan Energy of RMB100,000,000.

(iii) During the year ended 31 December 2019, the Group entered into new lease agreements for land, office and staff quarter for 2–24 years. On the lease commencement, the Group recognised right-of-use assets of RMB32,051,000 and the related lease liabilities.

* English name for identification only

47. EVENTS AFTER REPORTING PERIOD

The following events took place subsequent to the end of the reporting period:

(a) On 1 February 2021, the Group announced that the failure of repayment of the senior notes with principal amount of US$500 million (equivalent to RMB3,262 million) constitutes the event of default under the terms of indenture.

On 9 February 2021, the Company announced that holders of the senior notes of approximately US$459 million, representing 91.85% of the outstanding aggregate principal amount of the senior notes, had validly submitted their respective executed accession deeds for exchanging the senior notes for new notes with an extended maturity and terms as stipulated in the RSA. Under the RSA, 5% of the original principal amount of US$25 million (the "Upfront Consideration") will be repaid to the holders of the senior notes upon the date of approval of the RSA. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration will be settled through issuance of new senior notes, which are interest bearing at 10% p.a. and the whole principal will be matured on 30 January 2024. The Group has commenced the application of passing the RSA under the Court of the Bermuda. The Group expects to submit all relevant documents to the Court of the Bermuda in April 2021 and targets to execute the RSA by June 2021. RSA will be mandatorily effective to those holders who are against the RSA upon the RSA has been passed in the Court of the Bermuda.

(b) On 10 February 2021, the Group announced that a placing agreement has been entered into among the Elite Time Global Limited, a wholly-owned subsidiary of GCL-Poly, the Company and the placing agents under which up to a total of 2,000 million of new shares of the Group to be issued (the "Transaction"). The Transaction has been completed on 17 and 19 February 2021 and net proceed of the Transaction, after taking into account all related costs, fees, expenses and commission of the Transaction, is approximately HK$895 million (equivalent to RMB753 million).

(c) On 22 November 2020, the Group entered in a series of five share transfer agreements with Xuzhou State Investment to sell its equity interests in five subsidiaries at consideration in aggregate of RMB312,700,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. All five share transfer agreements have been approved in the special general meeting on 15 January 2021 and disposals of one subsidiary have been completed as of the date of these consolidated financial statements. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB312,700,000 to RMB307,870,000 during the current year. The Directors are still assessing the financial impact of the disposals.

(d) On 19 November 2020, the Group entered in a series of fourteen share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to sell its equity interests in fourteen subsidiaries at consideration in aggregate of RMB666,654,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. All fourteen share transfer agreements have been approved in the special general meeting on 10 February 2021 and disposals of four subsidiaries have been completed as of the date of these consolidated financial statements. The Group and Hua Neng No. 1 Fund and Hua Neng No. 2 Fund mutually agreed to reduce the consideration from RMB666,654,000 to RMB644,399,000 during the current year. The Directors are still assessing the financial impact of the disposal.

(e) Subsequent to the end of the reporting period, the disposals of Hubei Macheng and Ningxia Zhongwei with the consideration in aggregate of RMB194,648,000 have been completed as details set out in note 27(a). The Directors are still assessing the financial impact of the disposal.

47. EVENTS AFTER REPORTING PERIOD *(continued)*

(f) Subsequent to the end of the reporting period, the disposals of Hefei Jiannan and Hefei Jiuyang with the consideration in aggregate of RMB105,567,000 have been completed as details set out in note 27(b). The Directors are still assessing the financial impact of the disposal.

(g) Subsequent to the end of the reporting period, the disposal of Shenmu Guotai has been completed as details set out in note 27(d). The Directors are still assessing the financial impact of the disposal.

(h) Subsequent to the end of the reporting period, the Group entered in a share transfer agreement with Beijing United Rongbang to sell its equity interests in Wulate Houqi Yuanhai at consideration in aggregate of RMB52,550,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. The disposal of Wulate Houqi Yuanhai has not yet been completed as of the date of these consolidated financial statements. The Directors are still assessing the financial impact of the disposal.

(i) Subsequent to the end of the reporting period, 140,994,462 share options (the "Existing Share Options") have been cancelled after obtaining the consent of the grantees of the Existing Share Options.

On 26 February 2021, the Company has granted to certain eligible persons (the "New Grantees"), being certain employees of the Company and its subsidiaries, subject to acceptance by the New Grantees, a total of 381,318,750 share options (the "New Share Options") to subscribe for 381,318,750 ordinary shares of HK$0.00416 each in the share capital of the Company (upon exercise in full and subject to adjustment in accordance with the New Share Option Scheme and Rule 17.03(13) of the Listing Rules) under the New Share Option Scheme, part of which shall be in exchange for the cancellation of the Existing Share Options. The Directors are still assessing the financial impact of the grant of the New Share Options.

(j) Subsequent to the end of the reporting period, the Group entered into ten share transfer agreements with China Three Gorges Asset Management Co., Ltd* to dispose of all of its equity interest in ten subsidiaries at consideration in aggregate of RMB1,615 million and the repayment of corresponding interest in shareholder's loan. The subsidiaries operate solar power plant projects with in aggregate capacity of approximately 790MW in Henan and Shanxi, the PRC. The disposal is not completed on the date of this report and the Directors are still assessing the financial impact of the disposal.

* *English name for identification only*

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Directly held:					
Pioneer Getter Limited	BVI	US$1	**100%**	100%	Investment holding
Bliss Corporate Group Limited	BVI	US$1	**100%**	100%	Investment holding
Indirectly held:					
協鑫新能源國際有限公司 GCL New Energy International Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
協鑫新能源發展有限公司 GCL New Energy Development Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
協鑫新能源管理有限公司 GCL New Energy Management Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
協鑫新能源貿易有限公司 GCL New Energy Trading Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
協鑫新能源投資（中國）有限公司 GCL New Energy Investment (China) Co., Ltd[2] ("GCL New Energy Investment")	PRC	US$1,188,000,000	**100%**	100%	Investment holding
蘇州協鑫新能源運營科技有限公司 Suzhou GCL New Energy Operation and Technology Co., Ltd[3] ("Suzhou GCL Operation")	PRC	RMB50,000,000	**100%**	100%	Investment holding
南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd[3] ("Nanjing GCL New Energy")	PRC	US$1,188,000,000	**100%**	100%	Investment holding
蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Limited[3] ("Suzhou GCL New Energy")	PRC	RMB12,928,250,000	**92.82%**	92.82%	Investment holding

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
南京協鑫新能源科技有限公司 Nanjing GCL New Energy Technology Co., Ltd.[1,3]	PRC	RMB300,000,000	**100%**	100%	Investment holding
鎮江協鑫新能源有限公司 Zhenjiang GCL New Energy Co., Ltd.* ("Zhenjiang GCL")	PRC	RMB33,000,000	**100%**	100%	Investment holding
包頭市中利騰暉光伏發電有限公司 Baotou Zhonglitenghui Photovoltaic Power Company Limited[1,3] ("Baotou Zhonglitenghui")	PRC	RMB110,000,000	**100%**	100%	Operation of solar power plant
冊亨協鑫光伏電力有限公司 Ceheng Solar Power Co., Ltd.[1,3]	PRC	RMB130,000,000	**100%**	100%	Operation of solar power plant
德令哈協合光伏發電有限公司 Delingha Century Concord Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB222,000,000	**100%**	100%	Operation of solar power plant
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB165,000,000	**100%**	100%	Operation of solar power plant
高唐縣協鑫晶輝光伏有限公司 Gaotang County GCL Jing Hui Photovoltaic Co., Ltd.[1,3]	PRC	RMB81,000,000	**100%**	100%	Operation of solar power plant
哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Company Limited[1,3,5] ("Hami Yaohui")	PRC	RMB181,960,000	**—**	100%	Operation of solar power plant
海豐縣協鑫光伏電力有限公司 Haifeng County GCL Solar Power Co., Ltd.[1,3]	PRC	RMB155,900,000	**100%**	100%	Operation of solar power plant
海南州世能光伏發電有限公司 Hainanzhou Shineng Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB60,000,000	**100%**	100%	Operation of solar power plant
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.[1,3]	PRC	RMB222,000,000	**96.35%**	96.35%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
湖北省麻城金伏太陽能電力有限公司 Hubei Macheng Photovoltaic Power Company Limited[1,3] ("Hubei Macheng")	PRC	RMB191,000,000	**100%**	100%	Operation of solar power plant
Huaibei Xinneng[1,3,4]	PRC	RMB90,000,000	**N/A**	100%	Operation of solar power plant
靖邊縣順風新能源有限公司 Jingbian County Shunfeng New Energy Limited[1,3]	PRC	RMB68,550,000	**95%**	95%	Operation of solar power plant
靖邊協鑫光伏電力有限公司 Jingbian GCL Solar Power Co., Ltd.[1,3]	PRC	RMB80,000,000	**100%**	100%	Operation of solar power plant
開封華鑫新能源開發有限公司 Kaifeng Huaxin New Energy Development Co., Ltd.[1,3]	PRC	RMB200,000,000	**100%**	100%	Operation of solar power plant
蘭溪金瑞太陽能發電有限公司 Lanxi Jinrui Photovoltaic Power Co., Ltd[1,3]	PRC	RMB60,320,000	**100%**	100%	Operation of solar power plant
猛海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.[1,3]	PRC	RMB85,000,000	**100%**	100%	Operation of solar power plant
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy Development Company Limited[1,3]	PRC	RMB273,600,000	**90.1%**	90.1%	Operation of solar power plant
寧夏金禮光伏電力有限公司 Ningxia Jinli Photovoltaic Electric Power Co., Ltd.[1,3,5] ("Ningxia Jinli")	PRC	RMB86,830,000	**—**	100%	Operation of solar power plant
寧夏金信光伏電力有限公司 Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.[1,3,5] ("Ningxia Jinxin")	PRC	RMB126,300,000	**—**	100%	Operation of solar power plant
寧夏中衛協鑫光伏電力有限公司 Ningxia Zhongwei Photovoltaic Power Company Limited[1,3] ("Ningxia Zhongwei")	PRC	RMB61,600,000	**100%**	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
淇縣協鑫新能源有限公司 Qixian GCL New Energy Limited[1,3,5] ("Qixian GCL")	PRC	RMB84,000,000	—	100%	Operation of solar power plant
汝陽協鑫新能源有限公司 Ruyang GCL New Energy Limited[1,3] ("Ruyang GCL")	PRC	RMB146,000,000	**100%**	100%	Operation of solar power plant
三門峽協立光伏電力有限公司 Sanmenxia Xie Li Solar Power Co., Ltd.[1,3]	PRC	RMB65,000,000	**100%**	100%	Operation of solar power plant
上林協鑫光伏電力有限公司 Shanglin GCL Solar Power Co., Ltd[1,3,5] ("Shanglin GCL")	PRC	RMB124,800,000	—	67.95%	Operation of solar power plant
神木市晶富電力有限公司 Shenmu Jingfu Solar Power Co., Ltd.[1,3] ("Shenmu Jingfu")	PRC	RMB75,400,000	**80%**	80%	Operation of solar power plant
神木市平西電力有限公司 Shenmu Ping Xi Power Co., Ltd.[1,3]	PRC	RMB82,000,000	**100%**	100%	Operation of solar power plant
神木市平元電力有限公司 Shenmu Ping Yuan Power Co., Ltd.[1,3]	PRC	RMB78,700,000	**100%**	100%	Operation of solar power plant
神木國泰農牧發展有限公司 Shenmu Guotai Development Limited[1,3] ("Shenmu Guotai")	PRC	RMB20,000,000	**80%**	80%	Operation of solar power plant
神木市晶登電力有限公司 Shenmu Jingdeng Power Co., Ltd.[1, 3] ("Shenmu Jingdeng")	PRC	RMB50,000,000	**80%**	80%	Operation of solar power plant
石城協鑫光伏電力有限公司 Shicheng GCL Solar Power Co., Ltd[1,3] ("Shicheng")	PRC	RMB112,838,100	**51%**	51%	Operation of solar power plant
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited[1,3]	PRC	RMB63,960,000	**100%**	100%	Operation of solar power plant
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Limited[1,3]	PRC	RMB50,000,000	**100%**	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
Suzhou GCL Solar Power[1,3,4]	PRC	RMB74,000,000	**N/A**	100%	Operation of solar power plant
鹽邊鑫能光伏電力有限公司 Yanbian Xin Neng Solar Power Co., Ltd.[1,3]	PRC	RMB56,000,000	**100%**	100%	Operation of solar power plant
鹽源縣白烏新能源科技有限公司 Yanyuan County Bai Wu New Energy Technology Co., Ltd.[1,3]	PRC	RMB113,000,000	**100%**	100%	Operation of solar power plant
餘幹縣協鑫新能源有限責任公司 Yugan County GCL New Energy Limited[1,3,4] ("Yugan County")	PRC	RMB139,300,000	**N/A**	100%	Operation of solar power plant
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Limited[1,3]	PRC	RMB465,000,000	**100%**	100%	Operation of solar power plant
榆林市榆神工業區東投能源有限公司 Yulin Yushen Industrial Area Energy Co., Ltd.[1,3]	PRC	RMB170,000,000	**100%**	100%	Operation of solar power plant
元謀綠電新能源開發有限公司 Yuanmou Green Power New Energy Development Limited[1,3]	PRC	RMB85,000,000	**80%**	80%	Operation of solar power plant
鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co,. Ltd[1,3] ("Yuncheng")	PRC	RMB58,597,800	**51%**	51%	Operation of solar power plant
正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Company Limited[1,3] ("Zhenglanqi")	PRC	RMB125,000,000	**99.2%**	99.2%	Operation of solar power plant
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.[1,3]	PRC	RMB105,500,000	**100%**	100%	Operation of solar power plant
東海縣協鑫光伏電力有限公司 Donghai County GCL Solar Energy Co., Ltd.[1,3]	PRC	RMB54,470,000	**100%**	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
阜寧縣鑫源光伏電力有限公司 Funing County Xin Yuan Solar Power Co., Ltd.[1,3]	PRC	RMB52,000,000	**100%**	100%	Operation of solar power plant
碭山協鑫光伏電力有限公司 Dangshan GCL Solar Power Co., Ltd.[1,3]	PRC	RMB44,000,000	**100%**	100%	Operation of solar power plant
欽州鑫金光伏發電有限公司 Qinzhou Xinjin Photovoltaic Power Company Limited[1,3,5] ("Qinzhou Xinjin")	PRC	RMB134,950,000	**—**	70.36%	Operation of solar power plant
永城鑫能光伏電力有限公司 Yongcheng Xin Neng Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB101,600,000	**100%**	100%	Operation of solar power plant
商水協鑫光伏電力有限公司 Shangshui GCL Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB130,000,000	**100%**	100%	Operation of solar power plant
微山鑫能光伏電力有限公司 Weishan Xin Neng Solar Power Co., Ltd.[1, 3]	PRC	RMB75,000,000	**100%**	100%	Operation of solar power plant
互助昊陽光伏發電有限公司 Huzhu Haoyang Photovoltaic Electric Power Co., Ltd.[1,3]	PRC	RMB66,000,000	**100%**	100%	Operation of solar power plant
Jinhu[1,3,4]	PRC	RMB160,600,000	**N/A**	100%	Operation of solar power plant
河南協鑫新能源投資有限公司 Henan GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB600,000,000	**100%**	100%	Operation of solar power plant
南召鑫力光伏電力有限公司 Nanzhao Xin Li Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB100,000,000	**50%**	50%	Operation of solar power plant
江蘇協鑫新能源有限公司 Jiangsu GCL New Energy Co., Ltd.[1,3]	PRC	RMB500,000,000	**100%**	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
西安協鑫新能源管理有限公司 Xi'an GCL New Energy Management Co., Ltd.[1,3]	PRC	RMB1,500,000,000	**100%**	100%	Operation of solar power plant
神木市晶普電力有限公司 Shenmu Jingpu Power Co., Ltd[1,3] ("Shenmu Jingpu")	PRC	RMB266,400,000	**80%**	80%	Operation of solar power plant
安徽協鑫新能源投資有限公司 Anhui GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB238,000,000	**100%**	100%	Operation of solar power plant
內蒙古協鑫光伏電力有限公司 Inner Mongolia GCL Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB200,000,000	**100%**	100%	Operation of solar power plant
上林縣鑫安光伏電力有限公司 Shanglin County Xinan Photovoltaic Electric Power Co, Ltd.[1,3,5]	PRC	RMB50,000,000	**—**	60%	Operation of solar power plant
山東萬海電力有限公司 Shandong Wanhai Solar Power Co., Ltd.[1,3] ("Wanhai")	PRC	RMB60,000,000	**100%**	100%	Operation of solar power plant
寧夏協鑫新能源投資有限公司 Ningxia GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB200,000,000	**100%**	100%	Operation of solar power plant
江蘇協鑫新能源投資有限公司 Jiangsu GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB100,000,000	**100%**	100%	Operation of solar power plant
海南意晟新能源有限公司 Hai Nan Yi Cheng New Energy Company Limited[1,3]	PRC	RMB43,000,000	**100%**	100%	Operation of solar power plant
寧夏盛景太陽能科技有限公司 Ningxia Shengjing Solar Power Technology Company Limited[1,3]	PRC	RMB75,000,000	**100%**	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
高郵協鑫光伏電力有限公司 Gaoyou GCL Photovoltaic Power Company Limited[1,3]	PRC	RMB48,120,000	**100%**	100%	Operation of solar power plant
峨山永鑫光伏發電有限公司 Eshan GCL Solar Power Generation Company Limited[1,3]	PRC	RMB2,000,000	**100%**	100%	Operation of solar power plant
寧夏鑫墾簡泉光伏電力有限公司 Ningxia Xin Ken Jiangquan Photovoltaic Power Company Limited[1,3]	PRC	RMB7,000,000	**100%**	100%	Operation of solar power plant
常州中暉光伏科技有限公司 Changzhou Zhonghui Photovoltaic Technology Company Limited[1,3]	PRC	RMB10,000,000	**100%**	100%	Investment holding
鎮江鑫龍光伏電力有限公司 Zhenjiang Xinlong Photovoltaic Power Company Limited[1,3]	PRC	RMB48,550,000	**100%**	100%	Operation of solar power plant
德令哈時代新能源發電有限公司 Delingha Shida New Energy Power Generation Company Limited[1,3]	PRC	RMB39,000,000	**100%**	100%	Operation of solar power plant
確山追日新能源電力有限公司 Queshan Zhuiri New Energy Power Company Limited[1,3]	PRC	RMB42,000,000	**100%**	100%	Operation of solar power plant
張家港協鑫光伏電力有限公司 Zhang Jia Gang GCL Photovoltaic Power Company Limited[1,3]	PRC	RMB72,414,000	**100%**	100%	Operation of solar power plant
紅河縣瑞欣光伏發電有限公司 Hong He Xian Rui Xin Photovoltaic Power Generation Company Limited[1,3]	PRC	RMB48,000,000	**100%**	100%	Operation of solar power plant
昆明旭峰光伏發電有限公司 Kun Ming Xu Feng Photovoltaic Power Generation Company Limited[1,3]	PRC	RMB54,400,000 (2019: RMB54,000,000)	**100%**	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
羅甸協鑫光伏電力有限公司 Luodian GCL Photovoltaic Power Company Limited[1,3]	PRC	RMB57,200,000	**100%**	100%	Operation of solar power plant
安龍縣茂安新能源發展有限公司 Anlong Maoan New Energy Development Company Limited[1,3]	PRC	RMB43,000,000	**100%**	100%	Operation of solar power plant
青海協鑫新能源有限公司 Qinghai GCL New Energy Company Limited[1,3]	PRC	RMB149,480,000	**100%**	100%	Investment holding
Xinao[1,3,4]	PRC	RMB2,000,000	**N/A**	100%	Inactive
阜陽衡銘太陽能電力有限公司 Fuyang Hengming Photovoltaic Power Company Limited[1,3,5]	PRC	RMB32,000,000	—	100%	Operation of solar power plant
鎮江協鑫新能源有限公司 Zhen Jiang GCL New Energy Company Limited[1,3,5]	PRC	RMB34,340,000	—	100%	Operation of solar power plan
寧夏綠昊光伏發電有限公司 Ningxia Luhao Photovoltaic Power Generation Company Limited[1,3,5] ("Ningxia Luhao")	PRC	RMB53,000,000	—	100%	Operation of solar power plant
哈密歐瑞光伏發電有限公司 Hami Ourui Power Generation Company Limited[1,3,5] ("Hami Ourui")	PRC	RMB36,000,000	—	100%	Operation of solar power plant
南寧金伏電力有限公司 Nanning Jinfu Electric Power Company Limited[1,3,5] ("Nanning Jinfu")	PRC	RMB51,080,000	—	100%	Investment holding
海南天利科新能源項目投資有限公司 Hainan Tianlike New Energy Project Investment Company Limited[1,3,5] ("Hainan Tianlike")	PRC	RMB76,000,000	—	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
輝縣市協鑫光伏電力有限公司 Huixian City GCL Photovoltaic Power Company Limited[1,3,5] ("Huixian City GCL")	PRC	RMB51,820,000	—	100%	Operation of solar power plant
碭山鑫能源光伏電力有限公司 Dangshan Xinneng Photovoltaic Power Company Limited[1,3,5] ("Dangshan Xinneng")	PRC	RMB45,000,000	—	67%	Operation of solar power plant
合肥建南電力有限公司 Hefei Jiannan Power Company Limited[1,3], ("Hefei Jiannan")	PRC	RMB33,600,000	100%	100%	Operation of solar power plant
合肥久陽新能源有限公司 Hefei Jiuyang GCL New Energy Company Limited[1,3], ("Hefei Jiuyang")	PRC	RMB34,000,000	100%	100%	Operation of solar power plant
鳳陽協鑫光伏電力有限公司 Fengyang GCL Photovoltaic Power Company Limited[1,3,5] ("Fengyang")	PRC	RMB2,000,000	—	100%	Operation of solar power plant
榆林協能華鑫能源管理有限公司 Yulin Hua Xin New Energy Management Limited[1,3,5] ("Yulin")	PRC	RMB500,000	—	100%	Investment holding
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Ltd.[1,3] ("Wulate Houqi Yuanhai")	PRC	RMB50,000,000	100%	100%	Operation of solar power plant

1 English name for identification only

2 Foreign investment enterprises

3 Domestic PRC Companies

4 The controlling stake of the entity was disposed of by the Group during the year ended 31 December 2020 which becomes associate of the Group.

5 These subsidiaries were disposed of during the year ended 31 December 2020.

The above table lists the subsidiaries of the Group which in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Other than Suzhou GCL New Energy which issued green bonds as disclosed in note 31, none of the subsidiaries had issued any debt securities at the end of the year.

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests as at 31 December 2020 and 31 December 2019:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Suzhou GCL New Energy	PRC	**7.18%**	7.18%	**(81,493)**	99,903	**873,540**	995,033
Non-wholly owned subsidiaries of Suzhou GCL New Energy				**65,146**	48,162	**297,540**	364,910
Nanjing GCL New Energy	PRC	**—**	—	**166,822**	162,000	**2,329,936**	2,163,114
				150,475	310,065	**3,501,016**	3,523,057

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations as at 31 December 2020 and 2019.

Suzhou GCL New Energy and subsidiaries

	2020 RMB'000	2019 RMB'000
Current assets	**13,982,850**	18,156,187
Non-current assets	**29,699,159**	37,061,622
Current liabilities	**11,750,508**	18,884,256
Non-current liabilities	**16,451,884**	20,466,254
Equity attributable to owners of Suzhou GCL New Energy	**14,308,537**	14,507,356
Non-controlling interests of Suzhou GCL New Energy	**873,540**	995,033
Non-controlling interests of Suzhou GCL New Energy's subsidiaries	**297,540**	364,910

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Suzhou GCL New Energy and subsidiaries *(continued)*

	2020 RMB'000	2019 RMB'000
Revenue	**5,054,291**	5,966,081
(Loss) profit and total comprehensive (expense) income for the year	**(1,069,865)**	1,439,564
(Loss) profit and total comprehensive (expense) income attributable to owners of the Company	**(1,053,518)**	1,291,499
(Loss) profit and total comprehensive (expense) income attributable to the non-controlling interests of Suzhou GCL New Energy	**(81,493)**	99,903
Profit and total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**65,146**	48,162
(Loss) profit for the year	**(1,069,865)**	1,439,564
Dividends declared to non-controlling interests of Suzhou GCL New Energy and its subsidiaries	**52,643**	383,839
Net cash inflow from operating activities	**2,073,173**	1,702,192
Net cash inflow (outflow) from investing activities	**378,770**	(2,087,278)
Net cash (outflow) inflow from financing activities	**(2,371,440)**	216,326
Net cash inflow (outflow)	**80,503**	(168,760)

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Nanjing GCL New Energy

The table below shows details of perpetual notes holders as at 31 December 2020 and 31 December 2019, the carrying amount of the perpetual notes of RMB2,329,936,000 as at 31 December 2020 (2019: RMB2,163,114,000) has been included in the current liabilities of Nanjing GCL New Energy and interest expense arising from perpetual notes of RMB166,822,000 (2019: RMB162,000,000) has been recognised in profit or loss by Nanjing GCL New Energy. The perpetual notes are classified as non-controlling interests in the consolidated financial statements of the Gorup.

Name of perpetual notes holders	Interest accrued to perpetual notes		Carrying amounts of perpetual notes	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
GCL-Poly (Suzhou)	**65,094**	63,000	**906,220**	841,126
Taicong GCL	**18,756**	18,000	**259,165**	240,409
Suzhou GCL	**46,333**	45,000	**647,106**	600,773
Jiangsu GCL	**36,639**	36,000	**517,445**	480,806
	166,822	162,000	**2,329,936**	2,163,114

(c) Change in ownership interest in subsidiaries

In August 2019, Yuncheng entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB28,713,000; accordingly, the equity interest held by the Group has been diluted to 51%. An amount of approximately RMB30,489,000 (being the proportionate share of the carrying amount of the net assets of Yuncheng) has been transferred to non-controlling interests.

49. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS		
Interests in subsidiaries	**2,216,654**	2,192,835
Amounts due from subsidiaries *(Note)*	**7,190,010**	6,669,165
	9,406,664	8,862,000
CURRENT ASSETS		
Prepayments	**900**	958
Amounts due from joint ventures *(Note)*	**32**	34
Bank balances and cash *(Note)*	**1,442**	6,229
	2,374	7,221
CURRENT LIABILITIES		
Accruals and other payables	**120,357**	128,825
Amount due to a fellow subsidiary	**378,651**	—
Bank borrowings	**934,039**	896,278
Senior notes	**3,261,099**	—
	4,694,146	1,025,103
NET CURRENT LIABILITIES	**(4,691,772)**	(1,017,882)
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,714,892**	7,844,118
NON-CURRENT LIABILITIES		
Bank borrowings	**—**	241,233
Senior notes	**—**	3,470,542
	—	3,711,775
NET ASSETS	**4,714,892**	4,132,343
CAPITAL AND RESERVES		
Share capital	**66,674**	66,674
Reserves	**4,648,218**	4,065,669
TOTAL EQUITY	**4,714,892**	4,132,343

Note: ECL for amounts due from subsidiaries and joint ventures and bank balances are assessed on a 12m ECL basis as there had not been significant increase in credit risk since initial recognition and impairment allowance is considered to be insignificant.

49. SUMMARY FINANCIAL INFORMATION OF THE COMPANY *(continued)*

Movement in equity

	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Share options reserve RMB'000	Accumulated (losses) profits RMB'000	Total RMB'000
At 1 January 2019	4,265,230	56,318	(64,015)	214,824	(592,932)	3,879,425
Profit and total comprehensive income for the year	—	—	—	—	184,457	184,457
Recognition of equity-settled share-based payments *(note 36)*	—	—	—	1,787	—	1,787
Forfeitures of share options *(note 36)*	—	—	—	(16,257)	16,257	—
At 31 December 2019 and 1 January 2020	**4,265,230**	**56,318**	**(64,015)**	**200,354**	**(392,218)**	**4,065,669**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**—**	**582,549**	**582,549**
Forfeitures of share options *(note 36)*	**—**	**—**	**—**	**(22,309)**	**22,309**	**—**
At 31 December 2020	**4,265,230**	**56,318**	**(64,015)**	**178,045**	**212,640**	**4,648,218**

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended				
	31 December 2020 RMB'000	31 December 2019 RMB'000	31 December 2018 RMB'000	31 December 2017 RMB'000	31 December 2016 RMB'000 (Restated)
Results (for continuing and discontinued operations)					
Revenue	**4,935,189**	6,051,987	5,632,397	4,785,113	3,737,989
(Loss) profit attributable to owners of the Company	**(1,368,354)**	294,688	469,680	841,439	130,386

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000
Assets and liabilities					
Total assets	**45,036,468**	54,416,226	61,179,861	55,434,344	41,478,178
Total liabilities	**36,499,587**	(44,446,583)	(51,478,321)	(46,638,402)	(35,058,574)
Total equity	**8,536,881**	9,969,643	9,701,540	8,795,942	6,419,604

For the year ended 31 December 2019, the Group has applied International Financial Reporting Standard ("IFRS") 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. The impact upon initial recognition is recognised in the opening retained earnings and comparative information has not been restated.

For the year ended 31 December 2018, the Group has applied IFRS 9 and IFRS 15 for the first time. The impact of IFRS 9 and IFRS 15 upon initial recognition on 1 January 2019 are recognised in the opening retained earnings and other components of equity without restating the comparative information.

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF GCL NEW ENERGY HOLDINGS LIMITED
協鑫新能源控股有限公司
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 72 to 205, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, which indicates that as of 31 December 2019, the Group's current liabilities exceeded its current assets by RMB11,267 million, and as at 31 December 2019, the Group has entered into agreements which will involve capital commitments of approximately RMB377 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings. At 31 December 2019, GCL-Poly Energy Holdings Limited ("GCL-Poly"), its parent company and being the guarantor of certain bank borrowings of the Group, was not able to meet a financial covenant as stipulated in the loan agreement of a bank borrowing. In addition, the inability to respect certain covenant requirements has triggered the cross default clauses in several other bank borrowings of the Group. Subsequent to the end of the reporting period, GCL-Poly has obtained consent from the relevant lender to waive the financial covenant concerned and not to demand for immediate repayment of bank borrowing. Notwithstanding this, reclassification of long-term borrowings of approximately RMB1,597 million as current liabilities is still required at 31 December 2019 under applicable accounting standard because the bank waiver was obtained subsequent to the end of the reporting period.

The Company is undertaking a number of financing plans and other measures as described in note 2 to the consolidated financial statements in order to ensure it is able to meet its commitments in the next twelve months. The directors of the Company are of the opinion that based on the assumptions that these financing plans and

other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. However, the likelihood of successful implementation of these financing plans and other measures, including the Group's and GCL-Poly's ongoing compliance with their borrowing covenants, and along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on tariff adjustments on electricity sales	
We identified the recognition of the Group's revenue on tariff adjustments on electricity sales as a key audit matter due to the significant management judgement involved in determining whether each of the Group's operating power plants had qualified for, and had met, all the requirements and conditions as required under the prevailing government policies and regulations for entitlement of the tariff adjustments and accordingly, the timing and eligibility of accruing revenue on tariff adjustments. As described in note 6 to the consolidated financial statements, revenue on tariff adjustments on electricity sales of approximately RMB3,623 million was recognised for the year ended 31 December 2019 in which the applications for tariff adjustments of certain on-grid solar power plants of the Group are still pending as they are an ongoing process where the period for application is opened on a batch by batch basis.	Our procedures in relation to the recognition of the Group's revenue on tariff adjustments on electricity sales included: • Obtaining an understanding of key controls in connection with the recognition of tariff adjustments and assessing the operating effectiveness of key controls; • Obtaining an understanding of the policies and regulations set by the government authorities on tariff adjustments on sales of electricity in this industry; • Obtaining relevant supporting documents, for example, power purchase agreements and tariff approvals issued by the PRC government; • Obtaining legal opinion from the Group's PRC legal advisor in relation to the assessment that all of the Group's solar power plants currently in operation have met the requirement and conditions as stipulated in the prevailing government policies and regulations for the entitlement of the tariff adjustment when the electricity was delivered on grid; and • Assessing whether the previous applications of the group entities operating the solar power plants for the entitlement of the tariff subsidy were successfully completed against the historical record of the Group.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Au Chun Hing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 April 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
Revenue	6	**6,051,987**	5,632,397
Cost of sales		**(2,098,222)**	(1,889,743)
Gross profit		**3,953,765**	3,742,654
Other income	7	**306,882**	272,146
Administrative expenses			
— share-based payment expenses	36	**(1,787)**	(12,679)
— other administrative expenses		**(693,151)**	(614,700)
Loss on change in fair value on convertible bonds		**—**	(5,524)
Other gains and losses, net	8	**(48,986)**	(352,590)
Share of profits (losses) of associates	19	**49,096**	(1,041)
Share of profits of joint ventures	20	**24,391**	4,562
Bargain purchase from business combination	37	**73,858**	—
Finance costs	9	**(2,881,752)**	(2,276,958)
Profit before tax		**782,316**	755,870
Income tax expense	10	**(177,563)**	(6,516)
Profit for the year	11	**604,753**	749,354
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Fair value loss on financial liabilities designated as at fair value through profit or loss ("FVTPL") attribute to changes in credit risk		**—**	(108)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**16,689**	46,283
		16,689	46,175
Total comprehensive income for the year		**621,442**	795,529
Profit for the year attributable to:			
Owners of the Company		**294,688**	469,680
Non-controlling interests			
— owners of perpetual notes		**162,000**	135,029
— other non-controlling interests		**148,065**	144,645
		604,753	749,354

	NOTE	**2019 RMB'000**	2018 RMB'000
Total comprehensive income for the year attributable to:			
Owners of the Company		**311,377**	515,855
Non-controlling interests			
— Owners of perpetual notes		**162,000**	135,029
— Other non-controlling interests		**148,065**	144,645
		621,442	795,529
		RMB cents	RMB cents
Earnings per share	15		
— Basic		**1.54**	2.46
— Diluted		**1.54**	2.42

Consolidated Statement of Financial Position

As at 31 December 2019

	NOTES	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**35,400,109**	42,970,249
Right-of-use assets	17	**1,513,943**	—
Prepaid lease payments	18	**—**	112,041
Interests in associates	19	**1,013,284**	36,805
Interests in joint ventures	20	**3,628**	66,079
Amounts due from related companies	22	**96,951**	45,146
Other investment	21	**100,000**	100,000
Deposits, prepayments and other non-current assets	23	**1,773,126**	3,334,001
Contract assets	24B	**5,639,898**	4,236,405
Pledged bank and other deposits	27	**877,996**	751,858
Deferred tax assets	33	**162,807**	194,087
		46,581,742	51,846,671
CURRENT ASSETS			
Trade and other receivables	24A	**4,958,918**	4,930,458
Other loan receivables	26	**14,250**	20,250
Amounts due from related companies	22	**959,302**	342,328
Prepaid lease payments	18	**—**	2,221
Tax recoverable		**5,284**	8,521
Pledged bank and other deposits	27	**823,279**	1,279,425
Bank balances and cash	27	**1,073,451**	1,361,978
		7,834,484	7,945,181
Assets classified as held for sale	12	**—**	1,388,009
		7,834,484	9,333,190
CURRENT LIABILITIES			
Other payables and deferred income	28	**5,968,129**	10,134,246
Amounts due to related companies	22	**593,474**	139,460
Tax payable		**32,925**	11,632
Loans from related companies	29	**646,111**	1,030,590
Bank and other borrowings	30	**11,522,908**	8,323,115
Bonds and senior notes	31	**271,742**	—
Lease liabilities	32	**66,122**	—
		19,101,411	19,639,043
Liabilities directly associated with assets classified as held for sale	12	**—**	935,463
		19,101,411	20,574,506
NET CURRENT LIABILITIES		**(11,266,927)**	(11,241,316)
TOTAL ASSETS LESS CURRENT LIABILITIES		**35,314,815**	40,605,355

	NOTES	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
NON-CURRENT LIABILITIES			
Loans from related companies	29	**918,073**	2,186,433
Bank and other borrowings	30	**19,410,173**	24,340,160
Bonds and senior notes	31	**3,470,542**	3,934,397
Lease liabilities	32	**1,095,460**	—
Deferred income	28	**387,531**	394,011
Deferred tax liabilities	33	**63,393**	48,814
		25,345,172	30,903,815
NET ASSETS		**9,969,643**	9,701,540
CAPITAL AND RESERVES			
Share capital	34	**66,674**	66,674
Reserves		**6,379,912**	6,068,524
Equity attributable to owners of the Company		**6,446,586**	6,135,198
Equity attributable to non-controlling interests			
— owner of perpetual notes		**2,163,114**	2,001,114
— other non-controlling interests		**1,359,943**	1,565,228
TOTAL EQUITY		**9,969,643**	9,701,540

The consolidated financial statements on pages 72 to 205 were approved and authorised for issue by the Board of Directors on 27 April 2020 and are signed on its behalf by:

Zhu Yufeng

DIRECTOR

Mo Jicai

DIRECTOR

Consolidated Statement of Changes on Equity

For the year ended 31 December 2019

	Attributable to owners of the Company										Non-controlling interests		
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000 *(Note a)*	Legal reserves RMB'000 *(Note b)*	Translation reserve RMB'000	Special reserve RMB'000 *(Note c)*	Financial liabilities at FVTPL credit risk reserve RMB'000 *(Note d)*	Share options reserve RMB'000	Retained earnings (accumulated losses) RMB'000	Sub-total RMB'000	Perpetual notes RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2018	66,674	4,265,230	15,918	340,762	(105,604)	491,218	(10,445)	209,766	347,351	5,620,870	1,866,085	1,308,987	8,795,942
Profit for the year	—	—	—	—	—	—	—	—	469,680	469,680	135,029	144,645	749,354
Other comprehensive income (expense) for the year	—	—	—	—	46,283	—	(108)	—	—	46,175	—	—	46,175
Total comprehensive income (expense) for the year	—	—	—	—	46,283	—	(108)	—	469,680	515,855	135,029	144,645	795,529
Redemption of convertible bonds	—	—	—	—	—	—	10,553	—	(10,553)	—	—	—	—
Transfer to legal reserves	—	—	—	389,940	—	—	—	—	(389,940)	—	—	—	—
Recognition of equity-settled share-based payments *(note 36)*	—	—	—	—	—	—	—	12,679	—	12,679	—	—	12,679
Forfeitures of share options *(note 36)*	—	—	—	—	—	—	—	(7,621)	7,621	—	—	—	—
Non-controlling interest arising on acquisition of subsidiaries *(note 37)*	—	—	—	—	—	—	—	—	—	—	—	25,681	25,681
Dividend declared paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(44,685)	(44,685)
Deemed disposal of partial interest in subsidiaries *(note 49c)*	—	—	—	(2,853)	—	—	—	—	(5,802)	(8,655)	—	103,505	94,850
Disposal of partial interest of a subsidiary *(note 49c(b))*	—	—	—	(166)	—	—	—	—	(5,385)	(5,551)	—	27,095	21,544
At 31 December 2018 and 1 January 2019	**66,674**	**4,265,230**	**15,918**	**727,683**	**(59,321)**	**491,218**	**—**	**214,824**	**412,972**	**6,135,198**	**2,001,114**	**1,565,228**	**9,701,540**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**294,688**	**294,688**	**162,000**	**148,065**	**604,753**
Other comprehensive income for the year	**—**	**—**	**—**	**—**	**16,689**	**—**	**—**	**—**	**—**	**16,689**	**—**	**—**	**16,689**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**16,689**	**—**	**—**	**—**	**294,688**	**311,377**	**162,000**	**148,065**	**621,442**
Transfer to legal reserves	**—**	**—**	**—**	**1,034,299**	**—**	**—**	**—**	**—**	**(1,034,299)**	**—**	**—**	**—**	**—**
Recognition of equity-settled share-based payments *(note 36)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,787**	**—**	**1,787**	**—**	**—**	**1,787**
Forfeitures of share options *(note 36)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(16,257)**	**16,257**	**—**	**—**	**—**	**—**
Deemed disposal of partial interest in a subsidiary *(note 49c(a))*	**—**	**—**	**—**	**(1,885)**	**—**	**—**	**—**	**—**	**109**	**(1,776)**	**—**	**30,489**	**28,713**
Disposal of subsidiaries	**—**	**—**	**—**	**(140,840)**	**—**	**—**	**—**	**—**	**140,840**	**—**	**—**	**—**	**—**
Dividend declared to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(383,839)**	**(383,839)**
At 31 December 2019	**66,674**	**4,265,230**	**15,918**	**1,619,257**	**(42,632)**	**491,218**	**—**	**200,354**	**(169,433)**	**6,446,586**	**2,163,114**	**1,359,943**	**9,969,643**

Notes:

(a) Contributed surplus represents (i) the amount of RMB16,924,000 (equivalent to HK$15,941,000) credited to the contributed surplus as a result of the capital reduction and consolidation of shares of the Company on 16 September 2003; and (ii) the Company made a distribution in respect of 2008 final dividend amounting to RMB1,006,000 (equivalent to HK$1,138,000) out of the contributed surplus during the year ended 31 March 2009.

(b) Legal reserves represent the amounts set aside from the retained earnings by certain subsidiaries incorporated in the People's Republic of China ("PRC") and is not distributable as dividend. In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to legal reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances and cash dividends.

(c) Special reserve represents the difference between (i) the consideration to acquire additional interest in subsidiaries and the respective share of the carrying amounts of net assets acquired; and (ii) the consideration to dispose of partial interest in subsidiaries without losing controls and the carrying amounts of the attributable net assets disposed of.

(d) Financial liabilities at FVTPL credit risk reserve represents the amount of change in fair value of the convertible bonds issued by the Company, which is classified as financial liabilities designated as at FVTPL, that is attributable to changes in credit risk of the convertible bonds and is transferred to retained earnings (accumulated losses) on redemption.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**782,316**	755,870
Adjustments for:		
Amortisation of prepaid lease payments	**—**	3,073
Amortisation of deferred income on government grant — ITC (defined in note 7)	**(14,159)**	(9,689)
Depreciation of:		
— property, plant and equipment	**1,642,170**	1,510,182
— right-of-use assets	**91,901**	—
Impairment of property, plant and equipment	**57,235**	—
Gain on disposal of property, plant and equipment	**(43,006)**	—
Loss on disposal of right-of-use assets	**2,583**	—
Finance costs	**2,881,752**	2,276,958
Interest income	**(142,601)**	(147,659)
Share-based payment expenses	**1,787**	12,679
Share of profits of joint ventures	**(24,391)**	(4,562)
Share of (profits) losses of associates	**(49,096)**	1,041
Loss on change in fair value on convertible bonds	**—**	5,524
Gain on early termination of a lease	**(7)**	—
Gain on other investments	**—**	(16,790)
Gain on disposal of solar power plant projects	**(26,926)**	(35,146)
Bargain purchase on acquisition of subsidiaries	**(73,858)**	—
Gain on disposal of joint ventures	**(35,263)**	—
Unrealised exchange loss, net	**58,201**	383,295
Operating cash flows before movements in working capital	**5,108,638**	4,734,776
Increase in deposits, prepayments and other non-current assets	**(185,561)**	(269,785)
Increase in contract assets	**(2,169,795)**	(2,400,313)
(Increase) decrease in trade and other receivables including proceeds from bills discounted	**(368,073)**	330,101
Increase in amounts due from related companies	**(3,525)**	(27,995)
Increase in other payables	**267,370**	148,173
Increase in amounts due to related companies	**15,087**	6,196
Cash generated from operations	**2,664,141**	2,521,153
Income taxes paid	**(144,167)**	(58,807)
NET CASH FROM OPERATING ACTIVITIES	**2,519,974**	2,462,346

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
INVESTING ACTIVITIES			
Interest received		**13,179**	21,240
Payments for construction and purchase of property, plant and equipment		**(3,606,273)**	(8,171,519)
Proceeds from disposal of property, plant and equipment		**104,918**	—
Proceeds from disposal of right-of-use assets		**641**	—
Payments of right-of-use assets		**(14,254)**	(18,254)
Payments of deposits for leases		**(7,804)**	—
Acquisition of subsidiaries	*37*	**29,669**	21,810
Settlement of consideration payables for acquisition of subsidiaries with solar power plant projects		**(110,298)**	(12,165)
Settlement of consideration receivables from disposal of subsidiaries with solar power plant projects		**206,992**	—
Capital injection to joint ventures		**—**	(8,530)
Capital injection to an associate		**—**	(30)
Deemed acquisition of a subsidiary		**—**	3,422
Proceeds from disposal of joint ventures		**53,780**	—
Repayment from third parties		**—**	3,000
Withdrawal of pledged bank and other deposits		**1,314,028**	1,778,899
Placement of pledged bank and other deposits		**(1,015,640)**	(1,589,244)
Repayment from a borrower of other loan receivables		**6,000**	—
Advance to related companies		**(7,156)**	(101,001)
Repayment from related companies		**236,734**	7,320
Advance to non-controlling interests		**—**	(59,740)
Proceeds from disposal of subsidiaries with solar power plant projects	*38a&b*	**30,388**	138,684
Proceeds from redemption of other investments		**—**	256,830
Dividend received from joint ventures		**25,494**	—
NET CASH USED IN INVESTING ACTIVITIES		**(2,739,602)**	(7,729,278)

	NOTE	2019 RMB'000	2018 RMB'000
FINANCING ACTIVITIES			
Interest paid		**(2,265,990)**	(2,199,251)
Proceeds from bank and other borrowings		**10,053,826**	9,266,459
Repayment of bank and other borrowings		**(7,254,272)**	(8,038,353)
Repayments of lease liabilities		**(71,318)**	—
Proceeds from loans from related companies		**625,803**	2,884,531
Repayment of loans from related companies		**(30,000)**	(1,439,756)
Proceeds from loan from an associate of ultimate holding company		**200,000**	—
Repayment of loan from an associate of ultimate holding company		**(279,137)**	—
Proceeds from disposal of partial interest in a subsidiary	*49c*	**—**	21,544
Proceeds from deemed disposal of partial interest in subsidiaries	*49c*	**—**	94,850
Proceeds from issuance of senior notes		**—**	3,166,950
Transaction costs paid for the issuance of senior notes		**—**	(47,681)
Payment for redemption of convertible bonds		**—**	(890,202)
Payment for repurchase of bonds issued		**—**	(350,000)
Repayment to ultimate holding company		**(761,831)**	—
Redemption of bonds		**(585,000)**	—
Advance from related companies		**14,647**	25,849
Repayment to related companies		**(14,636)**	(4,646)
Proceeds from re-sell of bonds issued		**322,500**	—
Capital contribution by non-controlling interests		**28,713**	—
Dividend paid to non-controlling interests		**(126,157)**	(38,389)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(142,852)**	2,451,905
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(362,480)**	(2,815,027)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
Represented by			
— bank balances and cash		**1,361,978**	4,196,596
— bank balances and cash classified as held for sale		**44,873**	—
		1,406,851	4,196,596
Effect of exchange rate changes on the balance of cash held in foreign currencies		**29,080**	25,282
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Represented by			
— bank balances and cash		**1,073,451**	1,361,978
— bank balances and cash classified as held for sale		**—**	44,873
		1,073,451	1,406,851

1. GENERAL INFORMATION

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Elite Time Global Limited, a company incorporated in the British Virgin Islands ("BVI"). Its ultimate holding company is GCL-Poly Energy Holdings Limited ("GCL-Poly"), a company incorporated in the Cayman Islands with shares listed on the Stock Exchange. The address of the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company. Its subsidiaries (hereinafter together with the Company collectively referred to as the "Group") are principally engaged in the sale of electricity, development, construction, operation and management of solar power plants ("Solar Energy Business").

The functional currency of the Company and the presentation currency of the Group's consolidated financial statements are Renminbi ("RMB").

2. BASIS OF PREPARATION

As at 31 December 2019, the Group's current liabilities exceeded its current assets by approximately RMB11,267 million. In addition, as at 31 December 2019, the Group has entered into agreements which will involve capital commitments of approximately RMB377 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings. In the event that the Group is successful in expanding the investments in the existing solar power plants in the coming twelve months from 31 December 2019, additional cash outflows will be required to settle further committed capital expenditure.

As at 31 December 2019, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, loans from related companies and lease liabilities amounted to approximately RMB37,401 million. The balance of approximately RMB12,507 million will be due in the coming twelve months from the end of the reporting period, including bank borrowings of approximately RMB1,597 million, which shall be due after twelve months from the end of reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities as a result of the inability to respect a loan covenant by GCL-Poly, the guarantor of certain bank borrowings and thereby triggered the cross default of certain bank borrowings of the Group; accordingly, these bank borrowings became repayable on demand as at 31 December 2019. Subsequent to the end of the reporting period, GCL-Poly has obtained consent from the relevant lender to waive the financial covenant concerned and not to demand for immediate repayment of the bank borrowing and accordingly, the cross default on the relevant bank borrowings of the Group are also remedied. Notwithstanding this, reclassification of long-term borrowings of approximately RMB1,597 million as current liabilities is still required at 31 December 2019 under applicable accounting standards because the bank waiver was obtained subsequent to the end of the reporting period.

2. BASIS OF PREPARATION *(continued)*

The Group's pledged bank and other deposits and bank balances and cash amounted to approximately RMB1,709 million (including pledged deposit of RMB8 million placed at an associate of ultimate holding company for its loans advanced to the Group) and RMB1,073 million as at 31 December 2019, respectively. The financial resources available to the Group as at 31 December 2019 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure and other funding requirements. The Group is actively pursuing additional financing including, but not limited to, debt financing and bank borrowings.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2019. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures, that will be due in the coming twelve months from 31 December 2019, and the on-going covenants compliance upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Subsequent to 31 December 2019, the Group successfully obtained new borrowings of approximately RMB541 million from banks and other financial institutions in the PRC;

(ii) The Group proposed to issue medium-term notes with an aggregate principal amount of not exceeding RMB3,000 million to institutional investors of the national interbank bond market in the PRC before their expiry date in June 2020. It is expected that the notes will be issued in one or more tranches and that each tranche of the notes shall have a maturity of three years. The Group is also negotiating with banks and other financial institutions for credit facilities;

(iii) The Group is implementing business strategies, among others, to transform its heavy asset business model to a light-asset model by (i) divesting certain of its existing wholly-owned power plant projects in exchange for cash proceeds and to improve the Group's indebtedness position; and (ii) striving for providing plant operation and maintenance services to those divested power plants for additional operating cashflow to the Group.

On 18 November 2019, the Company and 中國華能集團有限公司 China Huaneng Group Co., Ltd* ("China Huaneng") entered into a cooperation framework agreement (the "Cooperation Framework Agreement") regarding the disposal of (i) certain solar power plants of the Group in the PRC (the "Power Plants") or (ii) certain project companies of the Group which operate the Power Plants (the "Framework Disposal").

On 21 January 2020, the Group entered into a series of six share purchase agreements with 華能工融一號（天津）股權投資基金合夥企業（有限合夥） Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 1 Fund") and 華能工融二號（天津）股權投資基金合夥企業（有限合夥） Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 2 Fund"), pursuant to which the Group agreed to sell 60% and 40% of the equity interest in six wholly-owned subsidiaries of the Group to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, respectively, of which these subsidiaries own 7 solar power plants in the PRC with aggregate installed capacity of approximately 294MW, for a consideration in aggregate of RMB850,500,000 (the "Disposal"). Pursuant to the Listing Rules (as defined in note 4), this transaction is considered as a major transaction of the Company, and it is subject to the approval by the shareholders of the Company in the special general meeting as well as the shareholders of ultimate holding company, GCL-Poly, in an extraordinary general meeting. Further details of the Disposal are set out in the announcement of the Company published on 21 January 2020.

* English name for identification only

2. BASIS OF PREPARATION *(continued)*

(iii) (continued)

The Group and China Huaneng are actively working together under the Cooperation Framework Agreement to explore other solar power plant assets for the Framework Disposal and will enter into other definitive agreements in respect of and in compliance with the Measures for the Supervision and Administration of State-Owned Assets (國有資產監督管理辦法) in the PRC, the relevant laws and regulations and the Listing Rules, in due course.

On 21 January 2020, the Group also entered into two share purchase agreements with 中核（南京）能源發展有限公司 CNI (Nanjing) Energy Development Company Limited* to sell its entire equity interest in 阜陽衡銘太陽能電力有限公司 Fuyang Hengming Solar Power Co., Ltd.* and 鎮江協鑫新能源有限公司 Zhenjiang GCL New Energy Co., Ltd.* ("Zhenjiang GCL") for a consideration in aggregate of RMB77,476,000 (the "Divestment"). Each of them has a solar power plant project with capacity of 20MW in operation. One of the Divestments is completed on 13 March 2020 and the other one is expected to be completed before June 2020; and

(iv) The Group still owns 176 solar power plants with an aggregate grid connected capacity of approximately 5.2GW upon completion of the Disposal and Divestments. Those operational solar power plants are expected to generate operating cash inflows to the Group.

By taking the above measures, the Directors believe that the Group has sufficient working capital to meet the financial obligations when they fall due and the on-going loan covenants compliance.

After taking into account the Group's business prospects, internal resources, the available committed and uncommitted financing facilities and arrangements, equity issuance, transformation to light-asset model, the Disposal and Divestments, and the Framework Disposal under the Cooperation Framework Agreement as mentioned above, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described in (ii) to (iii) above, and GCL-Poly's on-going compliance with its borrowing covenants. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these consolidated financial statements for issuance 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 approval of these consolidated financial statements for issuance, and other short-term or long-term financing; and successful transformation to light-asset model; and the completion of the Disposal and the Framework Disposal in relation to other solar power plant assets, for cash proceeds and elimination of the related borrowings as scheduled. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

* English name for identification only

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards")

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRS Standards issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to IFRS Standards in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS *17 Leases* ("IAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or arising from business combinations after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease. For contracts on sales of electricity, the management of the Company assessed and concluded that the contracts in connection with the sales of electricity do not contain a lease.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.1 IFRS 16 Leases (continued)

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities of RMB1,361,507,000 and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid and accrued lease payments by applying IFRS16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.1 IFRS 16 Leases (continued)

As a lessee *(continued)*

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.46%.

	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	2,252,237
Lease liabilities discounted at relevant incremental borrowing rates	1,384,669
Less: Recognition exemption — short-term leases	(3,321)
Recognition exemption — leases with lease term ending within 12 months from the date of initial application	(19,841)
Lease liabilities relating to operating leases recognised upon application of IFRS 16 as at 1 January 2019	1,361,507
Analysed as:	
— Current	79,545
— Non-current	1,263,530
— Lease liabilities under liabilities associated with assets classified as held for sales	18,432
	1,361,507

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.1 IFRS 16 Leases (continued)

As a lessee *(continued)*

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use assets RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	1,361,507
Reclassified from prepaid rent *(note a)*	484,227
Reclassified from prepaid lease payments *(note b)*	116,090
	1,961,824
By class:	
Leasehold lands	1,796,990
Rooftops	137,212
Others	27,622
	1,961,824
Represented by:	
— Right-of-use assets	1,934,556
— Right-of-use assets under assets held for sale	27,268
	1,961,824

Notes:

(a) Prepaid rent for parcels of land in the PRC in which the Group leased from third parties under operating leases were classified as prepayments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid rent for parcels of lands and prepaid rent for parcels of lands classified as held for sale amounting to RMB2,826,000 and RMB474,393,000 and RMB7,008,000, respectively, were reclassified to right-of-use assets.

(b) Upfront payments for leasehold lands in the PRC in which the Group obtained relevant land use right certificate were classified as prepaid lease payments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments and the prepaid lease payments classified as held for sale amounting to RMB112,041,000 and RMB2,221,000, and RMB1,828,000 respectively, were reclassified to right-of-use assets.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.1 IFRS 16 Leases (continued)

As a lessee *(continued)*

The transition to IFRS 16 has no impact to the Group's retained earnings at 1 January 2019.

Sales and lease back transactions

The Group acts as a seller-lessee

In accordance with the transition provisions of IFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of IFRS 16, the Group applies the requirements of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to assess whether sales and leaseback transaction constitutes a sale. During the year, the Group entered into several sale and leaseback transactions in relation to certain equipment of the Group and the transactions do not satisfy the requirement as a sale in accordance with those contracts, and the Group has right to repurchase the relevant assets. As a result, the buyer-lessors do not obtain control of the assets as the contracts limit its ability to direct the use of and to obtain substantially all of the remaining benefits from the assets. During the year ended 31 December 2019, the Group has raised borrowings amounting to RMB2,323,585,000 in respect of such sale and lease back arrangements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.1 IFRS 16 Leases (continued)

As a lessee *(continued)*

Sales and lease back transactions (continued)

The Group acts as a seller-lessee *(continued)*

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 RMB'000	Adjustments RMB'000	Carrying amounts under IFRS 16 at 1 January 2019 RMB'000
Non-current Assets			
Prepaid lease payments	112,041	(112,041)	—
Deposits, prepayment and other non-current assets	3,334,001	(474,393)	2,859,608
Right-of-use assets	—	1,934,556	1,934,556
Current Assets			
Prepaid lease payments	2,221	(2,221)	—
Trade and other receivables	4,930,458	(2,826)	4,927,632
Assets classified as held for sale			
— Right-of-use assets	—	27,268	27,268
— Other non-current assets	97,335	(7,008)	90,327
— Prepaid lease payments	1,828	(1,828)	—
Current Liabilities			
Lease liabilities	—	79,545	79,545
Liabilities directly associated with assets classified as held for sale			
— Lease liabilities	—	18,432	18,432
Non-current Liabilities			
Lease liabilities	—	1,263,530	1,263,530

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.2 Impacts and changes in accounting policies of application of other new and amendments to IFRS Standards

Amendments to IFRSs Annual Improvement to IFRSs 2015–2017 Cycle

IAS23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The application of the amendments has no material impact to the Group's consolidated financial statements.

(b) New and amendments to IFRS Standards that have been issued but not yet effective

The Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2022

In addition to the above new and amendments to IFRS Standards, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except as described below, the Directors anticipate that the application of the all other new and amendments to IFRS Standards will have no significant impact on the Group's consolidated financial statements in the foreseeable future.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

(b) New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that a liability should be classified as non-current if an entity has the right, the classification should not be affected by management intentions or expectations to settle the liability within 12 months;
- clarify that if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

Based on the Group's outstanding liabilities as at 31 December 2019, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to IFRS 3 Definition of a Business

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;
- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The Group will apply the amendments prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after annual reporting period beginning on 1 January 2020.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

(b) New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all IFRS Standards and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in IFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain IFRS Standards have been updated to the New Framework, whilst some IFRS Standards are still referred to the previous versions of the framework. These amendments are effective for the Group's annual period beginning on 1 January 2020. Other than specific standards which still refer to the previous versions of the framework, the Group's will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRS Standards issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment ("IFRS 2"), leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income ("OCI") are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interest (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in OCI in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments ("IFRS 9") or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* ("IAS 12") and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms, except for right-of-use assets relating to leasehold lands in which the relevant acquirees are the registered owners with full upfront lease payments, which are measured at fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amount arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associate and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and OCI of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and OCI are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the year in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of associate or joint venture. In addition, the Group accounts for all amounts previously recognised in OCI in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in OCI by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale from the time when the investment is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except financial assets within the scope of IFRS 9 which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers *(continued)*

Revenue from sales of electricity is recognised at a point in time when the control of the electricity transferred, being at the point when electricity has generated and transmitted to the customer.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Variable consideration

For contracts that contain variable consideration in relation to sales of electricity to the grid companies which contain tariff adjustments related to solar power plants yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "Catalogue") by the PRC government, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstance during the reporting period.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 3)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease component from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office, motor vehicles and staff quarter that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3) (continued)

Right-of-use assets *(continued)*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3) (continued)

Lease liabilities *(continued)*

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term. Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Sale and leaseback transactions (upon application of IFRS 16 since 1 January 2019)

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee accounts for the transfer proceeds as loans from a related company and other loans within the scope of IFRS 9.

Sale and leaseback resulting in a finance lease (prior to 1 January 2019)

The Group as a seller-lessee

If a sale and leaseback transaction results in a financial lease, any excess of sale proceeds over the carrying amount is not immediately recognised as income by the Group. Instead, it is deferred and amortised over the lease term. If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, no adjustment is necessary unless there has been an impairment in value, in which case the carrying amount is reduced to recoverable amount.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Effective 1 January 2019, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the year in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit schemes and the Mandatory Provident Fund Schemes, are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefit are recognised as an expense unless another IFRS Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 36.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting condition is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment arrangements *(continued)*

Equity-settled share-based payment transactions (continued)

Share options granted to employees and others providing similar services *(continued)*

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit and loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings (accumulated losses).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised of the temporary differences arises from initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in OCI or directly in equity, in which case, the current and deferred tax are also recognised in OCI or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings are tangible assets that are held for use in the production or supply of goods or services, or for administration purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (upon application of IFRS 16) or "prepaid lease payments" (before application of IFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid lease payments (before application of IFRS 16)

Payments for obtaining land use rights are accounted for as prepaid lease payments and are charged to profit or loss on a straight-line basis over the lease terms as stated in the relevant land use right certificates granted for usage by the Group in the PRC. Prepaid lease payments which are to be charged to profit or loss in the next twelve months are classified as current assets.

Impairment on property, plant and equipment and right-of-use assets

At the end of reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In addition, corporate assets are allocated to individual cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment on property, plant and equipment and right-of-use assets *(continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets the require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs are directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other gains and losses, net" line item.

Impairment of financial assets, financial guarantee contracts and contract assets

The Group performs impairment assessment under expected credit loss ("ECL") on financial assets (including trade and other receivables, amounts due from related companies, other loan receivables, pledged bank and other deposits and bank balances and cash and financial guarantee contracts) and contract assets which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component.

The ECL on these assets are assessed individually for debtors with significant balances, or collectively using a provision matrix for debtor with shared credit risk characteristics by reference to past default experience of the debtor, adjusted for factors in relation to general economic conditions of the solar industry and an assessment of both the current as well as the forecast direction at the reporting date.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtors ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected significant adverse change in the regulatory, economics, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payment are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrate otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence to a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instruments that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped taking into consideration the follow factors:

- Nature of debtors;
- Past-due status;
- Past default experience of the debtors;
- Geographical location of the debtors;
- Aging of the debtors;
- General economic conditions of the Solar Energy Business; and
- Internal and external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(continued)*

(v) Measurement and recognition of ECL (continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised loss, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVPTL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

A financial liability other than a financial liability held for trading may be designated at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including other payables, amounts due to related companies, loans from related companies, bank and other borrowings, and bonds and senior notes are subsequently measured at amortised cost, using the effective interest method.

The financing arrangements entered into with financial institutions, where the Group transferred the legal title of certain equipment of the Group to the relevant financial institutions, and the Group is obligated to repay by instalments over the lease period, are accounted for as collateralised borrowing at amortised cost using effective interest method. The relevant equipment is not derecognised and continue to depreciate over their useful life by the Group during the lease period.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition/substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition on tariff adjustments on sales of electricity

Tariff adjustments represents subsidy received and receivable from the government authorities in respect of the Group's solar power generation business.

Pursuant to the New Tariff Notice issued in August 2013, a set of standardised procedures for the settlement of the tariff subsidy have come into force and approvals for the registration in the Catalogue on a project-by-project basis are required before the allocation of funds to the state grid companies, which then would make settlement to the Group.

In January 2020, the PRC government has simplified the application and approval process to receive tariff adjustments. Pursuant to the 2020 Measures (as defined in note 6) announced by the PRC government in January 2020, the PRC government will no longer announce new additions to the existing Catalogue while the grid companies will regularly announce a List (as defined in note 6) for solar power plant projects which are entitled to the tariff adjustments. All on-grid solar power plants already registered in the Catalogue would be enlisted in the List automatically. For those on-grid solar power plants which are not yet registered in the Catalogue, they need to meet the relevant requirements and conditions for tariff subsidy as stipulated in the 2020 Measures and to complete the submission and application on the Platform. Grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Critical judgements in applying accounting policies *(continued)*

Revenue recognition on tariff adjustments on sales of electricity (continued)

Tariff adjustments of RMB3,623,057,000 (2018: RMB3,408,718,000) were included in the sales of electricity for the year ended 31 December 2019 as disclosed in note 6, of which certain on-grid solar power plants of the Group were still pending for registration to the Catalogue as of 31 December 2019, which was an on-going process as the Catalogue was opened for registration on a batch by batch basis under the requirement of New Tariff Notice. Accordingly, for certain power plants which were pending for registration to the Catalogue, the relevant tariff adjustments were recognised only to the extent that it is highly probable that such an inclusion would not result in a significant revenue reversal in the future on the basis that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants, and taking into account the legal opinion as advised by the Group's legal advisor, who considered that all of the Group's solar power plants currently in operation had met the requirements and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff subsidy when the electricity was delivered on grid, and also the requirements and conditions for the entitlement of the tariff subsidy under the 2020 Measures. Hence, the Group's operating power plants are able to be enlisted in the List subsequent to the year ended 31 December 2019 and the accrued revenue on tariff subsidy are fully recoverable. During the year ended 31 December 2019, the Group recognised revenue of RMB2,589 million (2018: RMB2,008 million) in respective of tariff adjustments recognised as revenue relating to solar power plants not yet registered in the Catalogue.

Accounting and classification of the Group's various financing arrangements

As at 31 December 2019, the Group has other borrowing of RMB17,007,921,000 (2018: RMB14,646,071,000) via various financing arrangements with details disclosed in note 30.

The Directors have reviewed the Group's financing arrangements and in light of its complex terms and conditions of the contracts and the deployment of different types and nature of financing vehicles, the accounting for these arrangements requires detailed consideration of all facts and circumstances and the application of relevant accounting standards.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Determination of timing of settlement of tariff adjustments on sales of electricity

For the tariff adjustments yet to obtain approval for registration in the Catalogue by the PRC government at the end of the reporting period, the Group considered that it contained a significant financing component over the relevant portion of tariff adjustment until approval is obtained. In determining the period of extended financing, the Group has to exercise judgement and make estimation in timing of collection of the tariff adjustments with reference to historical pattern and experience for application and approval for registration in the Catalogue which was only opened for registrations on a batch by batch basis. The Group has adjusted the respective tariff adjustment for the financing component based on estimated timing of collection.

The adjustment for financing component is sensitive to changes in expected timing of settlement of the tariff adjustments. Change in facts and circumstances will result in revision of the expected collection period of the tariff adjustments which will be reflected as an increase or a reduction in financing component adjustment for the period in which such a revision takes place.

The revenue of the Group was adjusted by approximately RMB151 million for the year ended 31 December 2019 (2018: RMB152 million) for this financing component and in relation to revision of expected timing of tariff settlement.

Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision rates are based on internal credit rating as groupings for various debtors which shared credit risk characteristics by reference to repayment history of the debtor, taking into account general economic conditions of the solar industry, relevant country default risk, and an assessment of both the current as well as forecast direction at the reporting date. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually. As at 31 December 2019 and 31 December 2018, the ECL provision for trade receivables and contract assets is considered insignificant.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 40b.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Useful lives and impairment of property, plant and equipment

The Group has made substantial investments in property, plant and equipment for the Solar Energy Business. Changes in technology on plant and machinery or products to be manufactured may cause a change in the estimated useful lives or value of these assets.

The Group evaluates whether there is any event or change in circumstances which indicates that the carrying amounts of property, plant and equipment may not be recoverable. Whenever such events or changes in circumstances occur, these assets are reviewed for impairment.

Additionally, the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The management will increase the depreciation charge where useful lives are expected to be shorter than previously estimated. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation expense in future periods.

As at 31 December 2019, the carrying amount of property, plant and equipment was approximately RMB35,400,109,000 (2018: RMB42,970,249,000), net of accumulated depreciation and impairment of approximately RMB3,932,254,000 (2018: RMB3,086,324,000).

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2019 and 2018.

For sales of electricity, the Group generally entered into power purchase agreements with local grid companies with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer and the amount included RMB3,623,057,000 (2018: RMB3,408,718,000) tariff adjustment recognised during the year. The Group generally grants credit period of approximately one month to customers from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

6. REVENUE AND SEGMENT INFORMATION *(continued)*

The financial resource for the tariff adjustment is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund to the respective state-owned grid companies for settlement to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加輔助資金管理暫行辦法). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment.

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020] No. 4)* (《關於促進非水可再生能源發電健康發展的若干意見》) (財建[2020]4號) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020] No. 5)* (《財政部國家發展改革委國家能源局關於印發〈可再生能源電價附加資金管理辦法〉的通知》) (財建[2020]5號) (the "2020 Measures") were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government will not announce new additions to the existing Catalogue and has simplified the application and approval process regarding the registration of tariff adjustments for non-hydro renewable energy power plant projects into the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單, the "List"). The state grid companies will regularly announce the list based on the project type, time of grid connection and technical level of the solar power projects. All solar power plants already registered in the Catalogue will be enlisted in the List automatically. For those on-grid solar power projects which have already started operation but yet to register into the previous Catalogue and now, the List, these on-grid solar power projects are entitled to enlist into the List once they have met the conditions as stipulated on the Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) and completed the submission and application in the National Renewable Energy Information Management Platform (the "Platform").

Tariff adjustments are recognised as revenue and due from grid companies in the PRC in accordance with the relevant power purchase agreements.

For those tariff adjustments that are subject to approval for registration in the Catalogue by the PRC government at the end of the reporting period, the relevant revenue from these tariff adjustments are considered variable consideration, and are recognised only to the extent that it is highly probable that a significant reversal will not occur and are included in contract assets. Management assessed that all of the Group's operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. The contract asset is transferred to trade receivables upon the relevant power plant obtained the approval for registration in the Catalogue for the years ended 31 December 2018 and 2019, or when the relevant power plant is enlisted in the List since the release of the 2020 Measures.

* English name for identification only

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Since certain of the tariff adjustments were yet to obtain approval for registration in the Catalogue by the PRC government at the end of the reporting period, the management considered that it contained a significant financing component over the relevant portion of tariff adjustment until approval was obtained. For the year ended 31 December 2019, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.55% to 3.01% per annum (2018: 2.90% to 2.98% per annum) and the adjustment in relation to revision of expected timing of tariff collection. As such, the Group's revenue was adjusted by approximately RMB151 million (2018: RMB152 million) and interest income amounting to approximately RMB118 million (2018: RMB111 million) (note 7) was recognised.

The Group's chief operating decision maker ("CODM"), being the executive directors of the Company, regularly reviews revenue by provinces; however, no other discrete information was provided. In addition, the CODM reviewed the consolidated results when making decisions about allocating resources and assessing performance. Hence, no further segment information other than entity wide information was presented.

Geographical information

The Group's operations are located in the PRC, Japan and the United States of America ("US").

Information about the Group's revenue from external customers is presented based on the location of the operations and customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	Year ended 31 December 2019 RMB'000	Year ended 31 December 2018 RMB'000	**At 31 December 2019 RMB'000**	At 31 December 2018 RMB'000
PRC	**5,959,721**	5,572,704	**43,955,008**	49,193,375
Other countries	**92,266**	59,693	**1,388,980**	1,562,205
	6,051,987	5,632,397	**45,343,988**	50,755,580

Note: Non-current assets excluded those relating to financial instruments (including pledged bank and other deposits, other investment and amounts due from related companies) and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended	
	31 December 2019 RMB'000	31 December 2018 RMB'000
Customer A	**915,648**	655,820

7. OTHER INCOME

	2019 RMB'000	2018 RMB'000
Consultancy income *(Note a)*	**32,111**	12,312
Compensation income	**6,615**	1,100
Government grants		
— Incentive subsidies *(Note b)*	**8,331**	13,063
— Investment Tax Credit ("ITC") *(note 28c)*	**14,159**	9,689
— Others	**1,860**	12,172
Interest arising from contracts containing significant financial component	**118,218**	111,287
Interest income of financial assets at amortised cost:		
— Bank interest income	**21,654**	20,307
— Interest income from other loan receivables *(note 26)*	**682**	5,115
— Interest income from loans to related companies	**2,047**	10,950
Management services income		
— related companies *(note 46a)*	**53,040**	59,309
— third parties	**15,790**	—
Others	**32,375**	16,842
	306,882	272,146

Notes:

(a) Consultancy income represents consultancy fees earned from third parties for design and planning for constructing solar power plants.

(b) Incentive subsidies were received from the relevant PRC government for improvement of working capital and financial assistance to the operating activities. The subsidies were granted on a discretionary basis during the year and the conditions attached thereto were fully complied with.

8. OTHER GAINS AND LOSSES, NET

	2019 RMB'000	2018 RMB'000
Exchange losses, net *(Note a)*	**(94,370)**	(404,526)
Impairment loss on property, plant and equipment *(Note b)*	**(57,235)**	—
Gain on disposal of property, plant and equipment	**43,006**	—
Gain on disposal of solar power plant projects *(note 38a and b)*	**26,926**	35,146
Fair value change on other investments	**—**	16,790
Gain on disposal of joint ventures *(note 20)*	**35,263**	—
Others	**(2,576)**	—
	(48,986)	(352,590)

Notes:

(a) Exchange losses mainly arose from a loan from ultimate holding company, bank and other borrowings and the senior notes, all are denominated in US$ which appreciated against RMB.

(b) In August 2019, the power generator and related equipment of a solar power plant of the Group located in Shandong Province, the PRC, was damaged during typhoon. Accordingly, an impairment loss of RMB57,235,000 was recognised for the respective property, plant and equipment for the year ended 31 December 2019. The Group has insurance policies in place to cover damages to property, plant and equipment incidental to typhoon and the related compensation will be recognised only when the compensation becomes receivables. The Group received RMB6,615,000 from insurance claim as of 31 December 2019 which was recognised as compensation income (note 7).

9. FINANCE COSTS

	2019 RMB'000	2018 RMB'000
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	**2,345,024**	2,036,800
Bonds and senior notes	**244,417**	275,465
Loans from related companies *(note 46b)*	**265,188**	122,584
Lease liabilities	**67,838**	—
Total borrowing costs	**2,922,467**	2,434,849
Less: amounts capitalised in the cost of qualifying assets	**(40,715)**	(157,891)
	2,881,752	2,276,958

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.8% (2018: 6.32%) per annum to expenditure on qualifying assets.

10. INCOME TAX EXPENSE

	2019 RMB'000	2018 RMB'000
PRC Enterprise Income Tax ("EIT"):		
Current tax	**129,436**	55,908
Over-provision in prior year	**(6,090)**	—
PRC dividend withholding tax	**49,495**	—
Deferred tax *(note 33)*	**4,722**	(49,392)
	177,563	6,516

The basic tax rate of the Company's PRC subsidiaries is 25% under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law.

Certain subsidiaries of the Group, being enterprises engaged in solar photovoltaic projects, under the EIT Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the year ended 31 December 2019, certain subsidiaries of the Company engaged in solar photovoltaic projects had their first year of the 3-year 50% exemption period.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations is taxed at 8.25%, and profits above HK$2 million is taxed at 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the current year. No provision for taxation in Hong Kong Profits Tax was made as there is no assessable profit for both reporting periods.

The Federal and state income tax rate in the US are calculated at 21% and 8.84% respectively for both years. No provision for taxation in the US was made as there is no assessable profit for both reporting periods.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 RMB'000	2018 RMB'000
Profit before tax	**782,316**	755,870
Tax at the domestic income tax rate of 25% (2018: 25%) *(Note)*	**195,579**	188,968
Tax effect of share of profits of joint ventures	**(6,098)**	(1,140)
Tax effect of share of (profits) losses of associates	**(12,274)**	260
Tax effect of expenses not deductible for tax purpose	**261,067**	230,605
Tax effect of income not taxable for tax purpose	**(5,644)**	(18,787)
Tax effect of tax losses not recognised	**112,553**	33,290
Utilisation of tax losses previously not recognised	**(6,158)**	(3,349)
Over-provision in prior year	**(6,090)**	—
Withholding tax on undistributed profits of the PRC subsidiaries	**49,495**	—
Effect of tax exemptions and concessions granted to the PRC subsidiaries	**(404,867)**	(423,331)
Income tax expense for the year	**177,563**	6,516

Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used which is PRC EIT rate.

11. PROFIT FOR THE YEAR

	2019 RMB'000	2018 RMB'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**4,362**	4,466
Depreciation of:		
— Property, plant and equipment	**1,642,170**	1,510,182
— Right-of-use assets	**91,901**	—
Release of prepaid lease payments	**—**	3,073
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**328,611**	330,674
— Retirement benefit scheme contributions	**66,376**	47,708
Share-based payment expenses *(note 36)* (administrative expenses in nature)		
— Directors and staff	**1,693**	10,104
— Consultancy services	**94**	2,575

12. ASSETS CLASSIFIED AS HELD FOR SALE

Disposal of solar power plants

(a) 林州市新創太陽能有限公司 Linzhou City Xinchuang Solar Company Limited ("Linzhou Xinchuang")*

On 24 October 2018, the Group entered into a share transfer agreement with 中廣核太陽能開發有限公司 CGN Solar Energy Development Co., Ltd* ("CGN Solar"), an independent third party, pursuant to which the Group agreed to sell and CGN Solar agreed to purchase 80% equity interest of Linzhou Xinchuang at consideration of RMB93,488,000 and repayment of the corresponding interest in shareholder's loan as at the date of completion of disposal. Linzhou Xinchuang operates solar power plant projects in Linzhou, the PRC ("Linzhou Project").

The Group guaranteed that for the three-year period following the completion under the equity transfer agreement, Linzhou Project shall generate an average on-grid electricity per year of not less than the guaranteed amount, being 73.1 million kWh ("Guaranteed Amount") and is adjusted in accordance with the degradation rate of the solar panels from benchmark date (i.e. 30 June 2018) to the completion date. In the event that the Linzhou Project fails to reach the aforesaid target, the Group shall make up the loss suffered by CGN Solar and such guarantee shall extend for a period of three years. As the average annual on grid electricity generated by the project in the past two years well exceeded 73.1 million kWh, in the opinion of the Directors, the fair value of the guarantee is insignificant as at completion date on 15 February 2019 and 31 December 2019.

12. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal of solar power plants *(continued)*

(a) 林州市新創太陽能有限公司 Linzhou City Xinchuang Solar Company Limited ("Linzhou Xinchuang") (continued)*

In addition, the Group has granted a put option to CGN Solar, pursuant to which the Group has agreed that if the Linzhou Project fails to generate an average annual on-grid electricity reaching 70% of the Guaranteed Amount during the three-year period, the Group shall repurchase the 80% equity interest in Linzhou Xinchuang from CGN Solar at a repurchase price to be agreed between both parties and replace all advancement from CGN Solar to Linzhou Xinchuang with its loan. As the average annual on-grid electricity generated by the project in the past two years well exceeded the aforesaid 70% requirement, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 15 February 2019 and 31 December 2019.

Besides, CGN Solar has granted the Group a put option, pursuant to which CGN Solar has agreed to grant the Group the right, but not an obligation, to request CGN Solar to purchase the remaining 20% equity interest in Linzhou Xinchuang upon the aforesaid guarantee being fulfilled. As the purchase price will be referenced to the fair value of Linzhou Project at the date of purchase of the remaining 20% equity interest in Linzhou Xinchuang by CGN Solar, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 15 February 2019 and 31 December 2019. Details of this transaction are set out in the announcement of the Company dated 24 October 2018. The disposal is completed on 15 February 2019 as disclosed in note 38(a)(i), and the Group recognised a gain on disposal amounting to RMB4.9 million in the current year.

(b) Wholly-owned subsidiaries in Inner Mongolia, the PRC

On 30 December 2018, the Group entered into share transfer agreements with 中國三峽新能源有限公司 China Three Gorges New Energy Company Limited* ("China Three Gorges New Energy"), an independent third party, pursuant to which the Group agreed to sell and China Three Gorges New Energy agreed to purchase 100% equity interest of several wholly-owned subsidiaries of the Group for consideration in aggregate of RMB184,643,000. The wholly-owned subsidiaries of the Group operate a number of solar power plant projects in Inner Mongolia, the PRC. The disposal is completed in May 2019 as disclosed in note 38(a)(ii), and a gain on disposal amounting to RMB17.9 million is recognised in current year.

* English name for identification only

As at 31 December 2018, the assets and liabilities attributable to these solar power plant projects have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

12. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal of solar power plants *(continued)*

As at 31 December 2018, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment	1,068,080
Prepaid lease payments	1,828
Other non-current assets	97,335
Trade and other receivables	175,893
Bank balances and cash	44,873
Total assets classified as held for sale	1,388,009
Other payables	(60,781)
Bank and other borrowings — due within one year	(36,344)
Other current liabilities	(1,582)
Bank and other borrowings — due after one year	(836,611)
Other non-current liabilities	(145)
Total liabilities directly associated with assets classified as held for sale	(935,463)
Net assets of solar power plant projects classified as held for sale	452,546
Intragroup balances	(162,864)
Net assets of solar power plant projects	289,682
Remaining net assets of Linzhou Project held by the Group	(24,259)
Net assets to be disposed of	265,423

12. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal of solar power plants *(continued)*

The following is an aged analysis of trade receivables presented based on the invoice date at 31 December 2018, which approximated the respective revenue recognition date:

	RMB'000
0–90 days	82,190
91–180 days	74,631
	156,821

For the electricity sale business, the Group generally granted credit period of approximately one month to local power grid companies in the PRC from the date of invoice in accordance with the relevant electricity sales contract between the Group and the respective local grid companies.

The carrying amounts of the above borrowings are repayable*:

	RMB'000
Within one year	36,344
More than one year, but not exceeding two years	54,375
More than two years, but not exceeding five years	238,125
More than five years	544,111
	872,955
Less: Bank and other borrowings — due within one year	(36,344)
Bank and other borrowings — due after one year	836,611

* The repayable amounts of bank and other borrowings are based on scheduled repayment dates set out in the respective loan agreements.

13. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Particulars of the emoluments of Directors, the chief executive and the five highest paid employees are as follows:

(a) Directors' and President/Chief Executive's emoluments

The emoluments of each of the Directors and the President/Chief Executive of the Company are set out below:

Year ended 31 December 2019

Name of director	Directors' fees RMB'000	Other emoluments				Total RMB'000
		Bonuses RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	
President and Executive Director						
Mr. SUN Xingping *(note i)*	—	1,943	1,677	118	144	3,882
Executive Directors						
Mr. ZHU Yufeng	—	489	3,520	—	32	4,041
Ms. HU Xiaoyan	—	600	1,320	66	27	2,013
Non-executive Directors						
Ms. SUN Wei	440	—	—	—	27	467
Mr. SHA Hongqiu	440	—	—	—	72	512
Mr. YEUNG Man Chung, Charles	440	—	—	—	27	467
Mr. HE Deyong	105	—	—	—	—	105
Independent Non-executive Directors						
Mr. WANG Bohua	248	—	—	—	5	253
Mr. XU Songda	248	—	—	—	5	253
Mr. LEE Conway Kong Wai	291	—	—	—	6	297
Mr. WANG Yanguo	248	—	—	—	9	257
Dr. CHEN Ying	248	—	—	—	9	257
Total	2,708	3,032	6,517	184	363	12,804

13. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' and President/Chief Executive's emoluments *(continued)*

Year ended 31 December 2018

Name of director	Directors' fees RMB'000	Other emoluments: Bonuses RMB'000	Other emoluments: Salaries and other benefits RMB'000	Other emoluments: Retirement benefits scheme contributions RMB'000	Other emoluments: Share-based payments RMB'000	Total RMB'000
President and Executive Director						
Mr. SUN Xingping *(note i)*	—	667	3,450	343	444	4,904
Executive Directors						
Mr. ZHU Yufeng	—	474	3,386	—	97	3,957
Ms. HU Xiaoyan	—	—	2,217	190	487	2,894
Mr. TONG Wan Sze *(note ii)*	—	307	2,133	150	222	2,812
Non-executive Directors						
Ms. SUN Wei	423	—	—	—	689	1,112
Mr. SHA Hongqiu	423	—	—	—	222	645
Mr. YEUNG Man Chung, Charles	423	—	—	—	386	809
Mr. HE Deyong *(note iii)*	69	—	—	—	—	69
Independent Non-executive Directors						
Mr. WANG Bohua	238	—	—	—	67	305
Mr. XU Songda	238	—	—	—	67	305
Mr. LEE Conway Kong Wai	279	—	—	—	67	346
Mr. WANG Yanguo	238	—	—	—	28	266
Dr. CHEN Ying	238	—	—	—	28	266
Total	2,569	1,448	11,186	683	2,804	18,690

Notes:

(i) Mr. Sun Xingping resigned as president and executive director of the Company with effect from 15 January 2020.

(ii) Mr. Tong Wan Sze resigned as an executive director of the Company with effect from 4 January 2019.

(iii) Mr. He Deyong has been appointed as a non-executive director of the Company with effect from 1 May 2018.

13. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' and President/Chief Executive's emoluments *(continued)*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Bonuses are discretionary and are based on the Group's performance for the year.

No directors waived any emoluments and no incentive paid on joining and compensation for the loss of office for the year.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

(b) Employees' emoluments

The five highest paid employees of the Group during the year included three directors (2018: four directors), details of whose remuneration are set out in (a) above. Details of the emoluments of the remaining two (2018: one) highest paid employees in 2019 who are neither a director nor president/chief executive of the Company are as follows:

	2019 RMB'000	2018 RMB'000
Salaries, allowances and benefits in kind	**2,750**	1,400
Performance-related bonuses	**1,849**	1,450
Retirement benefits scheme contributions	**194**	153
	4,793	3,003

The number of the highest paid employees who are not the directors whose remuneration fell within the following bands is as follows:

	2019 No. of employees	2018 No. of employees
HK$2,000,001 to HK$2,500,000 (equivalent to approximately RMB1,761,001 to RMB2,201,250)	**1**	—
HK$2,500,001 to HK$3,000,000 (equivalent to approximately RMB2,201,251 to RMB2,641,500)	**1**	—
HK$3,500,001 to HK$4,000,000 (2018: equivalent to approximately RMB2,883,001 to RMB3,295,200)	**—**	1

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2019 RMB'000	2018 RMB'000
Profit for the year attributable to owners of the Company	**294,688**	469,680
Effect of dilutive potential ordinary shares:		
Loss on changes in fair value of convertible bonds	**—**	5,524
Profit for the purpose of diluted earnings per share	**294,688**	475,204

Number of shares	2019 '000	2018 '000
Number of ordinary shares for the purpose of basic earnings per share	**19,073,715**	19,073,715
Effect of dilutive potential ordinary shares:		
Convertible bonds	**—**	560,080
Number of ordinary shares for the purpose of diluted earnings per share	**19,073,715**	19,633,795

Diluted earnings per share did not assume the exercise of the share options since the exercise price is higher than the average share price for both reporting periods.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Power generators and equipment RMB'000	Leasehold improvements, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2018	1,184,655	35,713,076	64,658	42,484	2,757,590	39,762,463
Additions	—	16,235	148,278	2,549	6,243,350	6,410,412
Acquired on acquisition of subsidiaries *(note 37)*	50,324	1,497,121	369	—	199,619	1,747,433
Transfer	317,250	6,508,781	—	—	(6,826,031)	—
Disposed on disposal of subsidiaries	(33,659)	(700,182)	(5,677)	(174)	(3,446)	(743,138)
Effect of foreign currency exchange differences	—	4,528	(91)	—	231	4,668
Transfer to assets held for sale *(note 12)*	(22,962)	(1,100,651)	(371)	(354)	(927)	(1,125,265)
At 31 December 2018	1,495,608	41,938,908	207,166	44,505	2,370,386	46,056,573
Additions	—	—	34,149	3,013	445,430	482,592
Acquired on acquisition of subsidiaries *(note 37)*	24,693	975,102	182	386	—	1,000,363
Transfer	151,009	1,756,369	—	—	(1,907,378)	—
Disposed on disposal of subsidiaries	(275,872)	(7,818,916)	(15,908)	(9,466)	(10,499)	(8,130,661)
Disposals	—	(70,644)	(3,475)	(3,499)	—	(77,618)
Effect of foreign currency exchange differences	—	1,100	9	—	5	1,114
At 31 December 2019	**1,395,438**	**36,781,919**	**222,123**	**34,939**	**897,944**	**39,332,363**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2018	67,868	1,559,347	16,447	14,501	—	1,658,163
Depreciation expense	60,385	1,424,531	16,545	8,721	—	1,510,182
Effect of foreign currency exchange differences	—	947	15	—	—	962
Eliminated on disposal of subsidiaries	(1,018)	(24,768)	—	(12)	—	(25,798)
Transfer to assets held for sale *(note 12)*	(620)	(56,458)	(74)	(33)	—	(57,185)
At 31 December 2018	126,615	2,903,599	32,933	23,177	—	3,086,324
Depreciation expense	66,259	1,549,372	18,897	7,642	—	1,642,170
Impairment loss recognised in profit or loss	—	57,235	—	—	—	57,235
Effect of foreign currency exchange differences	—	889	6	—	—	895
Eliminated on disposal of subsidiaries	(25,741)	(800,641)	(6,787)	(5,495)	—	(838,664)
Eliminated on disposals	—	(11,444)	(2,270)	(1,992)	—	(15,706)
At 31 December 2019	**167,133**	**3,699,010**	**42,779**	**23,332**	**—**	**3,932,254**
CARRYING AMOUNTS						
At 31 December 2019	**1,228,305**	**33,082,909**	**179,344**	**11,607**	**897,944**	**35,400,109**
At 31 December 2018	1,368,993	39,035,309	174,233	21,328	2,370,386	42,970,249

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis after taking into account of the residual value as follows:

Buildings	2%–4% or over the lease term, whichever is shorter
Power generators and equipment	4% per annum in the PRC or the percentage calculated based on license period in the US
Leasehold improvements, furniture, fixtures and equipment	20%–25%
Motor vehicles	20%–30%

All buildings were held under leases in the PRC.

At 31 December 2019, the Group was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB1,018,525,000 (2018: RMB1,271,801,000). In the opinion of the Directors, the absence of the property ownership certificates to these property interests does not impair their carrying value to the Group as the Group paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

17. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Rooftops RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2019				
Carrying amount	1,796,990	137,212	27,622	1,961,824
As at 31 December 2019				
Carrying amount	1,368,902	126,438	18,603	1,513,943
For the year ended 31 December 2019				
Depreciation charge	(75,033)	(6,071)	(10,797)	(91,901)
Expense relating to:				
— Short-term leases				(8,967)
— Leases with lease term ending within 12 months from the date of initial application				(19,841)
Total cash outflow for leases				(167,964)
Additions to right-of-use assets (including those arising from acquisition of subsidiaries)				(82,038)

17. RIGHT-OF-USE ASSETS *(continued)*

During the year ended 31 December 2019, the Group entered into an early termination agreement with a landlord to terminate a lease contract, which resulted in derecognition of right-of-use assets and lease liabilities of RMB161,000 and RMB168,000, respectively.

For both years, the Group leases lands, rooftops and other equipment for its operations. Lease contracts are entered into for fixed terms of three to fifty years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold lands where its solar power plants are primarily located and office buildings. The Group is the registered owner of these property interests. The Group has obtained the land use right certificates for all leasehold lands except for those with carrying amount of HK$105,402,000 (2018: HK$105,075,000) in which the Group is in the process of obtaining. Lump sum payments were made upfront to acquire these property interests.

The Group regularly entered into short-term leases for office, motor vehicles and staff quarter. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The Group has extension options in a number of leases for the leasehold lands. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors.

The Group assessed at lease commencement date/date of initial application whether it is reasonably certain to exercise the extension options. There is no extension option which the Group is not reasonably certain to exercise. As at 31 December 2019, lease liabilities with the exercise of extension options of RMB766,505,000 are recognised.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019, there is no such triggering event.

Details of the lease maturity analysis of lease liabilities are set out in note 32.

Sale and leaseback transactions — seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the solar power plants. During the year ended 31 December 2019, the Group has raised RMB2,323,585,000 borrowings in respect of such sale and leaseback arrangements.

18. PREPAID LEASE PAYMENTS

	2018 RMB'000
Analysed for reporting purposes as:	
Current assets	2,221
Non-current assets	112,041
	114,262

19. INTERESTS IN ASSOCIATES

	2019 RMB'000	2018 RMB'000
Cost of unlisted investments in associates	968,779	37,846
Share of post-acquisition profits (losses), net of dividend received	44,505	(1,041)
	1,013,284	36,805

Details of the Group's associates at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2019	2018	2019	2018	
喀什博思光伏科技有限公司 Kashgar Solbright Technology Co. Ltd.*	PRC	20%	20%	20%	20%	Sale of solar products
華容縣協鑫光伏電力有限公司 Huarong County GCL Solar Power Co. Ltd.* ("Huarong")	PRC	20%	20%	20%	20%	Operation of solar power plants in the PRC
北京華橋新能源諮詢有限公司 Beijing Hua Qiao New Energy Limited*	PRC	30%	30%	30%	30%	Provide consultancy services on solar power plant
Linzhou Xinchuang *(note a)*	PRC	20%	N/A	20%	N/A	Operation of solar power plants in the PRC
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co. Ltd.* ("Ruzhou") *(note b)*	PRC	45%	N/A	45%	N/A	Operation of solar power plants in the PRC
新安縣協鑫光伏電力有限公司 Xinan County GCL Solar Power Co., Ltd.* ("Xinan") *(note b)*	PRC	45%	N/A	45%	N/A	Operation of solar power plants in the PRC
江陵縣協鑫光伏電力有限公司 Jiangling County GCL Solar Power Co., Ltd.* ("Jiangling") *(note b)*	PRC	45%	N/A	45%	N/A	Operation of solar power plants in the PRC
山西協鑫新能源科技有限公司 Shanxi GCL New Energy Technologies Co., Ltd.* ("Shanxi GNE") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC
汾西縣協鑫光伏電力有限公司 Fenxi County GCL Photovoltaic Co., Ltd.* ("Fenxi GCL") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC

* English name for identification only

19. INTERESTS IN ASSOCIATES *(continued)*

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2019	2018	2019	2018	
芮城縣協鑫光伏電力有限公司 Ruicheng County GCL Photovoltaic Co., Ltd.* ("Ruicheng GCL") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.* ("Yu County Jinyang") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC
盂縣協鑫光伏電力有限公司 Yu County GCL Photovoltaic Co., Ltd.* ("Yu County GCL") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping County Photovoltaic Development Co., Ltd.* ("Hanneng Guangping") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC
河北協鑫新能源有限公司 Hebei GCL New Energy Co., Ltd.* ("Hebei GNE") *(note c)*	PRC	30%	N/A	30%	N/A	Operation of solar power plants in the PRC

Notes:

(a) On 15 February 2019, as disclosed in note 38(a)(i), the Group disposed of 80% equity interest in Linzhou Xinchuang to an independent third party and retained significant influence on Linzhou Xinchuang upon completion of this disposal. Accordingly, the remaining 20% equity interest in Linzhou Xinchuang is accounted for as an investment in an associate.

(b) On 28 March 2019, the Group announced that it has entered into share transfer agreements with 五凌電力有限公司 Wuling Power Corporation Ltd.*, a subsidiary of China Power International Development Limited (中國電力國際發展有限公司), for the disposal of 55% equity interest in Ruzhou, Jiangling and Xinan for consideration in aggregate of approximately RMB328 million. Ruzhou, Jiangling and Xinan operates a number of solar power plants with approximately 280MW installed capacity in aggregate in the PRC. The disposals are completed in April 2019 as disclosed in note 38(a)(iii). Since the Group retains 45% equity interest in aggregate in Ruzhou, Jiangling and Xinan and has significant influence, these companies are accounted for as investments in associates.

(c) On 22 May 2019, the Group entered into a series of seven share purchase agreements with 上海榕耀新能源有限公司 Shanghai Rongyao New Energy Co., Ltd* ("Shanghai Rongyao"), an independent third party, in which the Group is going to sell 70% of its equity interest in Shanxi GNE, Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Hanneng Guangping and Hebei GNE that own 23 operational solar power plants in the PRC with an aggregate installed capacity of approximately 977MW, for a consideration in aggregate of RMB1,441,652,000. The disposals are completed in the second half of 2019 with details set out in note 38(a)(viii). Since the Group retains 30% equity interest in aggregate in these companies and has significant influence, these companies are accounted for as investments in associates.

* English name for identification only

All associates are accounted for using the equity method in these consolidated financial statements.

19. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates as at 31 December 2019 and 2018 is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Standards.

Hebei GNE and its subsidiaries

	2019 RMB'000
Current assets	1,165,101
Non-current assets	3,335,979
Current liabilities	(1,612,961)
Non-current liabilities	(1,880,453)

	From 19 September 2019 to 31 December 2019 RMB'000
Revenue	147,150
Profit and total comprehensive income for the period	70,366
Dividends received from Hebei GNE and its subsidiaries during the period	—

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hebei GNE and its subsidiaries recognised in the consolidated financial statements:

	2019 RMB'000
Net assets of Hebei GNE and its subsidiaries	1,007,666
Proportion of the Group's ownership interest in Hebei GNE and its subsidiaries	30%
Carrying amount of the Group's interest in Hebei GNE and its subsidiaries	302,300

19. INTERESTS IN ASSOCIATES *(continued)*

Huarong

	2019 RMB'000	2018 RMB'000
Current assets	**166,190**	140,294
Non-current assets	**656,579**	704,603
Current liabilities	**(142,688)**	(188,525)
Non-current liabilities	**(494,000)**	(474,806)

	2019 RMB'000	From 10 December 2018 to 31 December 2018 RMB'000
Revenue	**98,499**	2,995
Profit (loss) and total comprehensive income (expense) for the period	**22,263**	(2,516)
Dividends received from Huarong during the year/period	**3,550**	—

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huarong recognised in the consolidated financial statements:

	2019 RMB'000	2018 RMB'000
Net assets of Huarong	**186,081**	181,566
Proportion of the Group's ownership interest in Huarong	**20%**	20%
Carrying amount of the Group's interest in Huarong	**37,216**	36,313

Aggregate information of associates that are not individually material

	2019 RMB'000	2018 RMB'000
The Group's share of profit (loss) from operations and total comprehensive income (expense)	**23,533**	(538)
Carrying amount of the Group's interest in the associates	**673,768**	492

20. INTERESTS IN JOINT VENTURES

	2019 RMB'000	2018 RMB'000
Details of the Group's investments in joint ventures are as follows:		
Cost of unlisted investment in joint ventures	**6,701**	58,417
Share of post-acquisition (losses) profits, net of dividend received	**(5,981)**	4,568
Effect of foreign currency exchange differences	**2,908**	3,094
	3,628	66,079

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2019	2018	2019	2018	
啟創環球有限公司 Qichuang Global Limited*	BVI/Japan	**50%**	50%	**50%**	50%	Operation of solar power plant in Japan
西安中民協鑫新能源有限公司 Xi'an Zhongmin GCL New Energy Company Limited* ("Zhongmin GCL") *(note a)*	PRC	**N/A**	32%	**N/A**	32%	Operation of solar power plant in the PRC
銅陵徽銀北控新能源投資合夥企業 (有限合夥) Tonglin Huiyin BE New Energy Investment Partnership Corporation (Limited Partnership)* ("Tongling Huiyin") *(note b)*	PRC	**N/A**	15%	**N/A**	15%	Operation of solar power plant in the PRC
北京京糧協鑫科技有限公司 Beijing Jing Liang GCL Technology Limited* ("Jingliang") *(note c)*	PRC	**49%**	49%	**49%**	49%	Provision of consultancy services on solar power plant
AD Solar No.3 Godo Kaisha ("AD3") *(note d)*	Japan	**N/A**	50%	**N/A**	50%	Operation of solar power plant in Japan
Himeji Tohori Taiyo-No-Sato No.1 Godo Kaisha ("Himeji") *(note d)*	Japan	**N/A**	50%	**N/A**	50%	Operation of solar power plant in Japan

* English name for identification only

Notes:

a. The Group acquired 100% equity interest of 金湖正輝太陽能電力有限公司 Jinhu Zhenghui Photovoltaic Co., Ltd.* ("Jinhu") and 山東萬海電力有限公司 Shandong Wanhai Solar Power Co., Ltd.* ("Wanhai") from Zhongmin GCL, a joint venture of the Company, during the current year. Upon completion of these acquisitions in March 2019, Jinhu and Wanhai become wholly-owned subsidiaries of the Group. Details are set out in note 37. Zhongmin GCL is also disposed of by the Group in March 2019. As a result of the disposal, a gain of RMB647,000 is recognised and included in other gains and losses during the year 31 December 2019.

b. Tongling Huiyin was established with an independent third party in which the Group holds 15% equity interest and the total attributed registered capital to be contributed by the Group amounted to RMB150,000,000. The Group has joint control over the arrangement as under the contractual agreement, unanimous consent is required from all parties to the agreement for directing the relevant activities. During the year ended 31 December 2019, Tongling Huiyin is deregistered and the contributed capital of RMB1,500,000 was repaid.

20. INTERESTS IN JOINT VENTURES *(continued)*

Notes: (continued)

c. During the year ended 31 December 2018, the Group contributed capital of RMB4,900,000 for a 49% equity interest in Jingliang. The Group has joint control over the arrangement as under the contractual agreement, unanimous consent is required from all parties to the agreement for directing the relevant activities.

d. The Group disposed of its 50% joint venture interest in both AD3 and Himeji to an independent third party in January 2019. As a result of the abovesaid disposals, a gain of RMB34,616,000 is recognised during the year ended 31 December 2019 and is included in other gains and losses.

All joint ventures are accounted for using the equity method in these consolidated financial statements.

Summarised financial information of a material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS Standards.

Zhongmin GCL

	2019 RMB'000	2018 RMB'000
Current assets	—	289,528
Non-current assets	—	978,859
Current liabilities	—	(445,462)
Non-current liabilities	—	(697,590)

	2019 RMB'000	2018 RMB'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	—	81,243
Non-current financial liabilities (excluding trade and other payables and provisions)	—	(697,590)

20. INTERESTS IN JOINT VENTURES *(continued)*

Zhongmin GCL *(continued)*

	From 1 January to 31 March 2019 RMB'000	2018 RMB'000
Revenue	**33,831**	160,247
Profit and total comprehensive income for the period/year	**9,091**	9,162
Dividends received from Zhongmin GCL during the period/year	**3,600**	—
Depreciation and amortisation	**9,684**	42,058
Interest income	**26**	104
Interest expense	**(11,757)**	(56,900)
Income tax expense	**(467)**	(4,393)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhongmin GCL recognised in the consolidated financial statements:

	2018 RMB'000
Net assets of Zhongmin GCL	125,335
Proportion of the Group's ownership interest in Zhongmin GCL	32%
Carrying amount of the Group's interest in Zhongmin GCL	40,107

Aggregate information of joint ventures that are not individually material

	2019 RMB'000	2018 RMB'000
The Group's share of profit from operations and total comprehensive income	**21,482**	1,630
Carrying amount of the Group's interest in the joint ventures	**3,628**	25,972

21. OTHER INVESTMENT

The Group invested RMB100,000,000 into an asset management plan managed by a financial institution in the PRC with maturity on 31 March 2021. Since the maturity date of the relevant investment is more than twelve months from the end of the reporting period, the relevant investment is presented as non-current asset as of 31 December 2019 and 2018. The principal is not guaranteed by the relevant financial institution and the expected return rate as stated in the contract is 7.5%.

As at 31 December 2019 and 2018, the above investment was classified as financial assets measured at FVTPL.

22. AMOUNTS DUE FROM/TO RELATED COMPANIES

	2019 RMB'000	2018 RMB'000
Amounts due from related companies — non-current		
— Loans to joint ventures *(Notes a and b)*	—	45,146
— Amount due from an associate of ultimate holding company *(Note c)*	8,000	—
— Amounts due from associates *(Note g)*	88,951	—
	96,951	45,146
Amounts due from related companies — current		
— Amounts due from joint ventures *(Notes a, b and d)*	8,297	230,775
— Amounts due from fellow subsidiaries *(Note e)*	47,319	43,131
— Amounts due from the companies controlled by Mr. Zhu Yufeng and his family *(Note f)*	991	1,214
— Amounts due from an associate of ultimate holding company *(Note c)*	—	18,135
— Amounts due from associates *(Note g)*	902,695	49,073
	959,302	342,328
Amounts due to related companies — current		
— Amounts due to joint ventures *(Note d)*	—	50
— Amounts due to fellow subsidiaries *(Note e)*	79,816	60,980
— Amounts due to associates *(Note g)*	417,103	7,093
— Amounts due to ultimate holding company *(Note d)*	—	39,191
— Amounts due to the companies controlled by Mr. Zhu Yufeng and his family *(Note f)*	96,555	32,146
	593,474	139,460

22. AMOUNTS DUE FROM/TO RELATED COMPANIES *(continued)*

Notes:

(a) As at 31 December 2018, the Group had an amount due from Jinhu amounting to RMB64,000,000, and a loan to Jinhu of RMB38,815,000 with maturity date on 31 December 2022 and interest bearing at 6% per annum. During the year ended 31 December 2019, Jinhu became a wholly-owned subsidiary of the Company (note 37) and accordingly, these inter-group balances are eliminated at group level.

(b) During the year ended 31 December 2018, the Group entered into a loan agreement with Himeji to finance its operations for JPY102,270,000 (equivalent to approximately RMB6,331,000 as of 31 December 2018). The loan was unsecured and interest-bearing at 1% per annum. Himeji was disposed of by the Group in January 2019 and this loan is settled by the acquirer as part of the consideration on disposal date.

(c) As at 31 December 2019, the amount represents pledged deposits placed at 芯鑫融資租賃有限責任公司 Xinxin Finance Leasing Company Limited* ("Xinxin") for long-term loans advanced to the Group. Details of the loans are set out in note 29(c). The balance is interest-free and unsecured, and will be released upon the maturity of the loans from 2024 through 2026.

(d) The amounts due from/to joint ventures and ultimate holding company are non-trade nature, unsecured, non-interest bearing and repayable on demand.

(e) The amounts due from/to fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for the amounts due from fellow subsidiaries of approximately RMB46,742,000 (2018: RMB42,119,000) which is arising from management services rendered to fellow subsidiaries with a credit term of 30 days.

(f) Mr. Zhu Yufeng and his family members hold in aggregate more than 20% of the Company's share capital as at 31 December 2019 and 2018 and exercise significant influence over the Company. The amounts due from/to companies controlled by Mr. Zhu Yufeng and his family are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for amounts due to companies controlled by Mr. Zhu Yufeng and his family of RMB512,000 (2018: RMB495,000) which is arising from training services provided by related companies with credit term of 30 days. The maximum amount outstanding during the year ended 31 December 2019 is RMB1,214,000 (2018: RMB1,214,000) in relation to the non-trade balances for the amounts due from companies in which Mr. Zhu Yufeng and his family have control.

(g) The amounts due from/to associates are non-trade nature, unsecured, non-interest bearing with no fixed repayment term except for an amount of RMB88,951,000 (2018: Nil) which, in the opinion of the Directors, is expected to be received after twelve months from the end of the reporting period and is classified as non-current.

* English name for identification only

23. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS

	2019 RMB'000	2018 RMB'000
Prepayments for EPC contracts and constructions *(Note)*	—	671,189
Refundable value-added tax	**1,716,249**	2,160,282
Prepaid rent for parcels of land	—	474,393
Others	**56,877**	28,137
	1,773,126	3,334,001

Note: Prepayments for the engineering, procurement and constructions ("EPC") contracts and constructions represent payment in advance to contractors which will be transferred to property, plant and equipment in accordance with the percentage of completion of the constructions.

24A. TRADE AND OTHER RECEIVABLES

	2019 RMB'000	2018 RMB'000
Trade receivables	**3,049,935**	2,981,150
Prepayments and deposits	**90,103**	253,795
Other receivables		
— Advance to Borrowers (as defined in note 26)	**13,530**	16,932
— Consultancy service fee receivables	**11,762**	14,527
— Consideration receivable from disposal of subsidiaries	**277,116**	16,141
— Advance to non-controlling interest shareholder	**21,546**	59,740
— Receivables for modules procurement	**287,044**	147,576
— Refundable value-added tax	**741,358**	1,194,357
— Others	**466,524**	246,240
	4,958,918	4,930,458

As at 1 January 2018, trade receivables from contract with customers amounted to RMB4,630,459,000.

For sales of electricity in the PRC, the Group generally grants credit period of approximately one month to power grid companies in the PRC from the date of invoice in accordance with the relevant electricity sales contracts between the Group and the respective grid companies.

Trade receivables include bills received amounting to RMB232,493,000 (2018: RMB141,560,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than 1 year.

The following is an aged analysis of trade receivables (excluded bills held by the Group for future settlement), which is presented based on the invoice date at the end of the reporting period:

	2019 RMB'000	2018 RMB'000
Unbilled *(Note)*	**2,524,359**	2,454,010
0–90 days	**128,953**	177,369
91–180 days	**17,814**	95,101
Over 180 days	**146,316**	113,110
	2,817,442	2,839,590

24A. TRADE AND OTHER RECEIVABLES *(continued)*

Note: The amount represents unbilled basic tariff receivables for solar power plants operated by the Group, and tariff adjustment receivables of those solar power plants already registered in the Catalogue. The Directors expect the unbilled tariff adjustments would be generally billed and settled within 1 year from end of the reporting date.

The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	2019 RMB'000	2018 RMB'000
0–90 days	**504,582**	346,782
91–180 days	**401,488**	635,985
181–365 days	**677,679**	873,117
Over 365 days	**940,610**	598,126
	2,524,359	2,454,010

As at 31 December 2019, included in these trade receivables are debtors with aggregate carrying amount of RMB203,943,000 (2018: RMB271,387,000) which are past due as at the end of the reporting date. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

Advance to Borrowers (as defined in note 26) are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Details of impairment assessment of trade and other receivables excluding prepayments and deposits and refundable value-added taxes are set out in note 40b.

24B. CONTRACT ASSETS

	2019 RMB'000	2018 RMB'000
Sales of electricity	**5,639,898**	4,236,405

As at 1 January 2018, contract assets amounted to RMB3,835,070,000.

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration to the Catalogue at the end of the reporting date, and tariff adjustment is recognised as revenue upon electricity is generated as disclosed in note 6. Pursuant to the 2020 Measures, for those on-grid solar power plants yet to be registered on the Catalogue, they are required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List. The contract assets are transferred to trade receivables when the Group's respective on-grid solar power plants are enlisted in the List. The Group considers the settlement terms contain significant financing component, and has adjusted the respective tariff adjustment for the financing component based on estimated timing of collection. Accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties. The revenue of the Group was adjusted by approximately RMB151 million for the year ended 31 December 2019 (2018: RMB152 million) for this financing component and in relation to revision of expected timing of tariff adjustment in the contract assets.

24B. CONTRACT ASSETS *(continued)*

Contract assets are reclassified to trade receivables at the point the respective on-grid solar power plant projects are enlisted on the List. The balances as at 31 December 2019 and 2018 are classified as non-current as they are expected to be received after twelve months from the reporting date.

Details of impairment assessment are set out in note 40b.

25. TRANSFER OF FINANCIAL ASSETS

During the year ended 31 December 2019, the Group endorsed certain bills receivable for the settlement of payables for purchase of plant and machinery and construction costs; and discounted certain bills receivable to banks for raising of cash.

The following were the Group's bills receivable as at 31 December 2019 that were transferred to banks or creditors by discounting or endorsing those receivables, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and recognised the cash received on the transfer as secured borrowings or the amounts outstanding with the creditors remain to be recognised as other payables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

At 31 December 2019

	Bills receivable discounted to banks with full recourse RMB'000	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Bills receivable from third parties and carrying amount of transferred assets	**190,978**	**1,672**	**192,650**
Carrying amount of associated liabilities	**(190,978)**	**(1,672)**	**(192,650)**
Net position	**—**	**—**	**—**

At 31 December 2018

	Bills receivable discounted to banks with full recourse RMB'000	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Bills receivable from third parties and carrying amount of transferred assets	90,000	4,248	94,248
Carrying amount of associated liabilities	(90,000)	(4,248)	(94,248)
Net position	—	—	—

25. TRANSFER OF FINANCIAL ASSETS *(continued)*

The Directors consider that the carrying amounts of the endorsed and discounted bills receivable approximate their fair values.

The finance cost recognised for bills receivable discounted to banks were included in interest on bank and other borrowings (note 9).

26. OTHER LOAN RECEIVABLES

The Group, as lender, entered into loan agreements with independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar power plant projects in the PRC. As at 31 December 2019, the outstanding balance is RMB14,250,000 (2018: RMB20,250,000). The loans are repayable within twelve months from 31 December 2019, and interest rate at 6% (2018: ranged from 6% to 12%) per annum.

27. PLEDGED BANK AND OTHER DEPOSITS/BANK BALANCES

Pledged bank and other deposits represent deposits pledged to banks and other financial institutions to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits carry fixed interest rates ranging from 0.3% to 2.4% (2018: 0.15% to 2.75%) per annum.

At 31 December 2019, pledged other deposits approximate RMB564,048,000 (2018: RMB506,804,000) are non-interest bearing.

Deposits amounting to RMB823,279,000 (2018: RMB1,279,425,000) have been pledged to secure bills payable and short-term borrowings granted to the Group and are therefore classified as current assets. The remaining deposits amounting to RMB877,996,000 (2018: RMB751,858,000) have been pledged to secure long-term borrowings and are therefore classified as non-current assets.

Bank balances

Bank balances carry interest at floating rates range from 0.01% to 0.385% (2018: 0.01% to 0.385%) per annum or fixed rates range from 1.1% to 2.75% (2018: 0.18% to 2.75%) per annum.

Details of impairment assessment of pledged bank and other deposits and bank balances are set out in note 40b.

28. OTHER PAYABLES AND DEFERRED INCOME

	2019 RMB'000	2018 RMB'000
Payables for purchase of plant and machinery and construction costs *(Note a)*	**4,540,359**	8,754,751
Payables to vendors of solar power plants	**92,873**	98,758
Other tax payables	**88,018**	63,190
Other payables	**363,055**	409,813
Advance from EPC contractors *(Note b)*	**123,030**	196,001
Deferred income *(Note c)*	**401,857**	409,365
Dividend payable to non-controlling shareholders	**225,784**	6,296
Accruals		
— Staff costs	**27,562**	112,186
— Legal and professional fees	**14,344**	41,871
— Consultancy fees	**89,373**	206,873
— Others	**389,405**	229,153
	6,355,660	10,528,257
Analysed as:		
Current	**5,968,129**	10,134,246
Non-current deferred income	**387,531**	394,011
	6,355,660	10,528,257

The Group has financial risk management policies in place to ensure settlement of payables within the credit time frame.

Notes:

a. Included in payables for purchase of plant and machinery and construction costs are RMB619,248,000 (2018: RMB2,126,194,000) in which the Group presented bills to relevant creditors for settlement and remained outstanding at the end of the reporting period. It also contains obligations arising from endorsing bills with recourse with an aggregate amount of RMB1,672,000 (2018: RMB4,248,000). All bills presented by the Group is aged within 1 year and not yet due at the end of the reporting period.

b. The advance represents the amounts received from EPC contractors for modules procurement, in which the modules will be used in the construction of the Group's solar power plants.

28. OTHER PAYABLES AND DEFERRED INCOME *(continued)*

Notes: (continued)

c. Pursuant to the relevant prevailing federal policies in the US, taxpayers that construct or acquire on or before 31 December 2019 qualified energy property are allowed to claim an energy income tax credit ("ITC") at 30% for the taxable year in which such property is placed in service by the taxpayer. The Directors analysed the facts and circumstances of the ITC and determined that it is of nature of a government grant that is provided to the Group in the form of tax benefits relating to construction or acquisition of qualified energy property.

Against this, the Group entered into an inverted lease arrangement in February 2017 for its qualified solar power plant projects in the US ("Qualified Assets") with a third party financial institution, which acts as a tax equity investor, and the arrangement allows the Group to pass its entitled ITC ("ITC Benefit") that constitutes the right to offset against future tax payables to the tax equity investor for cash receipts in exchange. During the year ended 31 December 2017, ITC Benefit of the Group related to the Qualified Assets amounted to US$34,090,000 (equivalent to approximately RMB222,751,000) and was recognised as a government grant ("Grant") as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the tax equity investor and accordingly, the ITC Benefit was derecognised during the year that the invested lease arrangement was entered into with the tax equity investor. Approximately US$1,136,000 (equivalent to approximately RMB7,839,000) (2018: US$1,136,000 (equivalent to approximately RMB7,917,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

During the year ended 31 December 2018, the Group entered into another financing arrangement for its four qualified solar power plant projects in the US with a third party financial institution, in which the Group passed its ITC Benefit to the financial institution that constitutes the right to offset against future tax payables to the financial institution for cash receipts in exchange. During the year ended 31 December 2019, ITC Benefit of the Group related to the four projects amounted to US$26,355,000 (equivalent to approximately RMB183,858,000) (2018: US$27,304,000 (equivalent to approximately RMB187,392,000)) and was recognised as a Grant as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the financial institution and accordingly, the relevant ITC Benefit was derecognised during year ended 31 December 2018. Approximately US$906,000 (equivalent to approximately RMB6,320,000) (2018: US$215,000 (equivalent to approximately RMB1,772,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

29. LOANS FROM RELATED COMPANIES

	2019 RMB'000	2018 RMB'000
Loans from:		
— ultimate holding company *(Note a)*	**—**	754,952
— companies controlled by Mr. Zhu Yufeng and his family *(Note b)*	**1,173,643**	1,977,840
— an associate of ultimate holding company *(Note c)*	**390,541**	484,231
	1,564,184	3,217,023
Analysed as:		
Current	**646,111**	1,030,590
Non-current	**918,073**	2,186,433
	1,564,184	3,217,023

29. LOANS FROM RELATED COMPANIES *(continued)*

Notes:

(a) During the year ended 31 December 2018, the Group has obtained a loan from its ultimate holding company, GCL-Poly of US$110,000,000 (equivalent to RMB754,952,000). The loan is unsecured, interest bearing at 7.3% per annum and repayable on 18 February 2019. The amounts were fully repaid during the year ended 31 December 2019.

(b) During the year ended 31 December 2019, the Group obtained and renewed six (2018: three) loans from 協鑫集團有限公司 GCL Group Limited*, 南京鑫能陽光產業投資基金企業（有限合夥） Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)* ("Nanjing Xinneng"), 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Co., Ltd.* ("Jiangsu GCL Real Estate") and 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Co., Ltd.* ("Jiangsu GCL Construction") in total amounted to RMB1,173,643,000 (2018: RMB1,977,840,000). These loans are unsecured, interest bearing at 8% per annum and repayable from 2020 through 2021. Approximately RMB597,243,000 (2018: nil) of the outstanding loans are repayable within twelve months from the end of the reporting period.

(c) As at 31 December 2019, loans from Xinxin, an associate of GCL-Poly amounted to approximately RMB390,541,000 (2018: RMB484,231,000) and out of which, balance of approximately RMB181,130,000 (2018: RMB271,637,000) is secured by a pledged deposit (note 22(c)), and certain property, plant and equipment held by the Group, interest bearing ranged from 6% to 8.58% (31 December 2018: 6% to 8.58%) per annum and repayable from 2020 through 2026 (31 December 2018: in 2019). The remaining balance of approximately RMB209,411,000 (2018: RMB212,594,000) is secured by certain property, plant and equipment held by the Group and interest bearing at 7.81% per annum.

Approximately RMB48,868,000 (2018: RMB275,638,000) of the outstanding loans are repayable within twelve months from the end of the reporting period, with the remainder of approximately RMB341,673,000 (2018: RMB208,593,000) having a repayment term of eight years.

* English name for identification only

30. BANK AND OTHER BORROWINGS

	2019 RMB'000	2018 RMB'000
Bank loans	**13,925,160**	18,017,204
Other loans	**17,007,921**	14,646,071
	30,933,081	32,663,275
Secured	**28,257,285**	28,280,995
Unsecured	**2,675,796**	4,382,280
	30,933,081	32,663,275
The carrying amounts of the above borrowings are repayable*:		
Within one year	**9,182,329**	5,248,094
More than one year, but not exceeding two years	**2,985,863**	3,103,778
More than two years, but not exceeding five years	**10,287,488**	10,100,645
More than five years	**6,136,822**	11,135,737
	28,592,502	29,588,254
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**2,340,579**	3,075,021
Less: Amounts due within one year shown under current liabilities	**(11,522,908)**	(8,323,115)
Amounts due after one year	**19,410,173**	24,340,160
Analysed as:		
Fixed-rate borrowings	**8,262,712**	3,011,337
Variable-rate borrowings	**22,670,369**	29,651,938
	30,933,081	32,663,275

* The repayable amounts of bank and other borrowings are based on scheduled repayment dates set out in the respective loan agreements.

During the year ended 31 December 2019, GCL-Poly, being the guarantor of certain bank borrowings of the Group, breached restrictive financial covenants of a borrowing, which led to an event of default for the relevant borrowing. This in turn triggered cross default of certain of the Group's bank borrowings as set out in the respective loan agreements between the Company and several banks. Accordingly, bank borrowings amounting to RMB1,597 million (2018: RMB1,936 million) is reclassified from non-current liabilities to current liabilities as of 31 December 2019. Subsequent to the end of the reporting period, GCL-Poly has obtained waiver from the relevant banks for strict compliance on the relevant financial covenant requirements. Therefore, the Directors consider that such event of default did not have any material impact to the Group.

30. BANK AND OTHER BORROWINGS *(continued)*

Scheduled repayment terms for the bank loans that are repayable on demand due to breach of loan covenants:

	2019 RMB'000	2018 RMB'000
Within one year	**743,168**	1,138,853
More than one year, but not exceeding two years	**522,911**	548,525
More than two years, but not exceeding five years	**990,600**	832,699
More than five years	**83,900**	554,944
	2,340,579	3,075,021

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are analysed as follows:

	2019	2018
Fixed-rate borrowings		
RMB borrowings	**4% to 13%**	2.5% to 13%
EUR borrowing	**—**	2%
US$ borrowings	**2.5% to 9.94%**	2.5% to 9.94%
HK$ borrowings	**9.75%**	5%
Variable-rate borrowings		
RMB borrowings	**100% to 180% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")**	100% to 161% of Benchmark Rate
JPY borrowings	**—**	London Interbank Offered Rate ("LIBOR") +1.6%
US$ borrowings	**LIBOR +2.39% to 4.3%**	LIBOR +2.39% to 4.3%
HK$ borrowings	**—**	1.5% to 2.47%

The Group's borrowings denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2019 RMB'000	2018 RMB'000
EUR	**—**	111,432
US$	**1,312,683**	1,409,342
HK$	**197,076**	256,677

30. BANK AND OTHER BORROWINGS *(continued)*

Included in other loans are RMB12,001 million (2018: RMB13,810 million) in which the Group entered into financing arrangements with financial institutions with lease terms ranging from 2 years to 14.5 years (2018: 2 years to 14.5 years), with legal title of the respective equipment transferred to the financial institutions. The Group continued to operate and manage the relevant equipment during the lease term without any involvement from the financial institutions, and the Group is entitled to purchase back the equipment at a minimal consideration upon maturity of respective leases, except for one of the financing arrangements with a financial institution that the Group can either exercise the early buyout option granted to the Group to purchase back the relevant equipment at a pre-determined price at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value upon the end of the lease period. Despite the arrangement involves a legal form of a lease while it does not constitute a sale and leaseback transaction, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method under IFRS 9/IAS 39 in prior years before application of IFRS 16, in accordance with the substance of the arrangement. Effective 1 January 2019, the Group applies the requirements of IFRS 15 to assess whether sale and leaseback transactions constitute a sale as disclosed in note 17.

During the year, the Group discounted bills arising from future settlement of trade receivables with recourse in aggregated amount of RMB190,978,000 (2018: RMB90,000,000) to banks for short-term financing. At 31 December 2019, the associated borrowings amounted to approximately RMB188,235,000 (2018: RMB88,452,000). The related cash flows of these borrowings are presented as operating cash flows in the consolidated statement of cash flows as the management considers the cash flows are in substance, the receipts from trade customers.

The Group is required to comply with certain restrictive financial covenants and undertaking requirements.

31. BONDS AND SENIOR NOTES

	2019 RMB'000	2018 RMB'000
Bonds *(note a)*	**271,742**	536,334
Senior notes *(note b)*	**3,470,542**	3,398,063
	3,742,284	3,934,397

Notes:

(a) On 3 August 2017 and 7 December 2017, the Group completed the first tranche and second tranche of the non-public issuance of green bonds amounting to RMB375,000,000 and RMB560,000,000, respectively, for a term of 3 years with a fixed interest rate of 7.5% per annum. Part of the second tranche amounting to RMB50,000,000 was subscribed by the Group via an external trust. As at 31 December 2019, the first tranche and second tranche of the non-public green bonds, amounting to RMB1,000,000 (2018: RMB100,000,000) and RMB76,500,000 (2018: RMB300,000,000) have been acquired by the Group, respectively.

In July 2019, RMB275,000,000 out of the first tranche of the non-public green bonds of RMB375,000,000 and RMB310,000,000 out of the second tranche of the non-public green bonds of RMB560,000,000 were redeemed by the Group upon maturity while the holders of the remaining first and second tranche of the non-public green bonds exercised their option to extend the maturity of the bonds to July 2020 and December 2020, respectively.

During the year ended 31 December 2019, 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.*, a fellow subsidiary of the Group, also purchased part of the first tranche and second tranche of the non-public green bonds through secondary market with a face value of RMB99,000,000 (2018: Nil) and RMB173,500,000 (2018: Nil), respectively.

(b) On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to RMB3,167 million), which bear interest at 7.1% per annum and mature on 30 January 2021. The net proceeds of the notes issuance, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million (equivalent to RMB3,119 million).

* English name for identification only

32. LEASE LIABILITIES

	31 December 2019 RMB'000
Lease liabilities payable:	
Within one year	**66,122**
Within a period of more than one year but not more than two years	**132,988**
Within a period of more than two years but not more than five years	**250,765**
Within a period of more than five years	**711,707**
	1,161,582
Less: Amount due for settlement with 12 months shown under current liabilities	**(66,122)**
Amount due for settlement after 12 months shown under non-current liabilities	**1,095,460**

All lease obligations are denominated in the functional currencies of the relevant group entities.

33. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019 RMB'000	2018 RMB'000
Deferred tax assets	**162,807**	194,087
Deferred tax liabilities	**(63,393)**	(48,814)
	99,414	145,273

33. DEFERRED TAXATION *(continued)*

The following are the deferred tax liabilities (assets) recognised and movements thereon during the year:

	Fair value adjustments on acquisitions RMB'000	Unrealised profits on plant and equipment RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018	(7,081)	(138,484)	34,769	(110,796)
Charge (credit) to profit or loss	295	(63,022)	13,335	(49,392)
Disposal of solar power plant projects	—	14,915	—	14,915
At 31 December 2018	(6,786)	(186,591)	48,104	(145,273)
Charge (credit) to profit or loss	295	(5,737)	10,164	4,722
Acquisition of solar power plant projects	12,165	—	—	12,165
Disposal of solar power plant projects	—	36,867	(7,895)	28,972
At 31 December 2019	**5,674**	**(155,461)**	**50,373**	**(99,414)**

Under the tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to RMB2,345,155,000 (2018: RMB3,782,031,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. During the year ended 31 December 2019, withholding tax of RMB49,494,000 (2018: nil) are charged to profit or loss for the dividends declared and paid by the PRC subsidiaries of RMB989,880,000 (2018: nil).

At the end of the reporting period, the Group has unused tax losses of approximately RMB747,486,000 (2018: RMB484,220,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB538,905,000 (2018: RMB231,726,000) will expire from 2020 to 2024 (2018: 2019 to 2023) and other losses may be carried forward indefinitely.

34. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
At 1 January 2018, 31 December 2018 and 31 December 2019 (Ordinary shares of HK$0.00416 each)	36,000,000,000	150,000

34. SHARE CAPITAL *(continued)*

	Number of shares	Amount HK$'000	Shown in consolidated financial statements as RMB'000
Issued and fully paid:			
At 1 January 2018, 31 December 2018 and 31 December 2019 (Ordinary shares of HK$0.00416 each)	19,073,715,441	79,474	66,674

35. PERPETUAL NOTES

On 18 November 2016, 南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd* ("Nanjing GCL New Energy"), an indirect wholly-owned subsidiary, entered into a perpetual notes agreement with 保利協鑫（蘇州）新能源有限公司 GCL-Poly (Suzhou) New Energy Co., Ltd.*, 江蘇協鑫硅材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd.* ("Jiangsu GCL"), 蘇州協鑫光伏科技有限公司 Suzhou GCL Photovoltaic Technology Co., Ltd.* ("Suzhou GCL") and 太倉協鑫光伏科技有限公司 Taicang GCL Photovoltaic Technology Co., Ltd.* ("Taicang GCL") (together, the "Lenders"). Each of the Lenders is a wholly-owned subsidiary of GCL-Poly. Nanjing GCL New Energy issued perpetual notes of RMB800,000,000 and RMB1,000,000,000 in November and December 2016, respectively and key terms are as follows:

(a) Interest rate

Interest rate is 7.3% per annum for the first two years, 9% per annum for the third to fourth year and 11% per annum starting from the fifth year.

(b) Maturity Date

There is no maturity date.

(c) Repayment terms

The distribution shall be repaid on the 21st day of the last month of each quarter (the "Distribution Payment Date"). Nanjing GCL New Energy shall have the right to defer any due and payable distribution payment indefinitely by notifying the Lenders five working days before the Distribution Payment Date, and there is no compound interest on the deferred distribution payment. If Nanjing GCL New Energy chooses to defer distribution payment, for as long as there is any deferred distribution payment not yet paid in full, Nanjing GCL New Energy is not permitted to declare and pay dividends to its shareholders. The Lenders shall have no right at any time to request repayment of the perpetual notes from Nanjing GCL New Energy, but Nanjing GCL New Energy shall have the right, but not the obligations, to repay the perpetual notes amount by notifying the Lenders in writing five working days before the repayment of the perpetual notes at par value.

* English name for identification only

35. PERPETUAL NOTES *(continued)*

(d) Security

The perpetual notes are classified as equity instruments in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by Nanjing GCL New Energy to the holders are recognised in equity in the consolidated financial statements of the Group. During the year ended 31 December 2019, profit and total comprehensive income of RMB162,000,000 (2018: RMB135,029,000) was attributable to perpetual notes holders in accordance with the terms of the agreement. The entire distribution payment of RMB162,000,000 for the year ended 31 December 2019 (2018: RMB135,029,000) were deferred by the Group.

36. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

The Company's new share option scheme was adopted pursuant to a resolution passed on 15 October 2014 ("New Share Option Scheme") for the primary purpose of providing incentives to directors and eligible employees. Under the New Share Option Scheme, the Board of directors of the Company may grant options to eligible employees, including the Directors, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

At 31 December 2019, the number of shares in respect of which had been granted under the New Share Option Scheme and remained outstanding was approximately 500,008,000 (2018: 549,835,000) shares, representing 2.6% (2018: 2.9%) of the issued share capital of the Company at that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

36. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Equity-settled share option scheme *(continued)*

The following table discloses movements of the Company's share options:

2019

	Exercise price	Date of grant	Exercise period	Number of share options: Outstanding at 1 January 2019	During the year: Forfeited	Outstanding at 31 December 2019
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	48,618,780	(8,052,800)	40,565,980
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	231,075,096	(16,145,864)	214,929,232
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	211,758,442	(17,575,236)	194,183,206
				549,835,118	(41,773,900)	508,061,218
Exercisable at the end of the year				274,036,784		273,312,032
Weighted average exercise price *(HK$)*				0.9255	0.8807	0.9147

2018

	Exercise price	Date of grant	Exercise period	Number of share options: Outstanding at 1 January 2018	During the year: Forfeited	Outstanding at 31 December 2018
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	48,618,780	—	48,618,780
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	237,114,696	(6,039,600)	231,075,096
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	247,271,290	(35,512,848)	211,758,442
				591,387,566	(41,552,448)	549,835,118
Exercisable at the end of the year				236,720,109		274,036,784
Weighted average exercise price *(HK$)*				0.8927	0.6894	0.9255

Note: During the year ended 31 December 2019, share-based payment expense of RMB1,787,000 (2018: RMB12,679,000) has been recognised in profit or loss. In addition, share options granted to certain employees have been forfeited during the year, and respective share options reserve of approximately RMB16,257,000 (2018: RMB7,621,000) is transferred to the Group's (accumulated losses) retained earnings.

Details of the fair value of the share options granted in 2014 and 2015 are set out in the annual report for the year ended 31 December 2014 and 2015, respectively.

37. ACQUISITIONS OF SUBSIDIARIES

For the year ended 31 December 2019, the Group had several acquisitions due to business expansion, in acquiring a controlling stake in certain companies for a total consideration of approximately RMB264,000,000 (2018: RMB12,759,000).

For the companies set out in note (i) below, these solar power plant project companies are in on-grid stage with relevant economic resources as at the date of the respective acquisitions which are considered as businesses. Therefore, those acquisitions are considered as business combinations under IFRS 3 and accounted for using acquisition method. For the other acquisitions as mentioned in note (ii) below are solar power plant project companies in development stage and did not have any substantial economic resources and processes for creating economic benefits; accordingly, the Group considers the nature of these acquisitions as acquisitions of assets in substance and the considerations have been allocated first to the financial assets acquired and financial liabilities assumed at the respective fair values. The remaining balance of the considerations is then allocated to other identifiable assets and liabilities on the basis of their relative fair values at the date of acquisitions.

There is no asset acquisition during the year ended 31 December 2019.

Year ended 31 December 2019

(i) Business acquisition

On 19 September 2018 and 21 March 2019, 蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Limited* ("Suzhou GCL New Energy"), a subsidiary of the Group, entered into share transfer agreements with Zhongmin GCL, pursuant to which the Group agreed to repurchase 100% equity interest of Jinhu and Wanhai from Zhongmin GCL, a joint venture which 32% shareholding was held by the Group at the date of acquisition at consideration of approximately RMB192,000,000 and RMB72,000,000, respectively. Jinhu and Wanhai each operate a solar power plant project with capacity of 110MW and 35MW, respectively.

* English name for identification only

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Year ended 31 December 2019 *(continued)*

(i) Business acquisition (continued)

The acquisitions of Jinhu and Wanhai are completed in March 2019.

	Jinhu RMB'000	Wanhai RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition:			
Property, plant and equipment *(Note 1)*	**741,478**	**258,885**	**1,000,363**
Right-of-use assets	**15,209**	**20,524**	**35,733**
Trade receivables	**154,526**	**56,038**	**210,564**
Prepayments and other receivables	**30,542**	**25,525**	**56,067**
Bank balances and cash	**23,107**	**6,562**	**29,669**
Other payables	**(166,469)**	**(71,344)**	**(237,813)**
Deferred tax liabilities	**(11,486)**	**(679)**	**(12,165)**
Lease liabilities	**(13,656)**	**(20,524)**	**(34,180)**
Borrowings	**(518,380)**	**(192,000)**	**(710,380)**
Total fair value of identifiable net assets acquired	**254,871**	**82,987**	**337,858**
Consideration payable to the former owner	**(192,000)**	**(72,000)**	**(264,000)**
Bargain purchase gain recognised *(Note 2)*	**62,871**	**10,987**	**73,858**
Cash consideration paid	**—**	**—**	**—**
Bank balance and cash acquired	**23,107**	**6,562**	**29,669**
Net cash inflow	**23,107**	**6,562**	**29,669**

Note 1: Fair value of property, plant and equipment includes an amount of RMB58 million which represents fair value of relevant licences to operate the power plants. Licences to operate power plant is an intangible asset that meets the contractual legal criterion for recognition separately from goodwill, even if the Group cannot sell or transfer the licences separately from the acquired power plants. The Group recognised the fair value of the operating licenses and the power plants as single assets for financial reporting purposes as the useful lives of those assets are similar.

Note 2: The bargain purchase arose because the consideration paid by the Group was less than the fair value of the identifiable net assets of the underlying business acquired as determined by the independent professional valuer, mainly due to the vendor was in financial difficulties and was not able to repay the debt as it falls due.

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Year ended 31 December 2019 *(continued)*

(i) Business acquisition (continued)

Impact of acquisition on the results of the Group

Had the acquisitions as mentioned above been effected at the beginning of the year, total amounts of revenue and profit for the year of the Group would have been RMB6,085,878,000 and RMB614,363,000, respectively. Such pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the above pro forma financial information, depreciation of the property, plant and equipment and right-of-use assets were calculated based on their recognised amounts at the date of the acquisition.

The revenue and profit contributed by entities acquired during the year are RMB120,459,000 and RMB30,997,000 respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB234,290,000. The estimate at acquisition date of contractual cash flows not expected to be collected is insignificant.

Year ended 31 December 2018

(i) Business acquisition

(a) Acquisition of 易縣國鑫能源有限公司 ("Yixian")

On 31 January 2018, the Group acquired 100% equity interest in Yixian at a consideration of RMB10,000. At the date of acquisition, Yixian had a solar power plant project with capacity of 20MW in operation.

(b) Acquisition of 神木縣國泰農牧發展有限公司 ("Guotai")

On 20 April 2018, the Group acquired 80% equity interest in Guotai at a consideration of RMB80,000. At the date of acquisition, Guotai had two solar power plant projects with total capacity of 40MW in operation.

(c) Acquisition of 伊犁協鑫能源有限公司 ("Yili")

As at 31 December 2017, the Group held 50% equity interest in Yili which was accounted as a joint venture of the Group. On 24 August 2018, the Group acquired an additional 6.51% equity interest in Yili at a consideration of RMB7,369,000. The acquisition is considered as step-acquisition under IFRS 3 and accounted for using acquisition method at the acquisition date. At the date of acquisition, Yili had a solar power plant project with total capacity of 30MW in operation.

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Year ended 31 December 2018 *(continued)*

(i) Business acquisition (continued)

(d) Acquisition of 神木縣晶登電力有限公司 ("Jingdeng")

On 10 September 2018, the Group acquired 80% equity interest in Jingdeng at a consideration of RMB700,000. At the date of acquisition, Jingdeng had three solar power plant projects with total capacity of 140MW in operation.

	Yixian RMB'000	Guotai RMB'000	Yili RMB'000	Jingdeng RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition					
Property, plant and equipment	164,010	359,732	169,233	1,047,374	1,740,349
Trade receivables	—	2,541	48,303	3,519	54,363
Contract assets	—	35,777	—	197,940	233,717
Prepayments and other receivables	32,319	147,144	15,297	187,642	382,402
Bank balances and cash	5,677	5,311	10,791	10,793	32,572
Other payables	(83,798)	(353,532)	(185,988)	(813,093)	(1,436,411)
Borrowings	(118,198)	(196,873)	—	(633,030)	(948,101)
Total fair value of identifiable net assets acquired	10	100	57,636	1,145	58,891
Non-controlling interest	—	(20)	(25,216)	(445)	(25,681)
Consideration payable to the former owner	(10)	(80)	—	(700)	(790)
Fair value of previously held equity interest	—	—	(25,051)	—	(25,051)
Cash consideration paid	—	—	(7,369)	—	(7,369)
Bank balances and cash acquired	5,677	5,311	10,791	10,793	32,572
Net cash inflow	5,677	5,311	3,422	10,793	25,203

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Year ended 31 December 2018 *(continued)*

(ii) Assets acquisition

(a) Acquisition of 化隆協合太陽能發電有限公司 ("Hualong")

On 31 August 2018, the Group acquired 100% equity interest in Hualong at a consideration of RMB1,200,000. At the date of acquisition, Hualong had a 20MW solar power plant project under development. The project was completed and connected to the grid in November 2018.

(b) Acquisition of 青海百能光伏投資管理有限公司 ("Qinghai Baineng")

On 31 August 2018, the Group acquired 100% equity interest in Qinghai Baineng at a consideration of RMB3,400,000. At the date of acquisition, Qinghai Baineng had a 10MW solar power plant project under development. The project was completed and connected to the grid in November 2018.

	Hualong RMB'000	Qinghai Baineng RMB'000	Total RMB'000
Assets and liabilities recognised at the date of acquisition			
Property, plant and equipment	6,455	629	7,084
Prepayments and other receivables	2,426	2,766	5,192
Bank balances and cash	24	5	29
Other payables	(7,705)	—	(7,705)
Total identifiable net assets acquired	1,200	3,400	4,600
Consideration payable to the former owner	(1,200)	(3,400)	(4,600)
Cash consideration paid	—	—	—
Bank balances and cash acquired	24	5	29
Net cash inflow	24	5	29

38. DISPOSAL OF SUBSIDIARIES

(a) Disposal of solar power plant projects in the PRC

Year ended 31 December 2019

(i) Linzhou Xinchuang

On 15 February 2019, the disposal of equity interest in Linzhou Xinchuang is completed. The Group retains 20% equity interest in Linzhou Xinchuang after the disposal. Details of this transaction are set out in note 12(a).

(ii) Wholly-owned subsidiaries in Inner Mongolia, the PRC

During the year ended 31 December 2019, the disposal of the wholly-owned subsidiaries in Inner Mongolia, the PRC are completed in May 2019. Details of this transaction are set out in note 12(b).

(iii) Ruzhou, Xinan and Jiangling

On 28 March 2019, the Group announced that it has entered into share transfer agreements with 五凌電力有限公司 Wuling Power Corporation Ltd.*, a subsidiary of China Power International Development Limited (中國電力國際發展有限公司), for the disposal of 55% equity interest in Ruzhou, Jiangling and Xinan for consideration in aggregate of approximately RMB328,400,000. Ruzhou, Jiangling and Xinan operate a number of solar power plants with approximately 280MW installed capacity in aggregate in the PRC. The disposals are completed in April 2019. The Group retains 45% equity interest in Ruzhou, Jiangling and Xinan and exercises significant influence; accordingly, these companies are accounted for as associates.

(iv) 紹興協鑫光伏電力有限公司 ("Shaoxing")

On 15 February 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Shaoxing at a consideration of RMB500,000. The disposal is completed in April 2019.

(v) 大柴旦協鑫電力有限公司 ("Dachaidan")

On 5 July 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Dachaidan at a consideration of RMB100,000. The disposal is completed in 31 July 2019.

(vi) 平邑富翔光伏電力有限公司 ("Pingyi")

On 31 July 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Pingyi at a consideration of RMB10,000,000. The disposal is completed in 9 October 2019.

* English name for identification only

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2019 (continued)

(vii) 光山影環亞農業科技有限公司 ("Guangshan")

On 10 September 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Guangshan at a consideration of RMB10. The disposal is completed in 14 October 2019.

(viii) Seven subsidiaries in Shanxi and Hebei, the PRC

On 23 May 2019, the Group announced that it has entered into share transfer agreements with Shanghai Rongyao for the disposal of 70% equity interest in Shanxi GNE, Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Hanneng Guangping and Hebei GNE (the "Target Company" or collectively as the "Target Companies") for consideration in aggregate of approximately RMB1,441,652,000. The seven subsidiaries operate a number of solar power plants with approximately 997MW installed capacity in aggregate in the PRC. The disposals are completed in second half of 2019. Since the Group retains 30% equity interest in aggregate in the seven disposed companies and has significant influence, these companies are accounted for as associates.

The Group has granted a put option to Shanghai Rongyao, pursuant to which the Group has agreed that within five years of the closing date of the respective disposals of the Target Company ("Closing Date") and at the option of Shanghai Rongyao and/or the Target Company, the Group shall be required to repurchase the entire equity interest of any direct subsidiaries of the Target Companies ("Project Companies") and any outstanding shareholder's loan advanced to the relevant Project Companies by the Target Company, Shanghai Rongyao and/or its affiliates in accordance with the share purchase agreements upon the occurrence of certain specified events, such as certain material defaults not being rectified by the Group within the specified period or any breaches not being rectified leading to certain administrative penalties being imposed on the Project Companies, etc.

In addition, the Group has granted a put option to Shanghai Rongyao, pursuant to which the Group has agreed that within five years of the Closing Date and at the option of the Shanghai Rongyao, the Group shall be required to repurchase the sold equity interest and any outstanding shareholder's loan advanced to the Target Company or each of the Project Companies by Shanghai Rongyao and/or its affiliates in accordance with the share purchase agreements if (i) Shanghai Rongyao has required the Group to repurchase not less than 50% of the Project Companies held by the relevant Target Company pursuant to the terms as stipulated in the share purchase agreements; or (ii) the occurrence of other specified repurchase events as stipulated in the share purchase agreement.

Since the management considered the possibility regarding the occurrence of the specified events as stipulated in the share purchase agreement that would trigger the repurchase event is remote, in the opinion of the Directors, the fair value of the option is considered insignificant as at the Closing Date and as of 31 December 2019.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2019 (continued)

The net assets of the solar plant projects at the date of disposal were as follows:

	Linzhou Xinchuang RMB'000	Wholly-owned subsidiaries in Inner Mongolia RMB'000	Ruzhou, Xinan and Jiangling RMB'000	Shaoxing RMB'000	Dachaidan RMB'000	Pingyi RMB'000	Guangshan RMB'000	Seven subsidiaries in Shanxi and Hebei RMB'000	Total RMB'000
Consideration:									
Consideration received	73,488	142,402	110,900	500	100	—	—	—	327,390
Consideration receivable	20,000	108,489	217,500	—	—	10,000	—	1,441,652	1,797,641
	93,488	250,891	328,400	500	100	10,000	—	1,441,652	2,125,031
Analysis of assets and liabilities over which control was lost:									
Property, plant and equipment	426,928	672,087	1,552,416	3,734	—	180,345	—	5,555,502	8,391,012
Right-of-use assets	13,760	13,508	84,496	—	—	4,963	—	318,224	434,951
Contract assets	—	—	—	—	—	73,757	—	704,795	778,552
Other non-current assets	28,802	95,159	98,402	18	210	5,309	—	62,887	290,787
Trade and other receivables	79,876	124,247	427,470	—	—	67,263	—	1,174,301	1,873,157
Pledged bank and other deposits	—	—	—	—	—	—	—	31,620	31,620
Bank balances and cash	8,116	31,255	44,928	—	—	—	412	212,291	297,002
Trade and other payables	(28,922)	(33,923)	(29,103)	(2,272)	—	(75,289)	(470)	(896,599)	(1,066,578)
Bank and other borrowings	(221,198)	(647,410)	(1,317,785)	—	—	—	—	(4,331,170)	(6,517,563)
Lease liabilities	(12,931)	(6,125)	(85,477)	—	—	(28)	—	(154,191)	(258,752)
Intragroup payables	(181,978)	(15,849)	(168,788)	(538)	—	(220,317)	—	(637,680)	(1,225,150)
Net assets (liabilities) disposed of	112,453	232,949	606,559	942	210	36,003	(58)	2,039,980	3,029,038
Gain on disposal of subsidiaries:									
Total consideration	93,488	250,891	328,400	500	100	10,000	—	1,441,652	2,125,031
Fair value of residual interest	23,859	—	285,174	—	—	—	—	621,900	930,933
Net (assets) liabilities disposed of	(112,453)	(232,949)	(606,559)	(942)	(210)	(36,003)	58	(2,039,980)	(3,029,038)
Gain (loss) on disposal	4,894	17,942	7,015	(442)	(110)	(26,003)	58	23,572	26,926
Net cash inflow arising on disposal:									
Cash consideration received	73,488	142,402	110,900	500	100	—	—	—	327,390
Less: bank balances and cash disposed of	(8,116)	(31,255)	(44,928)	—	—	—	(412)	(212,291)	(297,002)
	65,372	111,147	65,972	500	100	—	(412)	(212,291)	30,388

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2018

(i) On 20 May 2018, Suzhou GCL New Energy entered into a share transfer agreement with an independent third party. Pursuant to the agreement, Suzhou GCL New Energy agreed to sell 100% equity interest of 內蒙古鑫景光伏發電有限公司 Inner Mongolia Xinjing Photovoltaic Electric Power Co., Ltd.* ("Xinjing") at a consideration of RMB22,000,000.

(ii) On 10 December 2018, Suzhou GCL New Energy, a subsidiary of the Group, entered into a share transfer agreement with an independent third party, CGN Solar. Pursuant to the agreement, Suzhou GCL New Energy agreed to sell 80% equity interest of Huarong at a consideration of RMB119,155,000. Huarong operates solar power plant projects in Huarong, the PRC ("Huarong Project").

The Group guaranteed that for the three-year period following the completion date under the equity transfer agreement, Huarong Project shall generate an average on-grid electricity per year of not less than the guaranteed amount, being 115.4 million kWh and is adjusted in accordance with the degradation rate of the solar panels from 30 June 2018 to the completion date. In the event that the Huarong Project fails to reach the aforesaid target, Suzhou GCL New Energy shall make up the loss suffered by CGN Solar and such guarantee shall extend for a period of three years. As the average annual on grid electricity generated by the project in the past two years well exceeded 115.4 million kWh, in the opinion of the Directors, the fair value of the guarantee is insignificant at the completion date on 20 May 2018, 31 December 2018 and 31 December 2019.

In addition, the Group has granted a put option to CGN Solar, pursuant to which the Group has agreed that (i) if the Huarong Project fails to generate an average annual on-grid electricity reaching 70% of the aforesaid on-grid electricity during the three-year period; (ii) if Huarong fails to receive the tariff adjustment continuously for reasons unrelated to CGN Solar, the Group shall repurchase the 80% equity interest in Huarong from CGN Solar at a repurchase price to be agreed between both parties and replace all advancement from CGN Solar to Huarong with its loan. As the average annual on-grid electricity generated by the project in the past 2 years well exceeded the aforesaid 70% requirement, and the Group has obtained legal opinion from the Group's PRC legal advisor that Huarong Project has met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustment when the electricity was delivered on grid, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 20 May 2018, 31 December 2018 and 31 December 2019.

Besides, CGN Solar has granted to the Group a put option, pursuant to which CGN Solar has agreed to grant the Group the right, but not an obligation, to request CGN Solar to purchase the remaining 20% equity interest in Huarong upon the aforesaid guarantee being fulfilled. As the purchase price will be made reference to the fair value of the project at the date of purchase of the remaining 20% in Huarong by CGN Solar, in the opinion of the Directors, the fair value of the option is considered insignificant at the completion date on 20 May 2018, 31 December 2018 and 31 December 2019.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2018 (continued)

The net assets of those two solar plant projects at the date of disposal were as follows:

	Xinjing RMB'000	Huarong RMB'000	Total RMB'000
Consideration:			
Consideration receivable	—	10,950	10,950
Consideration received	22,000	108,205	130,205
	22,000	119,155	141,155
Analysis of assets and liabilities over which control was lost:			
Property, plant and equipment	109,403	588,909	698,312
Other non-current assets	16,868	91,447	108,315
Bank balances and cash	—	8,323	8,323
Trade and other receivables	1,712	147,989	149,701
Trade and other payables	(126,305)	(134,694)	(260,999)
Bank and other borrowings	—	(547,964)	(547,964)
Net assets disposed of	1,678	154,010	155,688
Gain on disposal of subsidiaries:			
Total consideration	22,000	119,155	141,155
Carrying amount of the residual interest	—	36,816	36,816
Net assets disposed of	(1,678)	(154,010)	(155,688)
Gain on disposal	20,322	1,961	22,283
Net cash inflow arising on disposal:			
Cash consideration received	22,000	108,205	130,205
Less: bank balances and cash disposed of	—	(8,323)	(8,323)
	22,000	99,882	121,882

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Disposal of solar power plant projects in Japan

(i) Disposal of AD3

On 9 February 2018, the Group entered into a transfer agreement with an independent third party to dispose 50% beneficial interest of its then wholly-owned subsidiary, AD3, a solar plant project in Japan, at a consideration of JPY419,200,000 (equivalent to approximately RMB24,422,000). Upon completion of the disposal on the same date, the Group and the independent third party had joint control over AD3, as under the contractual agreement unanimous consent is required from both parties to the agreement in directing the relevant activities of AD3. Part of the consideration, amounting to JPY330,100,000 (equivalent to approximately RMB19,231,000), has been received on the date of share transfer agreement as deposits. The remaining consideration of JPY89,100,000 (equivalent to approximately RMB5,191,000) will be paid upon fulfilment of certain conditions. Accordingly, AD3 is classified as a joint venture of the Group since 9 February 2018 till the Group disposed of its remaining interest in January 2019.

(ii) Disposal of Himeji

On 14 February 2018, the Group entered into an equity interest transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to transfer 50% beneficial interest in Himeji to the independent third party resulting the Group and the independent third party having joint control over Himeji, as under the contractual agreement, unanimous consent is required from both parties to the agreement for directing the relevant activities. Accordingly, Himeji is classified as a joint venture of the Group since 14 February 2018 till the Group disposed of its remaining interest in January 2019.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Disposal of solar power plant projects in Japan *(continued)*

	AD3 RMB'000	Himeji RMB'000	Total RMB'000
Fair value of consideration			
Consideration received	19,231	—	19,231
Consideration receivable	5,191	—	5,191
	24,422	—	24,422
Carrying amount of residual interest	11,801	1,745	13,546
	36,223	1,745	37,968
Less: net identifiable assets derecognised:			
Property, plant and equipment	19,028	—	19,028
Prepaid lease payments	—	14,564	14,564
Trade and other receivables	4,233	5	4,238
Bank balances and cash	374	2,055	2,429
Trade and other payables	(33)	(15,121)	(15,154)
Net identifiable assets disposed of	23,602	1,503	25,105
Gain on disposal of subsidiaries	12,621	242	12,863
Net cash inflow (outflow) arising on disposal:			
Cash consideration received	19,231	—	19,231
Less: bank balances and cash disposal of	(374)	(2,055)	(2,429)
	18,857	(2,055)	16,802

39. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which mainly includes amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes and lease liabilities, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, perpetual notes and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

40. FINANCIAL INSTRUMENTS

40a. Categories of financial instruments

	2019 RMB'000	2018 RMB'000
Financial assets		
Amortised cost	**7,972,686**	7,353,719
FVTPL:		
Mandatorily measured at FVTPL	**100,000**	100,000
Financial liability		
Amortised cost	**42,575,778**	49,813,855
Lease liabilities	**1,161,582**	—

40b. Financial risk management objectives and policies

The Group's major financial instruments include other investments, trade and other receivables, other loan receivables, amounts due from related companies, pledged bank and other deposits, bank balances and cash, other payables, amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk

Currency risk

The Group operates in the PRC, Japan and the US and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB, HK$, US$, Japanese Yen ("JPY") and Euro ("EUR"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
The Group				
HK$	**30,779**	16,780	**314,481**	467,218
US$	**9,403**	19,752	**4,125,780**	5,274,799
JPY	**19,226**	—	**—**	—
EUR	**—**	—	**—**	111,432
Inter-company balances				
RMB	**—**	—	**561**	1,276
HK$	**423,823**	210,917	**7,168**	24,674
US$	**778,701**	1,185,959	**618,192**	627,090
JPY	**1,279**	45,858	**10,657**	—

The foreign currency assets in 2019 and 2018 mainly relate to the US$, HK$ and JPY denominated pledged bank and other deposits and bank balances.

The foreign currency liabilities in 2019 and 2018 mainly relate to the US$, HK$ and EUR denominated bonds and senior notes, bank and other borrowings and convertible bonds.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2018: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2018: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2018: 5%) change in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of the balance is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and a negative number below indicates a decrease in post-tax profit, where the functional currency of the respective entities had weakened 5% (2018: 5%) against the relevant foreign currencies. For a 5% (2018: 5%) strengthening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year.

	HK$ RMB'000	US$ RMB'000	JPY RMB'000	EUR RMB'000
2019				
Increase (decrease) in profit for the year	**5,381**	**(164,958)**	**411**	**—**
2018				
(Decrease) increase in profit for the year	(10,853)	(195,363)	1,915	(4,179)

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to currency risk during the year.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 32). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 27), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, certain of the Group's borrowings are issued at variable rates which expose the Group to cash flow interest rate risk. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2019 would have decreased/increased by approximately RMB115,305,000 (2018: RMB150,681,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to interest rate risk during the year.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, pledged bank and other deposits, bank balances, amounts due from related companies, other receivables, other loan receivables, and the financial loss to the Group arising from the financial guarantees provided by the Group. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the Group has a credit control policy in place under which credit evaluations of customers are performed on all customers requiring credit. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances based on provision matrix.

The Group's concentration of credit risk by geographical locations is mainly the PRC, which accounted for over 99% (31 December 2018: 99%) of the trade receivables as at 31 December 2019.

The trade receivables arising from sales of electricity are mainly due from the local grid companies in various provinces in the PRC. The management considered the probability of default of trade receivables is low by taking into the account of the past default experience of the debtors, adjusted for general economic conditions of the solar industry and an assessment of both current as well as forecast direction of market conditions at the reporting date. Accordingly, the management is of the opinion that the credit risk of trade receivables is limited.

In relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the relevant counterparties are insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 5, the management are confident that all of the Group's operating power plants are able to be enlisted on the List in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

The Group always measures the loss allowance for trade receivables and contract assets, including those with significant financing component at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are estimated using a provision matrix for debtors which shared credit risk characteristics by reference to repayment history of the debtors, taking into account general economic conditions of the solar power industry, relevant country default risk, and an assessment of both the current as well as the forecast direction at the reporting date.

Based on the average loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Bank balances and pledged bank and other deposits

The credit risks on bank balances and pledged bank and other deposits are limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies in the PRC and Hong Kong.

The Group assessed 12m ECL for bank balances and pledged bank deposits by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances and pledged bank and other deposits is considered insignificant.

Other loan receivables

The Group has concentration of credit risk on other loan receivables as majority of the balances is due from a borrower. The management performs impairment assessment on the other loan receivables on a periodic basis. The Group has not encountered significant difficulties in collecting from the relevant parties in the past. In assessing the probability of default of the other loan receivables, the management has taken into account the industries the Borrowers operate, the past repayment history as well as forward looking information that is available without undue cost or effort. Since the Borrowers have good repayment history and they are engaged in the solar power industry which is well supported by prevailing government policies, the management is of the opinion that the credit risk is limited.

For the purpose of impairment assessment of other loan receivables, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other loan receivables, after taking into account of the aforesaid factors, and forward looking information that is available without undue cost or effort, the management considered the ECL for other loan receivables is insignificant as at 31 December 2019.

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Other receivables and amounts due from related companies *(continued)*

For the purpose of impairment assessment of other receivables and amounts due from related parties, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies, the management considered the ECL provision for amounts due from related parties and other receivables is insignificant.

Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB5,909,119,000 (2018: RMB697,590,000) as at 31 December 2019. The credit risks on financial guarantee contracts provided by the Group were limited as the underlying borrowings were secured by assets of the relevant borrowers.

At the end of the reporting period, the Directors have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Therefore, the loss allowance is measured at 12m ECL and details of the financial guarantee contracts are set out in Note 46(f).

The management considered the ECL provision of financial guarantee contracts is insignificant.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/ other items
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and other items, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2019 RMB'000	Gross carrying amount 2018 RMB'000
Financial assets at amortised cost						
Other loan receivables	26	N/A	N/A *(Note a)*	12m ECL	**14,250**	21,208*
Amounts due from related companies	22	N/A	N/A *(Note a)*	12m ECL	**1,056,253**	387,474
Pledged bank and other deposits						
— Pledged bank deposits	27	Aa1 to Ba1 (2018: AA to Ba1)	N/A	12m ECL	**1,137,227**	1,524,479
— Pledged other deposits	27	N/A	N/A *(Note a)*	12m ECL	**564,048**	506,804
					1,701,275	2,031,283
Bank balances and cash	27	AA+ to Ba3	N/A	12m ECL	**1,073,451**	1,361,978
Other receivables and deposits	24A	N/A	N/A *(Note a)*	12m ECL	**1,077,522**	590,976
Trade receivables	24A	N/A	Low risk *(Note b)*	Lifetime ECL (provision matrix)	**3,049,935**	2,981,150
Other items						
Contract assets	24B	N/A	Low risk *(Note b)*	Lifetime ECL (provision matrix)	**5,639,898**	4,236,405
Financial guarantee contracts	46(f)	N/A	Low risk *(Note c)*	12m ECL	**5,909,119**	697,590

* The gross carrying amounts disclosed above include the relevant interest receivables which are presented in other receivables.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes:

a. For the purposes of internal credit risk management, the Group uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2019, the balances of other loan receivables, amounts due from related companies, other receivables, and pledged bank and other deposits are not past due and the internal credit rating of these balances are considered as low risk.

b. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix for debtors grouped by internal credit rating.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to the Solar Energy Business. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are based on provision matrix within lifetime ECL (not credit-impaired) as at 31 December 2019 .

Gross carrying amount

2019

Internal credit rating	**Average loss rate**	**Trade receivables RMB'000**	**Average loss rate**	**Contract assets RMB'000**
Low risk	**0.04%**	**3,049,935**	**0.24%**	**5,639,898**

2018

Internal credit rating	Average loss rate	Trade receivables RMB'000	Average loss rate	Contract assets RMB'000
Low risk	0.06%	2,981,150	0.38%	4,236,405

The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The Directors are of the opinion that the ECL for trade receivables and contract assets is insignificant for the year ended 31 December 2019.

c. For financial guarantee contracts, the gross carrying amount represents the maximum amount that the Group has guaranteed under the relevant contract.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings to ensure unutilised banking facilities are adequate and ensures compliance with loan covenants or to obtain waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements.

As at 31 December 2019, the Group's current liabilities exceeded its current assets by RMB11,267 million and had bank balances and cash of approximately RMB1,073 million (2018: RMB1,362 million) against bank and other borrowings, bonds, loans from related companies and lease liabilities due within one year amounted to approximately RMB12,507 million (2018: RMB9,354 million).

The Group finances its capital intensive operations by short-term and long-term bank and other borrowings and shareholders' equity and perpetual notes.

During the year ended 31 December 2019, the Group obtained new borrowings totalling RMB10,054 million of which RMB2,818 million had a repayment terms of over 3 years. The Group also implementing different long-term financing strategies as disclosed in note 2.

Furthermore, the management maintains continuous communication with the Group's principal banks on the grant of additional banking facilities. The Directors have reviewed the Group's bank loans and banking facilities available to the Group and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group's ability to obtain new financing.

Despite uncertainties mentioned in note 2, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

The Directors are of the opinion that, taking into account the above measures, undrawn banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

Liquidity and interest rate risk tables

	Weighted rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2019								
Other payables	—	5,742,755	—	—	—	—	5,742,755	5,742,755
Amounts due to related companies	—	593,474	—	—	—	—	593,474	593,474
Loans from related companies	9.31	15,952	735,034	627,367	366,136	78,888	1,823,377	1,564,184
Bank and other borrowings								
— fixed-rate	8.60	1,934,625	5,803,874	525,615	461,933	573,381	9,299,428	8,262,712
— variable-rate	5.72	1,305,214	3,915,643	2,984,868	10,499,441	5,924,821	24,629,987	22,670,369
Bonds and senior notes	7.13	123,828	129,640	330,968	3,611,928	—	4,196,364	3,742,284
Financial guarantee contracts	—	5,909,119	—	—	—	—	5,909,119	—
Subtotal		15,624,967	10,584,191	4,468,818	14,939,438	6,577,090	52,194,504	42,575,778
Lease liabilities	5.33	28,214	84,642	145,036	307,032	1,737,107	2,302,031	1,161,582
Total		15,653,181	10,668,833	4,613,854	15,246,470	8,314,197	54,496,535	43,737,360

	Weighted rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2018								
Other payables	—	9,859,700	—	—	—	—	9,859,700	9,859,700
Amounts due to related companies	—	139,460	—	—	—	—	139,460	139,460
Loans from related companies	7.96	267,040	840,140	2,227,261	135,717	94,218	3,564,376	3,217,023
Bank and other borrowings								
— fixed-rate	6.46	597,611	1,792,832	110,975	325,232	528,797	3,355,447	3,011,337
— variable-rate	5.33	3,333,811	4,192,928	4,307,538	12,562,766	13,495,568	37,892,611	29,651,938
Bonds and senior notes	7.15	121,822	161,947	818,769	3,553,422	—	4,655,960	3,934,397
Financial guarantee contracts	—	697,590	—	—	—	—	697,590	—
Total		15,017,034	6,987,847	7,464,543	16,577,137	14,118,583	60,165,144	49,813,855

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

Bank borrowings that are repayable on demand due to breach of loan covenants by GCL-Poly, the guarantor of certain bank borrowings of the Group, as disclosed in notes 2 and 30, are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2019, the aggregate carrying amounts of these bank loans amounted to RMB2,340,579,000 (2018: RMB3,075,021,000). The Directors do not believe that the banks will exercise their rights to demand immediate repayment from the Group, given that subsequent to the end of the reporting period, GCL-Poly has obtained consents from the relevant lenders to waive the financial covenants concerned. The Directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group's aggregate principal and interest cash outflows based on scheduled repayments for bank borrowings that became repayable on demand due to the aforesaid breach of loan covenants by GCL-Poly. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

	Weighted average interest rate	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2019	**5.08**	**860,113**	**605,330**	**1,103,986**	**88,351**	**2,657,780**	**2,340,579**
As at 31 December 2018	5.43	1,278,229	642,775	990,642	705,824	3,617,470	3,075,021

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount was claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considered that it is more likely than not that no amount would be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

40c. Fair value measurements of financial instruments

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the Directors every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed below.

40. FINANCIAL INSTRUMENTS *(continued)*

40c. Fair value measurements of financial instruments *(continued)*

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2019 RMB'000	2018 RMB'000			
Asset management plan investment measured at FVTPL *(Note)*	**100,000**	100,000	Level 3	Income approach — in this approach, the discounted cash flow method was used to capture the present value of future expected cash flows to be derived from the underlying assets	Discount rate of 7.5% (2018: 7.5%)

Note: If the estimated discount rate used were multiplied by 95% or 105% while all the other variables were held constant, the fair value of the investments would increase by approximately RMB507,000 (2018: RMB776,000) or decrease by approximately RMB503,000 (2018: RMB765,000), respectively.

There is no transfer between the different levels of the fair value hierarchy for the year.

(ii) Reconciliation of Level 3 fair value measurements

	Other investments RMB'000	**Convertible bonds** RMB'000
At 1 January 2018	340,040	(925,642)
Fair value change in profit or loss	16,790	(5,524)
Fair value loss on financial liabilities designated as at FVTPL attributed to changes in credit risk	—	(108)
Payment of interests	—	41,072
Redemption of convertible bonds	—	890,202
Redemption of other investments	(256,830)	—
At 31 December 2018 and 31 December 2019	100,000	—

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Accrued interest expense RMB'000 *(Note 28)*	Amounts due to related companies RMB'000 *(Note 22)*	Loans from related companies RMB'000 *(Note 29)*	Bank and other borrowings RMB'000 *(Note 30)*	Convertible bonds RMB'000	Bonds and senior notes RMB'000 *(Note 31)*	Lease liabilities RMB'000 *(Note 32)*	Dividend payable to non-controlling shareholders RMB'000 *(Note 28)*	Total RMB'000
At 1 January 2018	73,504	102,784	1,071,876	32,550,002	925,642	882,760	—	—	35,606,568
Financing cash flows	(964,688)	(50,972)	1,409,777	399,535	(931,274)	2,511,522	—	(38,389)	2,335,511
Loss on change in fair value of convertible bonds	—	—	—	—	5,524	—	—	—	5,524
Exchange alignment on translation	—	2,500	63,262	25,969	—	264,650	—	—	356,381
Finance costs	900,977	78,952	43,632	977,932	—	275,465	—	—	2,276,958
Interest capitalisation	157,891	—	—	—	—	—	—	—	157,891
Acquisition of subsidiaries	—	—	—	948,101	—	—	—	—	948,101
Reclassification to loan from related companies	—	—	628,476	(628,476)	—	—	—	—	—
Disposal of subsidiaries	—	—	—	(547,964)	—	—	—	—	(547,964)
Recognition of deferred income on government grant — ITC	—	—	—	(188,869)	—	—	—	—	(188,869)
Fair value change to OCI	—	—	—	—	108	—	—	—	108
Dividend declared	—	—	—	—	—	—	—	44,685	44,685
Operating activities	—	6,196	—	—	—	—	—	—	6,196
Transfer to liabilities directly associated with assets as held-for-sale	(970)	—	—	(872,955)	—	—	—	—	(873,925)
At 31 December 2018	166,714	139,460	3,217,023	32,663,275	—	3,934,397	—	6,296	40,127,165
Adjustment upon application of IFRS 16	—	—	—	—	—	—	1,361,507	—	1,361,507
As at 1 January 2019	166,714	139,460	3,217,023	32,663,275	—	3,934,397	1,361,507	6,296	41,488,672
Financing cash flows	(728,532)	(207,536)	(286,996)	1,746,069	—	(493,030)	(75,383)	(126,157)	(171,565)
Exchange alignment on translation	—	801	6,879	(5,459)	—	56,500	309	—	59,030
Finance costs	935,487	226,075	39,113	1,368,822	—	244,417	67,838	—	2,881,752
Interest capitalisation	40,715	—	—	—	—	—	—	—	40,715
Acquisition of subsidiaries	—	—	—	710,380	—	—	34,180	—	744,560
Disposal of subsidiaries	(48,200)	419,587	—	(6,517,563)	—	—	(258,752)	—	(6,404,928)
Dividend declared	—	—	—	—	—	—	—	383,839	383,839
Set off with consideration receivables and amounts due from associates	—	—	(1,400,000)	—	—	—	—	—	(1,400,000)
Set off with amount due from an associate of ultimate holding company	—	—	(11,835)	—	—	—	—	—	(11,835)
Set off with advance to non-controlling interest	—	—	—	—	—	—	—	(38,194)	(38,194)
Non-cash settlement of discounted bills	—	—	—	(90,000)	—	—	—	—	(90,000)
Proceeds from bills discounted including in operating activities	—	—	—	184,602	—	—	—	—	184,602
Other operating activities	—	15,087	—	—	—	—	—	—	15,087
New leases entered	—	—	—	—	—	—	32,051	—	32,051
Lease terminated	—	—	—	—	—	—	(168)	—	(168)
Transfer from liabilities directly associated with assets as held-for-sale	970	—	—	872,955	—	—	—	—	873,925
At 31 December 2019	**367,154**	**593,474**	**1,564,184**	**30,933,081**	**—**	**3,742,284**	**1,161,582**	**225,784**	**38,587,543**

42. OPERATING LEASES

The Group as lessee

	2018 RMB'000
Minimum lease payments paid under operating leases during the year:	
Buildings	48,821
Land	80,243
Others	3,841
	132,905

At 31 December 2018, the Group's commitments for future minimum lease payments under non-cancellable operating leases including lease payments during renewal period in which renewals are reasonably certain, which fell due as follows:

	2018 RMB'000
Within one year	99,230
In the second to fifth year inclusive	399,231
After five years	1,753,776
	2,252,237

Leases are negotiated and rentals are fixed for terms ranging from 3 to 34 years for parcels of land and ranging from 1 to 3 years for the office premises and staff quarters. The lease agreements entered into between the landlords and the Group include renewal options at the discretion of the respective group entities for further 5 to 10 years from the end of the leases with fixed rental.

43. COMMITMENTS, CONTINGENT ASSET AND LIABILITIES

(i) Commitments

	2019 RMB'000	2018 RMB'000
Capital commitments		
Construction commitments in respect of solar power plant projects contracted for but not provided in the consolidated financial statements	**377,044**	1,055,737
Other commitments		
Commitments to contribute share capital to joint ventures contracted for but not provided	**—**	94,960
	377,044	1,150,697

(ii) Contingent asset

As disclosed in note 8, the Group has insurance policies in place to cover damages to property, plant and equipment amounting to RMB57,235,000 incidental to typhoon during the year ended 31 December 2019. The Group received RMB6,615,000 from insurance claim as compensation income and has an ongoing insurance claim for the remaining loss as at 31 December 2019 which will be recognised only when the compensation becomes receivable. Based on the insurance policies, the Directors believe that it is possible that their remaining claim will be successful.

(iii) Contingent liabilities

In July 2019, the Group discounted certain bills provided by third parties with a total face value of RMB1,136,390,000 for short-term financing, and the liabilities relating to these arrangements were fully settled to these relevant third parties during the year. As at 31 December 2019, these bills were not yet matured and outstanding. In accordance with the relevant regulations in the PRC, the Group, being an endorser of the bills, is jointly and severally liable if the relevant bills are not settled by the issuer upon maturity. However, in the opinion of the Directors, the risk of default in payment of these bills is remote because they are guaranteed by reputable PRC banks. The maximum exposure to the Group of these outstanding bills was RMB1,136,390,000 as at 31 December 2019.

(iv) Financial guarantees provided to third parties

In addition to those financial guarantees provided to related parties as set out in note 46(f), the Group also provided financial guarantees to certain third parties for certain of their bank and other borrowings amounting to RMB540,000,000 as at 31 December 2019. Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantees is considered insignificant at initial recognition, and the ECL as at 31 December 2019 is insignificant.

44. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

Pledge of assets

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2019 RMB'000	2018 RMB'000
Property, plant and equipment	**21,027,038**	28,529,134
Right-of-use assets	**14,980**	—
Prepaid lease payments	**—**	16,910
Pledged bank and other deposits	**1,701,276**	2,031,283
Trade receivables and contract assets	**4,143,233**	6,568,048
Amount due from an associate of ultimate holding company	**8,000**	18,135
	26,894,527	37,163,510

The Group's secured bank and other borrowings and loans from related companies 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 (31 December 2018: prepaid lease payments) of the Group; (v) amount due from an associate of ultimate holding company*; and (vi) equity interests in some project companies of the Group.

* The loans from an associate of ultimate holding company are secured by pledged deposits, which are classified as amount due from a related company.

Restrictions on assets

In addition, lease liabilities of RMB1,161,582,000 are recognised with related right-of-use assets of RMB1,395,426,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

Bills receivable issued by third parties endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs is disclosed in note 28.

45. RETIREMENT BENEFITS SCHEMES

(a) The PRC

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

(c) The US

In 2015, the Company established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan and is funded by employers and employees, in the US that qualifies as an Inland Revenue Service ("IRS") deferred salary arrangement under Section 401(k) of the US Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to a maximum amount subject to certain IRS limitations.

(d) Japan

The Group participated in an employee's pension fund for all its employees in Japan. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to Employee's Pension Insurance Act.

During the year ended 31 December 2019, total amounts contributed by the Group to the schemes in the PRC, Hong Kong, the US and Japan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB66,376,144 (2018: RMB47,708,000).

46. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the consolidated financial statements, the Group also entered into the following material transactions or arrangements with related parties:

(a) Management services income from related companies

	2019 RMB'000	2018 RMB'000
Fellow subsidiaries		
蘇州保利協鑫光伏電力投資有限公司 Suzhou GCL-Poly Solar Power Investment Ltd.* ("Suzhou GCL-Poly")	**33,302**	33,302
GCL Solar Energy Limited	**3,443**	3,309
武漢華鑫易能源有限公司 Wuhan Huaxinyi Energy Co. Ltd.* ("Wuhan Huaxin")	**246**	—
Joint ventures		
Jinhu	**6,226**	14,898
Wanhai	**2,136**	7,800
Associates		
Jiangling	**656**	—
Huarong	**3,837**	—
Linzhou Xinchuang	**2,031**	—
Xinan	**632**	—
Ruzhou	**531**	—
	53,040	59,309

蘇州協鑫新能源運營科技有限公司 Suzhou GCL New Energy Operation and Technology Co., Ltd.* ("Suzhou GCL Operation"), an indirect wholly-owned subsidiary of the Company, provides operation and management services to the solar power plants of Suzhou GCL-Poly and its subsidiaries.

GCL New Energy International Limited and GCL New Energy, Inc., indirect wholly-owned subsidiaries of the Company, provided asset management and administrative services to GCL Solar Energy Limited for its overseas operations in South Africa and the US. GCL Solar Energy Limited is a subsidiary of GCL-Poly.

Suzhou GCL Operation provides operation and management services to the solar power plant of Wuhan Huaxin, a subsidiary of GCL-Poly, and also the solar power plants of Jinhu and Wanhai. Jinhu and Wanhai were wholly-owned subsidiaries of Zhongmin GCL, a joint venture of the Group before their entire interest are acquired by the Group during the year.

During the year ended 31 December 2019, Suzhou GCL Operation also provided operation and management services to the solar power plants of Jiangling, Huarong, Linzhou Xinchuang, Xinan and Ruzhou, associates of the Group.

* English name for identification only

46. RELATED PARTY DISCLOSURES *(continued)*

(b) Interest on loans from related companies

	2019 RMB'000	2018 RMB'000
Fellow subsidiaries		
GCL-Poly (Suzhou)	—	22,911
Taicang GCL	—	3,889
揚州協鑫光伏科技有限公司 Yangzhou GCL Photovoltaic Technology Co., Ltd.*	—	3,889
GCL Solar Energy Limited	—	1,645
	—	32,334
Ultimate holding company		
GCL-Poly	**37,777**	38,287
Associate of ultimate holding company		
Xinxin	**31,449**	39,470
Related companies		
GCL Group Limited	**114,993**	11,914
Nanjing Xinneng	**51,590**	579
Jiangsu GCL Real Estate	**6,733**	—
Jiangsu GCL Construction	**22,646**	—
	195,962	12,493
	265,188	122,584

* English name for identification only

Details of the loans from related companies are set out in note 29.

(c) Rental expense to a fellow subsidiary

	2019 RMB'000	2018 RMB'000
蘇州協鑫工業應用研究院有限公司 Suzhou GCL Industrial Applications Research Co., Ltd* ("Suzhou GCL Industrial Applications Research")	**24,681**	24,966

協鑫新能源投資（中國）有限公司 GCL New Energy Investment (China) Co., Ltd* ("GCL New Energy Investment"), an indirect wholly-owned subsidiary of the Company, leased two premises from Suzhou GCL Industrial Applications Research, an indirect wholly-owned subsidiary of GCL-Poly.

* English name for identification only

46. RELATED PARTY DISCLOSURES *(continued)*

(d) Profit attributable on perpetual notes

	2019 RMB'000	2018 RMB'000
GCL-Poly (Suzhou)	**63,000**	52,697
Taicang GCL	**18,000**	15,190
Suzhou GCL	**45,000**	37,503
Jiangsu GCL	**36,000**	29,639
	162,000	135,029

Perpetual notes which are denominated in RMB and unsecured, have a variable distribution rate of 7.3% to 11% which could be deferred indefinitely at the option of the issuer and have no fixed repayment term. There is no distribution on perpetual notes for both years.

(e) Guarantees granted by related companies

At 31 December 2019, certain bank and other loans of the Group amounting to RMB2,770,079,000 (2018: RMB2,970,917,000) were guaranteed by ultimate holding company and/or fellow subsidiaries.

(f) Guarantees provided to related companies

As at 31 December 2019, the Group provided guarantee to its associates, including Shanxi GNE, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Fenxi GCL, Hanneng Guangping and Hebei GNE and their subsidiaries, for certain of their bank and other borrowings with maximum amount of RMB5,369,119,000. Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition and the ECL as at 31 December 2019 is insignificant.

As at 31 December 2018, the Group provided guarantee to Huarong, an associate of the Group, and Wanhai, a joint venture of the Group, for certain of their bank and other borrowings amounting to RMB204,000,000 and RMB493,590,000, respectively. Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition and as at 31 December 2018. During the year ended 31 December 2019, Wanhai became a wholly-owned subsidiary of the Group, the guarantee provided therefore has no financial impact on the Group's consolidated financial statements. Besides, the guarantee provided to Huarong by the Group has been released in the current year.

46. RELATED PARTY DISCLOSURES *(continued)*

(g) Compensation of key management personnel

The remuneration of senior management personnel, comprising directors' (whether executive or otherwise) remuneration during the year was as follows:

	2019 RMB'000	2018 RMB'000
Short-term benefits	**12,257**	15,203
Post-employment benefits	**184**	683
Share-based payments	**363**	2,804
	12,804	18,690

The remuneration of the Directors and other key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

47. MAJOR NON-CASH TRANSACTIONS

(i) The Group acquired 100% equity interest of Jinhu and Wanhai from Zhongmin GCL in March 2019 with aggregate consideration of RMB264,000,000.

Subsequent to the acquisition date, the Group partially settled consideration of RMB204,904,000 to Zhongmin GCL by (i) cash payment of RMB86,999,000, (ii) endorsement of bills receivables of RMB47,905,000 and (iii) offset with amount due from Zhongmin GCL by RMB70,000,000.

For the remaining consideration payable of RMB59,096,000, the Group further entered into a multi-party debt settlement agreement with Zhongmin GCL, Jinhu, Wanhai, and 中民新能（上海）投資有限公司 Zhongmin New Energy (Shanghai) Investment Company Limited* on 1 April 2019, and approximately RMB41,682,000 of such remaining consideration has been settled among these parties pursuant to this multi-party debt settlement agreement. The remaining sum of RMB17,414,000 was settled by the Group in cash during the current year.

(ii) The Group disposed of 70% equity interest in seven subsidiaries in Hebei and Shanxi Province to Shanghai Rongyao in 2019 for an aggregate consideration of RMB1,441,652,000.

Subsequent to the disposal date, the Group, Golden Concord Holdings Limited ("Golden Concord"), a substantial shareholder of GCL-Poly with significant influence, Shanghai Rongyao and Yunnan Provincial Energy Investment Group Company Limited ("Yunnan Energy"), a shareholder of Shanghai Rongyao, entered into an offsetting agreement. They agreed to offset part of the Group's consideration receivables from Shanghai Rongyao amounting to RMB1,329,674,000 and amounts due from those seven subsidiaries of RMB170,326,000 with (i) the loan from Golden Concord of RMB1,400,000,000 and (ii) a receipt in advance from Yunnan Energy of RMB100,000,000.

(iii) During the year ended 31 December 2019, the Group entered into new lease agreements for land, office and staff quarter, for 2–24 years. On the lease commencement, the Group recognised right-of-use assets of RMB32,051,000 and the related lease liabilities.

* English name for identification only

48. EVENTS AFTER REPORTING PERIOD

Other than those disclosed elsewhere in these consolidated statements, the Group has the following significant event after the reporting period:

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 operate as usual. The Group has been paying close attention to the development of the COVID-19 outbreak, and implements 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 these consolidated financial statements are authorised for issuance, the Group is not aware of any material adverse effects on its consolidated financial statements as a result of the COVID-19 outbreak.

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

49a. General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held		Principal activities
			2019 %	2018 %	
Directly held:					
Pioneer Getter Limited	BVI	US$1	**100%**	100%	Investment holding
Bliss Corporate Group Limited	BVI	US$1	**100%**	100%	Investment holding
Indirectly held:					
協鑫新能源國際有限公司 GCL New Energy International Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
協鑫新能源發展有限公司 GCL New Energy Development Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
協鑫新能源管理有限公司 GCL New Energy Management Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
協鑫新能源貿易有限公司 GCL New Energy Trading Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
GCL New Energy Investment[2]	PRC	US$1,188,000,000	**100%**	100%	Investment holding
Suzhou GCL Operation[3]	PRC	RMB50,000,000	**100%**	100%	Investment holding
Nanjing GCL New Energy[3]	PRC	US$1,188,000,000	**100%**	100%	Investment holding
Suzhou GCL New Energy[3]	PRC	RMB12,928,250,000	**92.82%**	92.82%	Investment holding
南京協鑫新能源科技有限公司 Nanjing GCL New Energy Technology Co., Ltd.[1,3]	PRC	RMB300,000,000	**100%**	100%	Investment holding
Zhenjiang GCL[3]	PRC	RMB33,000,000	**100%**	100%	Investment holding

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2019 %	Interest held 2018 %	Principal activities
包頭市中利騰暉光伏發電有限公司 Baotou Shi Zhong Li Photovoltaic Co., Ltd.[1,3]	PRC	RMB110,000,000	100%	100%	Operation of solar power
冊亨協鑫光伏電力有限公司 Ceheng Solar Power Co., Ltd.[1,3]	PRC	RMB130,000,000	100%	100%	Operation of solar power plant
德令哈協合光伏發電有限公司 Delingha Century Concord Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB222,000,000	100%	100%	Operation of solar power plant
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB165,000,000	100%	100%	Operation of solar power plant
高唐縣協鑫晶輝光伏有限公司 Gaotang County GCL Jing Hui Photovoltaic Co., Ltd.[1,3]	PRC	RMB81,000,000	100%	100%	Operation of solar power plant
哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Company Limited[1,3]	PRC	RMB181,960,000	100%	100%	Operation of solar power plant
海豐縣協鑫光伏電力有限公司 Haifeng County GCL Solar Power Co., Ltd.[1,3]	PRC	RMB155,900,000	100%	100%	Operation of solar power plant
海南州世能光伏發電有限公司 Hainanzhou Shineng Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB60,000,000	100%	100%	Operation of solar power plant
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.[1,3]	PRC	RMB222,000,000	96.35%	96.35%	Operation of solar power plant
湖北省麻城市金伏太陽能電力有限公司 Hubei Macheng Jinfu Solar Energy Limited[1,3]	PRC	RMB191,000,000	100%	100%	Operation of solar power plant
淮北鑫能光伏電力有限公司 Huaibei Xinneng Solar Power Co., Ltd[1,3]	PRC	RMB90,000,000	100%	100%	Operation of solar power plant
靖邊縣順風新能源有限公司 Jingbian County Shunfeng New Energy Limited[1,3]	PRC	RMB68,550,000	95%	95%	Operation of solar power plant
靖邊協鑫光伏電力有限公司 Jingbian GCL Solar Power Co., Ltd.[1,3]	PRC	RMB80,000,000	100%	100%	Operation of solar power plant
開封華鑫新能源開發有限公司 Kaifeng Huaxin New Energy Development Co., Ltd.[1,3]	PRC	RMB200,000,000	100%	100%	Operation of solar power plant
蘭溪金瑞太陽能發電有限公司 Lanxi Jinrui Photovoltaic Power Co., Ltd[1,3]	PRC	RMB60,320,000	100%	100%	Operation of solar power plant
猛海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.[1,3]	PRC	RMB85,000,000	100%	100%	Operation of solar power plant
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy Development Company Limited[1,3]	PRC	RMB273,600,000	90.1%	90.1%	Operation of solar power plant

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2019 %	Interest held 2018 %	Principal activities
寧夏金禮光伏電力有限公司 Ningxia Jinli Photovoltaic Electric Power Co., Ltd.[1,3]	PRC	RMB86,830,000	**100%**	100%	Operation of solar power plant
寧夏金信光伏電力有限公司 Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.[1,3]	PRC	RMB126,300,000	**100%**	100%	Operation of solar power plant
寧夏中衛協鑫光伏電力有限公司 Ningxia Zhongwei GCL Solar Power Co., Ltd.[1,3]	PRC	RMB61,600,000	**100%**	100%	Operation of solar power plant
淇縣協鑫新能源有限公司 Qi County GCL New Energy Limited[1,3]	PRC	RMB84,000,000	**100%**	100%	Operation of solar power plant
汝陽協鑫新能源有限公司 Ruyang GCL New Energy Limited[1,3]	PRC	RMB146,000,000	**100%**	100%	Operation of solar power plant
三門峽協立光伏電力有限公司 Sanmenxia Xie Li Solar Power Co., Ltd.[1,3]	PRC	RMB65,000,000	**100%**	100%	Operation of solar power plant
上林協鑫光伏電力有限公司 Shanglin GCL Solar Power Co., Ltd. ("Shanglin GCL")[1,3]	PRC	RMB124,800,000	**67.95%**	67.95%	Operation of solar power plant
神木市晶富電力有限公司 Shenmu Jingfu Solar Power Co., Ltd.[1,3]	PRC	RMB75,400,000	**80%**	80%	Operation of solar power plant
神木市平西電力有限公司 Shenmu Ping Xi Power Co., Ltd.[1,3]	PRC	RMB82,000,000	**100%**	100%	Operation of solar power plant
神木市平元電力有限公司 Shenmu Ping Yuan Power Co., Ltd.[1,3]	PRC	RMB78,700,000	**100%**	100%	Operation of solar power plant
Guotai[3]	PRC	RMB20,000,000	**80%**	80%	Operation of solar power plant
Jingdeng[3]	PRC	RMB50,000,000	**80%**	80%	Operation of solar power plant
石城協鑫光伏電力有限公司 Shicheng GCL Solar Power Co., Ltd. ("Shicheng")[1,3]	PRC	RMB112,838,100	**51%**	51%	Operation of solar power plant
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited[1,3]	PRC	RMB63,960,000	**100%**	100%	Operation of solar power plant
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Limited[1,3]	PRC	RMB50,000,000	**100%**	100%	Operation of solar power plant
宿州協鑫光伏電力有限公司 Suzhou GCL Solar Power Co., Ltd.[1,3]	PRC	RMB74,000,000	**100%**	100%	Operation of solar power plant
鹽邊鑫能光伏電力有限公司 Yanbian Xin Neng Solar Power Co., Ltd.[1,3]	PRC	RMB56,000,000	**100%**	100%	Operation of solar power plant

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2019 %	Interest held 2018 %	Principal activities
鹽源縣白烏新能源科技有限公司 Yanyuan County Bai Wu New Energy Technology Co., Ltd.[1,3]	PRC	RMB113,000,000	**100%**	100%	Operation of solar power plant
餘幹縣協鑫新能源有限責任公司 Yugan County GCL New Energy Limited[1,3]	PRC	RMB139,300,000	**100%**	100%	Operation of solar power plant
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Limited[1,3]	PRC	RMB465,000,000	**100%**	100%	Operation of solar power plant
榆林市榆神工業區東投能源有限公司 Yulin Yushen Industrial Area Energy Co., Ltd.[1,3]	PRC	RMB170,000,000	**100%**	100%	Operation of solar power plant
元謀綠電新能源開發有限公司 Yuanmou Green Power New Energy Development Limited[1,3]	PRC	RMB85,000,000	**80%**	80%	Operation of solar power plant
鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co,. Ltd. ("Yuncheng")[1,3]	PRC	RMB58,597,800	**51%**	100%	Operation of solar power plant
正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Company Limited[1,3]	PRC	RMB125,000,000	**99.2%**	99.2%	Operation of solar power plant
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.[1,3]	PRC	RMB105,500,000	**100%**	100%	Operation of solar power plant
東海縣協鑫光伏電力有限公司 Donghai County GCL Solar Energy Co., Ltd.[1,3]	PRC	RMB54,470,000	**100%**	100%	Operation of solar power plant
阜寧縣鑫源光伏電力有限公司 Funing County Xin Yuan Solar Power Co., Ltd.[1,3]	PRC	RMB52,000,000	**100%**	100%	Operation of solar power plant
碭山協鑫光伏電力有限公司 Dangshan GCL Solar Power Co., Ltd.[1,3]	PRC	RMB44,000,000	**100%**	100%	Operation of solar power plant
欽州鑫金光伏電力有限公司 Qinzhou Xin Jin Solar Power Co., Ltd. ("Qinzhou")[1,3]	PRC	RMB134,950,000	**70.36%**	70.36%	Operation of solar power plant
永城鑫能光伏電力有限公司 Yongcheng Xin Neng Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB101,600,000	**100%**	100%	Operation of solar power plant
商水協鑫光伏電力有限公司 Shangshui GCL Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB130,000,000	**100%**	100%	Operation of solar power plant
微山鑫能光伏電力有限公司 Weishan Xin Neng Solar Power Co., Ltd.[1,3]	PRC	RMB75,000,000	**100%**	100%	Operation of solar power plant
互助昊陽光伏發電有限公司 Huzhu Haoyang Photovoltaic Electric Power Co., Ltd.[1,3]	PRC	RMB66,000,000	**100%**	100%	Operation of solar power plant

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2019 %	Interest held 2018 %	Principal activities
Jinhu[3]	PRC	RMB160,600,000	100%	N/A	Operation of solar power plant
河南協鑫新能源投資有限公司 Henan GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB600,000,000	100%	100%	Operation of solar power plant
南召鑫力光伏電力有限公司 Nanzhao Xin Li Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB100,000,000 (2018: RMB181,600,000)	50%	50%	Operation of solar power plant
江蘇協鑫新能源有限公司 Jiangsu GCL New Energy Co., Ltd.[1,3]	PRC	RMB500,000,000	100%	100%	Operation of solar power plant
西安協鑫新能源管理有限公司 Xi'an GCL New Energy Management Co., Ltd.[1,3]	PRC	RMB1,500,000,000	100%	100%	Operation of solar power plant
神木市晶普電力有限公司 Shenmu Jingpu Power Co., Ltd.[1,3]	PRC	RMB266,400,000	80%	80%	Operation of solar power plant
安徽協鑫新能源投資有限公司 Anhui GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB238,000,000	100%	100%	Operation of solar power plant
內蒙古協鑫光伏電力有限公司 Inner Mongolia GCL Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB200,000,000	100%	100%	Operation of solar power plant
上林縣鑫安光伏電力有限公司 Shanglin County Xinan Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB50,000,000	60%	60%	Operation of solar power plant
Wanhai[3]	PRC	RMB60,000,000	100%	N/A	Operation of solar power plant
寧夏協鑫新能源投資有限公司 Ningxia GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB200,000,000	100%	100%	Operation of solar power plant
江蘇協鑫新能源投資有限公司 Jiangsu GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB100,000,000	100%	100%	Operation of solar power plant
汾西縣協鑫光伏電力有限公司 Fenxi County GCL Photovoltaic Power Co., Ltd.[1,3,4]	PRC	RMB130,000,000	N/A	100%	Operation of solar power plant
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping County Solar Energy Development Limited[1,3,4]	PRC	RMB130,000,000	N/A	100%	Operation of solar power plant
江陵縣協鑫光伏電力有限公司 Jiang Ling County GCL Solar Power Co., Ltd.[1,3,4]	PRC	RMB230,000,000	N/A	100%	Operation of solar power plant
汝州協鑫光伏電力有限公司 Ru Zhou GCL Photovoltaic Power Co., Ltd.[1,3,4]	PRC	RMB15,000,0000	N/A	100%	Operation of solar power plant

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2019 %	Interest held 2018 %	Principal activities
芮城縣協鑫光伏電力有限公司 Ruicheng County GCL Solar Power Co., Ltd.[1,3,4]	PRC	RMB134,000,000	N/A	100%	Operation of solar power plant
山西佳盛能源股份有限公司 Shanxi Jiasheng Energy Holding Ltd.[1,3,4]	PRC	RMB50,000,000	N/A	96%	Operation of solar power plant
尚義元辰新能源開發有限公司 Shangyi Yuanchen New Energy Development Company Limited[1,3]	PRC	RMB400,650,000	N/A	100%	Operation of solar power plant
新安縣協鑫光伏電力有限公司 Xinan County GCL Solar Power Co., Ltd[1,3,4]	PRC	RMB120,000,000	N/A	100%	Operation of solar power plant
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.[1,3]	PRC	RMB171,800,000	N/A	99%	Operation of solar power plant
盂縣協鑫光伏電力有限公司 Yu County GCL Solar Power Co., Ltd.[1,3,4]	PRC	RMB140,000,000	N/A	100%	Operation of solar power plant

1 English name for identification only

2 Foreign investment enterprises

3 Domestic PRC Companies

4 The controlling stake of the entity was disposed of by the Group during the year ended 31 December 2019 which becomes associate of the Group.

The above table lists the subsidiaries of the Group which in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Other than Suzhou GCL New Energy issued green bonds as disclosed in note 31, none of the subsidiaries had issued any debt securities at the end of the year.

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49b. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests as at 31 December 2019 and 31 December 2018:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Suzhou GCL New Energy	PRC	**7.18%**	7.18%	**99,903**	131,099	**995,033**	1,255,055
Non-wholly owned subsidiaries of Suzhou GCL New Energy				**48,162**	13,546	**364,910**	310,173
				148,065	144,645	**1,359,943**	1,565,228

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations as at 31 December 2019 and 2018.

Suzhou GCL New Energy and subsidiaries

	2019 RMB'000	2018 RMB'000
Current assets	**18,156,187**	17,760,249
Non-current assets	**37,061,622**	45,667,922
Current liabilities	**18,884,256**	18,461,992
Non-current liabilities	**20,466,254**	27,176,130
Equity attributable to owners of the Company	**14,507,356**	16,224,821
Non-controlling interests of Suzhou GCL New Energy	**995,033**	1,255,055
Non-controlling interests of Suzhou GCL New Energy's subsidiaries	**364,910**	310,173

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49b. Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Suzhou GCL New Energy and subsidiaries (continued)

	2019 RMB'000	2018 RMB'000
Revenue	**5,966,081**	5,465,931
Profit and total comprehensive income for the year	**1,439,564**	1,838,185
Profit and total comprehensive income attributable to owners of the Company	**1,291,499**	1,693,540
Profit and total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy	**99,903**	131,099
Profit and total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**48,162**	13,546
Profit for the year	**1,439,564**	1,838,185
Dividends declared to non-controlling interests of Suzhou GCL New Energy and its subsidiaries	**383,839**	44,685
Net cash inflow from operating activities	**1,702,192**	3,118,616
Net cash outflow from investing activities	**(2,087,278)**	(4,752,411)
Net cash inflow from financing activities	**216,326**	237,988
Net cash outflow	**(168,760)**	(1,395,807)

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

49c. Change in ownership interest in subsidiaries

Year ended 31 December 2019

(a) Yuncheng

In August 2019, Yuncheng entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB28,713,000; accordingly, the equity interest held by the Group has been diluted to 51%. An amount of approximately RMB30,489,000 (being the proportionate share of the carrying amount of the net assets of Yuncheng) has been transferred to non-controlling interests.

Year ended 31 December 2018

(a) 碭山鑫能光伏電力有限公司 ("Dangshan")

In March 2018, Dangshan entered into a solar power project co-operation agreement with an independent third party and received a capital contribution in cash amounting to RMB14,850,000; accordingly, the equity interest held by the Group was diluted to 67%. An amount of approximately RMB16,674,000 (being the proportionate share of the carrying amount of the net assets of Dangshan) has been transferred to non-controlling interests.

(b) Shicheng

In September 2018, the Group disposed of 19% equity interest in Shicheng at a consideration of RMB21,544,000 to an independent third party, and decreased its shareholding in Shicheng to 51%. An amount of approximately RMB27,095,000 (being the proportionate share of the carrying amount of the net assets of Shicheng) has been transferred to non-controlling interests.

(c) Qinzhou

In November 2018, Qinzhou entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB40,000,000; accordingly, the equity interest held by the Group was diluted to 70.36%. An amount of approximately RMB42,560,000 (being the proportionate share of the carrying amount of the net assets of Qinzhou) has been transferred to non-controlling interests.

(d) Shanglin GCL

In November 2018, Shanglin GCL entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB40,000,000; accordingly, the equity interest held by the Group has been diluted to 67.95%. An amount of approximately RMB44,271,000 (being the proportionate share of the carrying amount of the net assets of Shanglin GCL) has been transferred to non-controlling interests.

50. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS		
Interests in subsidiaries	**2,192,835**	2,452,432
Amounts due from subsidiaries *(Note)*	**6,669,165**	6,764,185
	8,862,000	9,216,617
CURRENT ASSETS		
Prepayments	**958**	937
Amounts due from joint ventures	**34**	32
Bank balances and cash	**6,229**	13,489
	7,221	14,458
CURRENT LIABILITIES		
Accruals and other payables	**128,825**	130,679
Amount due to a subsidiary	**—**	27,944
Bank borrowings	**896,278**	1,728,290
	1,025,103	1,886,913
NET CURRENT LIABILITIES	**(1,017,882)**	(1,872,455)
TOTAL ASSETS LESS CURRENT LIABILITIES	**7,844,118**	7,344,162
NON-CURRENT LIABILITIES		
Bank borrowings	**241,233**	—
Bonds payable	**3,470,542**	3,398,063
	3,711,775	3,398,063
NET ASSETS	**4,132,343**	3,946,099
CAPITAL AND RESERVES		
Share capital	**66,674**	66,674
Reserves	**4,065,669**	3,879,425
TOTAL EQUITY	**4,132,343**	3,946,099

Note: ECL for amounts due from subsidiaries and joint ventures, and bank balances and cash are assessed on a 12m ECL basis as there had been no significant increase in credit risk since initial recognition and impairment allowance is considered to be insignificant.

50. SUMMARY FINANCIAL INFORMATION OF THE COMPANY *(continued)*

Movement in equity

	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Financial liabilities at FVTPL credit risk reserve *(Note)* RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2018	4,265,230	56,318	(64,015)	(10,445)	209,766	(437,391)	4,019,463
Loss for the year	—	—	—	—	—	(152,609)	(152,609)
Other comprehensive expense	—	—	—	(108)	—	—	(108)
Total comprehensive expenses for the year	—	—	—	(108)	—	(152,609)	(152,717)
Redemption of convertible bonds	—	—	—	10,553	—	(10,553)	—
Recognition of equity settled share-based payments *(note 36)*	—	—	—	—	12,679	—	12,679
Forfeitures of share options *(note 36)*	—	—	—	—	(7,621)	7,621	—
At 31 December 2018	4,265,230	56,318	(64,015)	—	214,824	(592,932)	3,879,425
At 1 January 2019	**4,265,230**	**56,318**	**(64,015)**	**—**	**214,824**	**(592,932)**	**3,879,425**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**184,457**	**184,457**
Recognition of equity settled share-based payments *(note 36)*	**—**	**—**	**—**	**—**	**1,787**	**—**	**1,787**
Forfeitures of share options *(note 36)*	**—**	**—**	**—**	**—**	**(16,257)**	**16,257**	**—**
At 31 December 2019	**4,265,230**	**56,318**	**(64,015)**	**—**	**200,354**	**(392,218)**	**4,065,669**

Note: Financial liabilities at FVTPL credit risk reserve represents the amount of change in fair value of the convertible bonds issued by the Company, which is classified as financial liabilities designated as at FVTPL under IFRS 9, that is attributable to changes in credit risk of the convertible bonds and is transferred to accumulated losses on redemption.

Deloitte. 德勤

TO THE SHAREHOLDERS OF GCL NEW ENERGY HOLDINGS LIMITED
協鑫新能源控股有限公司
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 76 to 213, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, which indicates that as of 31 December 2018, the Group's current liabilities exceeded its current assets by RMB11,241 million, and as at 31 December 2018, the Group has entered into agreements to construct solar power plants and inject capital to a joint venture which will involve capital commitments of approximately RMB1,151 million. At 31 December 2018, GCL-Poly Energy Holdings Limited ("GCL-Poly"), its parent company and being the guarantor of certain bank borrowings of the Group, breached certain covenants in respect of bank borrowings as stipulated in its relevant loan agreements. In addition, the breach of certain covenant requirements has triggered the cross default clauses in several other bank borrowings of the Group. Subsequent to the end of the reporting period, GCL-Poly has obtained consents from the relevant lenders to waive the financial covenants concerned and not to demand for immediate repayment of these bank borrowings. Notwithstanding this, accounting reclassification of long-term borrowings of approximately RMB1,936 million as current liabilities is still required at 31 December 2018 under applicable accounting standards because the bank waivers were obtained subsequent to the end of the reporting period.

The Company is undertaking a number of financing plans and other measures as described in note 2 to the consolidated financial statements in order to ensure it is able to meet its commitments in the next twelve months. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. However, the likelihood of successful implementation of these financing plans and other measures, including the Group's and GCL-Poly's ongoing compliance with their borrowing covenants, and along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on tariff adjustment on electricity sales	
We identified the recognition of the Group's revenue on tariff adjustment on electricity sales as a key audit matter due to the judgment and estimation involved in determining whether each of the Group's operating power plants had qualified for, and had met, all the requirements and conditions as required for the registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "Catalogue") on accruing revenue on tariff adjustments that the inclusion will not result in a significant revenue reversal in the future. Pursuant to the New Tariff Notice issued in August 2013 (the "New tariff Notice") by the National Development and Reform Commission of the People's Republic of China (the "PRC"), approvals for the registration in the Catalogue on a project-by-project basis are required for the relevant state grid companies to be entitled to the tariff adjustments for settlement to the Group. As described in note 6 to the consolidated financial statements, revenue on tariff adjustments on electricity sales of approximately RMB3,409 million were recognised for the year ended 31 December 2018 in which certain on-grid solar power plants of the Group are still pending for registration to the Catalogue, which is an ongoing process as the Catalogue is opened for registrations on a batch by batch basis.	Our procedures in relation to the recognition of the Group's revenue on tariff adjustment on electricity sales included: • Obtaining an understanding of key controls in connection with the recognition of tariff adjustment and assessing the operating effectiveness of key controls; • Obtaining an understanding of the policies and regulations set by the government authorities on tariff adjustment on sales of electricity in this industry; • Obtaining relevant supporting documents, for examples, power purchase agreements and tariff approvals issued by the PRC government; • Obtaining legal opinion from the Group's PRC legal advisor in relation to the assessment that all of the Group's solar power plants currently in operation had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustment when the electricity was delivered on grid; and • Assessing whether the previous registrations of the group entities operating the solar power plants to the Catalogue were successfully completed against the historical record of the Group.

Key audit matter	How our audit addressed the key audit matter
Accounting and classification of the Group's various financing arrangements	
We identified the accounting and classification of the Group's various financing arrangements as a key audit matter due to the complexity of the terms of the arrangements and the deployment of different types and nature of financing vehicles. As at 31 December 2018, the Group obtained other borrowings of approximately RMB14,646 million via various financing arrangements and details of these are disclosed in note 30 to the consolidated financial statements. The accounting for these arrangements requires a careful consideration of all facts and circumstances and can involve a significant degree of both complexity and the management judgement.	Our procedures in relation to the accounting and classification of the Group's various financing arrangements included: • Obtaining an understanding of key controls and making inquiries with the management in respect of their basis and assessment in relation to the accounting of each financing arrangement; • Evaluating the terms set out in the agreements relating to each key financing arrangement; and • Obtaining information and evidence to assess the substance of the transactions and evaluating the appropriateness of accounting treatment adopted by the management in accordance with IFRS Standards.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Au Chun Hing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
Continuing operations			
Revenue	6	**5,632,397**	3,942,280
Cost of sales		**(1,889,743)**	(1,288,791)
Gross profit		**3,742,654**	2,653,489
Other income	7	**272,146**	220,605
Administrative expenses			
— Share-based payment expenses	36	**(12,679)**	(33,706)
— Other administrative expenses		**(614,700)**	(460,413)
Loss on change in fair value on convertible bonds	32	**(5,524)**	(118,744)
Other gains and losses, net	8	**(352,590)**	30,445
Share of losses of associates	19	**(1,041)**	—
Share of profits of joint ventures	20	**4,562**	4,515
Finance costs	9	**(2,276,958)**	(1,432,082)
Profit before tax		**755,870**	864,109
Income tax (expense) credit	10	**(6,516)**	40,153
Profit for the year from continuing operations	11	**749,354**	904,262
Discontinued operations			
Profit for the year from discontinued operations	12	**—**	77,112
Profit for the year		**749,354**	981,374
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Fair value loss on financial liabilities designated as at fair value through profit or loss ("FVTPL") attribute to changes in credit risk	32	**(108)**	—
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**46,283**	(43,357)
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of operations		**—**	(86,512)
		46,175	(129,869)
Total comprehensive income for the year		**795,529**	851,505
Profit for the year attributable to:			
Owners of the Company			
— from continuing operations		**469,680**	764,327
— from discontinued operations		**—**	77,112
		469,680	841,439
Profit for the year attributable to non-controlling interests from continuing operations			
— Owners of perpetual notes		**135,029**	131,400
— Other non-controlling interests		**144,645**	8,535
		279,674	139,935
		749,354	981,374

	NOTE	2018 RMB'000	2017 RMB'000
Total comprehensive income for the year attributable to:			
Owners of the Company		**515,855**	711,570
Non-controlling interests			
— Owners of perpetual notes		**135,029**	131,400
— Other non-controlling interests		**144,645**	8,535
		795,529	851,505
		RMB cents	RMB cents
Earnings per share	16		
From continuing and discontinued operations			
— Basic		**2.46**	4.41
— Diluted		**2.42**	4.41
From continuing operations			
— Basic		**2.46**	4.01
— Diluted		**2.42**	4.01

Consolidated Statement of Financial Position

As at 31 December 2018

	NOTES	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**42,970,249**	38,104,300
Prepaid lease payments	18	**112,041**	113,094
Interests in associates	19	**36,805**	1,000
Interests in joint ventures	20	**66,079**	63,261
Amounts due from related companies	22	**45,146**	151,700
Other investments	21	**100,000**	100,000
Deposits, prepayments and other non-current assets	23	**3,334,001**	5,518,674
Contract assets	24B	**4,236,405**	—
Pledged bank and other deposits	27	**751,858**	515,005
Deferred tax assets	33	**194,087**	146,275
		51,846,671	44,713,309
CURRENT ASSETS			
Trade and other receivables	24A	**4,930,458**	4,227,637
Other loan receivables	26	**20,250**	118,989
Other investments	21	**—**	240,040
Amounts due from related companies	22	**342,328**	206,581
Prepaid lease payments	18	**2,221**	2,082
Tax recoverable		**8,521**	1,042
Pledged bank and other deposits	27	**1,279,425**	1,728,068
Bank balances and cash	27	**1,361,978**	4,196,596
		7,945,181	10,721,035
Assets classified as held for sale	13	**1,388,009**	—
		9,333,190	10,721,035
CURRENT LIABILITIES			
Other payables and deferred income	28	**10,134,246**	10,851,194
Amounts due to related companies	22	**139,460**	102,784
Tax payable		**11,632**	7,052
Loans from related companies	29	**1,030,590**	1,071,876
Bank and other borrowings	30	**8,323,115**	7,067,596
Convertible bonds	32	**—**	925,642
		19,639,043	20,026,144
Liabilities directly associated with assets classified as held for sale	13	**935,463**	—
		20,574,506	20,026,144
NET CURRENT LIABILITIES		**(11,241,316)**	(9,305,109)
TOTAL ASSETS LESS CURRENT LIABILITIES		**40,605,355**	35,408,200

	NOTES	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000
NON-CURRENT LIABILITIES			
Loans from related companies	29	**2,186,433**	—
Bank and other borrowings	30	**24,340,160**	25,482,406
Bonds and senior notes	31	**3,934,397**	882,760
Deferred income	28	**394,011**	211,613
Deferred tax liabilities	33	**48,814**	35,479
		30,903,815	26,612,258
NET ASSETS		**9,701,540**	8,795,942
CAPITAL AND RESERVES			
Share capital	34	**66,674**	66,674
Reserves		**6,068,524**	5,554,196
Equity attributable to owners of the Company		**6,135,198**	5,620,870
Equity attributable to non-controlling interests			
— owner of perpetual notes		**2,001,114**	1,866,085
— other non-controlling interests		**1,565,228**	1,308,987
TOTAL EQUITY		**9,701,540**	8,795,942

The consolidated financial statements on pages 76 to 213 were approved and authorised for issue by the Board of Directors on 28 March 2019 and are signed on its behalf by:

Zhu Yufeng
DIRECTOR

Sun Xingping
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Attributable to owners of the Company										Non-controlling interests		
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000 *(Note a)*	Legal reserves RMB'000 *(Note b)*	Translation reserve RMB'000	Special reserve RMB'000 *(Note c)*	Financial liabilities at FVTPL credit risk reserve RMB'000 *(Note d)*	Share options reserve RMB'000	(Accumulated losses) retained earnings RMB'000	Sub-total RMB'000	Perpetual notes RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017	66,674	4,265,230	15,918	185,234	24,265	—	—	197,911	(182,278)	4,572,954	1,800,000	46,650	6,419,604
Profit for the year	—	—	—	—	—	—	—	—	841,439	841,439	131,400	8,535	981,374
Other comprehensive expense for the year	—	—	—	—	(129,869)	—	—	—	—	(129,869)	—	—	(129,869)
Total comprehensive (expense) income for the year	—	—	—	—	(129,869)	—	—	—	841,439	711,570	131,400	8,535	851,505
Transfer to legal reserves	—	—	—	204,973	—	—	—	—	(204,973)	—	—	—	—
Recognition of equity-settled share-based payments *(note 36)*	—	—	—	—	—	—	—	33,706	—	33,706	—	—	33,706
Forfeitures of share options *(note 36)*	—	—	—	—	—	—	—	(21,851)	21,851	—	—	—	—
Acquisition of additional interest in a subsidiary *(note 48c)*	—	—	—	—	—	(8,950)	—	—	—	(8,950)	—	(10,050)	(19,000)
Distribution paid to owners of perpetual notes	—	—	—	—	—	—	—	—	—	—	(65,315)	—	(65,315)
Non-controlling interest arising on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	1,753	1,753
Capital contribution by non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	101,991	101,991
Disposal of PCB Business	—	—	—	(40,090)	—	—	—	—	40,090	—	—	—	—
Deemed disposal of partial interest in a subsidiary *(note 48c)*	—	—	—	(9,355)	—	528,470	—	—	(179,223)	339,892	—	1,160,108	1,500,000
Transaction costs on deemed disposal of partial interest in a subsidiary	—	—	—	—	—	(28,302)	—	—	—	(28,302)	—	—	(28,302)
At 31 December 2017	66,674	4,265,230	15,918	340,762	(105,604)	491,218	—	209,766	336,906	5,620,870	1,866,085	1,308,987	8,795,942
Adjustment to retained earnings attributable to change in the credit risk of convertible bonds	—	—	—	—	—	—	(10,445)	—	10,445	—	—	—	—
At 1 January 2018	**66,674**	**4,265,230**	**15,918**	**340,762**	**(105,604)**	**491,218**	**(10,445)**	**209,766**	**347,351**	**5,620,870**	**1,866,085**	**1,308,987**	**8,795,942**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**469,680**	**469,680**	**135,029**	**144,645**	**749,354**
Other comprehensive income (expense) for the year	**—**	**—**	**—**	**—**	**46,283**	**—**	**(108)**	**—**	**—**	**46,175**	**—**	**—**	**46,175**
Total comprehensive income (expense) for the year	**—**	**—**	**—**	**—**	**46,283**	**—**	**(108)**	**—**	**469,680**	**515,855**	**135,029**	**144,645**	**795,529**
Redemption of convertible bonds	**—**	**—**	**—**	**—**	**—**	**—**	**10,553**	**—**	**(10,553)**	**—**	**—**	**—**	**—**
Transfer to legal reserves	**—**	**—**	**—**	**389,940**	**—**	**—**	**—**	**—**	**(389,940)**	**—**	**—**	**—**	**—**
Recognition of equity-settled share-based payments *(note 36)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**12,679**	**—**	**12,679**	**—**	**—**	**12,679**
Forfeitures of share options *(note 36)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(7,621)**	**7,621**	**—**	**—**	**—**	**—**
Non-controlling interest arising on acquisition of subsidiaries *(note 37)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**25,681**	**25,681**
Distribution paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(44,685)**	**(44,685)**
Deemed disposal of partial interest in subsidiaries *(note 48c)*	**—**	**—**	**—**	**(2,853)**	**—**	**—**	**—**	**—**	**(5,802)**	**(8,655)**	**—**	**103,505**	**94,850**
Disposal of partial interest of a subsidiary *(note 48c(b))*	**—**	**—**	**—**	**(166)**	**—**	**—**	**—**	**—**	**(5,385)**	**(5,551)**	**—**	**27,095**	**21,544**
At 31 December 2018	**66,674**	**4,265,230**	**15,918**	**727,683**	**(59,321)**	**491,218**	**—**	**214,824**	**412,972**	**6,135,198**	**2,001,114**	**1,565,228**	**9,701,540**

Notes:

(a) Contributed surplus represents (i) the amount of RMB16,924,000 (equivalent to HK$15,941,000) credited to the contributed surplus as a result of the capital reduction and consolidation of shares of the Company on 16 September 2003; and (ii) the Company made a distribution in respect of 2008 final dividend amounting to RMB1,006,000 (equivalent to HK$1,138,000) out of the contributed surplus during the year ended 31 March 2009.

(b) Legal reserves represent the amounts set aside from the retained earnings by certain subsidiaries incorporated in the People's Republic of China ("PRC") and is not distributable as dividend. In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to legal reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances and cash dividends.

(c) Special reserve represents (i) the difference between the consideration to acquire additional interest in subsidiaries and the respective share of the carrying amounts of net assets acquired; and (ii) the consideration to dispose of partial interest in subsidiaries without losing controls and the carrying amounts of the attributable net assets disposed of.

(d) Financial liabilities at FVTPL credit risk reserve represents the amount of change in fair value of the convertible bonds issued by the Company, which is classified as financial liabilities designated as at FVTPL under International Financial Reporting Standard 9 ("IFRS 9"), that is attributable to changes in credit risk of the convertible bonds and transfer to retained earnings on redemption.

	NOTES	2018 RMB'000	2017 RMB'000
OPERATING ACTIVITIES			
Profit for the year		**749,354**	981,374
Adjustments for:			
Income tax		**6,516**	(34,830)
Amortisation of prepaid lease payments		**3,073**	2,323
Amortisation of deferred income on government grant — ITC (defined in note 7)		**(9,689)**	(3,836)
Amortisation of deferred income on government grants — incentive subsidies		**—**	(89)
Depreciation of property, plant and equipment		**1,510,182**	1,089,361
Loss on disposal of property, plant and equipment		**—**	453
Finance costs		**2,276,958**	1,439,439
Interest income		**(147,659)**	(140,660)
Share-based payment expenses		**12,679**	33,706
Share of profits of joint ventures		**(4,562)**	(4,515)
Share of losses of associates		**1,041**	—
Loss on change in fair value of convertible bonds		**5,524**	118,744
Gain on other investments		**(16,790)**	(2,883)
Loss on measurement to fair value less costs to sell	12	**—**	4,734
Gain on disposal of discontinued operations including a cumulative exchange gain reclassified from translation reserve to profit or loss	12	**—**	(86,512)
Gain on disposal of solar power plant projects		**(35,146)**	(18,745)
Unrealised exchange loss, net		**383,295**	—
Operating cash flows before movements in working capital		**4,734,776**	3,378,064
Increase in deposits, prepayments and other non-current assets		**(269,785)**	(144,091)
Increase in inventories		**—**	(4,611)
Increase in contract assets		**(2,400,313)**	—
Decrease (increase) in trade and other receivables		**330,101**	(1,409,413)
(Increase) decrease in amounts due from related companies		**(27,995)**	47,804
Increase in other payables		**148,173**	8,152
Increase (decrease) in amounts due to related companies		**6,196**	(1,465)
Cash generated from operations		**2,521,153**	1,874,440
Income taxes paid		**(58,807)**	(20,313)
NET CASH FROM OPERATING ACTIVITIES		**2,462,346**	1,854,127
INVESTING ACTIVITIES			
Interest received		**21,240**	79,897
Payments for construction and purchase of property, plant and equipment and land use rights		**(8,189,773)**	(13,633,917)
Acquisition of subsidiaries	37	**21,810**	32,877
Settlement of payables to vendors of solar power plant projects		**(12,165)**	(23,738)
Capital injection to joint ventures		**(8,530)**	(34,540)
Capital injection to an associate		**(30)**	(1,000)
Deemed acquisition of a subsidiary	37	**3,422**	—
Capital refunded from a joint venture		**—**	7,289
Repayment from third parties		**3,000**	20,919
Proceeds from disposal of property, plant and equipment		**—**	1,475
Loans to a joint venture		**—**	(71,000)
Dividend received from joint venture		**—**	714
Withdrawal of pledged bank and other deposits		**1,778,899**	2,161,188
Placement of pledged bank and other deposits		**(1,589,244)**	(2,145,372)
Advance to related companies		**(101,001)**	(592)
Repayment from related companies		**7,320**	284
Advance to non-controlling interests		**(59,740)**	—
Proceeds from transfer of ITC benefit	28	**—**	222,751
Proceeds from disposal of PCB business (as defined in note 1)	38a	**—**	190,250
Proceeds from disposal of solar power plant projects	38b&c	**138,684**	175,442
Investments in other investments		**—**	(606,050)
Proceeds from redemption of other investments		**256,830**	268,893
NET CASH USED IN INVESTING ACTIVITIES		**(7,729,278)**	(13,354,230)

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	NOTE	2018 RMB'000	2017 RMB'000
FINANCING ACTIVITIES			
Interest paid		**(2,199,251)**	(1,795,446)
Distributions paid to owners of perpetual notes		**—**	(65,315)
Proceeds from bank and other borrowings		**9,266,459**	18,384,272
Repayment of bank and other borrowings		**(8,038,353)**	(7,465,522)
Proceeds from loans from related companies		**2,884,531**	1,000,000
Repayment of loans from related companies		**(1,439,756)**	(600,000)
Proceeds from deemed disposal of partial interest in Suzhou GCL New Energy (as defined in note 40b)	48c	**—**	1,500,000
Transaction costs paid for the deemed disposal of partial interest in Suzhou GCL New Energy	48c	**—**	(28,302)
Proceeds from disposal of partial interest in a subsidiary	48c	**21,544**	—
Proceeds from deemed disposal of partial interest in subsidiaries	48c	**94,850**	—
Acquisition of additional interest in a subsidiary	48c	**—**	(2,559)
Transaction costs paid for the issuance of bonds and senior notes		**(47,681)**	(3,540)
Proceeds from issuance of bonds and senior notes		**3,166,950**	885,000
Payment for redemption of convertible bonds		**(890,202)**	—
Payment for repurchase of bonds		**(350,000)**	—
Advance from related companies		**25,849**	4,042
Repayment to related companies		**(4,646)**	(2,433)
Repayment of obligations under finance leases		**—**	(24,151)
Capital contribution by non-controlling interests		**—**	101,991
Dividend paid to non-controlling interests		**(38,389)**	—
NET CASH FROM FINANCING ACTIVITIES		**2,451,905**	11,888,037
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(2,815,027)**	387,934
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**4,196,596**	3,853,082
Effect of exchange rate changes on the balance of cash held in foreign currencies		**25,282**	(44,420)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Represented by			
— bank balances and cash		**1,361,978**	4,196,596
— bank balances and cash classified as held for sale		**44,873**	—
		1,406,851	4,196,596

1. General Information

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Elite Time Global Limited, a company incorporated in the British Virgin Islands ("BVI"). Its ultimate holding company is GCL-Poly Energy Holdings Limited ("GCL-Poly"), a company incorporated in the Cayman Islands with shares listed on the Stock Exchange. The address of the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company. Its subsidiaries (hereinafter together with the Company collectively referred to as the "Group") are principally engaged in the sales of electricity, development, construction, operation and management of solar power plants ("Solar Energy Business"). The Group was also engaged in the manufacturing and selling of printed circuit boards ("PCB Business") before its disposal during the year ended 31 December 2017 (note 12) which was presented as discontinued operations.

The functional currency of the Company and the presentation currency of the Group's consolidated financial statements are Renminbi ("RMB").

2. Basis of Preparation

As at 31 December 2018, the Group's current liabilities exceeded its current assets by approximately RMB11,241 million. In addition, as at 31 December 2018, the Group has entered into agreements to construct solar power plants and inject capital to joint venture which will involve capital commitments of approximately RMB1,151 million. In the event that the Group is successful in expanding the investments in the existing solar power plants in the coming twelve months from 31 December 2018, additional cash outflows will be required to settle further committed capital expenditure.

As at 31 December 2018, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, and loans from related companies amounted to approximately RMB40,688 million. The amounts included bank and other borrowings classified as liabilities directly associated with assets classified as held for sales of RMB873 million. For the remaining balance of approximately RMB39,815 million, RMB9,354 million will be due in the coming twelve months, including bank borrowings of approximately RMB1,936 million, which shall be due after twelve months from the end of the reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities as a result of the breach of loan covenants by GCL-Poly, the guarantor of certain bank borrowings and thereby triggered the cross default of certain bank borrowings of the Group; accordingly, these bank borrowings became repayable on demand as at 31 December 2018. Subsequent to the end of the reporting period, GCL-Poly has obtained consents from the relevant lenders to waive the financial covenants concerned and not to demand for immediate repayment of these bank borrowings; and accordingly, the cross default on the relevant bank borrowings of the Group are also remedied. Notwithstanding this, accounting reclassification of long-term borrowings of approximately RMB1,936 million as current liabilities is still required at 31 December 2018 under applicable accounting standards because the bank waivers were obtained subsequent to the end of the reporting period.

2. Basis of Preparation *(continued)*

The Group's pledged bank and other deposits and bank balances and cash amounted to approximately RMB2,049 million (including pledged deposit of RMB18 million placed at an associate of ultimate holding company for its short-term loans advanced to the Group) and RMB1,407 million (including bank balances and cash classified as assets held for sale of RMB45 million) as at 31 December 2018, respectively. The financial resources available to the Group as at 31 December 2018 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements. The Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2018. 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 31 December 2018, and the on-going covenants compliance upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Subsequent to 31 December 2018, the Group successfully obtained new borrowings of approximately RMB2,293 million from banks and other financial institutions in the PRC;

(ii) The Group proposed to issue medium-term notes with an aggregate principal amount of not exceeding RMB3,000 million to institutional investors of the national interbank bond market in the PRC. In addition, the Group proposed to issue public offering bonds with an aggregate principal amount of not exceeding RMB3,000 million in Shenzhen Stock Exchange in the PRC. It is expected that the notes and bonds will be issued in one or more tranches and that each tranche of the notes and bonds shall have a maturity of three years;

(iii) The Group is implementing business strategies, among others, to transform its heavy asset business model to a light-asset model by (i) divesting certain of its existing wholly-owned power plant projects in exchange for cash proceeds and to improve the Group's indebtedness position; and (ii) striving for providing plant operation and maintenance services to those divested power plants for additional operating cashflow to the Group; and

(iv) As at 31 December 2018, the Group has completed the construction of 215 solar power plants with approval for on-grid connection and it also has one solar power plant under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these consolidated financial statements for issuance. The abovementioned solar power plants have an aggregate installed capacity of approximately 7.0 GW and are expected to generate operating cash inflows to the Group.

By taking the above measures, the Directors believe that the Group has sufficient working capital to meet the financial obligations when they fall due and the on-going loan covenants compliance.

2. Basis of Preparation *(continued)*

After taking into account the Group's business prospects, internal resources, the available committed and uncommitted financing facilities and arrangements, equity issuance and transformation to light-asset model as mentioned above, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described in (ii) to (iv) above, and GCL-Poly's on-going compliance with its borrowing covenants. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these consolidated financial statements for issuance 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 approval of these consolidated financial statements for issuance, and other short-term or long-term financing and equity issuance; successful transformation to light-asset model; and the completion of the construction of the solar power plants to generate adequate cash inflows as scheduled. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards")

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRS Standards issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014 – 2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to IFRS Standards in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.1 IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded International Accounting Standard ("IAS") 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The Group has applied IFRS 15 retrospectively to all contracts with customers, including completed contracts, with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 Revenue and IAS 11 Construction Contracts and the related interpretations.

The Group recognised revenue from the sales of electricity upon electricity is generated and transmitted.

Information about the Group's performance obligations and the accounting policies resulting from application of IFRS 15 are disclosed in notes 6 and 4, respectively.

3.1.1 Summary of effects arising from initial application of IFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 December 2017 RMB'000	Reclassification RMB'000	**Carrying amounts under IFRS 15 at 1 January 2018 RMB'000**
Non-current Assets				
Deposits, prepayments and other non-current assets	(a)	5,518,674	(1,836,092)	**3,682,582**
Contract assets	(a)	—	1,836,092	**1,836,092**
Current Assets				
Trade and other receivables	(a)	4,227,637	(1,998,978)	**2,228,659**
Contract assets	(a)	—	1,998,978	**1,998,978**

Note:

(a) As at 1 January 2018, tariff adjustments related to solar power plants yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "Catalogue"), were reclassified and presented as contract assets.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.1 IFRS 15 Revenue from Contracts with Customers (continued)

3.1.1 Summary of effects arising from initial application of IFRS 15 *(continued)*

The following tables summarise the impacts of applying IFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and the consolidated statement of cash flows for the year then ended for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Note	As reported RMB'000	Adjustments RMB'000	Amounts without application of IFRS 15 RMB'000
Non-current Assets				
Deposits, prepayments and other non-current assets	(b)	3,334,001	4,236,405	7,570,406
Contract assets	(b)	4,236,405	(4,236,405)	—

Impact on the consolidated statement of cash flows

	Note	As reported RMB'000	Adjustments RMB'000	Amounts without application of IFRS 15 RMB'000
OPERATING ACTIVITIES				
Increase in deposits, prepayments and other non-current assets	(b)	(269,785)	(2,400,313)	(2,670,098)
Increase in contract assets	(b)	(2,400,313)	2,400,313	—

Note:

(b) As at 31 December 2018, adjustments represented tariff adjustments related to solar power plants yet to obtain approval for registration in the Catalogue, and such amounts are classified as contract assets upon application of IFRS 15.

Other than the above, application of IFRS 15 has no material impact on the timing and amounts of revenue recognised by the Group for the current year.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.2 IFRS 9 Financial Instruments ("IFRS 9")

In the current year, the Group has applied IFRS 9 and the related consequential amendments to other IFRS Standards. IFRS 9 introduces new requirement for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirement (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirement to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of IFRS 9 are disclosed in Note 4.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.2 IFRS 9 Financial Instruments ("IFRS 9") (continued)

3.2.1 Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

	Notes	Available-for-sale investments RMB'000	Financial assets at FVTPL required by IFRS 9 RMB'000	Amortised cost (previously classified as loans and receivables) RMB'000	Contract assets RMB'000	Retained earnings RMB'000	Financial liabilities at FVTPL credit risk reserve RMB'000
Closing balance at 31 December 2017 – IAS 39		340,040	—	12,059,560	—	336,906	—
Effect arising from initial application of IFRS 15		—	—	(3,835,070)	3,835,070	—	—
Effect arising from initial application of IFRS 9:							
Reclassification from available-for-sale	(a)	(340,040)	340,040	—	—	—	—
Remeasurement impairment under ECL model	(b)	—	—	—	—	—	—
Adjustment to retained earnings attributable to changes in the credit risk of financial liabilities designated as at FVTPL	(c)	—	—	—	—	10,445	(10,445)
Opening balance at 1 January 2018		—	340,040	8,224,490	3,835,070	347,351	(10,445)

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.2 IFRS 9 Financial Instruments ("IFRS 9") (continued)

3.2.1 Summary of effects arising from initial application of IFRS 9 *(continued)*

(a) Available-for-sale ("AFS") investments

From AFS investments to financial assets at FVTPL

At the date of initial application of IFRS 9, the Group's investments in asset management plans of approximately RMB340,040,000 were reclassified to financial assets at FVTPL. These investments do not contain contractual terms giving rise to cash flows that are solely payments of principal and interest on the principal outstanding.

(b) Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets, including those with significant financing component. To measure the ECL, contract assets and trade receivables have been assessed individually for debtors with significant balances, or collectively using a provision matrix for debtors which share credit risk characteristics. The contract assets relate to tariff adjustments to be billed to customers based on the prevailing national government policies on renewable energy and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly comprise pledged bank and other deposits, bank balances, other loan receivables, other receivables and amounts due from related companies, are assessed on 12-month ECL ("12m ECL") basis and there has been no significant increase in credit risk since initial recognition.

As at 1 January 2018, there was no additional credit loss allowance being recognised against retained earnings as the amount involved is insignificant.

(c) Financial liabilities designated as at FVTPL

Convertible bonds issued by the Company designated as at FVTPL qualified for designation as measured at FVTPL under IFRS 9. However, the amount of change in the fair value of these financial liabilities that is attributable to changes in the credit risk of those labilities (excluding the change in fair value of the derivative components) will be recognised in other comprehensive income ("OCI") with the remaining fair value change recognised in profit or loss. Related fair value losses attributable to changes in the credit risk of those liabilities of RMB10,445,000 were transferred from the retained earnings to financial liabilities at FVTPL credit risk reserve on 1 January 2018.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(a) New and amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.3 Impact on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item.

	31 December 2017 RMB'000 (Audited)	IFRS 15 RMB'000	IFRS 9 RMB'000	1 January 2018 RMB'000 (Restated)
Non-current Assets				
Deposits, prepayments and other non-current assets	5,518,674	(1,836,092)	—	3,682,582
Contract assets	—	1,836,092	—	1,836,092
Other investments classified as AFS	100,000	—	(100,000)	—
Other investments classified as financial assets at FVTPL	—	—	100,000	100,000
Others with no adjustments	39,094,635	—	—	39,094,635
	44,713,309	—	—	44,713,309
Current Assets				
Trade and other receivables	4,227,637	(1,998,978)	—	2,228,659
Contract assets	—	1,998,978	—	1,998,978
Other investments classified as AFS	240,040	—	(240,040)	—
Other investments classified as financial assets at FVTPL	—	—	240,040	240,040
Others with no adjustments	6,253,358	—	—	6,253,358
	10,721,035	—	—	10,721,035
Current Liabilities	20,026,144	—	—	20,026,144
Net Current Liabilities	(9,305,109)	—	—	(9,305,109)
Total Assets less Current Liabilities	35,408,200	—	—	35,408,200
Capital and Reserves				
Share capital	66,674	—	—	66,674
Equity attributable to owners of the Company				
— Reserves	5,217,290	—	(10,445)	5,206,845
— Retained earnings	336,906	—	10,445	347,351
Non-controlling interests	3,175,072	—	—	3,175,072
Total Equity	8,795,942	—	—	8,795,942
Non-current Liabilities	26,612,258	—	—	26,612,258

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2018 as disclosed above.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(b) New and amendments to IFRS Standards that have been issued but not yet effective

The Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[4]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1 and IAS 8	Definition of Material[5]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term interests in Associate and Joint Venture[1]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of first annual periods beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

Except as described below, the Directors consider that the application of the above new and amendments to IFRS Standards will have no significant impact on the Group's consolidated financial statements.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to subleases and lease modification.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(b) New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

IFRS 16 Leases (continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently present prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Upon application of IFRS 16, lease payments will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group. Upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance with the nature, as on appropriate.

Under IAS 17, the Group has already recognised prepaid lease payments for leasehold land where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB2,299,976,000 as disclosed in note 42. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Under application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases, unless the Group opts to elect certain practical expedients. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

In addition, the Group currently considers refundable rental deposits paid of RMB8,498,000 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets; accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments included in the initial measurement of right-of-use assets.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRS Standards") *(continued)*

(b) New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

IFRS 16 Leases (continued)

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply IFRS 16 to contracts that were previously identified as lease applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. However, power purchase agreements entered into by the Group and/or contract modifications on or after the date of initial application will be assessed under IFRS 16. Furthermore, the Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

Amendments to IFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide additional guidance with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. Furthermore, an optional concentration test is introduced to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments will be mandatorily effective to the Group prospectively for acquisition transactions completed on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all IFRS Standards and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Amendments to IFRS Standards Annual Improvements to IFRS Standards 2015-2017 Cycle

IAS 23 Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intend use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

4. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with IFRS Standards issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. Significant Accounting Policies *(continued)*

Basis of consolidation *(continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interest (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9/IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. Significant Accounting Policies *(continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amount arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9/IAS 39 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

4. Significant Accounting Policies *(continued)*

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associate and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associate and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the year in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. Significant Accounting Policies *(continued)*

Investments in associates and joint ventures *(continued)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9/IAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in associate or the joint venture is included in the determination of the gain or loss on disposal of associate or the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale from the time when the investment is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

4. Significant Accounting Policies *(continued)*

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 3)

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue from sales of electricity is recognised at a point in time when the control of the electricity transferred, being at the point when electricity has generated and transmitted to the customer.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Variable consideration

For contracts that contain variable consideration in relation to sales of electricity to the state grid companies which contain tariff adjustments related to solar power plants yet to obtain approval for registration in the Catalogue by the PRC government, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty with the variable consideration is subsequently resolved.

4. Significant Accounting Policies *(continued)*

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 3) *(continued)*

Variable consideration (continued)

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstance during the reporting period.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sales of electricity, including portion relating to tariff adjustment, is recognised when electricity is generated and transmitted.

Consultancy fees income and management fee income are recognised when the services are provided.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

4. Significant Accounting Policies *(continued)*

Leases *(continued)*

The Group as Lessee (continued)

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Sale and leaseback resulting in a finance lease

If a sale and leaseback transaction results in a financial lease, any excess of sale proceeds over the carrying amount is not immediately recognised as income by the Group. Instead, it is deferred and amortised over the lease term. If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, no adjustment is necessary unless there has been an impairment in value, in which case the carrying amount is reduced to recoverable amount.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. Significant Accounting Policies *(continued)*

Foreign currencies *(continued)*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the year in which they become receivable.

4. Significant Accounting Policies *(continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit schemes and the Mandatory Provident Fund Schemes, are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefit are recognised as an expense unless another IFRS Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 36.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting condition is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit and loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to (accumulated losses) retained earnings.

4. Significant Accounting Policies *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised of the temporary differences arises from initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. Significant Accounting Policies *(continued)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administration purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such property, plant and equipment are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid lease payments

Payments for obtaining land use rights are accounted for as prepaid lease payments and are charged to profit or loss on a straight-line basis over the lease terms as stated in the relevant land use right certificates granted for usage by the Group in the PRC. Prepaid lease payments which are to be charged to profit or loss in the next twelve months are classified as current assets.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4. Significant Accounting Policies *(continued)*

Impairment of tangible assets *(continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, it is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs are directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other gains and losses, net" line item.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables, amounts due from related companies, other loan receivables, pledged bank and other deposits, and bank balances and cash) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The ECL on these assets are assessed individually for debtors with significant balances, or collectively using a provision matrix for debtor with shared credit risk characteristics by reference to past default experience of the debtor, adjusted for factors in relation to general economic conditions of the solar industry and an assessment of both the current as well as the forecast direction at the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3) *(continued)*

(i) Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected significant adverse change in the regulatory, economics, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payment are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrate otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full without taking into account any collaterals held by the Group.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information that demonstrate a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3) *(continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instruments that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables and contract assets are assessed as a separate group. Other receivables, amounts due from related companies and other loan receivables are assessed for ECL on an individual bases);
- Past default experience with the debtors;
- Geographical location of debtors;
- Aging of the debtors;

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

(v) Measurement and recognition of ECL (continued)

- General economic conditions of the Solar Energy Business; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised loss, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustments recognised through allowance accounts.

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Financial assets are classified into the following specified categories: AFS financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated the investments as set out in note 21 as AFS investments on initial recognition on those items.

Equity and debt securities held by the Group that are classified as AFS financial assets are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS debt instruments relating to interest income calculated using the effective interest method, and changes in foreign exchange rates, if applicable, are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018) *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, other loan receivables, amounts due from related companies, pledged bank and other deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of IFRS 9 on 1 January 2018)

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payment; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivable could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (before application of IFRS 9 on 1 January 2018) *(continued)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Change in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income an accumulated under the heading of investment revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an AFS financial asset, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified in profit or loss.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substances of the contractual arrangements and the definition of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVPTL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated at FVTPL on initial recognition.

A financial liability other than a financial liability held for trading may be designated at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated at FVTPL.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Financial liabilities at amortised cost

Financial liabilities including other payables, amounts due to related companies, loans from related companies, bank and other borrowings, and bonds and senior notes are subsequently measured at amortised cost using the effective interest method.

The financing arrangements entered into with financial institutions, where the Group transferred the legal title of certain equipment of the Group to the relevant financial institutions, and the Group is obligated to repay by instalments over the lease period, are accounted for as collateralised borrowing at amortised cost using effective interest method. The relevant equipment is not derecognised and continue to depreciate over their useful life by the Group during the lease period.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9 (since 1 January 2018)/HKAS 37 Provision, Contingent Liabilities and Contingent Assets (before application of IFRS 9 on 1 January 2018); and

- The amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Convertible bonds

At the date of issue, the convertible bonds payables contains both the debt component and derivative components are designated as financial liabilities at FVTPL and subsequently measured at fair value. Transaction costs relating to the issuance of the convertible bonds payable are charged to profit or loss immediately.

Upon application of IFRS 9 from 1 January 2018, changes in fair value that is attributable to changes in the credit risk (excluding changes in fair value of the embedded derivatives) is recognised in other comprehensive income, unless the recognition of the effects of changes in credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition.

Prior to application of IFRS 9 on 1 January 2018, the entire changes in fair value, including the amount that is attributable to changes in credit risk is recognised in profit or loss.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Convertible bonds *(continued)*

The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "loss on change in fair value on convertible bonds" line item.

Derecognition modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 percent.

Non-substantial modifications of financial liabilities (under IFRS 9 since 1 January 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Non-substantial modifications of financial liabilities (before application of IFRS 9 on 1 January 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, at the point of modification, the carrying amount of the relevant financial liabilities is revised for directly attributable transaction costs and any consideration paid to or received from the counterparty. The effective interest rate is then adjusted to amortise the difference between the revised carrying amount and the expected cash flows over the life of the modified instrument.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition on tariff adjustments on sales of electricity

Tariff adjustments represents subsidy received and receivable from the government authorities in respect of the Group's solar power generation business.

Pursuant to the New Tariff Notice, a set of standardised procedures for the settlement of the tariff subsidy have come into force since 2013 and approvals for the registration in the Catalogue on a project-by-project basis are required before the allocation of funds to the state grid companies, which then would make settlement to the Group.

Tariff adjustments of RMB3,408,718,000 (2017: RMB2,480,937,000) are included in the sales of electricity for the year ended 31 December 2018 as disclosed in note 6, of which certain on-grid solar power plants of the Group are still pending for registration to the Catalogue, which is an on-going process as the Catalogue is opened for registration on a batch by batch basis. Accordingly, for certain power plants which are pending for registration to the Catalogue, the relevant tariff adjustments are recognised only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future on the basis that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants, and taking into account the legal opinion as advised by the Group's legal advisor, who considered that all of the Group's solar power plants currently in operation had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustments when the electricity was delivered on grid. Hence, the Group's operating power plants were able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidy are fully recoverable.

Cumulative amount of tariff receivables relating to power plants yet to register in the Catalogue amounting to RMB4,236,405,000 (2017: RMB3,835,070,000) remains outstanding as at the end of the reporting period.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(continued)*

Critical judgements in applying accounting policies *(continued)*

Accounting and classification of the Group's various financing arrangements

As at 31 December 2018, the Group obtained other borrowing of RMB14,646,071,000 (2017: RMB14,194,389,000) via various financing arrangements with details disclosed in note 30.

The Directors have reviewed the Group's financing arrangements and in the light of its complex terms and conditions of the contracts and the deployment of different types and nature of financing vehicles, the accounting for these arrangements requires detailed consideration of all facts and circumstances and the application of relevant accounting standards.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL on amounts due from related companies

The Group measures loss allowance equal to 12m ECL for amounts due from related companies. Management regularly reviews the historical payment patterns or financial position of counterparties and overdue status of the receivables. The amount of ECL reflect changes in credit risk since initial recognition and is sensitive to changes in estimates.

As at 31 December 2018, the carrying amounts due from related companies were approximately RMB387,474,000 (2017: RMB358,281,000). The ECL provision on amounts due from related companies is insignificant.

Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision rates are based on internal credit rating as groupings for various debtors which shared credit risk characteristics by reference to repayment history of the debtor, taking into account general economic conditions of the solar industry, relevant country default risk, and an assessment of both the current as well as forecast direction at the reporting date. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually. As at 31 December 2018, the ECL provision for trade receivables and contract assets is considered insignificant.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 40b.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(continued)*

Key sources of estimation uncertainty *(continued)*

Useful lives and impairment of property, plant and equipment

The Group has made substantial investments in property, plant and equipment for the Solar Energy Business. Changes in technology on plant and machinery or products to be manufactured may cause a change in the estimated useful lives or value of these assets.

The Group evaluates whether there is any event or change in circumstances which indicates that the carrying amounts of property, plant and equipment may not be recoverable. Whenever such events or changes in circumstances occur, these assets are reviewed for impairment.

Additionally, the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The management will increase the depreciation charge where useful lives are expected to be shorter than previously estimated. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation expense in future periods.

As at 31 December 2018, the carrying amount of property, plant and equipment was approximately RMB42,970,249,000 (2017: RMB38,104,300,000), net of accumulated depreciation and impairment of approximately RMB3,086,324,000 (2017: RMB1,658,163,000).

6. Revenue and Segment Information

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local units of state grid in the PRC for the years ended 31 December 2018 and 2017.

For sales of electricity, the Group generally entered into power purchase agreements with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer and the amount included RMB3,408,718,000 (2017: RMB2,480,937,000) tariff adjustment recognised during the year. The Group generally grants credit period of approximately one month to customers from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

The financial resource for the tariff adjustment is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund to the respective state-owned grid companies for settlement to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加輔助資金管理暫行辦法). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment. Tariff adjustments are recognised as revenue and due from local grid companies in the PRC in accordance with the relevant power purchase agreements.

For those tariff adjustments that are subject to approval for registration in the Catalogue by the PRC government, the relevant revenue from these tariff adjustments are considered variable consideration, and are recognised only to the extent that it is highly probable that a significant reversal will not occur and are included in contract assets upon the application of IFRS 15. Management assessed that all of the Group's operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. The contract asset is transferred to trade receivables upon the relevant power plant obtained the approval for registration in the Catalogue.

Since certain of the tariff adjustments are yet to obtain approval for registration in the Catalogue by the PRC government, the management considers that it contains a significant financing component over the relevant portion of tariff adjustment until approval was obtained. For the year ended 31 December 2018, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.90% to 2.98% per annum and the Group's revenue was adjusted by approximately RMB152 million and interest income amounting to approximately RMB111 million (note 7) was recognised.

The disposal of the PCB Business was completed during the year ended 31 December 2017. Details of the discontinued operations are described in note 12.

Subsequent to the disposal, the Group's chief operating decision maker ("CODM"), being the executive directors of the Company, regularly reviews revenue by provinces; however, no other discrete information was provided. In addition the CODM reviewed the consolidated results when making decisions about allocating resources and assessing performance. Hence, no further segment information other than entity wide information was presented.

6. Revenue and Segment Information *(continued)*

Geographical information

The Group's operations are located in the PRC, Japan and the United States of America ("US").

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations and customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	Year ended 31 December 2018 RMB'000	Year ended 31 December 2017 RMB'000	**At 31 December 2018 RMB'000**	At 31 December 2017 RMB'000
PRC	**5,572,704**	3,903,969	**49,193,375**	40,752,559
Other countries	**59,693**	38,311	**1,562,205**	1,211,677
	5,632,397	3,942,280	**50,755,580**	41,964,236

Note: Non-current assets excluded those relating to financial instruments (including pledged bank and other deposits, other investments and amounts due from related companies) and deferred tax assets.

The only sources of revenue is from sales of electricity generated by solar power plants in the PRC, US and Japan. No further information regarding disaggregation of revenue except for geographical information as disclosed above.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended	
	31 December 2018 RMB'000	31 December 2017 RMB'000
Customer A	**655,820**	489,996
Customer B	**N/A[1]**	449,877

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. Other Income

	2018 RMB'000	2017 RMB'000
Continuing operations		
Consultancy income *(Note a)*	**12,312**	8,698
Compensation income	**1,100**	2,380
Government grants		
— Incentive subsidies *(Note b)*	**13,063**	19,427
— ITC Benefit *(as defined in note 28)*	**9,689**	3,836
— Refund of value-added tax paid *(Note c)*	**12,172**	—
Interest arising from contracts containing significant financial component	**111,287**	—
Interest income of financial assets at amortised cost:		
— Bank interest income	**20,307**	28,159
— Interest income from other loan receivables *(note 26)*	**5,115**	30,255
— Interest income from loans to joint ventures *(note 46b)*	**10,950**	9,984
— Imputed interest on discounting effect on tariff adjustment receivables	**—**	72,024
Management services income from related companies *(note 46a)*	**59,309**	36,678
Others	**16,842**	9,164
	272,146	220,605

Notes:

(a) Consultancy income represents consultancy fees earned from third parties for design and planning for constructing solar power plants.

(b) Incentive subsidies were received from the relevant PRC government for improvement of working capital and financial assistance to the operating activities. The subsidies were granted on a discretionary basis during the year and the conditions attached thereto were fully complied with.

(c) During the year ended 31 December 2018, certain of value-added tax paid in prior years were refunded from the relevant tax authorities as a benefit granted to certain solar power project operations of the Group with no conditions attached.

8. Other Gains and Losses, Net

	2018 RMB'000	2017 RMB'000
Continuing operations		
Exchange (losses) gains, net *(Note)*	**(404,526)**	9,072
Gain on disposal of solar power plant projects *(note 38b and c)*	**35,146**	18,745
Fair value change on other investments *(note 21)*	**16,790**	2,883
Others	**—**	(255)
	(352,590)	30,445

Note: During the year ended 31 December 2018, exchange losses mainly arose from the exchange losses on loan from ultimate holding company, bank and other borrowings and the senior notes, all are denominated in US$ which appreciated against RMB.

9. Finance Costs

	2018 RMB'000	2017 RMB'000
Continuing operations		
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	**2,036,800**	1,679,858
Bonds and senior notes	**275,465**	15,470
Loans from related companies (note 46c)	**122,584**	67,352
Total borrowing costs	**2,434,849**	1,762,680
Less: amounts capitalised in the cost of qualifying assets	**(157,891)**	(330,598)
	2,276,958	1,432,082

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.32% (2017: 7.69%) per annum to expenditure on qualifying assets.

10. Income Tax Expense (Credit)

	2018 RMB'000	2017 RMB'000
Continuing operations		
PRC Enterprise Income Tax ("EIT"):		
Current tax	**55,908**	18,771
Deferred tax *(note 33)*	**(49,392)**	(58,924)
	6,516	(40,153)

The basic tax rate of the Company's PRC subsidiaries is 25% under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law.

Certain subsidiaries of the Group, being enterprises engaged in solar photovoltaic projects, under the PRC Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the year ended 31 December 2018, certain subsidiaries of the Company engaged in solar photovoltaic projects had their first year of the 3-year 50% exemption period.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations is taxed at 8.25%, and profits above HK$2 million is taxed at 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the current year. No provision for taxation in Hong Kong Profits Tax was made as there is no assessable profit for both reporting periods.

10. Income Tax Expense (Credit) *(continued)*

The Federal and state income tax rate in the US are calculated at 21% (2017: 35%) and 8.84% (2017: 8.84%), respectively, for the year ended 31 December 2018. No provision for taxation in the US was made as there is no assessable profit for both reporting periods.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018	2017
	RMB'000	RMB'000
Profit before tax	**755,870**	864,109
Tax at the domestic income tax rate of 25% (2017: 25%) *(Note)*	**188,968**	216,027
Tax effect of share of profits of joint ventures	**(1,140)**	(1,129)
Tax effect of share of loss of associates	**260**	—
Tax effect of expenses not deductible for tax purpose	**230,605**	102,443
Tax effect of income not taxable for tax purpose	**(18,787)**	(16,938)
Tax effect of tax losses not recognised	**33,290**	31,604
Utilisation of tax losses previously not recognised	**(3,349)**	(824)
Effect of tax exemptions and concessions granted to the PRC subsidiaries	**(423,331)**	(371,336)
Income tax expense (credit) for the year	**6,516**	(40,153)

Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used which is PRC EIT rate (2017: PRC EIT rate).

11. Profit for the Year

	2018 RMB'000	2017 RMB'000
Continuing operations		
Profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments	**3,073**	2,222
Auditor's remuneration	**4,466**	4,359
Depreciation of property, plant and equipment	**1,510,182**	1,024,599
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**330,674**	282,882
— Retirement benefit scheme contributions	**47,708**	30,344
Share-based payment expenses *(note 36)* (administrative expenses in nature)		
— Directors and staff	**10,104**	26,857
— Consultancy services	**2,575**	6,849

12. Discontinued Operations

On 30 December 2016, the Group entered into a sale and purchase agreement ("S&P Agreement") to dispose of the entire interest in PCB Business (the "Disposal") to Mr. Yip Sum Yin ("Mr. Yip"), a former director of the Company, at a consideration of HK$250,000,000 (equivalent to RMB218,042,000) plus, as the case may be, adjustment amounts pursuant to the S&P Agreement. The disposal of PCB Business is consistent with the Group's long-term policy to focus on its core solar power business, which will allow the Group and its management team to focus its resources on the business area where it has the most competitive strengths. Details of the Disposal are set out in the announcement of the Company dated 30 December 2016 and the circular of the Company issued to the shareholders dated 20 January 2017 and the disposal was completed on 2 August 2017.

12. Discontinued Operations *(continued)*

The profit for the period from the discontinued PCB Business is set out below:

Analysis of profit for the period from discontinued operations

The results of the discontinued operations were as follows:

	1 January 2017 to 2 August 2017 RMB'000
Revenue	842,833
Cost of sales	(795,834)
Other income	18,939
Distribution and selling expenses	(10,540)
Administrative expenses	(36,437)
Other expenses, gains and losses, net	(10,947)
Finance costs	(7,357)
Profit before tax	657
Income tax expense	(5,323)
	(4,666)
Loss on measurement to fair value less costs to sell	(4,734)
Gain on disposal of discontinued operations including a cumulative exchange gain reclassified from translation reserve to profit or loss	86,512
Profit for the period from discontinued operations (attributable to owners of the Company)	77,112

12. Discontinued Operations *(continued)*

Analysis of profit for the period from discontinued operations *(continued)*

Profit for the period from discontinued operations includes the following:

	1 January 2017 to 2 August 2017 RMB'000
Amortisation of deferred income on government grants	(89)
Amortisation of prepaid lease payments	101
Auditor's remuneration	—
Cost of inventories recognised as an expense	795,834
Depreciation of property, plant and equipment *(Note)*	64,762
Operating lease rental in respect of properties	3,709
Staff costs (including directors' remuneration) *(Note)*	
— Salaries, wages and other benefits	132,167
— Retirement benefit scheme contributions	10,764

Note: Staff costs and depreciation and amortisation of approximately RMB123,479,000 and RMB62,142,000, respectively, were capitalised as cost of inventories during the period.

Cash flows from discontinued operations:

	1 January 2017 to 2 August 2017 RMB'000
Net cash inflows from operating activities	74,321
Net cash outflows from investing activities	(48,331)
Net cash outflows from financing activities	(30,881)
Net cash outflows	(4,891)

13. Assets Classified as Held for Sale

Disposal of solar power plants

(a) 林州市新創太陽能有限公司Linzhou City Xinchuang Solar Company Limited ("Linzhou Xinchuang")*

On 24 October 2018, the Group entered into a share transfer agreement with 中廣核太陽能開發有限公司 CGN Solar Energy Development Co., Ltd* ("CGN Solar"), an independent third party, pursuant to which the Group agreed to sell and CGN Solar agreed to purchase 80% equity interest of Linzhou Xinchuang at consideration of RMB93,488,000 and repayment of the corresponding shareholder's loan as at the date of completion of disposal. The final consideration will be adjusted based on the shareholder's loan amount as at the completion date. Linzhou Xinchuang operates solar power plant projects in Linzhou, the PRC ("Linzhou Project").

The Group guaranteed that for the three-year period following the completion under the equity transfer agreement, Linzhou Project shall generate an average on-grid electricity per year of not less than the guaranteed amount, being 73.1 million kWh ("Guaranteed Amount") and is adjusted in accordance with the degradation rate of the solar panels from 30 June 2018 to the completion date. In the event that the Linzhou Project fails to reach the aforesaid target, the Group shall make up the loss suffered by CGN Solar and such guarantee shall extend for a period of three years. As the average annual on grid electricity generated by the project in the past two years well exceeded 73.1 million kWh, in the opinion of the Directors, the fair value of the guarantee is insignificant as at initial date and 31 December 2018.

In addition, the Group has granted a put option to CGN Solar, pursuant to which the Group has agreed that if the Linzhou Project fails to generate an average annual on-grid electricity reaching 70% of the Guaranteed Amount during the three-year period, the Group shall repurchase the 80% equity interest in Linzhou Xinchuang from CGN Solar at a repurchase price to be agreed between both parties and replace all advancement from CGN Solar to Linzhou Xinchuang with its loan. As the average annual on-grid electricity generated by the project in the past two years well exceeded the aforesaid 70% requirement, in the opinion of the Directors, the fair value of the option is considered insignificant as at 31 December 2018.

Besides, CGN Solar has granted the Group a put option, pursuant to which CGN Solar has agreed to grant the Group the right, but not an obligation, to request CGN Solar to purchase the remaining 20% equity interest in Linzhou Xinchuang upon the aforesaid guarantees being fulfilled. As the purchase price will be referenced to the fair value of Linzhou Project at the date of purchase of the remaining 20% equity interest in Linzhou Xinchuang by CGN Solar, in the opinion of the Directors, the fair value of the option is considered insignificant as at 31 December 2018.

Details of this transaction are set out in the announcement of the Company dated 24 October 2018 and the disposal is completed on 15 February 2019.

(b) Wholly-owned subsidiaries in Inner Mongolia, the PRC

On 30 December 2018, the Group entered into share transfer agreements with 中國三峽新能源有限公司 China Three Gorges New Energy Company Limited* ("China Three Gorges New Energy"), an independent third party, pursuant to which the Group agreed to sell and China Three Gorges New Energy agreed to purchase 100% equity interest of several wholly-owned subsidiaries of the Group for consideration in aggregate of RMB184,643,000. The wholly-owned subsidiaries of the Group operate a number of solar power plant projects in Inner Mongolia, the PRC.

* The English name is for identification purpose only.

13. Assets Classified as Held for Sale *(continued)*

Disposal of solar power plants *(continued)*

As at 31 December 2018, the assets and liabilities attributable to these solar power plant projects have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

As at 31 December 2018, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment	**1,068,080**
Prepaid lease payments	**1,828**
Other non-current assets	**97,335**
Trade and other receivables	**175,893**
Bank balances and cash	**44,873**
Total assets classified as held for sale	**1,388,009**
Other payables	**(60,781)**
Bank and other borrowings – due within one year	**(36,344)**
Other current liabilities	**(1,582)**
Bank and other borrowings – due after one year	**(836,611)**
Other non-current liabilities	**(145)**
Total liabilities directly associated with assets classified as held for sale	**(935,463)**
Net assets of solar power plant projects classified as held for sale	**452,546**
Intragroup balances	**(162,864)**
Net assets of solar power plant projects	**289,682**
Remaining net assets of Liuzhou Project held by the Group	**(24,259)**
Net assets to be disposed of	**265,423**

13. Assets Classified as Held for Sale *(continued)*

Disposal of solar power plants *(continued)*

The following is an aged analysis of trade receivables presented based on the invoice date at 31 December 2018, which approximated the respective revenue recognition date:

	RMB'000
0 – 90 days	**82,190**
91 – 180 days	**74,631**
	156,821

For the electricity sale business, the Group generally granted credit period of approximately one month to local power grid companies in the PRC from the date of invoice in accordance with the relevant electricity sales contract between the Group and the respective local grid companies.

The carrying amounts of the above borrowings are repayable*:

	RMB'000
Within one year	**36,344**
More than one year, but not exceeding two years	**54,375**
More than two years, but not exceeding five years	**238,125**
More than five years	**544,111**
	872,955
Less: Bank and other borrowings – due within one year	**(36,344)**
Bank and other borrowings – due after one year	**836,611**

* The repayable amounts of bank and other borrowings are based on scheduled repayment dates set out in the respective loan agreements.

14. Directors', President/Chief Executive's and Employees' Emoluments

Particulars of the emoluments of Directors, the chief executive and the five highest paid employees are as follows:

(a) Directors' and President/Chief Executive's emoluments

The emoluments of each of the Directors and the President/Chief Executive of the Company are set out below:

Year ended 31 December 2018

Name of director	Directors' fees RMB'000	Bonuses RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
President and Executive Director						
Mr. SUN Xingping	—	667	3,450	343	444	4,904
Executive Directors						
Mr. ZHU Yufeng	—	474	3,386	—	97	3,957
Madam HU Xiaoyan	—	—	2,217	190	487	2,894
Mr. TONG Wan Sze *(note i)*	—	307	2,133	150	222	2,812
Non-executive Directors						
Madam SUN Wei	423	—	—	—	689	1,112
Mr. SHA Hongqiu	423	—	—	—	222	645
Mr. YEUNG Man Chung, Charles	423	—	—	—	386	809
Mr. HE Deyong *(note ii)*	69	—	—	—	—	69
Independent Non-executive Directors						
Mr. WANG Bohua	238	—	—	—	67	305
Mr. XU Songda	238	—	—	—	67	305
Mr. LEE Conway Kong Wai	279	—	—	—	67	346
Mr. WANG Yanguo	238	—	—	—	28	266
Dr. CHEN Ying	238	—	—	—	28	266
Total	2,569	1,448	11,186	683	2,804	18,690

Notes:

(i) Mr. Tong Wan Sze resigned as executive director of the Company with effect from 4 January 2019.

(ii) Mr. He Deyong has been appointed as non-executive director of the Company with effect from 1 May 2018.

14. Directors', President/Chief Executive's and Employees' Emoluments *(continued)*

(a) Directors' and President/Chief Executive's emoluments *(continued)*

Year ended 31 December 2017

Name of director	Directors' fees RMB'000	Bonuses RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
President and Executive Director						
Mr. SUN Xingping	—	3,907	4,000	226	860	8,993
Executive Directors						
Mr. ZHU Yufeng	—	3,664	3,472	—	188	7,324
Madam HU Xiaoyan	—	1,692	2,734	228	1,185	5,839
Mr. TONG Wan Sze	—	913	2,170	169	430	3,682
Non-executive Directors						
Madam SUN Wei	434	—	—	—	1,696	2,130
Mr. SHA Hongqiu	434	—	—	—	430	864
Mr. YEUNG Man Chung, Charles	434	—	—	—	929	1,363
Independent Non-executive Directors						
Mr. WANG Bohua	242	—	—	—	160	402
Mr. XU Songda	242	—	—	—	160	402
Mr. LEE Conway Kong Wai	285	—	—	—	160	445
Mr. WANG Yanguo	242	—	—	—	54	296
Dr. CHEN Ying	242	—	—	—	54	296
Total	2,555	10,176	12,376	623	6,306	32,036

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Bonuses are discretionary and are based on the Group's performance for the year.

No directors waived any emoluments and no incentive paid on joining and compensation for the loss of office for the year.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

14. Directors', President/Chief Executive's and Employees' Emoluments *(continued)*

(b) Employees' emoluments

The five highest paid employees of the Group during the year included four directors (2017: three directors), details of whose remuneration are set out in (a) above. Details of the emoluments of the remaining one (2017: two) highest paid employee in 2018 who is neither a director nor president/chief executive of the Company are as follows:

	2018 RMB'000	2017 RMB'000
Salaries, allowances and benefits in kind	**1,400**	4,018
Performance-related bonuses	**1,450**	3,957
Equity-settled share option expense	**—**	418
Retirement benefits scheme contributions	**153**	179
	3,003	8,572

The number of the highest paid employees who are not the directors whose remuneration fell within the following bands is as follows:

	2018 No. of employees	2017 No. of employees
HK$3,500,001 to HK$4,000,000 (equivalent to approximately RMB2,883,001 to RMB3,295,200)	**1**	—
HK$4,500,001 to HK$5,000,000 (2017: equivalent to approximately RMB3,958,651 to RMB4,398,500)	**—**	1
HK$5,000,001 to HK$5,500,000 (2017: equivalent to approximately RMB4,399,001 to RMB4,838,350)	**—**	1

15. Dividend

No dividend was paid or proposed for ordinary shareholders of the Company during 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

16. Earnings per Share

For continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2018 RMB'000	2017 RMB'000
Profit for the year attributable to owners of the Company	**469,680**	841,439
Less: Profit for the year from discontinued operations attributable to owners of the Company	**—**	77,112
Profit for the year attributable to owners of the Company from continuing operations for the purpose of basic earnings per share	**469,680**	764,327
Effect of dilutive potential ordinary shares:		
Loss on changes in fair value of convertible bonds	**5,524**	—
Profit for the purpose of diluted earnings per share	**475,204**	764,327

Number of shares	2018 '000	2017 '000
Number of ordinary shares for the purpose of basic earnings per share	**19,073,715**	19,073,715
Effect of dilutive potential ordinary shares:		
Convertible bonds	**560,080**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**19,633,795**	19,073,715

Diluted earnings per share did not assume (i) the exercise of the share options since the exercise price is higher than the average share price for both reporting periods nor (ii) the conversion of convertible bonds for the year ended 31 December 2017 since its assumed conversion had an anti-dilutive effect on earnings per share.

16. Earnings per Share *(continued)*

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2018 RMB'000	2017 RMB'000
Earnings		
Profit for the purpose of calculation of basic earnings per share		
Profit for the year attributable to owners of the Company	**469,680**	841,439
Effect of dilutive potential ordinary shares:		
Loss on changes in fair value of convertible bonds	**5,524**	—
Profit for the purpose of diluted earnings per share	**475,204**	841,439

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

For the year ended 31 December 2017, basic and diluted earnings per share for the discontinued operations was RMB0.4 cent per share, based on the profit for the year from discontinued operations attributable to owners of the Company of RMB77,112,000 (2018: nil) and the denominators detailed above for both basic and diluted earnings per share.

17. Property, Plant and Equipment

	Buildings RMB'000	Power generators and equipment RMB'000	Leasehold improvements, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2017	699,952	22,735,971	38,792	36,787	3,956,563	27,468,065
Additions	—	—	26,296	7,886	10,857,280	10,891,462
Acquired on acquisition of subsidiaries *(note 37)*	—	2,563,648	—	—	—	2,563,648
Transfer	495,150	11,546,482	—	—	(12,041,632)	—
Disposals	—	—	—	(988)	—	(988)
Disposed on disposal of subsidiaries	(10,447)	(1,100,764)	(425)	(1,201)	—	(1,112,837)
Effect of foreign currency exchange differences	—	(32,261)	(5)	—	(14,621)	(46,887)
At 31 December 2017	1,184,655	35,713,076	64,658	42,484	2,757,590	39,762,463
Additions	—	16,235	148,278	2,549	6,243,350	6,410,412
Acquired on acquisition of subsidiaries *(note 37)*	50,324	1,497,121	369	—	199,619	1,747,433
Transfer	317,250	6,508,781	—	—	(6,826,031)	—
Disposed on disposal of subsidiaries	(33,659)	(700,182)	(5,677)	(174)	(3,446)	(743,138)
Effect of foreign currency exchange differences	—	4,528	(91)	—	231	4,668
Transfer to assets held for sale *(note 13)*	(22,962)	(1,100,651)	(371)	(354)	(927)	(1,125,265)
At 31 December 2018	**1,495,608**	**41,938,908**	**207,166**	**44,505**	**2,370,386**	**46,056,573**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2017	32,133	666,690	6,453	7,612	—	712,888
Depreciation expense	36,292	970,650	10,134	7,523	—	1,024,599
Eliminated on disposal of assets	—	—	—	(197)	—	(197)
Effect of foreign currency exchange differences	—	(573)	—	—	—	(573)
Eliminated on disposal of subsidiaries	(557)	(77,420)	(140)	(437)	—	(78,554)
At 31 December 2017	67,868	1,559,347	16,447	14,501	—	1,658,163
Depreciation expense	60,385	1,424,531	16,545	8,721	—	1,510,182
Effect of foreign currency exchange differences	—	947	15	—	—	962
Eliminated on disposal of subsidiaries	(1,018)	(24,768)	—	(12)	—	(25,798)
Transfer to assets held for sale *(note 13)*	(620)	(56,458)	(74)	(33)	—	(57,185)
At 31 December 2018	**126,615**	**2,903,599**	**32,933**	**23,177**	**—**	**3,086,324**
CARRYING AMOUNTS						
At 31 December 2018	**1,368,993**	**39,035,309**	**174,233**	**21,328**	**2,370,386**	**42,970,249**
At 31 December 2017	1,116,787	34,153,729	48,211	27,983	2,757,590	38,104,300

17. Property, Plant and Equipment *(continued)*

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis after taking into account of the residual value as follows:

Buildings	2% – 4% or over the lease term, whichever is shorter
Power generators and equipment	4% per annum in the PRC or the percentage calculated based on license period in the US
Leasehold improvements, furniture, fixtures and equipment	20% – 25%
Motor vehicles	20% – 30%

All buildings were held under leases in the PRC.

At 31 December 2018, the Group was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB1,271,801,000 (2017: RMB1,013,277,000). In the opinion of the Directors, the absence of the property ownership certificates to these property interests does not impair their carrying value to the Group as the Group paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

18. Prepaid Lease Payments

	2018 RMB'000	2017 RMB'000
Analysed for reporting purposes as:		
Current assets	**2,221**	2,082
Non-current assets	**112,041**	113,094
	114,262	115,176

19. Interests in Associates

	2018 RMB'000	2017 RMB'000
Cost of unlisted investments in associates	**37,846**	1,000
Share of post-acquisition losses	**(1,041)**	—
	36,805	1,000

19. Interests in Associates *(continued)*

Details of the Group's associates at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right hold by the Group		Principal activity
		2018	2017	**2018**	2017	
喀什博思光伏科技有限公司 Kashgar Solbright Technology Co. Ltd.* ("Kashgar Solbright")	PRC	**20%**	20%	**20%**	20%	Sale of solar products
華容縣協鑫光伏電力有限公司 Huarong Xian GCL Solar Power Co. Ltd.* ("Huarong") *(note a)*	PRC	**20%**	N/A	**20%**	N/A	Operation of solar power plants in the PRC
北京華橋新能源諮詢有限公司 Beijing Hua Qiao New Energy Limited* ("Huaqiao") *(note b)*	PRC	**30%**	—	**30%**	—	Provide consultancy services on solar power plant

* English name for identification only

Notes:

(a) On 10 December 2018, as disclosed in note 38(b), the Group disposed of 80% equity interest in Huarong to an independent third party and retains significant influence on Huarong upon completion of this disposal. Accordingly, the remaining 20% equity interest in Huarong is accounted for as investment in an associate.

(b) During the year ended 31 December 2018, the Group invested in Huaqiao for 30% equity interest with cash consideration of RMB30,000. The Group has significant influence on Huaqiao and the investment is accounted for as an associate.

All associates are accounted for using the equity method in these consolidated financial statements.

Summarised financial information of a material associate

Summarised financial information in respect of the Group's material associate as at 31 December 2018 is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS Standards.

Huarong

	2018 RMB'000
Current assets	**140,294**
Non-current assets	**704,603**
Current liabilities	**(188,525)**
Non-current liabilities	**(474,806)**

19. Interests in Associates *(continued)*

Huarong *(continued)*

The above amounts of assets and liabilities include the following:

	2018 RMB'000
Cash and cash equivalents	12,012
Non-current financial liabilities (excluding trade and other payables and provisions)	(474,806)

	From 10 December 2018 to 31 December 2018 RMB'000
Revenue	2,995
Loss for the period	(2,516)
Other comprehensive income for the period	—
Total comprehensive expense for the period	(2,516)
Dividends received from Huarong during the period	—
Depreciation and amortisation	(1,773)
Interest income	—
Interest expense	(2,370)
Income tax expense	—

19. Interests in Associates *(continued)*

Huarong *(continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huarong recognised in the consolidated financial statements:

	2018 RMB'000
Net assets of Huarong	**181,566**
Proportion of the Group's ownership interest in Huarong	**20%**
Carrying amount of the Group's interest in Huarong	**36,313**

Aggregate information of associates that are not individually material

	2018 RMB'000
The Group's share of loss from operations and total comprehensive expense of Kashgar Solbright and Huaqiao	**(538)**
Carrying amount of the Group's interest in Kashgar Solbright and Huaqiao	**492**

20. Interests in Joint Ventures

	2018 RMB'000	2017 RMB'000
Details of the Group's investments in joint ventures are as follows:		
Cost of unlisted investment in joint ventures	**58,417**	62,567
Share of post-acquisition profits (losses), net of dividend received	**4,568**	(1,167)
Effect of foreign currency exchange differences	**3,094**	1,861
	66,079	63,261

20. Interests in Joint Ventures *(continued)*

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2018	2017	**2018**	2017	
伊犁協鑫能源有限公司 Yili GCL New Energy Limited* ("Yili") *(note a)*	PRC	**N/A**	50%	**N/A**	50%	Operation of solar power plant in the PRC
啟創環球有限公司 Qichuang Global Limited* ("Qichuang") *(note b)*	BVI/Japan	**50%**	50%	**50%**	50%	Operation of solar power plant in Japan
西安中民協鑫新能源有限公司 Xi'an Zhongmin GCL New Energy Company Limited* ("Zhongmin GCL") *(note c)*	PRC	**32%**	32%	**32%**	32%	Operation of solar power plant in the PRC
銅陵徽銀北控新能源投資合夥企業（有限合夥）Tonglin Huiyin BE New Energy Investment Partnership Corporation (Limited Partnership)* ("Tongling Huiyin") *(note d)*	PRC	**15%**	15%	**15%**	15%	Operation of solar power plant in the PRC
北京京糧協鑫科技有限公司 Beijing Jing Liang Xie Xin GCL Technology Limited* ("Jingliang") *(note e)*	PRC	**49%**	—	**49%**	—	Provide consultancy services on solar power plant
AD Solar No.3 Godo Kaisha ("AD3") *(note f)*	Japan	**50%**	N/A	**50%**	N/A	Operation of solar power plant in Japan
Himeji Tohori Taiyo-No-Sato No.1 Godo Kaisha ("Himeji") *(note f)*	Japan	**50%**	N/A	**50%**	N/A	Operation of solar power plant in Japan

* English name for identification only

20. Interests in Joint Ventures *(continued)*

Notes:

a) In August 2018, the Group injected capital of RMB7,369,000 into Yili whilst the joint venture partner had given up its right for an equivalent contribution. Accordingly, the Group's equity interest in Yili increased from 50% to 56.51%, which has become a subsidiary of the Group. The Group derecognised Yili as investment in joint venture, and accounted for the business combination under acquisition method.

b) During the year ended 31 December 2017, Qichuang, which the Group has a 50% equity interest, returned part of its capital amounting to JPY575,994,000 (equivalent RMB34,276,000) to its shareholders. Cash of JPY125,200,000 (equivalent to RMB7,289,000) was received by the Group and the remaining JPY162,797,000 (equivalent to RMB9,849,000) was set off with the amount due from Qichuang in 2017.

c) Zhongmin GCL was established with an independent third party in which the Group holds 32% equity interest and the attributed registered capital is RMB128,000,000. During the year ended 31 December 2017, RMB33,040,000 was paid as capital injection to Zhongmin GCL. The Group has joint control over the arrangement as under the contractual agreement, unanimous consent is required from all parties to the agreement for directing the relevant activities.

d) Tongling Huiyin was established with an independent third party in which the Group holds 15% equity interest and the attributed registered capital to be contributed by the Group amounted to RMB150,000,000. During the year ended 31 December 2017, RMB1,500,000 was paid as capital injection to Tongling Huiyin. The Group has joint control over the arrangement as under the contractual agreement, unanimous consent is required from all parties to the agreement for directing the relevant activities.

e) During the year ended 31 December 2018, the Group contributed capital of RMB4,900,000 for a 49% equity interest in Jingliang. The Group has joint control over the arrangement as under the contractual agreement, unanimous consent is required from all parties to the agreement for directing the relevant activities.

f) As disclosed in note 38(c), the Group had two new joint ventures as a result of the disposal of the Group's 50% beneficial interest in AD3 and Himeji, solar power plant projects in Japan then wholly-owned by the Group, to an independent third party in February 2018. The Group has joint control over the arrangement as under the contractual agreement, unanimous consent is required from all parties to the agreement for directing the relevant activities.

All joint ventures are accounted for using the equity method in these consolidated financial statements.

Summarised financial information of a material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS Standards.

20. Interests in Joint Ventures *(continued)*

Zhongmin GCL

	2018 RMB'000	2017 RMB'000
Current assets	**289,528**	264,690
Non-current assets	**978,859**	997,737
Current liabilities	**(445,462)**	(329,973)
Non-current liabilities	**(697,590)**	(816,180)

	2018 RMB'000	2017 RMB'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**81,243**	112,756
Non-current financial liabilities (excluding trade and other payables and provisions)	**(697,590)**	(816,180)

	2018 RMB'000	2017 RMB'000
Revenue	**160,247**	62,865
Profit for the year	**9,162**	13,024
Other comprehensive income for the year	**—**	—
Total comprehensive income for the year	**9,162**	13,024
Dividends received from Zhongmin GCL during the year	**—**	—
Depreciation and amortisation	**42,058**	16,721
Interest income	**104**	569
Interest expense	**(56,900)**	(26,909)
Income tax expense	**(4,393)**	(338)

20. Interests in Joint Ventures *(continued)*

Zhongmin GCL *(continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhongmin GCL recognised in the consolidated financial statements:

	2018 RMB'000	2017 RMB'000
Net assets of Zhongmin GCL	**125,335**	116,274
Proportion of the Group's ownership interest in Zhongmin GCL	**32%**	32%
Carrying amount of the Group's interest in Zhongmin GCL	**40,107**	37,208

Aggregate information of joint ventures that are not individually material

	2018 RMB'000	2017 RMB'000
The Group's share of profit from operations and total comprehensive income	**1,630**	347
Carrying amount of the Group's interest in the joint ventures	**25,972**	26,053

21. Other Investments

Analysed for reporting purposes as:

	2018 RMB'000	2017 RMB'000
Current asset *(Note a)*	**—**	240,040
Non-current asset *(Note b)*	**100,000**	100,000
	100,000	340,040

Notes:

(a) In April 2017, the Group invested RMB300,050,000 into an asset management plan managed by a financial institution in the PRC with a term of twelve months. The principal is not guaranteed by the relevant financial institution while the expected return rate as stated in the contract is 7% per annum. In December 2017, part of the investment amounting to RMB60,010,000 was recouped with a return of RMB2,883,000.

During the year ended 31 December 2018, the remaining investment amounting to RMB240,040,000 was recouped with a return of RMB16,790,000 (note 8).

(b) During the year ended 31 December 2017, the Group invested RMB100,000,000 into another asset management plan managed by a different financial institution in the PRC with maturity on 31 March 2021. Since the maturity date of the relevant investment is more than twelve months from the end of the reporting period, the relevant investment is presented as non-current asset as of 31 December 2018 and 2017. The principal is not guaranteed by the relevant financial institution and the expected return rate as stated in the contract is 7.5%.

As at 31 December 2017, all the above investment were classified as AFS investments, and accounted as financial assets mandatorily measured at FVTPL upon the application of IFRS 9 on 1 January 2018.

22. Amounts due from/to Related Companies

	2018 RMB'000	2017 RMB'000
Amounts due from related companies – non-current		
— Loans to joint ventures *(Notes a, b, and c)*	**45,146**	151,700
Amounts due from related companies – current		
— Loans to a joint venture *(Note b)*	**—**	102,815
— Amounts due from joint ventures *(Notes b and d)*	**230,775**	89,318
— Amounts due from fellow subsidiaries *(Note e)*	**43,131**	14,236
— Amounts due from the companies controlled by Mr. Zhu Yufeng and his family *(Note f)*	**1,214**	212
— Amounts due from an associate of ultimate holding company *(Note g)*	**18,135**	—
— Amounts due from associates *(Note h)*	**49,073**	—
	342,328	206,581
Amounts due to related companies – current		
— Amounts due to joint ventures *(Note d)*	**50**	4,696
— Amounts due to fellow subsidiaries *(Note e)*	**60,980**	97,348
— Amounts due to an associate *(Note h)*	**7,093**	—
— Amounts due to ultimate holding company *(Note d)*	**39,191**	—
— Amounts due to the companies controlled by Mr. Zhu Yufeng and his family *(Note f)*	**32,146**	740
	139,460	102,784

Notes:

(a) The Group, as lender, entered into a loan agreement with Yili to finance their operation for a facility up to RMB160,000,000 with RMB151,700,000 drawn down as at 31 December 2017. The loan is unsecured and interest-bearing at a fixed rate of 6% per annum with no fixed repayment term. During the year ended 31 December 2018, Yili became a subsidiary of the Company (note 37) and the outstanding loan balance of RMB151,700,000 was eliminated.

(b) The Group, as lender, entered into two loan agreements of RMB64,000,000 and RMB38,815,000 with Jinhu (defined in note 38(b)) to finance its operation during the year ended 31 December 2017. The loans were unsecured and interest-bearing at a fixed rate of 6% per annum with repayment terms of six to twelve months as at 31 December 2017. As at 31 December 2018, the RMB64,000,000 loan was re-negotiated to be repayable on demand, and the remaining loan of RMB38,815,000 had its maturity extended to 31 December 2022 and interest bearing at a fixed rate of 6% per annum.

(c) The Group entered into a loan agreement with Himeji to finance its operation for JPY102,270,000 (equivalent to approximately RMB6,331,000) during the year ended 31 December 2018. The loan is unsecured, interest-bearing at a fixed rate of 1% per annum and repayable on 31 December 2038.

(d) The amounts due from/to joint ventures and ultimate holding company are non-trade nature, unsecured, non-interest bearing and repayable on demand.

(e) The amounts due from/to fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for the amounts due from fellow subsidiaries of approximately RMB42,119,000 (2017: RMB13,852,000) which is arising from management services rendered to fellow subsidiaries with a credit term of 30 days.

22. Amounts due from/to Related Companies *(continued)*

Notes: (continued)

(f) Mr. Zhu Yufeng and his family members hold in aggregate more than 20% of the Company's share capital as at 31 December 2018 and 2017 and exercise significant influence over the Company. The amounts due from/to companies controlled by Mr. Zhu Yufeng and his family are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for amounts due to companies controlled by Mr. Zhu Yufeng and his family of RMB495,000 (2017: RMB334,000) which is arising from training services provided by related companies with credit term of 30 days. The maximum amount outstanding during the year ended 31 December 2018 is RMB1,214,000 (2017: RMB284,000) in relation to the non-trade balances for the amounts due from companies in which Mr. Zhu Yufeng and his family have control.

(g) The amount represents pledged deposits placed at 芯鑫融資租賃有限責任公司 (Xinxin Finance Leasing Company Limited*) ("Xinxin") for short-term loans advanced to the Group. Details of the loans are set out in note 29(d). The balance is interest-free and unsecured, and will be released upon the maturity of the loan in 2019.

(h) The amounts due from/to associates are non-trade nature, unsecured, non-interest bearing and repayable on demand.

* English name for identification only.

23. Deposits, Prepayments and Other Non-Current Assets

	2018 RMB'000	2017 RMB'000
Prepayments for EPC contracts and constructions *(Note)*	**671,189**	543,301
Refundable value-added tax	**2,160,282**	2,715,802
Prepaid rent for parcels of land	**474,393**	378,849
Trade receivables *(note 24A)*	**—**	1,836,092
Others	**28,137**	44,630
	3,334,001	5,518,674

Note: Prepayments for the engineering, procurement and constructions ("EPC") contracts and constructions represent payment in advance to contractors which will be transferred to property, plant and equipment in accordance with the percentage of completion of the constructions.

24A. Trade and Other Receivables

	2018 RMB'000	2017 RMB'000
Trade receivables	**2,981,150**	4,630,459
Prepayments and deposits	**253,795**	209,473
Other receivables		
— Advance to Borrowers *(as defined in note 26)*	**16,932**	115,981
— Consultancy service fee receivables	**14,527**	13,118
— Consideration receivable from disposal of subsidiaries	**16,141**	—
— Advance to non-controlling interest shareholder	**59,740**	—
— Interest receivables	**958**	29,193
— Receivables for modules procurement	**147,576**	164,004
— Refundable value-added tax	**1,194,357**	711,635
— Others	**245,282**	189,866
	4,930,458	6,063,729
Analysed as:		
Current	**4,930,458**	4,227,637
Non-current trade receivables *(note 23)*	**—**	1,836,092
	4,930,458	6,063,729

Trade receivables represent receivables for electricity sales and the balance as at 31 December 2017 included tariff adjustment receivables to be received from the state grid companies.

The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date. Tariff adjustments are discounted at an effective interest rate ranged from 3.44% to 3.55% per annum as at 31 December 2017.

For sales of electricity in the PRC, the Group generally grants credit period of approximately one month to local power grid companies in the PRC from the date of invoice in accordance with the relevant electricity sales contracts between the Group and the respective local grid companies.

Trade receivables include bills received amounting to RMB141,560,000 (2017: RMB85,982,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than 1 year.

24A. Trade and Other Receivables *(continued)*

The following is an aged analysis of trade receivables (excluded bills held by the Group for future settlement), which is presented based on the invoice date at the end of the reporting period:

	2018 RMB'000	2017 RMB'000
Unbilled *(Note)*	**2,454,010**	4,365,887
0 – 90 days	**177,369**	106,472
91 – 180 days	**95,101**	24,488
Over 180 days	**113,110**	47,630
	2,839,590	4,544,477

Note: As at 31 December 2018, amount represents unbilled basic tariff receivables for solar power plants operated by the Group, and tariff adjustment receivables of those solar power plants already registered in the Catalogue. The Directors expect the unbilled tariff adjustments would be billed and settled within 1 year from end of the reporting date.

As at 31 December 2017, amount represents unbilled basic tariff and tariff adjustment receivables of all solar power plants of which RMB1,836,092,000 are expected to be settled more than one year. Tariff adjustments related to solar power plants yet to obtain approval for registration in the Catalogue are reclassified to contract asset as at 1 January 2018.

The aged analysis of the unbilled trade receivables, which is based on revenue recognition date, are as follows:

	2018 RMB'000	2017 RMB'000
0 – 90 days	**765,200**	1,450,588
91 – 180 days	**635,985**	1,033,524
181 – 365 days	**873,117**	1,088,723
Over 365 days	**179,708**	793,052
	2,454,010	4,365,887

As at 31 December 2018, included in these trade receivables are debtors with aggregate carrying amount of RMB271,387,000 which are past due as at the end of the reporting date. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

Ageing of trade receivables which are past due but not impaired:

	2017 RMB'000
1 – 90 days	41,424
91 – 150 days	15,909
Over 150 days	47,631
	104,964

24A. Trade and Other Receivables *(continued)*

Advance to Borrowers (as defined in note 26) are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Receivables for modules procurement comprise modules procurement cost and commission earned by the Group in which the Group allows credit period of 180 days to 1 year. For the consultancy service fee receivables, the Group allows credit period of 180 days.

24B. Contract Assets

	31 December 2018 RMB'000	1 January 2018 RMB'000
Tariff adjustments		
— non-current	**4,236,405**	1,836,092
— current	**—**	1,998,978
	4,236,405	3,835,070

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the local state grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration to the Catalogue. The contract assets are transferred to trade receivable when the Group's respective operating power plants are registered in the Catalogue pursuant to prevailing national government policies on renewable energy for solar power plants. The Group considers the settlement terms contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties.

Any amount previously recognised as contract assets is reclassified to trade receivables at the point at which it is registered in the Catalogue. The balance as at 31 December 2018 is classified as non-current as they are expected to be received after twelve months from the reporting date.

25. Transfer of Financial Assets

During the year ended 31 December 2018, the Group endorsed certain bills receivable for the settlement of payables for purchase of plant and machinery and construction costs; and discounted certain bills receivable to banks for raising of cash.

The following were the Group's bills receivable as at 31 December 2018 that were transferred to banks or creditors by discounting or endorsing those receivables, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and recognised the cash received on the transfer as a secured borrowings or the amounts outstanding with the creditors remain to be recognised as other payables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

At 31 December 2018

	Bills receivable discounted to banks with full recourse RMB'000	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Bills receivable from third parties and carrying amount of transferred assets	**90,000**	**4,248**	**94,248**
Carrying amount of associated liabilities	**(90,000)**	**(4,248)**	**(94,248)**
Net position	**—**	**—**	**—**

At 31 December 2017

	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Bills receivable from third parties and carrying amount of transferred assets	8,965	8,965
Carrying amount of associated liabilities	(8,965)	(8,965)
Net position	—	—

The Directors consider that the carrying amounts of the endorsed and discounted bills receivable approximate their fair values.

The finance cost recognised for bills receivable discounted to banks for the year ended 31 December 2018 amounting to RMB546,000 (2017: Nil), were included in interest on bank and other borrowings (note 9).

26. Other Loan Receivables

The Group, as lender, entered into loan agreements with independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar power plant projects in the PRC (the "Projects"). As at 31 December 2018, the outstanding balance is approximately RMB20,250,000 (2017: RMB118,989,000). The loans are repayable within twelve months from 31 December 2018, and interest ranging from 6% to 12% (2017: 10% to 12%) per annum.

As at 31 December 2017, certain loan receivables were secured by a pledge of equity interest of the Borrowers, pledge of the rights over electricity fee receivables by the Borrowers in the Projects and a grant of security over any future equipment and engineering works acquired or constructed by the Borrowers in the Projects.

27. Pledged Bank and Other Deposits

Pledged bank and other deposits represent deposits pledged to banks and other financial institutions to secure banking facilities granted to the Group.

Pledged bank deposits carry fixed interest rates ranging from 0.15% to 2.75% (2017: 0.30% to 2.75%) per annum.

At 31 December 2018, pledged other deposits approximate RMB506,804,000 (2017: RMB399,905,000) are non-interest bearing.

Deposits amounting to RMB1,279,425,000 (2017: RMB1,728,068,000) have been pledged to secure bills payable and short-term borrowings granted to the Group and are therefore classified as current assets. The remaining deposits amounting to RMB751,858,000 (2017: RMB515,005,000) have been pledged to secure loan-term borrowings and are therefore classified as non-current assets.

Bank balances

Bank balances carry interest at floating rates range from 0.01% to 0.385% (2017: 0.001% to 0.385%) per annum or fixed rates range from 0.18% to 2.75% (2017: 0.15% to 2.75%) per annum.

28. Other Payables and Deferred Income

	2018 RMB'000	2017 RMB'000
Payables for purchase of plant and machinery and construction costs *(Note a)*	**8,754,751**	9,736,149
Payables to vendors of solar power plants	**98,758**	105,533
Payables for module procurement	**—**	32,324
Other tax payables	**63,190**	102,600
Other payables	**409,813**	465,862
Advance from EPC contractors *(Note b)*	**196,001**	47,510
Deferred income *(Note c)*	**409,365**	219,038
Dividend payable to non-controlling shareholders	**6,296**	—
Accruals		
— Staff costs	**112,186**	137,923
— Legal and professional fees	**41,871**	17,099
— Consultancy fees	**206,873**	92,564
— Others	**229,153**	106,205
	10,528,257	11,062,807
Analysed as:		
Current	**10,134,246**	10,851,194
Non-current deferred income	**394,011**	211,613
	10,528,257	11,062,807

The Group has financial risk management policies in place to ensure settlement of payables within the credit time frame.

28. Other Payables and Deferred Income *(continued)*

Notes:

a. Included in payables for purchase of plant and machinery and construction costs are RMB2,126,194,000 (2017: RMB2,058,487,000) in which the Group presented bills to relevant creditors for settlement and remained outstanding at the end of the reporting period. It also contains obligations arising from endorsing bills with recourse with an aggregate amount of RMB4,248,000 (2017: RMB8,965,000). All bills presented by the Group is aged within 1 year and not yet due at the end of the reporting period.

b. The advance represents the amounts received from EPC contractors for modules procurement, in which the modules will be used in the construction of the Group's solar power plants.

c. Pursuant to the relevant prevailing federal policies in the US, taxpayers that construct or acquire on or before 31 December 2019 qualified energy property are allowed to claim an energy income tax credit ("ITC") at 30% for the taxable year in which such property is placed in service by the taxpayer. The Directors analysed the facts and circumstances of the ITC and determined that it is of nature of a government grant that is provided to the Group in the form of tax benefits relating to construction or acquisition of qualified energy property.

Against this, the Group entered into an inverted lease arrangement in February 2017 for its qualified solar power plant projects in the US ("Qualified Assets") with a third party financial institution, which acts as a tax equity investor, and the arrangement allows the Group to pass its entitled ITC ("ITC Benefit") that constitutes the right to offset against future tax payables to the tax equity investor for cash receipts in exchange. During the year ended 31 December 2017, ITC Benefit of the Group related to the Qualified Assets amounted to US$34,090,000 (equivalent to approximately RMB222,751,000) and was recognised as a government grant ("Grant") as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the tax equity investor and accordingly, the ITC Benefit was derecognised during the year that the invested lease arrangement was entered into with the tax equity investor. Approximately US$1,136,000 (equivalent to approximately RMB7,917,000) (2017: US$568,000 (equivalent to approximately RMB3,836,000) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

During the year ended 31 December 2018, the Group entered into another financing arrangement for its four qualified solar power plant projects in the US with a third party financial institution, in which the Group passed its ITC Benefit to the financial institution that constitutes the right to offset against future tax payables to the financial institution for cash receipts in exchange. During the year ended 31 December 2018, ITC Benefit of the Group related to the four projects amounted to US$27,304,000 (equivalent to approximately RMB187,392,000) (2017: nil) and was recognised as a Grant as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the financial institution and accordingly, the relevant ITC Benefit was derecognised during year ended 31 December 2018. Approximately US$215,000 (equivalent to approximately RMB1,772,000) (2017: nil) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

29. Loans from Related Companies

	2018 RMB'000	2017 RMB'000
Loans from:		
— fellow subsidiaries *(Note a)*	—	1,071,876
— ultimate holding company *(Note b)*	754,952	—
— companies controlled by Mr. Zhu Yufeng and his family *(Note c)*	1,977,840	—
— an associate of ultimate holding company *(Note d)*	484,231	—
	3,217,023	1,071,876
Analysed as:		
Current	1,030,590	1,071,876
Non-current	2,186,433	—
	3,217,023	1,071,876

Notes:

(a) As at 31 December 2017, loans from fellow subsidiaries amounting to approximately RMB1,071,876,000 were unsecured, interest-bearing at a range of 7% to 8% per annum and had a repayment term of 1 year. The amounts were fully repaid during the year ended 31 December 2018.

(b) During the year ended 31 December 2018, the Group has obtained a loan from its ultimate holding company, GCL-Poly of US$110,000,000 (equivalent to RMB754,952,000). The loan is unsecured, interest bearing at 7.3% per annum and repayable on 18 February 2019. Subsequent to 31 December 2018, the Group repaid a partial amount of US$40,000,000 (equivalent to RMB270,528,000) and entered into a renewal agreement for the remaining balance of US$70,000,000 (equivalent to RMB480,424,000) to extend its repayment date to 18 November 2019 at an interest rate of 8% per annum.

(c) During the year ended 31 December 2018, the Group obtained three new loans from 協鑫集團有限公司 (GCL Group Limited*) and 南京鑫能陽光產業投資基金企業(有限合夥) (Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)*) ("Nanjing Xinneng") totalling RMB1,977,840,000. These loans are unsecure, interest bearing at 8% per annum and have repayment terms of 2 years.

(d) On 1 January 2018, Xinxin became an associate of GCL-Poly, and other loans from Xinxin of approximately RMB628,476,000 were accordingly classified as loans from a related company. Outstanding loan balance at 31 December 2018 amounted to approximately RMB484,231,000 and out of which, balance of approximately RMB271,637,000 is secured by a pledged deposit (note 22(g)), interest bearing at 6% per annum and repayable in 2019. The remaining balance of approximately RMB212,594,000 is unsecured, interest bearing at 7.8% per annum and approximately RMB4,001,000 of such loan is repayable within twelve months from the end of the reporting period, with the remaining of approximately RMB208,593,000 having a repayment term of eight years.

* English name for identification only

30. Bank and Other Borrowings

	2018 RMB'000	2017 RMB'000
Bank loans	**18,017,204**	18,355,613
Other loans	**14,646,071**	14,194,389
	32,663,275	32,550,002
Secured	**28,280,995**	28,947,949
Unsecured	**4,382,280**	3,602,053
	32,663,275	32,550,002
The carrying amounts of the above borrowings are repayable*:		
Within one year	**5,248,094**	7,067,596
More than one year, but not exceeding two years	**3,103,778**	4,925,517
More than two years, but not exceeding five years	**10,100,645**	8,241,017
More than five years	**11,135,737**	12,315,872
	29,588,254	32,550,002
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**3,075,021**	—
Less: Amounts due within one year shown under current liabilities	**(8,323,115)**	(7,067,596)
Amounts due after one year	**24,340,160**	25,482,406
Analysed as:		
Fixed-rate borrowings	**3,011,337**	4,729,210
Variable-rate borrowings	**29,651,938**	27,820,792
	32,663,275	32,550,002

* The repayable amounts of bank and other borrowings are based on scheduled repayment dates set out in the respective loan agreements.

During the year ended 31 December 2018, GCL-Poly, being the guarantor of certain bank borrowings of the Group, breached restrictive financial covenants of certain borrowings, which led to an event of default for their borrowings. This in turn triggered cross default of certain of the Group's bank borrowings as set out in the respective loan agreements between the Company and several banks. Accordingly, bank borrowings amounting to RMB1,936 million is reclassified from non-current liabilities to current liabilities as of 31 December 2018. Subsequent to the end of the reporting period, GCL-Poly has obtained waiver from the relevant banks for strict compliance on the relevant financial covenant requirements. Therefore, the Directors consider that such event of default did not have any material impact to the Group.

30. Bank and Other Borrowings *(continued)*

Scheduled repayment terms for the bank loans that are repayable on demand due to breach of loan covenants as at 31 December 2018:

	RMB'000
Within one year	1,138,853
More than one year, but not exceeding two years	548,525
More than two years, but not exceeding five years	832,699
More than five years	554,944
	3,075,021

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are analysed as follows:

	2018	2017
Fixed-rate borrowings		
RMB borrowings	2.5% to 13%	2.5% to 11.40%
EUR borrowing	2%	2%
Variable-rate borrowings		
RMB borrowings	100% to 161% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")	90% to 140% of Benchmark Rate
JPY borrowings	London Interbank Offered Rate ("LIBOR") +1.6%	LIBOR +1.6%
US$ borrowings	LIBOR +2.39% to 4.3%	LIBOR +2.5% to 2.9%

The Group's borrowings denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2018 RMB'000	2017 RMB'000
EUR	111,432	125,617
US$	1,409,342	1,942,190

Included in other loans are RMB13,810 million (2017: RMB11,518 million) in which the Group entered into financing arrangements with financial institutions, pursuant to which the Group transferred the legal title of certain equipment of the Group to the relevant financial institutions and the Group is obligated to repay by instalments with a lease term ranging from 2 years to 14.5 years (2017: 1 year to 12 years). However, the Group continued to operate and manage the relevant equipment during the lease term without any involvement from the financing institutions. Upon maturity of the lease, the Group is entitled to purchase back the equipment at a minimal consideration, except for one of the financing arrangements with a financial institution that the Group can either exercise the early buyout option granted to the Group, in order to purchase back the relevant equipment at a pre-determined price in accordance with the financing agreement at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value upon the end of the lease period. Despite the arrangement involves a legal form of a lease, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method, in accordance with the substance of the arrangement.

The Group is required to comply with certain restrictive financial covenants and undertaking requirements.

31. Bonds and Senior Notes

	2018 RMB'000	2017 RMB'000
Bonds *(note a)*	536,334	882,760
Senior notes *(note b)*	3,398,063	—
	3,934,397	882,760

Notes:

(a) On 3 August 2017 and 7 December 2017, the Group completed the first tranche and second tranche of the non-public issuance of green bonds amounting to RMB375,000,000 and RMB560,000,000, respectively, for a term of 3 years with a fixed interest rate of 7.5% per annum. As part of the second tranche amounting to RMB50,000,000 was subscribed by the Group via an external trust, the total net proceeds of RMB881,460,000 (net of transaction costs of approximately RMB3,540,000), that are directly attributable to the issuance of the bond, was presented as bonds payable liability at 31 December 2017. During the year ended 31 December 2018, the Group further acquired via an external trust part of the first tranche and second tranche of the non-public green bonds amounting to RMB100,000,000 and RMB250,000,000, respectively. As at 31 December 2018, the first tranche and second tranche of the non-public green bonds, amounting to RMB100,000,000 (2017: nil) and RMB300,000,000 (2017: RMB50,000,000) have been acquired by the Group, respectively.

(b) On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to RMB3,167 million), which bear interest at 7.1% per annum and mature on 30 January 2021. The net proceeds of the notes issuance, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million (equivalent to RMB3,120 million).

32. Convertible Bonds

	RMB'000
As at 1 January 2017	858,461
Payment of interests	(51,563)
Change in fair value charged to profit or loss	118,744
As at 31 December 2017 and 1 January 2018	925,642
Payment of interests	(41,072)
Change in fair value charged to profit or loss	5,524
Change in fair value charged to other comprehensive income	108
Redemption upon maturity	(890,202)
As at 31 December 2018	—

Note: Exchange gain of the convertible bonds of approximately RMB16,979,000 (2017: RMB50,523,000) has been recognised together with change in fair value to profit or loss for the year ended 31 December 2018.

32. Convertible Bonds *(continued)*

On 27 May 2015 and 20 July 2015, the Company issued three-year convertible bonds at a nominal value of HK$775,100,000 (equivalent to approximately RMB611,244,000) ("Talent Legend Issue") and HK$200,000,000 (equivalent to approximately RMB157,720,000) ("Ivyrock Issue"), respectively. Details of the major terms and conditions of the convertible bonds are set out in notes of the Group's 2017 annual report.

The Company designated each of the convertible bonds (including the conversion option) as a financial liability at FVTPL which is initially recognised at fair value. Transaction costs relating to the issuance of the convertible bonds are charged to profit or loss immediately. In subsequent periods, such convertible bonds are remeasured at fair value. Prior to 1 January 2018, change in fair value was recognised in profit or loss. Upon the application of IFRS 9, the change in the fair value that is attribute to change in the credit risk is recognised in OCI with the remaining fair value change recognised in profit or loss.

The fair value of the convertible bonds, was determined by an independent qualified valuer based on the Binomial Lattice Model.

The following assumptions were applied as at 31 December 2017:

	Talent Legend Issue	Ivyrock Issue
Discount rate	18.26%	17.73%
Fair value of each share of the Company	HK$0.550	HK$0.550
Conversion price (per share)	HK$0.754	HK$0.754
Risk free interest rate	1.00%	1.01%
Time to maturity	0.40 year	0.55 year
Expected volatility	69.69%	63.28%
Expected dividend yield	0%	0%

Talent Legend Issue and Ivyrock Issue were redeemed during the year ended 31 December 2018 on their maturities at HK$868,112,000 (equivalent to RMB701,348,000) and HK$224,000,000 (equivalent to RMB188,854,000), respectively.

33. Deferred Taxation

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2018 RMB'000	2017 RMB'000
Deferred tax assets	**194,087**	146,275
Deferred tax liabilities	**(48,814)**	(35,479)
	145,273	110,796

33. Deferred Taxation *(continued)*

The following are the deferred tax liabilities (assets) recognised and movements thereon during the year:

	Fair value adjustments on acquisitions RMB'000	Unrealised profits on plant and equipment RMB'000	Others RMB'000	Total RMB'000
At 1 January 2017	(7,376)	(80,513)	28,745	(59,144)
Charge (credit) to profit or loss	295	(65,243)	6,024	(58,924)
Disposal of solar power plant projects	—	7,272	—	7,272
At 31 December 2017	(7,081)	(138,484)	34,769	(110,796)
Charge (credit) to profit or loss	295	(63,022)	13,335	(49,392)
Disposal of solar power plant projects	—	14,915	—	14,915
At 31 December 2018	**(6,786)**	**(186,591)**	**48,104**	**(145,273)**

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profit of the PRC subsidiaries amounting to RMB3,782,031,000 (2017: RMB2,341,710,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the Group has unused tax losses of approximately RMB484,220,000 (2017: RMB348,839,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB231,726,000 (2017: RMB151,728,000) will expire from 2019 to 2023 (2017: 2019 to 2022) and other losses may be carried forward indefinitely.

34. Share Capital

	Number of shares	Amount HK$'000
Authorised:		
At 1 January 2017, 31 December 2017 and 31 December 2018 (Ordinary shares of HK$0.00416̇ each)	36,000,000,000	150,000

34. Share Capital *(continued)*

	Number of shares	Amount HK$'000	Shown in consolidated financial statements as RMB'000
Issued and fully paid:			
At 1 January 2017, 31 December 2017 and 31 December 2018 (Ordinary shares of HK$0.00416̇ each)	19,073,715,441	79,474	66,674

35. Perpetual Notes

On 18 November 2016, Nanjing GCL New Energy, an indirect wholly-owned subsidiary, entered into a perpetual notes agreement with 保利協鑫（蘇州）新能源有限公司 (GCL-Poly (Suzhou) New Energy Co., Ltd.*), 江蘇協鑫硅材料科技發展有限公司 (Jiangsu GCL Silicon Material Technology Development Co., Ltd.*) ("Jiangsu GCL"), 蘇州協鑫光伏科技有限公司 (Suzhou GCL Photovoltaic Technology Co., Ltd.) ("Suzhou GCL") and 太倉協鑫光伏科技有限公司 (Taicang GCL Photovoltaic Technology Co., Ltd.*) ("Taicang GCL") (together, the "Lenders"). Each of the Lenders is a wholly-owned subsidiary of GCL-Poly. Nanjing GCL New Energy issued perpetual notes of RMB800,000,000 and RMB1,000,000,000 in November and December 2016, respectively and key terms are as follows:

(a) Interest rate

Interest rate is 7.3% per annum for the first two years, 9% per annum for the third to fourth year and 11% per annum starting from the fifth year.

(b) Maturity Date

There is no maturity date.

(c) Repayment terms

The distribution shall be repaid on the 21st day of the last month of each quarter (the "Distribution Payment Date"). Nanjing GCL New Energy shall have the right to defer any due and payable distribution payment indefinitely by notifying the Lenders five working days before the Distribution Payment Date, and there is no compound interest on the deferred distribution payment. If Nanjing GCL New Energy chooses to defer distribution payment, for as long as there is any deferred distribution payment not yet paid in full, Nanjing GCL New Energy is not permitted to declare and pay dividends to its shareholders. The Lenders shall have no right at any time to request repayment of the perpetual notes from Nanjing GCL New Energy, but Nanjing GCL New Energy shall have the right, but not the obligations, to repay the perpetual notes amount by notifying the Lenders in writing five working days before the repayment of the perpetual notes at par value.

* English name for identification only

35. Perpetual Notes *(continued)*

(d) Security

None

The perpetual notes are classified as equity instruments in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by Nanjing GCL New Energy to the holders are recognised in equity in the consolidated financial statements of the Group. During the year ended 31 December 2018, RMB135,029,000 (2017: RMB131,400,000) was attributable to perpetual notes holders in accordance with the terms of the agreement. The entire distribution payment of RMB135,029,000 for the year ended 31 December 2018 was deferred by the Group while partial distribution payment amounting to RMB65,315,000 was paid during the year ended 31 December 2017 with the remaining balance of RMB66,085,000 deferred.

36. Share-Based Payment Transactions

Equity-settled share option scheme

The Company's new share option scheme was adopted pursuant to a resolution passed on 15 October 2014 ("New Share Option Scheme") for the primary purpose of providing incentives to directors and eligible employees. Under the New Share Option Scheme, the Board of directors of the Company may grant options to eligible employees, including the Directors, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

At 31 December 2018, the number of shares in respect of which had been granted under the New Share Option Scheme and remained outstanding was approximately 549,835,000 (2017: 591,388,000) shares, representing 2.5% (2017: 3.1%) of the issued share capital of the Company at that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

On 23 October 2014, the Company granted 134,210,000 share options at exercise price of HK$4.75 per share option ("2014 Share Options"), subject to acceptance by the grantees, to subscribe for an aggregate of 134,210,000 shares under the New Share Option Scheme, and of which 35,000,000 share options were granted to the Directors. These share options are subject to a vesting scale in five even tranches on 24 November 2014 and the first, second, third and fourth anniversary dates of the grant date, respectively, as well as market performance conditions. The share options granted are exercisable from the respective vesting dates to the last day of the ten-year period after the grant date.

As a result of the share subdivision, the exercise price per 2014 Share Options granted and the number of subdivided shares falling to be issued upon exercise of the options granted had been adjusted to HK$1.1875 per share option and 536,840,000 share options, respectively.

36. Share-Based Payment Transactions *(continued)*

Equity-settled share option scheme *(continued)*

On 24 July 2015, the Company granted 473,460,000 share options at exercise price of HK$0.61 per share option ("2015 Share Options"), subject to acceptance by the grantees, to subscribe for an aggregate of 473,460,000 shares under the New Share Option Scheme, and of which 43,000,000 share options were granted to the Directors. These share options are subject to certain service and market performance conditions and a vesting scale in five even tranches on 24 July 2015 and the first, second, third and fourth anniversary dates of the grant date, respectively. The share options granted are exercisable after the respective vesting date and upon meeting the service and market performance conditions up to the last day of the ten-year period after the grant date.

Pursuant to the terms of the New Share Option Scheme, the exercise price of the 2014 Share Options and 2015 Share Options is adjusted from HK$1.1875 to HK$1.1798 and from HK$0.61 to HK$0.606, respectively, with effect from 2 February 2016 as a result of the determination of entitlements to the rights issue of shares of the Company.

The following table discloses movements of the Company's share options:

2018

				Number of share options		
	Exercise price	Date of grant	Exercise Period	Outstanding at 1 January 2018	During the year Forfeited	Outstanding 31 December 2018
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	48,618,780	—	48,618,780
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	237,114,696	(6,039,600)	231,075,096
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	247,271,290	(35,512,848)	211,758,442
				591,387,566	(41,552,448)	549,835,118
Exercisable at the end of the year				236,720,109		274,036,784
Weighted average exercise price (HK$)				0.8927	0.6894	0.9255

36. Share-Based Payment Transactions *(continued)*

Equity-settled share option scheme *(continued)*

2017

	Exercise price	Date of grant	Exercise Period	Number of share options: Outstanding at 1 January 2017	During the year: Forfeited	Outstanding 31 December 2017
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	48,618,780	—	48,618,780
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	263,286,296	(26,171,600)	237,114,696
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	294,319,774	(47,048,484)	247,271,290
				664,607,650	(73,220,084)	591,387,566
Exercisable at the end of the year				197,784,821		236,720,109
Weighted average exercise price (HK$)				0.8837	0.8111	0.8927

Note: During the year ended 31 December 2018, share-based payment expense of RMB12,679,000 (2017: RMB33,706,000) has been recognised in profit or loss. In addition, share options granted to certain employees have been forfeited during the year, and respective share options reserve of approximately RMB7,621,000 (2017: RMB21,851,000) is transferred to the Group's retained earnings.

Details of the fair value of the 2014 Share Options and 2015 Share Options are set out in the annual report for the year ended 31 December 2014 and 2015, respectively.

At each reporting date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserve.

37. Acquisitions of Subsidiaries

For the year ended 31 December 2018, the Group had several acquisitions due to business expansion, in acquiring a controlling stake in certain companies for a total consideration of approximately RMB12,759,000 (2017: RMB42,201,000).

For the companies set out in note (i) below are solar power plant project companies in development stage and did not have any substantial economic resources and processes for creating economic benefits; accordingly, the Group considers the nature of these acquisitions as acquisitions of assets in substance and the considerations have been allocated first to the financial assets acquired and financial liabilities assumed at the respective fair values. The remaining balance of the considerations is then allocated to other identifiable assets and liabilities on the basis of their relative fair values at the date of acquisitions. For the other acquisitions as mentioned in note (ii) below, these solar power plant project companies are in on-grid stage with relevant economic resources as at the date of the respective acquisitions which are considered as businesses. Therefore, those acquisitions are considered as business combinations under IFRS 3 and accounted for using acquisition method.

Year ended 31 December 2018

(i) Assets acquisition

(a) Acquisition of 化隆協合太陽能發電有限公司 ("Hualong")

On 31 August 2018, the Group acquired 100% equity interest in Hualong at a consideration of RMB1,200,000. At the date of acquisition, Hualong had a 20MW solar power plant project under development. The project was completed and connected to the grid in November 2018.

(b) Acquisition of 青海百能光伏投資管理有限公司 ("Qinghai Baineng")

On 31 August 2018, the Group acquired 100% equity interest in Qinghai Baineng at a consideration of RMB3,400,000. At the date of acquisition, Qinghai Baineng had a 10MW solar power plant project under development. The project was completed and connected to the grid in November 2018.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2018 *(continued)*

(i) Assets acquisition (continued)

	Hualong RMB'000	Qinghai Baineng RMB'000	Total RMB'000
Assets and liabilities recognised at the date of acquisition			
Property, plant and equipment	6,455	629	7,084
Prepayments and other receivables	2,426	2,766	5,192
Bank balances and cash	24	5	29
Other payables	(7,705)	—	(7,705)
Total identifiable net assets acquired	1,200	3,400	4,600
Consideration payable to the former owner	(1,200)	(3,400)	(4,600)
Cash consideration paid	—	—	—
Bank balances and cash acquired	24	5	29
Net cash inflow	24	5	29

(ii) Business acquisition

(a) Acquisition of 易縣國鑫能源有限公司 ("Yixian")

On 31 January 2018, the Group acquired 100% equity interest in Yixian at a consideration of RMB10,000. At the date of acquisition, Yixian had a solar power plant project with capacity of 20MW in operation.

(b) Acquisition of 神木縣國泰農牧發展有限公司 ("Guotai")

On 20 April 2018, the Group acquired 80% equity interest in Guotai at a consideration of RMB80,000. At the date of acquisition, Guotai had two solar power plant projects with total capacity of 40MW in operation.

(c) Acquisition of 伊犁協鑫能源有限公司 ("Yili")

As at 31 December 2017, the Group held 50% equity interest in Yili which was accounted as a joint venture of the Group (note 20). On 24 August 2018, the Group acquired an additional 6.51% equity interest in Yili at a consideration of RMB7,369,000. The acquisition is considered as step-acquisition under IFRS 3 and accounted for using acquisition method at the acquisition date. At the date of acquisition, Yili had a solar power plant project with total capacity of 30MW in operation.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2018 *(continued)*

(ii) Business acquisition (continued)

(d) Acquisition of 神木縣晶登電力有限公司 ("Jingdeng")

On 10 September 2018, the Group acquired 80% equity interest in Jingdeng at a consideration of RMB700,000. At the date of acquisition, Jingdeng had three solar power plant projects with total capacity of 140MW in operation.

	Yixian RMB'000	Guotai RMB'000	Yili RMB'000	Jingdeng RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition					
Property, plant and equipment	164,010	359,732	169,233	1,047,374	1,740,349
Trade receivables	—	2,541	48,303	3,519	54,363
Contract assets	—	35,777	—	197,940	233,717
Prepayments and other receivables	32,319	147,144	15,297	187,642	382,402
Bank balances and cash	5,677	5,311	10,791	10,793	32,572
Other payables	(83,798)	(353,532)	(185,988)	(813,093)	(1,436,411)
Borrowings	(118,198)	(196,873)	—	(633,030)	(948,101)
Total fair value of identifiable net assets acquired	10	100	57,636	1,145	58,891
Non-controlling interest	—	(20)	(25,216)	(445)	(25,681)
Consideration payable to the former owner	(10)	(80)	—	(700)	(790)
Fair value of previously held equity interest	—	—	(25,051)	—	(25,051)
Cash consideration paid	—	—	(7,369)	—	(7,369)
Bank balances and cash acquired	5,677	5,311	10,791	10,793	32,572
Net cash inflow	5,677	5,311	3,422	10,793	25,203

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2018 *(continued)*

(ii) Business acquisition (continued)

Impact of acquisition on the results of the Group

Had the acquisition as mentioned in (ii) been effected at the beginning of the year, total amounts of revenue and profit for the year of the Group would have been RMB5,749,047,000 and RMB770,930,000, respectively. Such pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the above pro-forma financial information, depreciation and amortisation of the property, plant and equipment was calculated based on their recognised amounts at the date of the acquisition.

The revenue and profit contributed by entities acquired during the year in note (ii) are RMB94,610,000 and RMB8,646,000, respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB274,953,000. The estimate at acquisition date of contractual cash flows not expected to be collected is insignificant.

Year ended 31 December 2017

(i) Assets acquisition

(a) Acquisition of 中衛市利和光伏電力有限公司 ("Zhongwei Lihe")

On 24 April 2017, the Group acquired 100% equity interest in Zhongwei Lihe and its subsidiaries, 武邑潤豐新能源有限公司 ("Runfeng") and 武邑新陽新能源有限公司 ("Xinyang") at a consideration of RMB200,000. At the date of acquisition, each of Runfeng and Xinyang had a 20MW solar power plant project under development. The projects were connected to the grid in July 2017.

(b) Acquisition of 海東市源通光伏發電有限公司 ("Haidong Yuantong")

On 20 October 2017, the Group acquired 100% equity interest in Haidong Yuantong at a consideration of RMB200,000. At the date of acquisition, Haidong Yuantong had a 20MW solar power plant project under development. The project was connected to the grid in January 2018.

(c) Acquisition of 互助昊陽光伏發電有限公司 ("Huzhu Haoyang")

On 17 November 2017, the Group acquired 100% equity interest in Huzhu Haoyang at a consideration of RMB100,000. At the date of acquisition, Huzhu Haoyang had a 40MW solar power plant project under construction. The project was completed and connected to the grid in December 2017.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2017 *(continued)*

(i) Assets acquisition (continued)

(d) Acquisition of 蘭溪金瑞農業科技有限公司 ("Lanxi Agriculture")

On 24 November 2017, the Group acquired 100% equity interest in Lanxi Agriculture at a consideration of RMB1,300,000. At the date of acquisition, Lanxi Agriculture is in preliminary development stage.

	Zhongwei Lihe RMB'000	Haidong Yuantong RMB'000	Huzhu Haoyang RMB'000	Lanxi Agriculture RMB'000	Total RMB'000
Assets and liabilities recognised at the date of acquisition					
Property, plant and equipment	57,061	149,461	340,008	8,602	555,132
Prepayments and other receivables	622	26,644	98,148	800	126,214
Bank balances and cash	—	44	2	—	46
Other payables	(57,483)	(175,949)	(438,058)	(8,102)	(679,592)
Total identifiable net assets acquired	200	200	100	1,300	1,800
Consideration payable to the former owner	(200)	(200)	(100)	(1,300)	(1,800)
Cash consideration paid	—	—	—	—	—
Bank balances and cash acquired	—	44	2	—	46
Net cash inflow	—	44	2	—	46

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2017 *(continued)*

(ii) Business acquisition

(a) Acquisition of Sannohe Solar Power 1 GK ("Sannohe")

On 18 May 2016, the Group entered into an equity purchase agreement with an individual, pursuant to which the Group agreed to acquire the entire equity interest of Sannohe, for a consideration of JPY500,000,000 (equivalent to RMB30,250,000). The transaction was completed on 19 January 2017. At the date of acquisition, Sannohe had a 3.75MW solar power plant project in operation.

(b) Acquisition of 曲陽晶投新能源科技有限公司 ("Quyang Jingtou")

On 19 July 2017, the Group acquired 100% equity interest in Quyang Jingtou at a consideration of RMB2,090,000. At the date of acquisition, Quyang Jingtou had a 30MW solar power plant project in operation.

(c) Acquisition of 蘭溪金瑞太陽能發電有限公司 ("Lanxi Solar")

On 24 November 2017, the Group acquired 100% equity interest in Lanxi Solar at a consideration of RMB1,050,000. At the date of acquisition, Lanxi Solar had two 20MW solar power plant projects in operation.

(d) Acquisition of 神木縣晶富電力有限公司 ("Shenmu Jingfu")

On 14 December 2017, the Group acquired 80% equity interest in Shenmu Jingfu at a consideration of RMB2,385,600. At the date of acquisition, Shenmu Jingfu had two solar power plant projects, with total capacity of 40MW, in operation.

(e) Acquisition of 神木縣晶普電力有限公司 ("Shenmu Jingpu")

On 14 December 2017, the Group acquired 80% equity interest in Shenmu Jingpu at a consideration of RMB4,625,200. At the date of acquisition, Shenmu Jingpu had three solar power plant projects, with total capacity of 140MW, in operation.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2017 *(continued)*

(ii) Business acquisition (continued)

	Sannohe RMB'000	Quyang Jingtou RMB'000	Lanxi Solar RMB'000	Shenmu Jingfu RMB'000	Shenmu Jingpu RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition						
Property, plant and equipment	75,041	235,727	248,504	319,237	1,130,007	2,008,516
Trade receivables	100	5,968	25,056	29,746	130,427	191,297
Prepayments and other receivables	4,039	81,065	37,155	41,808	261,544	425,611
Bank balances and cash	284	4,892	9,171	3,470	15,014	32,831
Other payables	(49,214)	(143,995)	(83,759)	(278,309)	(568,735)	(1,124,012)
Bank and other borrowings	—	(181,567)	(235,077)	(112,970)	(962,475)	(1,492,089)
Total fair value of identifiable net assets acquired	30,250	2,090	1,050	2,982	5,782	42,154
Non-controlling interest *(Note)*	—	—	—	(596)	(1,157)	(1,753)
Consideration paid during the year ended 31 December 2016	(29,800)	—	—	—	—	(29,800)
Consideration payable to the former owner	(450)	(2,090)	(1,050)	(2,386)	(4,625)	(10,601)
Cash consideration paid	—	—	—	—	—	—
Bank balances and cash acquired	284	4,892	9,171	3,470	15,014	32,831
Net cash inflow	284	4,892	9,171	3,470	15,014	32,831

Note: The non-controlling interest (20%) in Shenmu Jingfu and Shenmu Jingpu recognised at the acquisition date was measured at proportionate share of net assets acquired.

38. Disposal of Subsidiaries

(a) Disposal of PCB business

On 2 August 2017, the Group completed its disposal of PCB Business and details are set out in note 12. The net assets of PCB Business at the date of disposal were as follows:

	RMB'000
Consideration received:	
Total consideration received	218,042

	2 August 2017 RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	334,334
Prepaid lease payments	6,396
Other non-current assets	17,237
Inventories	192,401
Trade and other receivables	472,466
Bank balances and cash	26,930
Trade and other payables	(504,830)
Loan from a shareholder	(17,232)
Bank borrowings — due within one year	(181,630)
Obligations under finance leases — due within one year	(30,020)
Other current liabilities	(65,773)
Obligations under finance leases — due after one year	(11,589)
Other non-current liabilities	(21,510)
Net assets disposed of	217,180
Gain on disposal of subsidiaries:	
Consideration received	218,042
Net assets disposed of	(217,180)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	86,512
Transaction costs	(862)
Gain on disposal	86,512
Net cash inflow arising on disposal:	
Cash consideration, net of transaction costs	217,180
Less: bank balances and cash disposed of	(26,930)
	190,250

38. Disposal of Subsidiaries *(continued)*

(a) Disposal of PCB business *(continued)*

The impact of PCB Business on the Group's results and cash flows for the year ended 31 December 2017 is disclosed in note 12.

(b) Disposal of solar power plant projects in the PRC

Year ended 31 December 2018

(i) On 20 May 2018, 蘇州協鑫新能源投資有限公司 (Suzhou GCL New Energy Investment Co., Ltd.*) ("Suzhou GCL New Energy"), a subsidiary of the Group, entered into a share transfer agreement with an independent third party. Pursuant to the agreement, Suzhou GCL New Energy agreed to sell 100% equity interest of 內蒙古鑫景光伏發電有限公司 (Inner Mongolia Xinjing Photovoltaic Electric Power Co., Ltd.*) ("Xinjing") at a consideration of RMB22,000,000.

(ii) On 10 December 2018, Suzhou GCL New Energy, a subsidiary of the Group, entered into a share transfer agreement with an independent third party, CGN Solar. Pursuant to the agreement, Suzhou GCL New Energy agreed to sell 80% equity interest of Huarong at a consideration of RMB119,155,000. Huarong operates solar power plant projects in Huarong, the PRC ("Huarong Project").

The Group guaranteed that for the three-year period following the completion date under the equity transfer agreement, Huarong Project shall generate an average on-grid electricity per year of not less than the guaranteed amount, being 115.4 million kWh and is adjusted in accordance with the degradation rate of the solar panels from 30 June 2018 to the completion date. In the event that the Huarong Project fails to reach the aforesaid target, Suzhou GCL New Energy shall make up the loss suffered by CGN Solar and such guarantee shall extend for a period of three years. As the average annual on grid electricity generated by the project in the past two years well exceeded 115.4 million kWh, in the opinion of the Directors, the fair value of the guarantee is insignificant as at the completion date on 20 May 2018 and 31 December 2018.

In addition, the Group has granted a put option to CGN Solar, pursuant to which the Group has agreed that (i) if the Huarong Project fails to generate an average annual on-grid electricity reaching 70% of the aforesaid on-grid electricity during the three-year period; (ii) if Huarong fails to receive the tariff adjustment continuously for reasons unrelated to CGN Solar, the Group shall repurchase the 80% equity interest in Huarong from CGN Solar at a repurchase price to be agreed between both parties and replace all advancement from CGN Solar to Huarong with its loan. As the average annual on-grid electricity generated by the project in the past 2 years well exceeded the aforesaid 70% requirement, and the Group has obtained legal opinion from the Group's PRC legal advisor that Huarong Project has met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustment when the electricity was delivered on grid, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 20 May 2018 and 31 December 2018.

Besides, CGN Solar has granted to the Group a put option, pursuant to which CGN Solar has agreed to grant the Group the right, but not an obligation, to request CGN Solar to purchase the remaining 20% equity interest in Huarong upon the aforesaid guarantee being fulfilled. As the purchase price will be made reference to the fair value of the project at the date of purchase of the remaining 20% in Huarong by CGN Solar, in the opinion of the Directors, the fair value of the option is considered insignificant as the completion date on 20 May 2018 and 31 December 2018.

* English name for identification only

38. Disposal of Subsidiaries *(continued)*

(b) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2018 (continued)

	Xinjing RMB'000	Huarong RMB'000	Total RMB'000
Consideration:			
Consideration receivable	—	10,950	10,950
Consideration received	22,000	108,205	130,205
	22,000	119,155	141,155
Analysis of assets and liabilities over which control was lost:			
Property, plant and equipment	109,403	588,909	698,312
Other non-current assets	16,868	91,447	108,315
Bank balances and cash	—	8,323	8,323
Trade and other receivables	1,712	147,989	149,701
Trade and other payables	(126,305)	(134,694)	(260,999)
Bank and other borrowings	—	(547,964)	(547,964)
Net assets disposed of	1,678	154,010	155,688
Gain on disposal of subsidiaries:			
Total consideration	22,000	119,155	141,155
Carrying amount of the residual interest	—	36,816	36,816
Net assets disposed of	(1,678)	(154,010)	(155,688)
Gain on disposal	20,322	1,961	22,283
Net cash inflow arising on disposal:			
Cash consideration received	22,000	108,205	130,205
Less: bank balances and cash disposed of	—	(8,323)	(8,323)
	22,000	99,882	121,882

38. Disposal of Subsidiaries *(continued)*

(b) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2017

On 30 June 2017, the Group entered into share transfer agreements with Zhongmin GCL, a joint venture of the Group, pursuant to which the Group agreed to sell and Zhongmin GCL agreed to purchase 100% equity interest of 金湖正輝太陽能電力有限公司 (Jinhu Zhenghui Photovoltaic Co., Ltd.*) ("Jinhu") and 山東萬海電力有限公司 (Shandong Wanhai Solar Power Co., Ltd.*) ("Wanhai") for consideration of approximately RMB191,496,000 and RMB70,420,000, respectively. Part of the consideration, amounting to RMB250,600,000, has been paid on the date of share transfer agreements as deposits. The Group has an option to repurchase the equity interest of those two solar plant projects upon 5 years from the completion of share transfers at the then fair value. As the repurchase price will be made reference to the fair value of projects at the date of repurchase, in the opinion of the Directors, the fair value of the option is considered insignificant. Details of these transactions are set out in the announcement of the Company dated 30 June 2017.

On 31 July 2017, 蘇州協鑫新能源開發有限公司 (Suzhou GCL New Energy Development Co., Ltd.*) ("Suzhou Development"), a subsidiary of the Group, entered into a share transfer agreement with Fuyang New Energy, an independent third party. Pursuant to the agreement, Suzhou development agreed to sell 100% equity interest of 東營協鑫光伏科技有限公司 (Dongying GCL Photovoltaic Technology Co., Ltd.*) ("Dongying") at a consideration of RMB25,910,000.

* English name for identification only

38. Disposal of Subsidiaries *(continued)*

(b) Disposal of solar power plant projects in the PRC *(continued)*

Year ended 31 December 2017 (continued)

The net assets of those three solar plant projects at the date of disposal were as follows:

	Jinhu RMB'000	Wanhai RMB'000	Dongying RMB'000	Total RMB'000
Consideration:				
Consideration received	185,700	64,900	25,910	276,510
Consideration receivable	5,796	5,520	—	11,316
Total consideration	191,496	70,420	25,910	287,826
Analysis of assets and liabilities over which control was lost:				
Property, plant and equipment	711,281	245,264	77,738	1,034,283
Prepaid lease payments	1,011	1,522	—	2,533
Other non-current assets	58,962	42,463	8,128	109,553
Trade and other receivables	149,519	63,909	3,927	217,355
Bank balances and cash	81,064	13,903	6,101	101,068
Trade and other payables	(27,426)	(27,276)	(82,728)	(137,430)
Bank borrowings	(670,000)	(240,000)	—	(910,000)
Intragroup payables	(123,977)	(24,304)	—	(148,281)
Net assets disposed of	180,434	75,481	13,166	269,081
Gain (loss) on disposal of subsidiaries:				
Total consideration	191,496	70,420	25,910	287,826
Net assets disposed of	(180,434)	(75,481)	(13,166)	(269,081)
Gain (loss) on disposal	11,062	(5,061)	12,744	18,745
Net cash inflow arising on disposal:				
Cash consideration received	185,700	64,900	25,910	276,510
Less: bank balances and cash disposed of	(81,064)	(13,903)	(6,101)	(101,068)
	104,636	50,997	19,809	175,442

38. Disposal of Subsidiaries *(continued)*

(c) Disposal of solar power plant projects in Japan

(i) Disposal of AD3

On 9 February 2018, the Group entered into a transfer agreement with an independent third party to dispose 50% beneficial interest of its then wholly-owned subsidiary, AD3, a solar plant project in Japan, at a consideration of JPY419,200,000 (equivalent to approximately RMB24,422,000). Upon completion of the disposal on the same date, the Group and the independent third party have joint control over AD3, as under the contractual agreement unanimous consent is required from both parties to the agreement in directing the relevant activities of AD3. Part of the consideration, amounting to JPY330,100,000 (equivalent to approximately RMB19,231,000), has been received on the date of share transfer agreement as deposits. The remaining consideration of JPY89,100,000 (equivalent to approximately RMB5,191,000) will be paid upon fulfilment of certain conditions. Accordingly, AD3 is classified as a joint venture of the Group since 9 February 2018.

(ii) Disposal of Himeji

On 14 February 2018, the Group entered into an equity interest transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to transfer 50% beneficial interest in Himeji to the independent third party resulting the Group and the independent third party having joint control over Himeji, as under the contractual agreement, unanimous consent is required from both parties to the agreement for directing the relevant activities. Accordingly, Himeji is classified as a joint venture of the Group since 14 February 2018.

38. Disposal of Subsidiaries *(continued)*

(c) Disposal of solar power plant projects in Japan *(continued)*

	AD3 RMB'000	Himeji RMB'000	Total RMB'000
Consideration:			
Consideration received	19,231	—	19,231
Consideration receivable	5,191	—	5,191
	24,422	—	24,422
Carrying amount of residual interest	11,801	1,745	13,546
	36,223	1,745	37,968
Less: net assets derecognised:			
Property, plant and equipment	19,028	—	19,028
Prepaid lease payments	—	14,564	14,564
Trade and other receivables	4,233	5	4,238
Bank balances and cash	374	2,055	2,429
Trade and other payables	(33)	(15,121)	(15,154)
Net assets disposed of	23,602	1,503	25,105
Gain on disposal of subsidiaries	12,621	242	12,863
Net cash inflow (outflow) arising on disposal:			
Cash consideration received	19,231	—	19,231
Less: bank balances and cash disposal of	(374)	(2,055)	(2,429)
	18,857	(2,055)	16,802

39. Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which mainly includes amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes, and convertible bonds, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, perpetual notes and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

40. Financial Instruments

40a. Categories of financial instruments

	2018 RMB'000	2017 RMB'000
Financial assets		
Amortised cost	**7,353,719**	—
Loans and receivables (including cash and cash equivalents)	**—**	12,059,560
Other investments	**—**	340,040
FVTPL:		
Mandatorily measured at FVTPL	**100,000**	—
Financial liabilities		
FVTPL:		
Convertible bonds	**—**	925,642
Amortised cost	**49,813,855**	45,301,081

40. Financial Instruments *(continued)*

40a. Categories of financial instruments *(continued)*

Financial liabilities designated as at FVTPL

	2018 RMB'000	2017 RMB'000
Cumulative gain in fair value change attributable to changes in credit risk	—	(10,445)
Cumulative gain in fair value change attributable to changes in credit risk relating to financial liabilities derecognised during the year	**(10,553)**	—
Loss in fair value changes attributable to changes in credit risk	**108**	—
Difference between carrying amount and maturity amount		
At fair value	—	925,642
Amount payable at maturity	—	(912,896)
	—	12,746

40b. Financial risk management objectives and policies

The Group's major financial instruments include other investments, trade and other receivables, other loan receivables, amounts due from related companies, pledged bank and other deposits, bank balances and cash, other payables, amounts due to related companies, loans from loans from related companies, bank and other borrowings, bonds and senior notes and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk

Currency risk

The Group operates in the PRC, Japan and the US and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB, HK$, US$, Japanese Yen ("JPY") and Euro ("EUR"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
The Group				
HK$	**16,780**	11,321	**467,218**	925,678
US$	**19,752**	1,510,735	**5,274,799**	1,944,221
JPY	**—**	32	**—**	—
EUR	**—**	—	**111,432**	125,617
Inter-company balances				
RMB	**—**	—	**1,276**	—
HK$	**210,917**	240,691	**24,674**	269,863
US$	**1,185,959**	1,153,827	**627,090**	569,688
JPY	**45,858**	53,594	**—**	—

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Currency risk *(continued)*

The foreign currency assets in 2018 and 2017 mainly relate to the US$, HK$, and JPY denominated pledged bank and other deposits and bank balances.

The foreign currency liabilities in 2018 and 2017 mainly relate to the US$, HK$ and EUR denominated bonds and senior notes, bank and other borrowings and convertible bonds.

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2017: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2017: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2017: 5%) change in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of the balance is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and a negative number below indicates a decrease in post-tax profit, where the functional currency of the respective entities had weakened 5% (2017: 5%) against the relevant foreign currencies. For a 5% (2017: 5%) strengthening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year.

	HK$ RMB'000	**US$** RMB'000	**JPY** RMB'000	**EUR** RMB'000
2018				
Increase (decrease) in profit for the year	**(10,853)**	**(195,363)**	**1,915**	**(4,179)**
2017				
Increase (decrease) in profit for the year	(28,126)	30,432	2,239	(4,711)

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to currency risk during the year.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Interest rate risk

The management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate bank balances (see note 27) to be limited because the current market interest rates on general deposits are relatively low and stable.

Certain of the Group's borrowings are issued at variable rates which expose the Group to cash flow interest rate risk. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2018 would have decreased/increased by approximately RMB150,681,000 (2017: RMB139,104,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to interest rate risk during the year.

The Group's exposure to fair value interest rate risk relating to convertible bonds is subject to the discount rate. The sensitivity analysis for change in discount rate is disclosed in note 40c.

Credit risk and impairment assessment

As at 31 December 2018, other than financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group arising from the amount of financial guarantees provided by the Group, is disclosed in Note 46(g). The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets and financial guarantee contracts.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the Group has a credit control policy in place under which credit evaluations of customers are performed on all customers requiring credit. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 (2017: incurred loss model) on trade balances based on provision matrix.

The Group's concentration of credit risk by geographical locations is mainly the PRC, which accounted for over 99% (31 December 2017: 99% of the trade receivables as at 31 December 2018).

The trade receivables arising from sales of electricity are mainly due from the local electric power bureaus in various provinces in the PRC. The management considered the probability of default of trade receivables is low since the local electric power bureaus are state-owned grid companies, and taking into the account of the past default experience of the debtors, adjusted for general economic conditions of the solar industry and an assessment of both current as well as forecast direction of market conditions at the reporting date. Accordingly, the management is of the opinion that the credit risk of trade receivables is limited.

In relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the relevant counterparties are insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 5, the management are confident that all of the Group's operating power plants are able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

The Group always measures the loss allowance for trade receivables and contract assets, including those with significant financing component at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are estimated using a provision matrix for debtors which shared credit risk characteristics by reference to repayment history of the debtors, taking into account general economic conditions of the solar power industry, relevant country default risk, and an assessment of both the current as well as the forecast direction at the reporting date.

Based on the average loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Bank balances and pledged bank and other deposits

The credit risks on bank balances and pledged bank and other deposits are limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies in the PRC and Hong Kong.

The Group assessed 12m ECL for bank balances and pledged bank deposits by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances and pledged bank and other deposits is considered insignificant.

Other loan receivables

The Group has concentration of credit risk on other loan receivables as majority of the balances is due from a borrower. The management performs impairment assessment on the other loan receivables on a periodic basis. The Group has not encountered significant difficulties in collecting from the relevant parties in the past. In assessing the probability of default of the other loan receivables, the management has taken into account the industries the Borrowers operate, the past repayment history as well as forward looking information that is available without undue cost or effort. Since the Borrowers have good repayment history and they are engaged in the solar power industry which is well supported by prevailing government policies, the management is of the opinion that the credit risk is limited.

For the purpose of impairment assessment of other loan receivables, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other loan receivables, after taking into account of the aforesaid factors, and forward looking information that is available without undue cost or effort, the management considered the ECL for other loan receivables is insignificant as at 31 December 2018.

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Other receivables and amounts due from related companies *(continued)*

For the purpose of impairment assessment of other receivables and amounts due from related parties, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors are operated in the solar power industry which is well supported by the PRC government, the management considered the ECL provision of amounts due from related parties and other receivables is insignificant.

Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB697,590,000 as at 31 December 2018. The credit risks on financial guarantee contracts provided by the Group are limited as the underlying borrowings are secured by assets of the relevant borrowers.

At the end of the reporting period, the Directors have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Therefore, the loss allowance is measured at 12m ECL and details of the financial guarantee contracts are set out in Note 46(g).

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

2018	*Note*	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount RMB'000
Financial assets at amortised cost					
Other loan receivables	26	**N/A**	**N/A (Note a)**	**12m ECL**	**21,208***
Amounts due from related companies	22	**N/A**	**N/A (Note a)**	**12m ECL**	**387,474**
Pledged bank and other deposits					
— Pledged bank deposits	27	**AA to Ba1**	**N/A**	**12m ECL**	**1,524,479**
— Pledged other deposits	27	**N/A**	**N/A (Note a)**	**12m ECL**	**506,804**
					2,031,283
Bank balances and cash	27	**AA+ to Ba3**	**N/A**	**12m ECL**	**1,361,978**
Other receivables and deposits	24A	**N/A**	**N/A (Note a)**	**12m ECL**	**590,976**
Trade receivables	24A	**N/A**	**Low risk (Note b)**	**Lifetime ECL (provision matrix)**	**2,981,150**
Other items					
Contract assets	24B	**N/A**	**Low risk (Note b)**	**Lifetime ECL (provision matrix)**	**4,236,405**
Financial guarantee contracts	46(g)	**N/A**	**Low risk (Note c)**	**12m ECL**	**697,590**

* The gross carrying amounts disclosed above include the relevant interest receivables which are presented in other receivables.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes:

a. For the purposes of internal credit risk management, the Group uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2018, the balances of other loan receivables, amounts due from related companies and other receivables are not past due and the internal credit rating of these balances are considered as low risk.

b. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix for debtors grouped by internal credit rating.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its sales of electricity operation. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are based on provision matrix as at 31 December 2018 within lifetime ECL (not credit-impaired).

Gross carrying amount

Internal credit rating	Average loss rate	Trade receivables RMB'000	Average loss rate	Contract assets RMB'000
Low risk	0.06%	2,981,150	0.38%	4,236,405

The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The Directors are of the opinion that the ECL for trade receivables and contract assets is insignificant for the year ended 31 December 2018.

c. For financial guarantee contracts, the gross carrying amount represents the maximum amount that the Group has guaranteed under the relevant contract.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings to ensure unutilised banking facilities are adequate and ensures compliance with loan covenants or to obtain waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements.

As at 31 December 2018, the Group's current liabilities exceeded its current assets by RMB11,241 million and had bank balances and cash of approximately RMB1,362 million (2017: RMB4,197 million) against bank and other borrowings, convertible bonds and loans from related companies due within one year amounted to approximately RMB9,354 million (2017: RMB9,065 million).

The Group finances its capital intensive operations by short-term and long-term bank borrowings and shareholders' equity and perpetual notes.

During the year ended 31 December 2018, the Group obtained new borrowings totalling RMB9,266 million of which RMB8,046 million had a repayment terms of over 3 years. The Group also implementing different long-term financing strategies as disclosed in note 2.

Furthermore, the management maintains continuous communication with the Group's principal banks on the grant of additional banking facilities. The Directors have reviewed the Group's bank loans and banking facilities available to the Group and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group's ability to obtain new financing.

Despite uncertainties mentioned in note 2, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

The Directors are of the opinion that, taking into account the above measures, undrawn banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest rate risk tables

	Weighted average interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2018								
Other payables	—	9,859,700	—	—	—	—	9,859,700	9,859,700
Amounts due to related companies	—	139,460	—	—	—	—	139,460	139,460
Loans from related companies	7.96	267,040	840,140	2,227,261	135,717	94,218	3,564,376	3,217,023
Bank and other borrowings								
— fixed-rate	6.46	597,611	1,792,832	110,975	325,232	528,797	3,355,447	3,011,337
— variable-rate	5.33	3,333,811	4,192,928	4,307,538	12,562,766	13,495,568	37,892,611	29,651,938
Bonds and senior notes	7.15	121,822	161,947	818,769	3,553,422	—	4,655,960	3,934,397
Financial guarantee contracts	—	697,590	—	—	—	—	697,590	—
		15,017,034	6,987,847	7,464,543	16,577,137	14,118,583	60,165,144	49,813,855

	Weighted average interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2017								
Other payables	—	10,693,659	—	—	—	—	10,693,659	10,693,659
Amounts due to related companies	—	102,784	—	—	—	—	102,784	102,784
Loans from related companies	7.93	—	1,104,084	—	—	—	1,104,084	1,071,876
Bank and other borrowings								
— fixed-rate	7.30	753,637	2,260,912	1,726,957	205,471	296,091	5,243,068	4,729,210
— variable-rate	5.39	1,299,256	3,897,768	3,558,624	8,630,754	12,503,460	29,889,862	27,820,792
Convertible bonds	6.00	5,666	949,575	—	—	—	955,241	925,642
Bonds	7.50	—	66,375	66,375	977,300	—	1,110,050	882,760
		12,855,002	8,278,714	5,351,956	9,813,525	12,799,551	49,098,748	46,226,723

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

Bank borrowings that are repayable on demand due to breach of loan covenants by GCL-Poly, the guarantor of certain bank borrowings of the Group, as disclosed in notes 2 and 30, are included in the "on demand or less than 3 month" time band in the above maturity analysis. As at 31 December 2018, the aggregate carrying amounts of these bank loans amounted to RMB3,075,021,000 (2017: nil). The Directors do not believe that the banks will exercise their rights to demand immediate repayment from the Group, given that subsequent to the end of the reporting period, GCL-Poly has obtained consents from the relevant lenders to waive the financial covenants concerned. The Directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group's aggregate principal and interest cash outflows based on scheduled repayments for bank borrowings that became repayable on demand due to the aforesaid breach of loan covenants by GCL-Poly. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

	Weighted average interest rate %	Less than 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2018	5.43	1,278,229	642,775	990,642	705,824	3,617,470	3,075,021

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

40. Financial Instruments *(continued)*

40c. Fair value measurements of financial instruments

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the Directors every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed below.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2018 RMB'000	2017 RMB'000			
Asset management plan investment measured at FVTPL *(Note a)*	**100,000**	340,040	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of future expected cash flows to be derived from the underlying assets	Discount rate of 7.5% (2017: 7% – 7.5%)
Convertible bonds *(Note b)*	**—**	(925,642)	Level 3	Binomial Lattice model, the key input are: underlying share price, conversion price, risk free rate, share price volatility, discount rate and dividend yield	Share price volatility of 63.28% – 69.69% and discount rate of 17.73% – 18.26%, taking into account the historical share price of the Company for the period of time close to the expected time to exercise

40. Financial Instruments *(continued)*

40c. Fair value measurements of financial instruments *(continued)*

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Notes:

(a) If the estimated discount rate used were multiplied by 95% or 105% while all the other variables were held constant, the fair value of the investments would increase by approximately RMB776,000 (2017: RMB2,042,000) or decrease by approximately RMB765,000 (2017: RMB2,024,000), respectively.

(b) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the loss on change in fair value of the convertible bonds issued by the Company would increase by approximately RMB6,028,000/decrease by approximately RMB7,442,000 as at 31 December 2017, respectively.

If the discount rate used was multiplied by 95% or 105% while all the other variables were held constant, the loss on change in fair value of the convertible bonds issued by the Company would increase by approximately RMB2,487,000 or decrease by approximately RMB2,474,000 as at 31 December 2017, respectively.

There is no transfer between the different levels of the fair value hierarchy for the year.

(ii) Reconciliation of Level 3 fair value measurements

	Other investments RMB'000	**Convertible Bonds** RMB'000
At 1 January 2017	—	(858,461)
Purchase	606,050	—
Gain (loss) in profit or loss	2,883	(118,744)
Payment of interest	—	51,563
Redemption of the investments	(268,893)	—
At 31 December 2017 and 1 January 2018	340,040	(925,642)
Fair value change in profit or loss	16,790	(5,524)
Fair value loss on financial liabilities designed as at FVTPL attributed to changes in credit risk	—	(108)
Payment of interests	—	41,072
Redemption of convertible bonds	—	890,202
Redemption of other investments	(256,830)	—
At 31 December 2018	**100,000**	—

The Directors conclude that the carrying amounts of financial assets and financial liabilities carried at amortised cost approximate their fair value.

41. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Continuing operations							Discontinued Operations				
	Accrued interest expense RMB'000 *(Note 28)*	Amounts due to related companies RMB'000 *(Note 22)*	Loans from related companies RMB'000 *(Note 29)*	Bank and other borrowings RMB'000 *(Note 30)*	Convertible bonds RMB'000 *(Note 32)*	Bonds and senior notes RMB'000 *(Note 31)*	Dividend payable to non-controlling shareholders RMB'000 *(Note 28)*	Accrued interest expense RMB'000	Bank and other borrowings RMB'000	Obligations under finance leases RMB'000	Loan from a shareholder RMB'000	Total RMB'000
At 1 January 2017	72,075	83,261	676,307	21,101,006	858,461	—	—	—	181,003	65,760	17,890	23,055,763
Financing cash flows	(998,531)	(24,033)	400,000	10,212,297	(51,563)	881,460	—	(5,667)	627	(25,841)	—	10,388,749
Loss on change in fair value of convertible bonds	—	—	—	—	118,744	—	—	—	—	—	—	118,744
Exchange alignment on translation	—	(3,938)	(4,431)	—	—	—	—	—	—	—	(658)	(9,027)
Exchange difference to profit or loss	—	—	—	(39,458)	—	—	—	—	—	—	—	(39,458)
Finance costs	669,362	67,352	—	694,068	—	1,300	—	5,667	—	1,690	—	1,439,439
Interest capitalisation	330,598	—	—	—	—	—	—	—	—	—	—	330,598
Acquisition of subsidiaries	—	—	—	1,492,089	—	—	—	—	—	—	—	1,492,089
Disposal of subsidiaries	—	—	—	(910,000)	—	—	—	—	—	—	—	(910,000)
Disposal of PCB Business	—	—	—	—	—	—	—	—	(181,630)	(41,609)	(17,232)	(240,471)
Set off with amounts due from related companies	—	(3,376)	—	—	—	—	—	—	—	—	—	(3,376)
Investing activities	—	(15,017)	—	—	—	—	—	—	—	—	—	(15,017)
Operating activities	—	(1,465)	—	—	—	—	—	—	—	—	—	(1,465)
At 31 December 2017 and 1 January 2018	**73,504**	**102,784**	**1,071,876**	**32,550,002**	**925,642**	**882,760**	**—**	**—**	**—**	**—**	**—**	**35,606,568**
Financing cash flows	**(964,688)**	**(50,972)**	**1,409,777**	**399,535**	**(931,274)**	**2,511,522**	**(38,389)**	**—**	**—**	**—**	**—**	**2,335,511**
Loss on change in fair value of convertible bonds	**—**	**—**	**—**	**—**	**5,524**	**—**	**—**	**—**	**—**	**—**	**—**	**5,524**
Exchange alignment on translation	**—**	**2,500**	**63,262**	**25,969**	**—**	**264,650**	**—**	**—**	**—**	**—**	**—**	**356,381**
Finance costs	**900,977**	**78,952**	**43,632**	**977,932**	**—**	**275,465**	**—**	**—**	**—**	**—**	**—**	**2,276,958**
Interest capitalisation	**157,891**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**157,891**
Acquisition of subsidiaries	**—**	**—**	**—**	**948,101**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**948,101**
Reclassification to loan from related companies	**—**	**—**	**628,476**	**(628,476)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Disposal of subsidiaries	**—**	**—**	**—**	**(547,964)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(547,964)**
Recognition of deferred income on government grant – ITC	**—**	**—**	**—**	**(188,869)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(188,869)**
Fair value change to OCI	**—**	**—**	**—**	**—**	**108**	**—**	**—**	**—**	**—**	**—**	**—**	**108**
Dividend declared	**—**	**—**	**—**	**—**	**—**	**—**	**44,685**	**—**	**—**	**—**	**—**	**44,685**
Operating activities	**—**	**6,196**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**6,196**
Transfer to liabilities directly associated with assets as held-for-sale	**(970)**	**—**	**—**	**(872,955)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(873,925)**
At 31 December 2018	**166,714**	**139,460**	**3,217,023**	**32,663,275**	**—**	**3,934,397**	**6,296**	**—**	**—**	**—**	**—**	**40,127,165**

42. Operating Leases

The Group as lessee

	2018 RMB'000	2017 RMB'000
Minimum lease payments paid under operating leases during the year:		
Buildings	**48,821**	25,475
Land	**80,243**	53,439
Others	**3,841**	2,651
	132,905	81,565

At the end of the reporting period, the Group's commitments for future minimum lease payments under non-cancellable operating leases including lease payments during renewal period in which renewals are reasonably certain, which fall due as follows:

	2018 RMB'000	2017 RMB'000
Within one year	**99,230**	88,954
In the second to fifth year inclusive	**399,231**	307,590
After five years	**1,753,776**	1,172,890
	2,252,237	1,569,434

Leases are negotiated and rentals are fixed for terms ranging from 3 to 34 years for parcels of land and ranging from 1 to 3 years for the office premises and staff quarters for both years. The lease agreements entered into between the landlords and the Group include renewal options at the discretion of the respective group entities for further 5 to 10 years from the end of the leases with fixed rental.

Including in the commitments for future lease payments under non-cancellable operating leases, RMB20,643,000 (2017: RMB27,524,000) and nil (2017: RMB20,643,000) which fall due within one year and in the second to fifth year inclusive, respectively, is related to the rental agreement entered into with Suzhou GCL Industrial Applications Research (as defined in note 46(d)).

43. Commitments

	2018 RMB'000	2017 RMB'000
Capital commitments		
Construction commitments in respect of solar power plant projects contracted for but not provided in the consolidated financial statements	**1,055,737**	3,625,741
Other commitments		
Commitments to contribute share capital to joint ventures contracted for but not provided	**94,960**	243,460
	1,150,697	3,869,201

44. Pledge of Assets

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2018 RMB'000	2017 RMB'000
Property, plant and equipment	**28,529,134**	26,720,213
Prepaid lease payments	**16,910**	—
Pledged bank and other deposits	**2,031,283**	2,243,073
Trade receivables and contract assets	**6,568,048**	4,192,659
Amount due from an associate of ultimate holding company	**18,135**	—
	37,163,510	33,155,945

The Group's secured bank and other borrowings are secured by, individually or in combination, of the following (i) the Group's property, plant and equipment; (ii) pledged bank and other deposits; (iii) certain subsidiaries' trade receivables, contract assets and fee collection rights in relation to the sales of electricity; (iv) certain prepaid lease payments; (v) amount due from an associate of ultimate of holding companies; and (vi) equity interests in some project companies of the Group.

The loans from an associate of ultimate holding company are secured by pledged deposits, which are classified as amount due from a related company.

Bills receivable issued by third parties endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs is disclosed in note 28.

45. Retirement Benefits Schemes

(a) The PRC

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

(c) The US

In 2015, the Company established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan and is funded by employers and employees, in the US that qualifies as an Inland Revenue Service ("IRS") deferred salary arrangement under Section 401(k) of the US Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to a maximum amount subject to certain IRS limitations.

45. Retirement Benefits Schemes *(continued)*

(d) Japan

The Group participates in an employee's pension fund for all its employees in Japan. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to Employee's Pension Insurance Act.

During the year ended 31 December 2018, total amounts contributed by the Group to the schemes in the PRC, Hong Kong, the US and Japan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB47,708,000 (2017: RMB41,108,000).

46. Related Party Disclosures

Except as disclosed elsewhere in the consolidated financial statements, the Group also entered into the following material transactions or arrangements with related parties:

(a) Management services income from related companies

	2018 RMB'000	2017 RMB'000
Fellow subsidiaries		
蘇州保利協鑫光伏電力投資有限公司 Suzhou GCL-Poly Solar Power Investment Ltd.* ("Suzhou GCL-Poly")	**33,302**	33,302
GCL Solar Energy Limited	**3,309**	3,376
Joint ventures		
Jinhu	**14,898**	—
Wanhai	**7,800**	—
	59,309	36,678

蘇州協鑫新能源運營科技有限公司 (Suzhou GCL New Energy Operation and Technology Co., Ltd.*) ("Suzhou GCL Operation"), indirect wholly-owned subsidiary of the Company, provides operation and management services to the solar power plants of Suzhou GCL-Poly and its subsidiaries.

GCL New Energy International Limited, an indirect wholly-owned subsidiary of the Company, provided asset management and administrative services to GCL Solar Energy Limited for its overseas operations in South Africa and the US. GCL Solar Energy Limited is a subsidiary of GCL-Poly.

Suzhou GCL Operation provides operation and management services to the solar power plants of Jinhu and Wanhai. Jinhu and Wanhai are wholly-owned subsidiaries of Zhongmin GCL, a joint venture of the Group.

* English name for identification only

46. Related Party Disclosures *(continued)*

(b) Interest income from loans to joint ventures

	2018 RMB'000	2017 RMB'000
Yili	5,057	8,588
Jinhu	5,813	1,396
Himeji	80	—
	10,950	9,984

Details of the loans to joint ventures are set out in note 22.

(c) Interest on loans from related companies

	2018 RMB'000	2017 RMB'000
Fellow subsidiaries		
GCL-Poly (Suzhou)	22,911	53,467
Taicang GCL	3,889	4,200
揚州協鑫光伏科技有限公司		
Yangzhou GCL Photovoltaic Technology Co., Ltd.*	3,889	4,200
GCL Solar Energy Limited	1,645	5,485
	32,334	67,352
Ultimate holding company		
GCL-Poly	38,287	—
Associate of ultimate holding company		
Xinxin	39,470	—
Related companies		
GCL Group Limited	11,914	—
Nanjing Xinneng	579	—
	12,493	—
	122,584	67,352

* English name for identification only

Details of the loans from related companies are set out in note 29.

46. Related Party Disclosures *(continued)*

(d) Rental expense to a fellow subsidiary

	2018 RMB'000	2017 RMB'000
蘇州協鑫工業應用研究院有限公司 Suzhou GCL Industrial Applications Research Co., Ltd* ("Suzhou GCL Industrial Applications Research")	**24,966**	8,244

協鑫新能源投資（中國）有限公司 (GCL New Energy Investment (China) Co., Ltd*) ("GCL New Energy Investment"), an indirect wholly-owned subsidiary of the Company leased two premises from Suzhou GCL Industrial Applications Research, an indirect wholly-owned subsidiary of GCL-Poly.

* English name for identification only

(e) Profit attributable on perpetual notes

	2018 RMB'000	2017 RMB'000
GCL-Poly (Suzhou)	**52,697**	51,100
Taicang GCL	**15,190**	14,600
Suzhou GCL	**37,503**	33,398
Jiangsu GCL	**29,639**	32,302
	135,029	131,400

Profit distribution on perpetual notes

	2018 RMB'000	2017 RMB'000
GCL-Poly (Suzhou)	**—**	25,672
Taicang GCL	**—**	7,381
Suzhou GCL	**—**	18,230
Jiangsu GCL	**—**	14,032
	—	65,315

Perpetual notes are unsecured, have a variable distribution rate of 7.3% to 11% which could be deferred indefinitely at the option of the issuer and have no fixed repayment term. The notes are denominated in RMB.

46. Related Party Disclosures *(continued)*

(f) Guarantees granted by related companies

At 31 December 2018, certain bank and other loans of the Group amounting to RMB2,970,917,000 (2017: RMB4,355,384,000) were guaranteed by ultimate holding company and/or fellow subsidiaries.

(g) Guarantees provided to related companies

As at 31 December 2018, the Group provided guarantee to Huarong and Wanhai for certain of their bank and other borrowings amounting to RMB204,000,000 and RMB493,590,000, respectively. Since these bank and other borrowings are secured by their (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition.

(h) Compensation of key management personnel

The remuneration of senior management personnel, comprising directors' (whether executive or otherwise) remuneration during the year was as follows:

	2018	2017
	RMB'000	RMB'000
Short-term benefits	**15,203**	25,107
Post-employment benefits	**683**	623
Share-based payments	**2,804**	6,306
	18,690	32,036

The remuneration of the Directors and other key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

47. Events After Reporting Period

On 1 February 2019, the Group entered into certain agreements for a financing arrangement with 粵港澳大灣區產融資產管理有限公司 ("Greater Bay Area Asset Management Co. Ltd.") to obtain a financing of approximately RMB420,000,000 for a six-month period. Details are set out in the Company's announcement on the same date.

On 28 March 2019, the Group announced the disposal of 55% equity interests in approximately 280MW of its solar power plant projects to 五凌電力有限公司 ("Wuling Power Corporation Ltd."*), a subsidiary of China Power Investment Corporation at a consideration of approximately RMB246 million. Details are set out in the Company's announcement on the same date and the Directors are currently assessing the financial impact of the disposal.

* English name for identification only

48. Particulars of Principal Subsidiaries

48a. General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
Directly held:					
Pioneer Getter Limited	BVI	US$1	**100**	100	Investment holding
Bliss Corporate Group Limited	BVI	US$1	**100**	100	Investment holding
Indirectly held:					
協鑫新能源國際有限公司 GCL New Energy International Limited	Hong Kong	HK$1	**100**	100	Investment holding
協鑫新能源發展有限公司 GCL New Energy Development Limited	Hong Kong	HK$1	**100**	100	Investment holding
協鑫新能源管理有限公司 GCL New Energy Management Limited	Hong Kong	HK$1	**100**	100	Investment holding
協鑫新能源貿易有限公司 GCL New Energy Trading Limited	Hong Kong	HK$1	**100**	100	Investment holding
GCL New Energy Investment[2]	PRC	US$1,188,000,000 (2017: US$889,000,000)	**100**	100	Investment holding
Suzhou GCL Operation[3]	PRC	RMB50,000,000	**100**	100	Investment holding
南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd.[1, 2]	PRC	US$1,188,000,000	**100**	100	Investment holding
蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Company Limited[1, 3]	PRC	RMB12,928,250,000	**92.82**	92.82	Investment holding
南京協鑫新能源科技有限公司 Nanjing GCL New Energy Technology Co., Ltd.[1, 3]	PRC	RMB300,000,000	**100**	100	Investment holding
鎮江協鑫新能源發展有限公司 Zhenjiang GCL New Energy Development Co., Ltd.[1, 3]	PRC	RMB33,000,000	**100**	100	Investment holding

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
包頭市中利騰暉光伏發電有限公司 Bao Tou Shi Zhong Li Photovoltaic Co., Ltd.[1, 3]	PRC	RMB110,000,000	**100**	100	Operation of solar power plants
冊亨協鑫光伏電力有限公司 Ce Heng Solar Power Co., Ltd.[1, 3]	PRC	RMB130,000,000	**100**	100	Operation of solar power plants
德令哈協合光伏發電有限公司 Delingha Century Concord Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB222,000,000	**100**	100	Operation of solar power plants
汾西縣協鑫光伏電力有限公司 Fenxi GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB130,000,000	**100**	100	Operation of solar power plants
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB165,000,000	**100**	100	Operation of solar power plants
高唐縣協鑫晶輝光伏有限公司 Gaotang Xian GCL Jing Hui Photovoltaic Co., Ltd.[1, 3]	PRC	RMB81,000,000	**100**	100	Operation of solar power plants
哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Co., Ltd.[1, 3]	PRC	RMB181,960,000	**100**	100	Operation of solar power plants
海豐縣協鑫光伏電力有限公司 Haifeng Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB155,900,000	**100**	100	Operation of solar power plants
海南州世能光伏發電有限公司 Hainan Zhou Shi Neng Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB60,000,000	**100**	100	Operation of solar power plants
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping Solar Energy Development Limited[1, 3]	PRC	RMB130,000,000	**100**	100	Operation of solar power plants
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.[1, 3]	PRC	RMB222,000,000	**96.35**	96.35	Operation of solar power plants
湖北省麻城市金伏太陽能電力有限公司 Hubei Macheng Jinfu Solar Energy Limited [1, 3]	PRC	RMB191,000,000	**100**	100	Operation of solar power plants

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
淮北鑫能光伏電力有限公司 Huaibei Xinneng Solar Power Co., Ltd.[1, 3]	PRC	RMB90,000,000	**100**	100	Operation of solar power plants
江陵縣協鑫光伏電力有限公司 Jiangling Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB230,000,000	**100**	100	Operation of solar power plants
靖邊縣順風新能源有限公司 Jingbian Shunfeng New Energy Limited[1, 3]	PRC	RMB68,550,000	**95**	95	Operation of solar power plants
靖邊協鑫光伏電力有限公司 Jingbian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB80,000,000	**100**	100	Operation of solar power plants
開封華鑫新能源開發有限公司 Kaifeng Hua Xin New Energy Development Co., Ltd.[1, 3]	PRC	RMB200,000,000	**100**	100	Operation of solar power plants
Lanxi Solar[3]	PRC	RMB60,320,000 (2017: RMB30,000,000)	**100**	100	Operation of solar power plants
林州市新創太陽能有限公司 Linzhou Xin chuang.[1, 3]	PRC	RMB107,000,000	**100**	100	Operation of solar power plants
猛海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.[1, 3]	PRC	RMB85,000,000	**100**	100	Operation of solar power plants
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy Development Company Limited [1, 3]	PRC	RMB273,600,000	**90.1**	90.1	Operation of solar power plants
寧夏金禮光伏電力有限公司 Ningxia Jinli Photovoltaic Electric Power Co., Ltd.[1, 3]	PRC	RMB86,830,000	**100**	100	Operation of solar power plants
寧夏金信光伏電力有限公司 Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.[1, 3]	PRC	RMB126,300,000	**100**	100	Operation of solar power plants
寧夏中衛協鑫光伏電力有限公司 Ningxia Zhongwei GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB61,600,000	**100**	100	Operation of solar power plants

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
淇縣協鑫新能源有限公司 Qixian GCL New Energy Limited [1, 3]	PRC	RMB84,000,000	**100**	100	Operation of solar power plants
汝陽協鑫新能源有限公司 Ruyang GCL New Energy Limited [1, 3]	PRC	RMB146,000,000	**100**	100	Operation of solar power plants
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB150,000,000	**100**	100	Operation of solar power plants
芮城縣協鑫光伏電力有限公司 Ruicheng Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB134,000,000	**100**	100	Operation of solar power plants
三門峽協立光伏電力有限公司 San Men Xia Xie Li Solar Power Co., Ltd.[1, 3]	PRC	RMB65,000,000	**100**	100	Operation of solar power plants
山西佳盛能源股份有限公司 Shanxi Jiasheng Energy Holding Ltd.[1, 3]	PRC	RMB50,000,000	**96**	96	Operation of solar power plants
上林協鑫光伏電力有限公司 Shanglin GCL Solar Power Co., Ltd. ("Shanglin GCL")[1, 3]	PRC	RMB124,800,000 (2017: RMB84,800,000)	**67.95 (note 48c(d))**	100	Operation of solar power plants
尚義元辰新能源開發有限公司 Shangyi Yuanchen New Energy Development Company Limited ("Shangyi")[1, 3]	PRC	RMB400,650,000	**100**	100	Operation of solar power plants
Shenmu Jingfu[3]	PRC	RMB75,400,000	**80**	80	Operation of solar power plants
Shenmu Jingpu[3]	PRC	RMB266,400,000	**80**	80	Operation of solar power plants
神木市平西電力有限公司 Shenmu PingXi Power Co., Ltd.[1, 3]	PRC	RMB82,000,000 (2017: RMB20,000,000)	**100**	100	Operation of solar power plants
神木市平元電力有限公司 Shenmu PingYuan Power Co., Ltd.[1, 3]	PRC	RMB20,000,000	**100**	100	Operation of solar power plants

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
Guotai[3]	PRC	RMB20,000,000	**80**	—	Operation of solar power plants
Jingdeng[3]	PRC	RMB50,000,000	**80**	—	Operation of solar power plants
石城協鑫光伏電力有限公司 Shicheng GCL Solar Power Co., Ltd. ("Shicheng")[1, 3]	PRC	RMB112,838,100	**51 (note 48c(b))**	70	Operation of solar power plants
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited[1, 3]	PRC	RMB63,960,000	**100**	100	Operation of solar power plants
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Limited.[1, 3]	PRC	RMB50,000,000	**100**	100	Operation of solar power plants
新安縣協鑫光伏電力有限公司 Xinan Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB120,000,000	**100**	100	Operation of solar power plants
宿州協鑫光伏電力有限公司 Su zhou GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB74,000,000	**100**	100	Operation of solar power plants
鹽邊鑫能光伏電力有限公司 Yan bian Xin Neng Solar Power Co., Ltd.[1, 3]	PRC	RMB56,000,000	**100**	100	Operation of solar power plants
鹽源縣白烏新能源科技有限公司 Yan yuan Xian Bai Wu New Energy Technology Co., Ltd.[1, 3]	PRC	RMB113,000,000	**100**	100	Operation of solar power plants
餘幹縣協鑫新能源有限責任公司 Yugan GCL New Energy Limited[1, 3]	PRC	RMB139,300,000	**100**	100	Operation of solar power plants
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.[1, 3]	PRC	RMB171,800,000	**99.4**	99.4	Operation of solar power plants
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Limited[1, 3]	PRC	RMB465,000,000	**100**	100	Operation of solar power plants

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
榆林市榆神工業區東投能源有限公司 Yulin Yu Shen Industrial Area Energy Co., Ltd.[1, 3]	PRC	RMB170,000,000	**100**	100	Operation of solar power plants
元謀綠電新能源開發有限公司 Yuanmou Green Power New Energy Development Limited[1, 3]	PRC	RMB85,000,000	**80**	80	Operation of solar power plants
鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co,. Ltd.[1, 3]	PRC	RMB58,597,800 (2017: RMB1,000,000)	**100**	100	Operation of solar power plants
張家港協鑫光伏電力有限公司 Zhang Jia Gang GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB72,414,000	**100**	100	Operation of solar power plants
正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Company Limited[1, 3]	PRC	RMB125,000,000	**99.2**	99.2	Operation of solar power plants
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.[1, 3]	PRC	RMB105,500,000	**100**	100	Operation of solar power plants
東海縣協鑫光伏電力有限公司 Donghai GCL Solar Energy Co., Ltd.[1, 3]	PRC	RMB54,470,000	**100**	100	Operation of solar power plants
阜寧縣鑫源光伏電力有限公司 Fu Ning Xian Xin Yuan Solar Power Co., Ltd.[1, 3]	PRC	RMB52,000,000	**100**	100	Operation of solar power plants
峨山永鑫光伏發電有限公司 E Shan Yongxin Photovoltaic Electric Power Co., Ltd.[1, 3]	PRC	RMB1,000,000	**100**	100	Operation of solar power plants
碭山協鑫光伏電力有限公司 Dang Shan GCL Solar Power Co., Ltd. [1, 3]	PRC	RMB44,000,000	**100**	100	Operation of solar power plants
欽州鑫金光伏電力有限公司 Qinzhou Xin Jin Solar Power Co., Ltd. ("Qinzhou")[1, 3]	PRC	RMB134,950,000 (2017: RMB94,590,000)	**70.36 (note 48c(c))**	100	Operation of solar power plants

48. Particulars of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Interest held 2018 %	Interest held 2017 %	Principal activities
永城鑫能光伏電力有限公司 Yongcheng Xin Neng Photovoltaic Electric Power Co, Ltd.[1, 3]	PRC	RMB101,600,000 (2017: RMB1,000,000)	**100**	100	Operation of solar power plants
商水協鑫光伏電力有限公司 Shang Shui GCL Photovoltaic Electric Power Co, Ltd.[1, 3]	PRC	RMB130,000,000	**100**	100	Operation of solar power plants
紅河縣瑞欣光伏發電有限公司 Honghe Xian Rui Xin Photovoltaic Electric Power Co., Ltd.[1, 3]	PRC	RMB48,000,000	**100**	100	Operation of solar power plants
盂縣協鑫光伏電力有限公司 Yu County GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB140,000,000	**100**	100	Operation of solar power plants
微山鑫能光伏電力有限公司 Weishan Xin Neng Solar Power Co., Ltd.[1, 3]	PRC	RMB75,000,000	**100**	100	Operation of solar power plants
Huzhu Haoyang. [3]	PRC	RMB66,000,000	**100**	100	Operation of solar power plants
科爾沁右翼前旗鑫晟光伏電力有限公司 Horqin Youyi Qianqi Xin Sheng Photovoltaic Electric Power Co, Ltd.[1, 3]	PRC	RMB80,000,000	**99**	99	Operation of solar power plants

1 English name for identification only

2 Foreign investment enterprises

3 Domestic PRC Companies

The above table lists the subsidiaries of the Group which in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Other than Suzhou GCL New Energy issued green bonds as disclosed in note 31, none of the subsidiaries had issued any debt securities at the end of the year.

48. Particulars of Principal Subsidiaries *(continued)*

48b. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests as at 31 December 2018 and 31 December 2017:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	**2018 RMB'000**	2017 RMB'000	**2018 RMB'000**	2017 RMB'000
Suzhou GCL New Energy	PRC	**7.18%**	7.18%	**131,099**	3,847	**1,255,055**	1,163,955
Non-wholly owned subsidiaries of Suzhou GCL New Energy				**13,546**	4,688	**310,173**	145,032
				144,645	8,535	**1,565,228**	1,308,987

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations as at 31 December 2018 and 2017.

Suzhou GCL New Energy and subsidiaries	**2018 RMB'000**	2017 RMB'000
Current assets	**17,760,249**	12,123,026
Non-current assets	**45,667,922**	42,598,673
Current liabilities	**18,461,992**	13,470,533
Non-current liabilities	**27,176,130**	24,895,050
Equity attributable to owners of the Company	**16,224,821**	15,047,129
Non-controlling interests of Suzhou GCL New Energy	**1,255,055**	1,163,955
Non-controlling interests of Suzhou GCL New Energy's subsidiaries	**310,173**	145,032

48. Particulars of Principal Subsidiaries *(continued)*

48b. Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Suzhou GCL New Energy and subsidiaries	2018 RMB'000	2017 RMB'000
Revenue	**5,465,931**	3,868,892
Profit for the year	**1,838,185**	1,453,474
Profit attributable to owners of the Company	**1,693,540**	1,444,939
Profit attributable to the non-controlling interests of Suzhou GCL New Energy	**131,099**	3,847
Profit attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**13,546**	4,688
Profit for the year	**1,838,185**	1,453,474
Other comprehensive income attributable to owners of the Company	**—**	—
Other comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy	**—**	—
Other comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**—**	—
Other comprehensive income for the year	**—**	—
Total comprehensive income attributable to owners of the Company	**1,693,540**	1,444,939
Total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy	**131,099**	3,847
Total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**13,546**	4,688
Total comprehensive income for the year	**1,838,185**	1,453,474
Dividends paid to non-controlling interests of Suzhou GCL New Energy and its subsidiaries	**44,685**	—
Net cash inflow from operating activities	**3,118,616**	1,615,027
Net cash outflow from investing activities	**(4,752,411)**	(11,335,898)
Net cash inflow from financing activities	**237,988**	10,308,977
Net cash (outflow) inflow	**(1,395,807)**	588,106

48. Particulars of Principal Subsidiaries *(continued)*

48c. Change in ownership interest in subsidiaries

Year ended 31 December 2018

(a) 碭山鑫能光伏電力有限公司 (Dangshan Xin Neng Solar Power Company Limited*) ("Dangshan")

In March 2018, Dangshan entered into a solar power project co-operation agreement with an independent third party and received a capital contribution in cash amounting to RMB14,850,000; accordingly, the equity interest held by the Group has been diluted to 67%. An amount of approximately RMB16,674,000 (being the proportionate share of the carrying amount of the net assets of Dangshan) has been transferred to non-controlling interests.

(b) Shicheng

In September 2018, the Group disposed of 19% equity interest in Shicheng at a consideration of RMB21,544,000 to an independent third party, and decreased its shareholding in Shicheng to 51%. An amount of approximately RMB27,095,000 (being the proportionate share of the carrying amount of the net assets of Shicheng) has been transferred to non-controlling interests.

(c) Qinzhou

In November 2018, Qinzhou entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB40,000,000; accordingly, the equity interest held by the Group has been diluted to 70.36%. An amount of approximately RMB42,560,000 (being the proportionate share of the carrying amount of the net assets of Qinzhou) has been transferred to non-controlling interests.

(d) Shanglin GCL

In November 2018, Shanglin GCL entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB40,000,000; accordingly, the equity interest held by the Group has been diluted to 67.95%. An amount of approximately RMB44,271,000 (being the proportionate share of the carrying amount of the net assets of Shanglin GCL) has been transferred to non-controlling interests.

* The English name is for identification purpose only.

48. Particulars of Principal Subsidiaries *(continued)*

48c. Change in ownership interest in subsidiaries *(continued)*

Year ended 31 December 2017

(a) Suzhou GCL New Energy

During the year ended 31 December 2017, Suzhou GCL New Energy, a then wholly-owned subsidiary of the Group, entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB1,471,698,000 (after deduction of the related transaction expenses of RMB28,302,000) which diluted the equity interest held by the Group to 92.82%. An amount of approximately RMB1,160,108,000 (being the proportionate share of the carrying amount of the net assets of Suzhou GCL New Energy) has been transferred to non-controlling interests. The difference of RMB528,470,000 between the increase in the non-controlling interests, proportionate share of retained earnings and legal reserves by the non-controlling interests, and the consideration received RMB339,892,000 has been credited to special reserve.

(b) Shangyi

The Group acquired the remaining 5% equity interest in Shangyi not previously owned at RMB19,000,000, and increased its shareholdings to 100% during the year ended 31 December 2017. The proportionate share of the carrying amount of the net assets of Shangyi is RMB10,050,000 at the date of acquisition. The difference of RMB8,950,000 between the decrease in the non-controlling interests and the consideration paid has been debited to special reserve. Cash of RMB2,559,000 was paid by the Group and the remaining of RMB11,441,000 and RMB5,000,000 were settled by bills receivable and set off with the deposit paid in prior year, respectively.

49. Summary Financial Information of the Company

Statement of financial position

	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS		
Interest in subsidiaries	**2,452,432**	1,785,518
Amounts due from subsidiaries *(Note)*	**6,764,185**	4,612,045
	9,216,617	6,397,563
CURRENT ASSETS		
Prepayments	**937**	893
Amounts due from joint ventures	**32**	32
Bank balances and cash	**13,489**	962,975
	14,458	963,900
CURRENT LIABILITIES		
Accruals and other payables	**130,679**	29,366
Amount due to a subsidiary	**27,944**	—
Bank borrowings	**1,728,290**	1,351,381
Convertible bonds	**—**	925,642
	1,886,913	2,306,389
NET CURRENT LIABILITIES	**(1,872,455)**	(1,342,489)
TOTAL ASSETS LESS CURRENT LIABILITIES	**7,344,162**	5,055,074
NON-CURRENT LIABILITIES		
Bank borrowings	**—**	968,937
Bonds payable	**3,398,063**	—
	3,398,063	968,937
NET ASSETS	**3,946,099**	4,086,137
CAPITAL AND RESERVES		
Share capital	**66,674**	66,674
Reserves	**3,879,425**	4,019,463
TOTAL EQUITY	**3,946,099**	4,086,137

Note: ECL for amounts due from subsidiaries and joint ventures, and bank balances and cash are assessed on a 12m ECL basis as there had been no significant increase in credit risk since initial recognition and impairment allowance is considered to be insignificant.

49. Summary Financial Information of the Company *(continued)*

Movement in reserves

	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Financial liabilities at FVTPL credit risk reserve *(Note)* RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2017	4,265,230	56,318	(64,015)	—	197,911	(221,286)	4,234,158
Loss for the year and total comprehensive expense for the year	—	—	—	—	—	(248,401)	(248,401)
Recognition of equity settled share-based payments *(note 36)*	—	—	—	—	33,706	—	33,706
Forfeitures of share options *(note 36)*	—	—	—	—	(21,851)	21,851	—
At 31 December 2017	4,265,230	56,318	(64,015)	—	209,766	(447,836)	4,019,463
Adjustment to retained earnings attributable to change in credit risk of convertible bonds	—	—	—	(10,445)	—	10,445	—
At 1 January 2018	**4,265,230**	**56,318**	**(64,015)**	**(10,445)**	**209,766**	**(437,391)**	**4,019,463**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(152,609)**	**(152,609)**
Other comprehensive expense	**—**	**—**	**—**	**(108)**	**—**	**—**	**(108)**
Total comprehensive expense for the year	**—**	**—**	**—**	**(108)**	**—**	**(152,609)**	**(152,717)**
Redemption of convertible bonds	**—**	**—**	**—**	**10,553**	**—**	**(10,553)**	**—**
Recognition of equity settled share-based payments *(note 36)*	**—**	**—**	**—**	**—**	**12,679**	**—**	**12,679**
Forfeitures of share options *(note 36)*	**—**	**—**	**—**	**—**	**(7,621)**	**7,621**	**—**
At 31 December 2018	**4,265,230**	**56,318**	**(64,015)**	**—**	**214,824**	**(592,932)**	**3,879,425**

Note: Financial liabilities at FVTPL credit risk reserve represents the amount of change in fair value of the convertible bonds issued by the Company, which is classified as financial liabilities designated as at FVTPL under IFRS 9, that is attributable to changes in credit risk of the convertible bonds and transfer to accumulated losses on redemption.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended				For the nine months ended
	31 December 2018 RMB'000	31 December 2017 RMB'000	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)	31 December 2014 RMB'000 (Restated)
Results (for continuing and discontinued operations)					
Revenue	**5,632,397**	4,785,113	3,737,989	1,969,899	930,433
Profit (loss) attributable to owners of the Company	**469,680**	841,439	130,386	(15,229)	(89,397)

	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000	As at 31 December 2015 RMB'000	As at 31 December 2014 RMB'000
Assets and liabilities					
Total assets	**61,179,861**	55,434,344	41,478,178	23,502,458	7,863,792
Total liabilities	**(51,478,321)**	(46,638,402)	(35,058,574)	(21,060,419)	(5,575,071)
Total equity	**9,701,540**	8,795,942	6,419,604	2,442,039	2,288,721

The financial year-end date of GCL New Energy Holdings Limited has been changed from 31 March to 31 December commencing from the financial period ended 31 December 2014.

For the year ended 31 December 2018, the Group has applied International Financial Standard ("IFRS") 9 and IFRS 15 for the first time. The impact of IFRS 9 and IFRS 15 upon initial recognition on 1 January 2018 are recognised in the opening retained profits and other components of equity without restating the comparative information.

BOARD OF DIRECTORS

Executive Directors

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping *(President)*
Ms. HU Xiaoyan

Non-executive Directors

Ms. SUN Wei
Mr. SHA Hongqiu
Mr. YEUNG Man Chung, Charles
Mr. HE Deyong

Independent Non-executive Directors

Mr. WANG Bohua
Mr. XU Songda
Mr. LEE Conway Kong Wai
Mr. WANG Yanguo
Dr. CHEN Ying

BOARD COMMITTEES

Audit Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda

Remuneration Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. ZHU Yufeng
Ms. SUN Wei
Mr. WANG Bohua
Mr. WANG Yanguo

Nomination Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda
Mr. WANG Yanguo

Corporate Governance Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping
Ms. HU Xiaoyan
Mr. YEUNG Man Chung, Charles
Mr. XU Songda
Mr. LEE Conway Kong Wai

Investment Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping *(Vice-Chairman)*
Ms. HU Xiaoyan *(Vice-Chairman)*

Strategic Planning Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping
Ms. HU Xiaoyan
Ms. SUN Wei
Mr. WANG Bohua
Mr. XU Songda

COMPANY SECRETARY

Mr. HO Yuk Hay

AUTHORISED REPRESENTATIVES

Mr. YEUNG Man Chung, Charles
Mr. HO Yuk Hay

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

Bank of China Limited
China Development Bank
Industrial and Commercial Bank of China Limited
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Share Registrar and Transfer Agent

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law

King & Wood Mallesons
13/F Gloucester Tower, The Landmark,
15 Queen's Road Central
Hong Kong

As to PRC law

Grandall Law Firm (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

SHARE INFORMATION

Stock Code:	451
Board Lot Size:	2,000
Issued Shares as at 31 December 2018:	19,073,715,441 shares

LINKS TO OFFICIAL WEBSITE/ WECHAT PLATFORM OF THE COMPANY

Website: www.gclnewenergy.com/
WeChat ID: gclnewenergy

"2014 Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2014
"Adjusted Exercise Price"	adjusted exercise price due to rights issue
"AGM"	the annual general meeting of the Company to be convened and held at Jade Room, 6/F, Marco Polo Hongkong Hotel, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 12 June 2019 at 9:30 a.m.
"Asset Management and Administrative Service Agreement"	the agreement dated 19 May 2016 between GCL New Energy International and GCL Solar Energy in relation to certain asset management and administrative services to be provided by GCL New Energy International to GCL Solar Energy
"Audit Committee"	the audit committee of the Company
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda (as amended from time to time)
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"associate(s)", "connected person(s)", "controlling shareholder(s)", and "substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Catalogue"	Renewable Energy Tariff Subsidy Catalogue
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China
"Company" or "GCL New Energy"	GCL New Energy Holdings Limited
"Company Secretary"	the company secretary of the Company
"Corporate Communications"	including but not limited to: (a) the directors' reports, annual accounts together with the independent auditor's reports and, where applicable, summary financial reports; (b) interim reports and, where applicable, summary interim reports; (c) notices of meetings; (d) listing documents; (e) circulars; and (f) proxy forms
"Corporate Governance Committee"	the corporate governance committee of the Company
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company from time to time
"EBIT"	earnings before interest and tax
"EBITDA"	earnings before interest, tax, depreciation and amortization

"First Lease Agreement"	the lease agreement between GCL New Energy Investment and Suzhou GCL Industrial Applications Research dated 29 September 2017
"First Premises"	the premises situated at 4th floor of headquarters building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC
"GCL-Poly"	GCL-Poly Energy Holdings Limited 保利協鑫能源控股有限公司, a company listed on the Main Board of the Stock Exchange (stock code: 3800). As at the date of this report, GCL-Poly is interested in approximately 62.28% of the issued share capital of Company and is a substantial shareholder of the Company within the meaning of Part XV of the SFO
"GCL-Poly (Suzhou)"	GCL-Poly (Suzhou) New Energy Co., Ltd.* 保利協鑫（蘇州）新能源有限公司
"GCL Electric"	GCL Electric Power Design and Research Co., Ltd.*（協鑫電力設計研究有限公司）
"GCL New Energy International"	GCL New Energy International Limited
"GCL Solar Energy"	GCL Solar Energy Limited
"GCL System Integration"	GCL System Integration Technology Co., Ltd. 協鑫集成科技股份有限公司, a company listed on the Small & Medium Enterprises Board of the SZSE (stock code: 002506). As at the date of this report, GCL System Integration is interested in approximately 10.01% of the issued share capital of Company and is a substantial shareholder of the Company within the meaning of Part XV of the SFO
"Golden Concord"	Golden Concord Holdings Limited
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Internal Control Function"	the internal control function of the Group
"Investment Committee"	the investment committee of the Company
"kWh"	kilowatt hour
"Lease Agreements"	the First Lease Agreement and the Second Lease Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatts

"MWh"	megawatt hour
"Nanjing GCL New Energy"	Nanjing GCL New Energy Development Co., Ltd* 南京協鑫新能源發展有限公司
"NDRC"	National Development and Reform Commission
"Operation Service Agreement"	the operation service agreement between Suzhou GCL Operation and Suzhou GCL-Poly dated 11 July 2017
"Nomination Committee"	the nomination committee of the Company
"Non-exempt Continuing Connected Transactions"	all the continuing connected transactions stipulated in paragraphs "Management Services Income", "Staff Training Agreement", and "Lease Agreement" in the "Report of the Directors"
"PCB(s)"	printed circuit boards
"PCB Business" or "discontinued operations"	the manufacturing and selling of PCB
"Protiviti"	Protiviti Consulting (Shanghai) Company Limited
"PV"	photovoltaic
"Reporting Period"	the year ended 31 December 2018
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Second Lease Agreement"	the lease agreement between GCL Electric and Suzhou GCL Industrial Applications Research dated 29 September 2017
"Second Premises"	the premises situated at Northwest Area, 2nd floor of research and development building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK$0.0041̇6) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SHSE"	Shanghai Stock Exchange
"Solar Energy Business" or "continued operations"	the development, construction, operation and management of solar power plants

"Staff Training Agreement"	the staff training agreement between GCL New Energy Investment and Suzhou Xin Zhi Hai dated 25 May 2017
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Planning Committee"	the strategic planning committee of the Company
"Suzhou GCL-Poly"	Suzhou GCL Poly Solar Power Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司
"Suzhou GCL Industrial Applications Research"	Suzhou GCL Industrial Applications Research Co., Ltd.* 蘇州協鑫工業應用研究院有限公司
"Suzhou GCL New Energy"	Suzhou GCL New Energy Investment Co., Ltd.* 蘇州協鑫新能源投資有限公司
"Suzhou GCL New Energy Development"	Suzhou GCL Energy Development Company Limited* 蘇州協鑫新能源發展有限公司
"Suzhou GCL Operation"	Suzhou GCL New Energy Operation and Technology Co., Ltd.* 蘇州協鑫新能源運營科技有限公司
"Suzhou Xin Zhi Hai"	Suzhou Xin Zhi Hai Management Consulting Co., Ltd.* 蘇州鑫之海企業管理諮詢有限公司
"SZSE"	Shenzhen Stock Exchange
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States
"Zhu Family Trust"	a trust, under which Mr. Zhu Yufeng and his family are beneficiaries

* English name for identification only

APPENDIX 8 DEED OF RELEASE

DEED OF RELEASE

Dated _____

by

THE SCHEME CREDITORS

in favour of

THE RELEASE DEED BENEFICIARIES

THIS DEED OF RELEASE is dated _____ and is made by:

THE SCHEME CREDITORS under and as defined in the Scheme (as defined below) (the "**Scheme Creditors**"), acting by GCL New Energy Holdings Limited (the "**Company**") pursuant to the authority conferred upon the Company by the Scheme Creditors pursuant to clause 9 of the Scheme,

in favour of:

THE RELEASE DEED BENEFICIARIES (as defined below).

WHEREAS:

(A) The Company has entered into a scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda (the "**Scheme**") with the Scheme Creditors.

(B) Pursuant to and on the terms of the Scheme, the Scheme Claims and certain other Claims of the Scheme Creditors are being released as set out more fully in the Scheme.

(C) Under the authority conferred by the Scheme, the Company has been authorised under clause 9 of the Scheme and instructed to execute and deliver this Deed on behalf of the Scheme Creditors in order to facilitate the transactions contemplated by the Scheme.

(D) It is intended that this document takes effect as a deed notwithstanding the fact that a party may only execute this document by hand.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

Terms defined in the Scheme shall, unless otherwise defined in this Deed or unless a contrary intention appears, bear the same meaning when used in this Deed, and the following terms shall have the following meanings:

"**Committee Party**" means each Noteholder that is a member of the Committee and its successors, assigns, Designated Recipients, Affiliates and Personnel and each Committee Adviser.

"**Released Claim**" means any Scheme Claim or any past, present and/or future Claim arising out of, relating to or in respect of: (a) the Scheme Claims and any of the facts and matters giving rise to the Scheme Claims; (b) the preparation, negotiation, sanction or implementation of the Scheme and/or the RSA; and/or (c) the preparation, negotiation and/or execution of the Restructuring Documents and the carrying out of the steps and transactions contemplated therein in accordance with their terms.

"**Release Deed Beneficiaries**" means: (a) the Company and its Affiliates and its and their respective Personnel; and (b) each member of the Committee, the Committee Advisers, the Advisers and each of their respective Personnel and Affiliates.

"**Released Person**" means the Company and its Affiliates and its and their respective Personnel.

"**Scheme Creditor Parties**" means, in respect of a Scheme Creditor, its predecessors, successors, assigns, Designated Recipients, Affiliates and Personnel.

1.2 **Construction**

In this Deed, save where the context otherwise requires:

(a) the singular shall include the plural and *vice versa*;

(b) the headings do not affect the interpretation of this Deed;

(c) a reference to a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;

(d) a reference to a regulation includes a regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supernatural body, agency, department or regulatory, self-regulatory or other authority or organisation;

(e) a reference to a Clause, a Subclause or a Schedule is a reference to a clause or subclause of, or a schedule to, this Deed;

(f) a reference to any document is a reference to that document as amended, supplemented, novated or restated; and

(g) a reference to a person includes any individual, company, corporation, unincorporated association, trust or body (including a partnership, company, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality.

2. RELEASES, WAIVERS AND UNDERTAKINGS

2.1 With immediate effect on and from the Restructuring Effective Date and conditional upon completion of each of the steps outlined in paragraphs (a) to (e) (inclusive) of clause 7.2 of the Scheme and subject to clause 26 of the Scheme, each Scheme Creditor (on behalf of itself and its respective successors, assigns and representatives) conclusively, irrevocably, unconditionally, fully and absolutely:

(a) waives, discharges and releases all of its rights, title and interests in and to its Scheme Claims, in consideration for its entitlement to receive the Scheme Consideration in accordance with the Scheme;

(b) waives, discharges and releases any right or remedy it may have (i) under the Note Documents and/or otherwise against any Released Person and/or Committee Party in relation to any breaches or defaults under the Note Documents or (ii) in connection with the implementation of the Scheme and the execution of the Restructuring Documents;

(c) ratifies and confirms everything which any Released Person may lawfully do or cause to be done in accordance with any authority conferred by the Scheme and agrees not to challenge:

(i) the validity of any act done or omitted to be done, as permitted by the terms of the Scheme; or

(ii) the exercise or omission to exercise of any power conferred in accordance with the provisions of the Scheme,

in each case in good faith by any Released Person;

(d) waives, releases and discharges each and every Released Claim which it ever had, may have or hereafter can, shall or may have against any Released Person and/or Committee Party; and

(e) undertakes to the Released Persons that it will not, and shall use all reasonable endeavours to procure that its Scheme Creditor Parties will not, commence or continue, or instruct, direct or authorise any other Person to commence or continue, any Proceedings in respect of or arising from any Released Claim other than an Allowed Proceeding.

2.2 Each Scheme Creditor acknowledges and agrees that, and shall use all reasonable endeavours to procure that each of its Scheme Creditor Parties acknowledges and agrees that:

(a) it may later discover facts in addition to or different from those which it presently knows or believes to be true with respect to the subject matter of the Scheme;

(b) it is its intention to fully, and finally forever settle and release any and all matters, disputes and differences, whether known or unknown, suspected or unsuspected, which presently exist, may later exist or may previously have existed between it and any of the Released Persons and/or Committee Parties in respect of the Released Claims on the terms set out in the Scheme; and

(c) in furtherance of this intention, the waivers, releases and discharges given in this Deed and the Scheme shall be, and shall remain, in effect as full and complete general waivers, releases and discharges notwithstanding the discovery or existence of any such additional or different facts.

2.3 Each Scheme Creditor hereby further agrees and covenants not to, and shall not, on or following the Restructuring Effective Date, commence, prosecute or continue, or assist or otherwise aid any other entity in the commencement, prosecution or continuation (whether directly, derivatively or otherwise) of any (a) Released Claim or (b) Proceeding against any of the Released Persons and/or Committee Parties (or any property of any of the Released Persons and/or Committee Parties), in respect of any Scheme Claim or any Released Claim; in each case, other than any Allowed Proceeding.

2.4 The releases, waivers and undertakings under this Clause 2 shall:

(a) not prejudice or impair any rights of any Scheme Creditor: (i) created under the Scheme or any other Restructuring Document (including without limitation any right to commence

and/or continue any Allowed Proceeding); and/or (ii) which arise as a result of a failure by the Company or any party to the Scheme to comply with any terms of the Scheme or any other Restructuring Document, and all such rights shall remain in full force and effect;

(b) not prejudice or impair any claims or causes of action of any Scheme Creditor arising from or relating to the negligence, breach of fiduciary duty, fraud, dishonesty, wilful default or wilful misconduct of any other party which is seeking to rely on such releases, waivers or undertakings; and

(c) not require a Scheme Creditor to procure any undertaking or acknowledgement from, or action by any entity from which such Scheme Creditor acquired its rights in respect of any Scheme Claim and/or to whom such Scheme Creditor has transferred or transfers its rights in respect of any Scheme Claim.

3. FURTHER ASSURANCE

3.1 At the reasonable request and cost of any Release Deed Beneficiary, the Scheme Creditors shall, and shall use reasonable endeavours to procure that their respective Scheme Creditor Parties shall, execute and deliver such documents, and do such things, as may reasonably be required to give full effect to this Deed, including without limitation, to perfect or evidence any release, waiver or discharge referred to in this Deed.

3.2 In addition, where this Deed requires a Scheme Creditor to take any action at the cost of any Release Deed Beneficiary, the relevant Scheme Creditor shall not be required to take such action unless that Scheme Creditor is prefunded by the Release Deed Beneficiary (on demand by that Scheme Creditor) in an amount that reflects that Scheme Creditor's reasonable estimate of the out-of-pocket costs likely to be incurred by that Scheme Creditor in undertaking the relevant action. The Scheme Creditor shall refund to the relevant Release Deed Beneficiary any part of the prefunding that it does not actually expend in undertaking the relevant action.

4. SEVERABILITY

If any provision or part-provision of this Deed is invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision shall not affect the validity and enforceability of the rest of this Deed.

5. THIRD PARTIES

5.1 Each Release Deed Beneficiary and any of its respective current, future and former direct and indirect Affiliates, equity holders, members, managing members, officers, directors, partners, employees, advisers, principals, attorneys, professional advisers, accountants, investment bankers, consultants, agents, and representatives (including their Affiliates) may rely on this Deed and enforce any of its terms as if it were a party to this Deed.

5.2 Subject to Clause 5.1, a person who is not a party to this Deed has no rights under this Deed to enforce and enjoy the benefit of any terms of this Deed.

5.3 Notwithstanding any term of this Deed, the consent of any person who is not a Party is not required to rescind or vary this Deed at any time.

6. AMENDMENT AND WAIVERS

6.1 No variation of this Deed shall be effective unless such variation is in accordance with clause 24 of the Scheme.

7. GOVERNING LAW AND JURISDICTION

7.1 This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of the State of New York.

7.2 Each Scheme Creditor hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of any New York State or United States Federal court sitting in the Borough of Manhattan, New York City, New York over any suit, action or proceeding arising out of or relating to this Deed.

EXECUTION PAGES

IN WITNESS whereof this Deed has been executed as a deed and is intended to be and is hereby delivered by **GCL New Energy Holdings Limited** by its duly authorised officers on behalf of the Scheme Creditors on the date above first written.

SCHEME CREDITORS

EXECUTED as a **DEED** by	)
THE SCHEME CREDITORS	)
acting by	)
GCL New Energy Holdings Limited	)
appointed by each of them as their attorney and agent	)
pursuant to the authority conferred upon the Company	)
by the Scheme Creditors under the Scheme	)

Authorised Signatory _____

(sign)
Name:
Title:

In the presence of:

Witness signature: _____

Witness name: _____

Witness address: _____

APPENDIX 9 HOLDING PERIOD TRUST DEED

HOLDING PERIOD TRUST DEED

THIS DEED OF TRUST (this "**Deed**") is made by way of deed poll on _____ by:

LUCID ISSUER SERVICES LIMITED a company incorporated in England and Wales with registered number 05098454 whose registered office is at Tankerton Works, 12 Argyle Walk, London, England, WC1H 8HA (the "**Holding Period Trustee**", which expression, where the context so admits, includes all persons for the time being the trustee or trustees of the trusts created by this Deed).

IN FAVOUR OF

THE BENEFICIARIES, as such term is defined below.

WHEREAS

(A) The Bermuda Court has sanctioned the Scheme as entered into between the Company and the Scheme Creditors.

(B) The Scheme shall effect, among other things and subject to the terms and conditions therein, the full and final compromise and settlement of the Scheme Claims in exchange for the Scheme Consideration. Under the terms of the Scheme: (i) the Company shall procure that Scheme Consideration is paid and issued to Eligible Creditors on the Restructuring Effective Date in accordance with the terms of the Scheme; and (ii) the Residual Cash Consideration and the Residual New Notes that would otherwise have been paid or issued to Beneficiaries on the Restructuring Effective Date had they been Eligible Creditors as at that date will instead be paid and issued to the Holding Period Trustee to be held by the Holding Period Trustee on trust for the benefit of the Beneficiaries in accordance with the terms of this Deed.

(C) The terms of the Scheme are described in further detail in the composite scheme document dated 12 May 2021 relating to the Scheme (the "**Scheme Document**").

DEFINITIONS

Unless otherwise indicated, capitalised words and phrases used in this Deed have the meaning provided in the Scheme unless stated otherwise. In addition:

"**Account Holder Letter**" means the letter from an Account Holder on behalf of the relevant Noteholder substantially in the form appended as Appendix 1 to this Deed.

"**Allocated Cash Consideration**" means the aggregate amount of Residual Cash Consideration distributed, on the Holding Period Expiry Date, to all Beneficiaries who have satisfied each of the conditions set out in paragraphs (a) to (c) (inclusive) of Clause 5.2.

"**Allocated New Notes**" means the aggregate principal amount of Residual New Notes distributed, on the Holding Period Expiry Date, to all Beneficiaries who have satisfied each of the conditions set out in paragraphs (a) to (d) (inclusive) of Clause 5.1.

"**Appointee**" has the meaning given to it in Clause 8.4.

"**Bar Time**" means 5:00 p.m. (Hong Kong time) on [●], being the date falling three Business Days before the Holding Period Expiry Date.

"**Beneficiary**" means: (a) each Ineligible Creditor which has not previously received the Scheme Consideration to which such Ineligible Creditor would have been entitled in respect of its Scheme Claims pursuant to clauses 7.2(a) and 7.2(c) of the Scheme on the Restructuring Effective Date, if it were an Eligible Creditor; and (b) each of such Ineligible Creditor's transferees to the extent recognized as transferees under clause 12 of the Scheme. "**Beneficiaries**" shall mean such Beneficiaries collectively.

"**Clearing System Account**" means an account held with either Euroclear or Clearstream.

"**Dispute**" has the meaning given to it in Clause 13.

"**Holding Period Expiry Date**" means [●], being the last day of the period from the Restructuring Effective Date to the date falling three months from the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date).

"**Ineligible Creditor Share**" means in relation to any Beneficiary:

(A) from the Residual Cash Consideration, cash consideration of US$50 per US$1,000 in principal amount of the Notes held by the relevant Ineligible Creditor at the Record Time under its Accepted Scheme Claim pursuant to this Deed; and

(B) from the Residual New Notes, such New Notes as constitutes the proportion of Residual New Notes that is equivalent to the proportion that the total amount of the relevant Ineligible Creditor's Accepted Scheme Claim bears to the Total Residual Scheme Claim Amount as at the Record Time,

where for the purposes of this definition, "the relevant Ineligible Creditor" shall be construed as referring either to the purported Beneficiary itself or to the transferor to the purported Beneficiary in accordance with sub-paragraph (b) of the definition of "Beneficiary" above.

"**New Notes**" means the U.S. dollar denominated 10% senior notes due 2024 to be issued by the Company pursuant to the New Notes Indenture, in an aggregate principal amount equal to the Total Scheme Claim Amount minus the Total Cash Consideration Amount.

"**Proceedings**" has the meaning given to it in Clause 13.

"Record Time" means 5:00 p.m. on 2 June 2021 (London time) / 00:00 a.m. 3 June 2021 (Hong Kong time) / 1:00 p.m. 2 June 2021 (Bermuda time) .

"**Remaining Cash Consideration**" means an amount equal to the sum of: (i) the Residual Cash Consideration; less (ii) the Allocated Cash Consideration.

"**Remaining New Notes**" means the aggregate principal amount of New Notes equal to the sum of: (i) the Residual New Notes; less (ii) the Allocated New Notes.

"**Residual Cash Consideration**" means the amount of cash held on trust on the terms of this Deed by the Holding Period Trustee on the date of this Deed, being an amount of cash equal to the Total Cash Consideration Amount minus the amount of Cash Consideration distributed pursuant to clause 7.2(a) of the Scheme.

"**Residual New Notes**" means the aggregate principal amount of New Notes held on trust on the terms of this Deed by the Holding Period Trustee on the date of this Deed, being the portion of the New Notes which remains after distribution in accordance with clause 7.2(c) of the Scheme.

"**Terms of Engagement**" means the terms of engagement of the Holding Period Trustee, as executed by the Company and the Holding Period Trustee on or about the date of this Deed.

"**Trust Assets**" means the Residual New Notes and the Residual Cash Consideration.

THIS DEED WITNESSES AND IT IS HEREBY DECLARED AS FOLLOWS:

3. TRANSFER AND RECEIPT OF TRUST ASSETS

The Holding Period Trustee hereby acknowledges receipt of the Trust Assets conveyed, transferred and assigned to it by the Company and consents to the terms of this Deed.

4. DECLARATION OF TRUST

The Holding Period Trustee hereby admits, acknowledges and declares that it shall hold the Trust Assets on trust for the benefit of the Beneficiaries in accordance with the terms of this Deed, such that each Beneficiary has a beneficial entitlement to its Ineligible Creditor Share of the Residual Cash Consideration and/or Residual New Notes (as applicable) until such Trust Assets are distributed in accordance with the terms of this Deed or such interest ceases in accordance with Clauses 5.1 and 5.2 hereof.

5. DISTRIBUTIONS

5.1 If any Beneficiary fulfils the following requirements on or prior to the Bar Time:

(a) establishes to the reasonable satisfaction of the Holding Period Trustee that it: (i) held a beneficial interest as principal in the Notes at the Record Time and/or (ii) is a recognised transferee of Notes in accordance with clause 12.2 of the Scheme;

(b) supplies, or procures the supply of, all documentation and other evidence as may be reasonably requested by the Holding Period Trustee or any relevant bank in order for the Holding Period Trustee or the bank to comply with all necessary "know your customer" or other similar checks that it is required to comply with in order to make distributions to such Beneficiary under the terms of this Deed;

(c) submits (or procures that its Account Holder submits) a duly completed Account Holder Letter to the Holding Period Trustee; and

(d) submits (or procures that its Account Holder submits), together with the duly completed Account Holder Letter as submitted in Clause 5.1(c), the Distribution Confirmation Deed and, if applicable, the Designated Recipient Form which are appended to the Account Holder Letter to the Holding Period Trustee;

the Holding Period Trustee shall transfer such Beneficiary's Ineligible Creditor Share of the Residual New Notes and Residual Cash Consideration to the Clearing System Account designated by that Beneficiary in its Account Holder Letter on the Holding Period Expiry Date.

5.2 If any Beneficiary fulfils the following requirements on or prior to the Bar Time:

(a) establishes to the reasonable satisfaction of the Holding Period Trustee that it (i) held a beneficial interest as principal in the Notes at the Record Time; and/or (ii) is a recognised transferee of Notes in accordance with clause 12.2 of the Scheme;

(b) supplies, or procures the supply of, all documentation and other evidence as may be reasonably requested by the Holding Period Trustee or any relevant bank in order for the Holding Period Trustee or the bank to comply with all necessary "know your customer" or other similar checks that it is required to comply with in order to make the distributions to such Beneficiary under the terms of this Deed; and

(c) submits (or procures that its Account Holder submits) a duly completed Account Holder Letter to the Holding Period Trustee but is unable to make the affirmative securities law representations set out in the Distribution Confirmation Deed appended to the Account Holder Letter;

the Holding Period Trustee shall transfer such Beneficiary's Ineligible Creditor Share of the Residual Cash Consideration only to the Clearing System Account designated by that Beneficiary in its Account Holder Letter on the Holding Period Expiry Date.

5.3 In the event that any Beneficiary does not satisfy each of the conditions set out in Clause 5.1, prior to the Bar Time, subject to clause 19.10 of the Scheme, such Beneficiary shall cease to hold any interest (beneficial or otherwise) in the Residual New Notes on and from the Holding Period Expiry Date.

5.4 In the event that any Beneficiary does not satisfy each of the conditions set out in Clause 5.2, prior to the Bar Time, subject to clause 19.10 of the Scheme, such Beneficiary shall cease to hold any interest (beneficial or otherwise) in the Residual Cash Consideration on and from the Holding Period Expiry Date.

5.5 The Holding Period Trustee shall transfer the Remaining Cash Consideration and the Remaining New Notes to the Company on the Holding Period Expiry Date after making any required distributions to Beneficiaries in accordance with the terms of this Deed.

6. FRACTIONAL ENTITLEMENTS

6.1 If the amount of cash to be delivered to, or on behalf of, a Beneficiary resulting from any calculation made in accordance with the Scheme is not an integral multiple of US$0.01, that amount shall be rounded down to the nearest integral multiple of US$0.01 and the relevant Beneficiary shall have no entitlement to any resulting fractional amount.

6.2 Subject in each case to a minimum denomination of US$200,000, if the principal amount of New Notes to be delivered to, or on behalf of, a Beneficiary resulting from any calculation made in accordance with the Scheme is not an integral multiple of US$1, that amount shall be rounded down to the nearest integral multiple of US$1 (in excess of US$200,000). A cash adjustment will be payable as a result of the rounding down described in the preceding sentence (subject to Clause 6.1) to the Clearing System Account designated by that Beneficiary in its Account Holder Letter on the Holding Period Expiry Date, following which the relevant Beneficiary will otherwise have no entitlement to the relevant fractional amount.

7. ROLE OF HOLDING PERIOD TRUSTEE

7.1 Where there are any inconsistencies between the New York law and the provisions of this Deed, the provisions of this Deed shall, to the extent allowed by law, prevail.

7.2 The Holding Period Trustee shall not be responsible for liability which results from its acting upon or reliance on any instructions, data or information provided by a Beneficiary, save in relation to the Holding Period Trustee's own gross negligence, willful misconduct, willful deceit, dishonesty, fraud or breach of its obligations under or in relation to the terms of this Deed.

7.3 The Holding Period Trustee shall not be responsible for liability which results from its acting upon or reliance on any instructions, data or information provided by the Clearing Systems, save in relation to the Holding Period Trustee's own gross negligence, willful misconduct, willful deceit, dishonesty, fraud or breach of its obligations under or in relation to the terms of this Deed.

7.4 No provision of this Deed shall require the Holding Period Trustee to do anything which may: (a) be illegal or contrary to applicable law or regulation; or (b) cause it to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its own rights or powers.

7.5 Save as expressly otherwise provided in this Deed, the Holding Period Trustee shall have absolute discretion as to the exercise or non-exercise of its trusts, powers, authorities and discretions under this Deed (the exercise or non-exercise of which as between the Holding Period Trustee and the Beneficiaries shall be conclusive and binding on the Beneficiaries) and shall not be responsible for any liabilities, losses, costs, charges or expenses which result solely and directly from their exercise or non-exercise (save in relation to its own gross negligence, willful misconduct, willful deceit, dishonesty, fraud or breach of its obligations under or in relation to the terms of this Deed).

7.6 The Holding Period Trustee shall be entitled to seek and rely upon, and shall be protected in acting in good faith upon, the advice or opinion obtained from any legal counsel or other expert who the Holding Period Trustee may appoint and shall not be responsible or liable for any liability occasioned by so acting (or for any delay or inaction pending the obtaining of such advice or opinion in good faith).

7.7 As between itself and the Beneficiaries, the Holding Period Trustee may fairly and reasonably determine questions and doubts arising from any of the provisions of this Deed. Unless otherwise determined by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body, such determinations will be presumed conclusive and shall (in the absence of any errors or omissions) bind the Holding Period Trustee and the Beneficiaries.

7.8 Notwithstanding anything else herein contained, the Holding Period Trustee may refrain from doing anything which would in its reasonable opinion be contrary to any law of any jurisdiction, any court order or arbitral award or any directive or regulation of any agency or any state or which would or otherwise render it liable to any person or which it would not have the power to do in that jurisdiction and may do anything which is, in its opinion, necessary to comply with any such law, court order, arbitral award, directive or regulation.

7.9 Notwithstanding anything to the contrary in this Deed, to the extent permitted by any applicable law, the Holding Period Trustee shall not be liable to any person for any matter or thing done or omitted in any way under this Deed, save in relation to its own gross negligence, willful

misconduct, willful deceit, dishonesty, fraud or breach of its obligations under or in relation to the terms of this Deed.

7.10 The duties, responsibilities and obligations of the Holding Period Trustee shall be limited to those expressly set forth herein and subject to applicable laws and regulations no duties, responsibilities or obligations shall be inferred or implied. The Holding Period Trustee shall not be required to and shall not expend or risk any of its own funds or otherwise incur any financial liability in the performance of any of its duties under this Deed save where the same arises as a result of its own gross negligence, willful misconduct, willful deceit, dishonesty, fraud or breach of its obligations under or in relation to the terms of this Deed. To the extent permitted by any applicable law, under no circumstances shall the Holding Period Trustee be liable for any consequential or special loss, or indirect, consequential or punitive damages, however caused or arising (including loss of business, goodwill, opportunity or profit).

7.11 To the extent permitted by any applicable law, the Company has agreed, pursuant to the Terms of Engagement, to reimburse the Holding Period Trustee for, and to indemnify and hold harmless the Holding Period Trustee for an amount equal to any and all actual losses, costs, claims, liabilities, damages and expenses of any kind whatsoever (and any interest thereon) properly incurred by the Holding Period Trustee which result solely and directly from any action, claim or proceeding of any kind brought against it as a direct result of its acting in accordance with the Scheme or this Deed (including, but not limited to, all properly incurred costs, charges and expenses (together with any taxes thereon) paid or incurred in disputing or defending any of the foregoing) or as a result of any action properly taken or omitted to be taken by it before the date of this Deed in preparation for acting hereunder, provided that the Company shall not have any obligation to reimburse, indemnify or hold harmless the Holding Period Trustee or any of its officers and employees or any other person for any claims arising directly or indirectly out of or in connection with such party's gross negligence, willful misconduct, willful deceit, dishonesty, fraud or breach of the Holding Period Trustee's obligations under or in relation to the terms of this Deed.

8. APPOINTEES

8.1 Whenever it considers it expedient in the interests of the Beneficiaries, the Holding Period Trustee may, in the conduct of its trust business under this Deed, act by any responsible officer or officers or employees, employ and pay an agent selected by it, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Holding Period Trustee (including the receipt and payment of money).

8.2 Whenever it considers it expedient in the interests of the Beneficiaries, the Holding Period Trustee may delegate to any person subject to using reasonable care in such delegation on any terms (including power to sub-delegate) all or any of its functions.

8.3 In relation to any asset held by it under this Deed, the Holding Period Trustee may appoint any person to act as its nominee or custodian on any terms.

8.4 Provided that the Holding Period Trustee exercises reasonable care in selecting any agent, delegate, nominee or custodian appointed under this Clause 8 (an "**Appointee**"), to the extent permitted by any applicable law, the Holding Period Trustee will not be responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of the Appointee's misconduct or default.

9. RETIREMENT OF HOLDING PERIOD TRUSTEES AND APPOINTMENT OF CO-HOLDING PERIOD TRUSTEES

9.1 Any Holding Period Trustee may retire at any time on giving at least 30 days' prior written notice to the Beneficiaries, without giving any reason and without being responsible for any costs occasioned by such retirement. If any Holding Period Trustee gives notice of retirement at a time when it is the sole Holding Period Trustee, that Holding Period Trustee shall, as soon as reasonably practicable, appoint another suitably qualified Person selected by that Holding Period Trustee as its successor.

9.2 The retiring Holding Period Trustee shall make available to the successor Holding Period Trustee all such documents and records and provide all such assistance as the successor Holding Period Trustee may reasonably request for the purposes of performing its functions as the Holding Period Trustee under this Deed.

9.3 No retirement of a Holding Period Trustee shall be effective unless and until the retiring Holding Period Trustee has delivered all Trust Assets held by it to the successor Holding Period Trustee.

9.4 The Holding Period Trustee may, by written notice to the Beneficiaries appoint a suitably qualified Person to act as an additional Holding Period Trustee jointly with the Holding Period Trustee:

(a) if the Holding Period Trustee considers such appointment to be in the interests of the Beneficiaries;

(b) to conform with any legal requirement, restriction or condition in a jurisdiction in which a particular act is to be performed; or

(c) to obtain a judgment or to enforce a judgment or any provision of this Deed in any jurisdiction.

9.5 Subject to the provisions of this Deed, the Holding Period Trustee may confer on any person appointed as an additional Holding Period Trustee such functions as it thinks fit. The Holding Period Trustee may remove any Person appointed as an additional Holding Period Trustee, by written notice to the Beneficiaries and that Person.

9.6 If there are more than two Holding Period Trustees, the majority of them acting together will be competent to perform the Holding Period Trustee's functions.

10. TERMINATION

Once all of the Trust Assets have been transferred to the Beneficiaries and/or the Company by the Holding Period Trustee in accordance with Clause 5, the trust set out in this Deed shall be wound up.

11. CONFLICT

This Deed is expressly intended to supplement the obligations set out in the Scheme. If at any time there shall be any conflict between the provisions of this Deed and the provisions of the Scheme, the provisions of the Scheme shall prevail.

12. **THIRD PARTIES**

This Deed is for the benefit of the Beneficiaries and the Beneficiaries shall be able to enforce the terms of this Deed. It is also intended that the Company shall be able to enforce the terms of this Deed. Save as aforesaid, a person who is not a party to this Deed shall have no rights to enforce any of its terms.

13. **GOVERNING LAW AND JURISDICTION**

13.1 This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of the State of New York.

13.2 Each party to this Deed hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of any New York State or United States Federal court sitting in the Borough of Manhattan, New York City, New York over any suit, action or proceeding arising out of or relating to this Deed.

14. **NOTICES**

14.1 Any notice, instruction or other written communication to be given to the Holding Period Trustee under or in relation to this Deed shall be given in writing and shall be deemed to have been duly given if it is delivered by hand or sent by post or electronic mail to the Holding Period Trustee at:

Address: Tankerton Works, 12 Argyle Walk, London WC1H 8HA, United Kingdom; and 3/F Three Pacific Place, 1 Queen's Road East, Admiralty, Hong Kong
Email: gclnewenergy@lucid-is.com
Attention: Paul Kamminga and Mu-yen Lo

or such other address as may be notified by the Holding Period Trustee to the Beneficiaries from time to time. For the purposes of this Deed, an electronic communication will be treated as being in writing.

14.2 Any notice, instruction or other written communication to be given to the Holding Period Trustee under or in relation to this Deed shall be deemed to have been served:

(a) if delivered by hand, on the first Business Day following delivery;

(b) if sent by post, on the first Business Day after posting; and

(c) if sent by electronic mail, at the time of transmission.

IN WITNESS of which this Deed has been duly executed and delivered as a deed poll on the date first appearing on this Deed.

The Holding Period Trustee

EXECUTED AND DELIVERED AS A DEED POLL by LUCID ISSUER SERVICES LIMITED	**)**	
acting by its duly authorised signatory	**)**	**_____**
		Name:
		Designation:

APPENDIX 1

HOLDING PERIOD ACCOUNT HOLDER LETTER

ACCOUNT HOLDER LETTER

For use by Account Holders in respect of

US$500,000,000 7.1% senior notes due 2021 (ISIN: XS1746281226, Common Code: 174628122; Regulation S Global Note) (the "**Notes**")

issued by

GCL New Energy Holdings Limited (the "**Company**")

in relation to the Company's scheme of arrangement under Section 99 of the Companies Act 1981 as applicable in Bermuda (the "**Scheme**").

Capitalised terms used but not defined in this Account Holder Letter have the meaning given to them in the composite scheme document relating to the Scheme issued by the Company on 12 May 2021 (the "**Scheme Document**"), subject to any amendments or modifications made by the Bermuda Court.

The Scheme will, if implemented, materially affect the Noteholders of the Company. Beneficiaries (as defined in the Holding Period Trust Deed) must use this Account Holder Letter (by instructing their Account Holder if the Noteholder is not an Account Holder) to: (a) register details of their interest in the Notes, and (b) allow them to be eligible to receive Scheme Consideration. The summary of the Account Holder Letter is set out below.

Key Dates

The key dates in respect of the Scheme are:

- **Record Time**: being 5:00 p.m. on 2 June 2021 (London time) / 00:00 a.m. 3 June 2021 (Hong Kong time) / 1:00 p.m. 2 June 2021 (Bermuda time)

- **Restructuring Effective Date**: occurrence of the Restructuring Effective Date will be notified by the Company in accordance with the Scheme

- **Bar Time**: being 5:00 p.m. (Hong Kong time) on the date falling three Business Days before the Holding Period Expiry Date

- **Holding Period Expiry Date**: being the date falling three months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date)

The validly completed Account Holder Letter together with any accompanying documents must be submitted to Lucid Issuer Services Limited (as the "**Holding Period Trustee**") online at https://deals.lucid-is.com/gclnewenergy by the Bar Time in order for a Noteholder to receive its Scheme Consideration pursuant to the Holding Period Trust Deed on the Holding Period Expiry Date.

Each Ineligible Creditor should establish its entitlement to the Trust Assets in accordance with the terms of the Holding Period Trust Deed. If an Ineligible Creditor fails to establish its entitlement to the Trust Assets in accordance with the terms of the Holding Period Trust Deed prior to the Bar Time, that Ineligible

Creditor's rights under the Scheme shall be extinguished and that Ineligible Creditor shall not be entitled to receive any Cash Consideration or New Notes under the Scheme.

On the Holding Period Expiry Date, the Company will receive the Remaining Cash Consideration and the Remaining New Notes.

If a Noteholder is not an Eligible Person (i.e. a person who can make the affirmative securities law confirmations and undertakings set out in Annex B to the Distribution Confirmation Deed), it may designate a Designated Recipient who is an Eligible Person to receive its share of the New Notes by submission of a Designated Recipient Form in accordance with the terms of the Scheme. Any Designated Recipient appointed by a Noteholder must hold its account with the same Account Holder as that Noteholder.

Online Account Holder Letter Form

It is highly recommended that the completed Account Holder Letter is printed or saved as a PDF document after submission. You will receive acknowledgment of the transmission of your submission together with the final PDF. Original paper copies of the Account Holder Letter are not required and should not be sent to the Holding Period Trustee.

A separate Account Holder Letter, Distribution Confirmation Deed and, if applicable, Designated Recipient Form must be completed in respect of each separate beneficial holding in the Notes.

You are strongly advised to read the Scheme Document, the Scheme and the Holding Period Trust Deed before you complete the Account Holder Letter.

This Account Holder Letter and any non-contractual obligations arising out of or in relation to this Account Holder Letter shall be governed by, and interpreted in accordance with, the laws of Bermuda. The courts of Bermuda have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Account Holder Letter. By submission of the Account Holder Letter to the Holding Period Trustee, the Scheme Creditor irrevocably submits to the jurisdiction of such courts and waives any objections to proceedings in such courts on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

Lucid Issuer Services Limited

In London	***In Hong Kong***
Tankerton Works	**3/F Three Pacific Place**
12 Argyle Walk,	**1 Queen's Road East**
London, WC1H 8HA	**Admiralty, Hong Kong**
Attention: Paul Kamminga	**Attention: Mu-yen Lo**
Telephone: +44 20 7704 0880	**Telephone: +852 2281 0114**

Email: gclnewenergy@lucid-is.com
Scheme Website: https://deals.lucid-is.com/gclnewenergy

SUMMARY OF THIS ACCOUNT HOLDER LETTER

The Account Holder Letter must be validly completed and submitted to the Holding Period Trustee.

PART 1	**NOTEHOLDER, ACCOUNT HOLDER AND HOLDINGS DETAILS**	***This Part 1 must be completed in all cases by the Account Holder for and on behalf of the Noteholder and signed by the Account Holder to constitute a validly completed Account Holder Letter.*** ***A Noteholder must submit such a validly completed Account Holder Letter to receive any amount of the Scheme Consideration if the Scheme becomes effective in accordance with its terms.***
Section 1	Details of the Noteholder	
Section 2	Account Holder Details	
Section 3	Details of Holdings	
APPENDIX 1	**DESIGNATED RECIPIENT FORM**	*This Appendix 1 must be completed by the Account Holder for and on behalf of the Noteholder, and signed by the Account Holder, if the Noteholder would like a Designated Recipient to receive its share of the New Notes*
APPENDIX 2	**DISTRIBUTION CONFIRMATION DEED**	*This Appendix 2 must be returned by the Account Holder for and on behalf of the Noteholder, and signed by the Noteholder (and if applicable the Designated Recipient) in order for the Noteholder (or its Designated Recipient) to receive any New Notes*
Annex A	General confirmations, acknowledgements, warranties and undertakings	
Annex B	Securities Law confirmations and undertakings	
Annex C	Details of Noteholder / Designated Recipient	
Annex D	Confirmation Form	

PART 1
NOTEHOLDER, ACCOUNT HOLDER AND HOLDINGS DETAILS

An Account Holder Letter received by the Holding Period Trustee that does not include all information requested in this Part 1 will not constitute a validly completed Account Holder Letter and the relevant Beneficiary will not be entitled to receive any amount of Scheme Consideration on the Holding Period Expiry Date under the Holding Period Trust Deed.

Section 1 **Details of the Noteholder**

Please identify the Noteholder (that is, the person that is the beneficial owner of and/or the holder of the ultimate economic interest in the Notes to which this Account Holder Letter relates) on whose behalf you are submitting this Account Holder Letter.

To be completed for all Noteholders:

Full name of Noteholder: _____

Is the Noteholder an Eligible Person? (circle one) YES / NO

Contact name: _____

Country of residence/headquarters: _____

E-mail address: _____

Telephone number (with country code): _____

To be completed if the Noteholder is an institution/corporation/fund:

Jurisdiction of incorporation/establishment of Noteholder: _____

Section 2 **Account Holder Details**

Full name of Account Holder:	_____
Clearing System (circle one):	EUROCLEAR / CLEARSTREAM
Clearing System account number:	_____
Authorised employee of Account Holder (print name):	_____
Telephone number of authorised employee (with country code):	_____
E-mail of authorised employee:	_____

Section 3 **Details of Holdings**

The Account Holder holds the following Notes to which this Account Holder Letter relates as at the Record Time.

Amount at Clearing System*	**Clearing System**	**Clearing System account number**

***Note**: The amount entered in the above table should be the entire principal amount of Notes that the relevant Beneficiary (identified in Section 1 (*Details of the Noteholder*) of this Part 1 of this Account Holder Letter, and in respect of which the Account Holder is completing and delivering this Account Holder Letter) holds by way of a beneficial interest as principal at the Record Time. Notes which the relevant Beneficiary acquires after the Record Time may only be included in the above table if the relevant Beneficiary is a recognised transferee in respect of such Notes in accordance with clause 12.2 of the Scheme. If the Account Holder holds Notes in respect of which it is not giving instructions pursuant to this Account Holder Letter, this amount should not be stated and is not required to be notified.

Before returning this Account Holder Letter, please make certain that you have provided all the information requested.

For the purposes of a Noteholder receiving any New Notes under the Scheme, the Distribution Confirmation Deed and, if applicable, the Designated Recipient Form must be validly completed.

SIGNING:

Account Holder's authorised employee / representative name: _____

Executed by authorised employee / representative for and on behalf of Account Holder: _____

Date: _____

APPENDIX 1 TO THE ACCOUNT HOLDER LETTER
DESIGNATED RECIPIENT FORM

To be eligible to receive the New Notes, the Noteholder must be an Eligible Person. Otherwise, the Noteholder may appoint a Designated Recipient who is an Eligible Person to receive all of the New Notes otherwise attributable to the Noteholder.

Eligible Person means a person who can make affirmative securities law confirmations and undertakings set out in Annex B to Appendix 2 (*Distribution Confirmation Deed*) to this Account Holder Letter.

IMPORTANT NOTE: The Designated Recipient must hold an account with the same Account Holder in either Euroclear or Clearstream as the Scheme Creditor.

Full name of Noteholder: _____

The Noteholder hereby irrevocably and unconditionally nominates:

Name of Designated Recipient _____

Contact name: _____

Country of residence/headquarters: _____

E-mail address: _____

Telephone number (with country code): _____

to be its Designated Recipient for the purposes of the Scheme in respect of all of the New Notes otherwise attributable to it.

Euroclear or Clearstream account details of the Designated Recipient's Account Holder:

Name of the Account Holder: _____

Clearing System (circle one): EUROCLEAR / CLEARSTREAM

Clearing System account number: _____

Authorised employee name: _____

Telephone number (with country code): _____

E-mail address: _____

A Noteholder may not appoint more than one Designated Recipient.

The **Noteholder** and any **Account Holder** (each a "**Relevant Person**") named below for itself hereby confirms to the Company and the Holding Period Trustee that, in relation to the Scheme Claim that is the subject of the Account Holder Letter, the Relevant Person has authority to identify the Designated Recipient specified in this Appendix 1 (*Appointment of Designated Recipient*) (if any) and to give on its behalf the instruction given in the applicable Account Holder Letter:

☐ Yes

☐ No

SIGNING:

Account Holder's authorised employee / representative name: _____

Executed by authorised employee / representative for and on behalf of Account Holder: _____

Date: _____

APPENDIX 2 TO THE ACCOUNT HOLDER LETTER
DISTRIBUTION CONFIRMATION DEED

Any Noteholder that wishes to receive a proportion of the New Notes on the Holding Period Expiry Date must ensure that this Distribution Confirmation Deed is duly completed in the affirmative and returned by its Account Holder, together with a duly completed Account Holder Letter (and, if applicable, a Designated Recipient Form), to the Holding Period Trustee prior to the Bar Time.

Distribution Confirmation Deed

This Deed is made by way of deed poll by the persons whose details are set out in Annex C on the date stated in the execution page of this Deed.

For the benefit of the Company, and with the intention and effect that it may be directly relied upon and enforced separately by each Released Person and each Adviser, even though they are not party to this Deed.

1. **Definitions and interpretation**

(a) Unless otherwise defined herein, defined terms in this Deed shall have the meanings given to them in the Scheme Document and the Scheme.

(b) In this Deed unless the context otherwise requires:

(i) words in the singular include the plural and in the plural include the singular;

(ii) the words "including" and "include" shall not be construed as or take effect as limiting the generality of the foregoing;

(iii) the headings shall not be construed as part of this Deed nor affect its interpretation;

(iv) references to any clause, without further designation, shall be construed as a reference to the clause of this Deed so numbered;

(v) reference to any act, statute or statutory provision shall include a reference to that provision as amended, re-enacted or replaced from time to time whether before or after the date of this Deed and any former statutory provision replaced (with or without modification) by the provision referred to;

(vi) reference to a person includes a reference to any body corporate, unincorporated association or partnership and to that person's legal personal representatives or successors; and

(vii) the principles of construction set out in the Scheme apply to this Deed except that references to the Scheme shall instead be construed as referenced to this Deed.

2. **Confirmations, warranties and undertakings**

(a) The Noteholder or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, gives the confirmations, acknowledgements, warranties and undertakings set out in:

(i) Annex A (*General confirmations, acknowledgements, warranties and undertakings*);

(ii) Annex B (*Securities Law confirmations and undertakings*); and

(iii) Annex D (*Confirmation Form*).

(b) Without prejudice to the provisions in Annex A, Annex B and Annex D, the Noteholder and, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, hereby irrevocably warrants, undertakes and represents to the Company that with effect from the Restructuring Effective Date:

(i) it will not seek to dispute, set aside, challenge, compromise or question in any jurisdiction the validity and efficacy of the cancellation and/or write-down of its Scheme Claims, including the Notes, provided that such cancellation and/or write-down was done in accordance with the terms of the Scheme;

(ii) it will not seek to dispute, challenge, set aside or question the validity, authority or efficacy of the Scheme in any jurisdiction or before any court, regulatory authority, tribunal or otherwise and, without prejudice to the generality of the foregoing, notwithstanding that the Company (which is the issuer of the Notes) is incorporated in Bermuda, that certain subsidiaries of the Company are incorporated in Hong Kong, the PRC, British Virgin Islands, the United States or otherwise or that the Indenture is governed by New York law; and

(iii) it has obtained all necessary consents, authorisations, approvals and/or permissions required to be obtained by it under the laws and regulations applicable to it in any jurisdiction in order to sign this Deed and its signatory represents that it is duly authorised to sign this Confirmation on that party's behalf,

but provided always that the Noteholder shall not be prevented from enforcing the terms of the Scheme or any Restructuring Document and/or taking any such action as is required to prevent, remedy or enforce any breach of the same.

3. **Grant of authority to the Company to execute certain documents on behalf of the Noteholders**

(a) Subject only to the Scheme Effective Date occurring, the Noteholder and, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, hereby irrevocably and unconditionally authorise the Company, and appoint the Company as their true and lawful attorney (acting by its directors or other duly appointed representative) to enter into, execute and deliver (as applicable) the Restructuring Documents and such other documents as are necessary to give effect to the terms of the Scheme on behalf of each of them and agree to be bound by their terms.

4. **Distribution of the New Notes**

(a) The Noteholder or, if the Noteholder has appointed a Designated Recipient, the Designated Recipient, confirms in relation to the claim that is the subject of the applicable Account Holder Letter that it intends to receive the New Notes to which it is entitled in accordance with the terms of the Scheme.

(b) To the extent that a Noteholder (or its Designated Recipient) is entitled to receive any of the New Notes under the terms of the Scheme, it irrevocably directs the Company and/or the Holding Period Trustee to issue such New Notes to it by crediting its account, held with Euroclear or Clearstream, as applicable, and identified in its Account Holder Letter with a beneficial interest in the New Notes.

Annex A to the Distribution Confirmation Deed

General confirmations, acknowledgements, warranties and undertakings

1. The Noteholder or, if the Noteholder has appointed a Designated Recipient, the Designated Recipient, confirms to the Company, the Holding Period Trustee and the Notes Trustee that:

   (a) to the best of its knowledge, it has complied with all laws and regulations applicable to it in any jurisdiction with respect to the Scheme, the Account Holder Letter and this Deed;

   (b) it is (i) an Eligible Person; or (ii) if the Noteholder has appointed a Designated Recipient, the Noteholder will retain no beneficial interest in any New Notes nominated to be held by any Designated Recipient(s) if the Noteholder is itself not an Eligible Person;

   (c) it has received and reviewed the Scheme and the Scheme Document and assumes all of the risks inherent in participating in the Scheme and has undertaken all the appropriate analysis of the implications of participating in the Scheme;

   (d) it authorises the Clearing Systems to provide details concerning its identity, the Notes which are the subject of the Account Holder Letter and its applicable account details to the Company and the Holding Period Trustee and their respective legal and financial advisers at the time the Account Holder Letter is submitted;

   (e) it acknowledges that no information has been provided to it by the Company, any other member of the Group, the Notes Trustee, the Advisers or the Holding Period Trustee with regard to the tax consequences arising from the receipt of any of the New Notes or the participation in the Scheme and acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Scheme (other than any taxes and similar or related payments for which any member of the Group is liable in accordance with the New Notes and/or the New Notes Indenture) and agrees that it will not and does not have any right of recourse (whether by way of reimbursements, indemnity or otherwise) against the Company, any other member of the Group, the Notes Trustee, the Advisers or the Holding Period Trustee or any other person in respect of such taxes and payments;

   (f) it consents to, and agrees to be bound by the terms of the Scheme and the other matters contained herein, upon the Scheme becoming effective;

   (g) it acknowledges that all authority conferred or agreed to be conferred pursuant to the Account Holder Letter and this Deed and each obligation and the authorisations, instructions and agreements given by it shall, to the best of its knowledge and to the extent permitted by law, be binding upon its successors, assigns, administrators, trustees in bankruptcy and legal representatives and that all of the information in the Account Holder Letter and this Deed is true, complete and accurate as at the date of this Deed;

   (h) it authorises the execution and the taking of all steps as are required to give effect to this Deed and its terms;

   (i) it acknowledges that neither the Scheme nor the transactions contemplated by the Scheme Document shall be deemed to be investment advice or a recommendation as to a course of conduct by the Company, any other member of the Group, any member of the Committee,

the Advisers, the Committee Advisers, the Notes Trustee or any of their respective officers, directors, employees or agents; and

(j) it represents that, in directing the execution and delivery of this Deed, it has made an independent decision in consultation with its advisers and professionals to the extent that it considers it necessary.

2. The Noteholder or, if the Noteholder has appointed a Designated Recipient, the Designated Recipient hereby acknowledges and agrees that the confirmations, authorisations, acknowledgements and waivers made by it in this Annex A are also given in favour of each relevant Released Person, Adviser and Committee Adviser, who, in each case, are entitled to enforce and enjoy the benefit of any terms contained therein.

Annex B to the Distribution Confirmation Deed

Securities Law confirmations and undertakings

The Noteholder or, if the Noteholder has appointed a Designated Recipient, the Designated Recipient, confirms to the Company, the Holding Period Trustee, and the Notes Trustee that:

(a) it understands that the New Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction;

(b) it understands that the New Notes will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof, and it agrees on its own behalf and on behalf of any investor for which it is acquiring the New Notes, and each subsequent holder of the New Notes by its acceptance thereof will be deemed to agree, to transfer such New Notes only pursuant to:

(i) a registration statement that has been declared effective under the U.S. Securities Act; or

(ii) any other available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

(c) it understands that unless the Company determines otherwise in accordance with applicable law, the New Notes will, to the extent they are issued in certificated form, bear a legend substantially in the following form:

> THIS NOTE AND THE SUBSIDIARY GUARANTEES RELATED TO THIS NOTE (COLLECTIVELY, THE "**SECURITY**") HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

(d) it and any subsequent holder of the New Notes will notify any person to whom it subsequently re-offers, resells, pledges, transfers or otherwise disposes of the New Notes of the foregoing restrictions on transfer;

(e) it understands and acknowledges that the Company shall not be obliged to recognise any resale or other transfer of the New Notes made other than in compliance with the restrictions set forth in this Distribution Confirmation Deed and the terms of the New Notes;

(f) it confirms that it will acquire an interest in the New Notes for its own account as principal, or for the account of one or more other persons who are able to and who shall be deemed to make all of the representations and agreements in this Distribution Confirmation Deed and for whom it exercises sole investment discretion;

(g) the receipt of New Notes by such person is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act;

(h) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investing in the New Notes, and is experienced in investing in capital markets and is able to bear the economic risk of investing in the New Notes (which it may be required to bear for an indefinite period of time and it is able to bear such risk for an indefinite period), and has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to its investment in the New Notes, and is able to sustain a complete loss of its investment in the New Notes;

(i) it has or has access to all information that it believes is necessary, sufficient or appropriate in connection with its acquisition of the New Notes and has made an independent decision to acquire the New Notes based on the information concerning the business and financial condition of the Company and other information available to it which it has determined is adequate for that purpose;

(j) it will comply with all securities laws of any state or territory of the United States or any other applicable jurisdiction, including without limitation "blue sky" laws, and acceptance of the New Notes will not violate any applicable law;

(k) it understands that neither the SEC, nor any other United States state or other securities commission or regulatory authority has registered, approved or disapproved of the New Notes or passed comment upon the accuracy or adequacy of the Solicitation Packet, the Scheme or the Scheme Document, and that any representation to the contrary is a criminal offence in the United States;

(l) it has consulted and will continue to consult, in each case as required, its own legal, financial and tax advisers with respect to the legal, financial and tax consequences of the Scheme, the New Notes and the Restructuring in its particular circumstances;

(m) it understands that the New Notes will not be listed on a U.S. securities exchange or any inter-dealer quotation system in the United States and that the Company does not intend to take action to facilitate a market in any of the New Notes in the United States. Consequently, it understands that that it is unlikely that an active trading market in the United States will develop for any such securities;

(n) it understands that the foregoing representations, warranties and agreements are required in connection with United States securities laws and that the Company and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. It agrees that, if any of the acknowledgements, representations and warranties made in connection with its receipt of the New Notes are no longer accurate, it will promptly, and in any event prior to the issuance of the New Notes, notify the Company in writing;

(o) it is either (i) a "**qualified investor**" within the meaning of Regulation (EU) 2017/1129; or (ii) is not incorporated or situated in any member state of the European Economic Area;

(p) it is not located or resident in the United Kingdom or, if it is a resident of or located in the United Kingdom, it is: (i) a person who has professional experience in matters relating to investments and qualifies as an Investment Professional in accordance with Article 19(5)

of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) a high net worth company, unincorporated association, partnership, trustee or any person to whom communication may otherwise lawfully be made in accordance within Article 49(2) of the Order; or (iii) person falling within Article 43(2) of the Order;

(q) it understands that the arrangements for the issue of the New Notes have not been authorised by Hong Kong's Securities and Futures Commission ("**SFC**"), nor has the Scheme Document (for this purposes including the Solicitation Packet) been approved by the SFC pursuant to section 105(1) of Hong Kong's Securities and Futures Ordinance ("**SFO**") or section 342C(5) of Hong Kong's Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("**C(WUMP)O**") or registered by Hong Kong's Registrar of Companies pursuant to section 342C(7) of C(WUMP)O;

(r) it is not located or resident in Hong Kong or, if it is resident or located in Hong Kong, it is (i) a person whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or (ii) a professional investor as defined in the SFO;

(s) it understands that the New Notes have not been and will not be registered under the relevant laws of the PRC;

(t) it is not in Singapore or, if it is in Singapore, it is (i) an "**institutional investor**" as defined in the Securities and Futures Act, Chapter 289, as amended or modified from time to time (the "**SFA**"); (ii) a relevant person (as defined in Section 275(2) of the SFA) and in the case of an "**accredited investor**", as such term is defined in Section 4A of the SFA as modified by Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; (iii) a person referred to in Section 275(1A) of the SFA; or (iv) a person to whom the New Notes may otherwise be offered pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA;

(u) it will comply with all securities laws relating to the New Notes that apply to it in any place in which it accepts, holds or sells any of the New Notes. It has obtained all consents or approvals that it needs in order to receive the New Notes, and the Company is not responsible for compliance with these legal requirements; and

(v) it will not offer or resell any of the New Notes, or cause any offer for the resale of the New Notes, in any state or jurisdiction in which such offer, a solicitation for the purchase of, or resale of the New Notes would be unlawful under, or cause the Company to be in breach of, the securities laws of such state or jurisdiction and it has complied and will comply with all applicable laws and regulations with respect to anything done by it in relation to the New Notes.

Annex C to the Distribution Confirmation Deed

Details of Noteholder / Designated Recipient

Noteholder (if applicable) _____

Name of Noteholder: _____

Email address: _____

Registered or principal address: _____

Place of organisation or incorporation: _____

Telephone number: _____

Designated Recipient (if applicable)

Name of Designated Recipient: _____

Email address: _____

Registered or principal address: _____

Place of organisation or incorporation: _____

Telephone number: _____

Annex D to the Distribution Confirmation Deed

Confirmation Form

Any Noteholder that does not make the relevant confirmations **by ticking the "Yes" box below and completing Annex C and this Annex D** to this Distribution Confirmation Deed shall not be entitled to receive a distribution of New Notes and should contact the Holding Period Trustee without delay.

The Noteholder and if applicable the Designated Recipient, acknowledges and agrees to the terms, confirmations, acknowledgements, warranties and undertakings set out in this Distribution Confirmation Deed, including without limitation those set out at Annex A (*General confirmations, acknowledgements, warranties and undertakings*) and Annex B (*Securities Law confirmations and undertakings*) and this Annex D (*Confirmation Form*):

☐ Yes

In witness whereof this Deed has been executed as a deed and delivered on _____ by the parties hereto.

Individual Noteholders

EXECUTED and DELIVERED as a DEED by

[Noteholder], _____

_____ (sign)

_____

(print name)

In the presence of:

Witness signature:

_____

____

Witness name:

_____

____

Witness address:

_____

____

Non-individual Noteholders

EXECUTED and DELIVERED as a DEED
for and on behalf of
[Noteholder], _____

_____ (sign)
Name:

_____ Title:

(print name)

acting by:

_____

(sign)
Name:
Title:

Individual Designated Recipients

EXECUTED and DELIVERED as a DEED by

[Designated Recipient], _____

_____ (sign)

_____

(print name)

In the presence of:

Witness signature:

_____

_____

Witness name:

_____

_____

Witness address:

_____

_____

Non-individual Designated Recipients

EXECUTED and DELIVERED as a DEED
for and on behalf of
[Designated Recipient], _____

_____ (sign)
Name:
_____ Title:

(print name)

acting by:

_____

(sign)
Name:
Title:

APPENDIX 10 NEW NOTES INDENTURE

GCL NEW ENERGY HOLDINGS LIMITED

as the Company

and

THE ENTITIES LISTED ON SCHEDULE I HERETO

as Subsidiary Guarantors

and

THE BANK OF NEW YORK MELLON, LONDON BRANCH

as Trustee

and

MADISON PACIFIC TRUST LIMITED

as Escrow Agent

Indenture

Dated as of [●], 2021

10.00% Senior Notes due 2024

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EXHIBITS

SCHEDULES

INDENTURE, dated as of [●], 2021 among GCL New Energy Holdings Limited, an exempted company incorporated under the laws of Bermuda with limited liability (the "**Company**"), the entities listed on Schedule I hereto, collectively as the initial Subsidiary Guarantors, The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London, as the Trustee and Madison Pacific Trust Limited as the Escrow Agent.

RECITALS

WHEREAS, the Company has duly authorized the execution and delivery of this Indenture to provide for the issuance of US$[●] aggregate principal amount of the Company's 10.00% Senior Notes due 2024 (the "**Notes**"). All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done, and the Company has done all things necessary to make the Notes, when executed by the Company and authenticated and delivered by or on behalf of the Trustee, the Registrar or an Authenticating Agent and duly issued by the Company, the valid obligations of the Company as hereinafter provided.

WHEREAS, each initial Subsidiary Guarantor has duly authorized the execution and delivery of this Indenture as a Subsidiary Guarantor of the Notes. All things necessary to make this Indenture a valid agreement of each initial Subsidiary Guarantor, in accordance with its terms, have been done, and each initial Subsidiary Guarantor has done all things necessary to make the Subsidiary Guarantees, when the Notes are executed by the Company and authenticated and delivered by or on behalf of the Trustee, the Registrar or an Authenticating Agent and duly issued by the Company, the valid obligations of such initial Subsidiary Guarantor as hereinafter provided.

WHEREAS, each of the initial Subsidiary Guarantor Pledgors (as defined herein) and the Company have duly authorized the execution and delivery of the Security Documents (as defined herein), which shall only become effective on the full repayment and discharge of the Company's obligations under the CDB Loan Facility (as defined herein), pursuant to which they will extend in favor of the Trustee, the Collateral Agent and each Holder the benefit of the security interest in the Collateral (as defined herein) granted to the Collateral Agent (as defined herein) in order to secure the obligations of the Company under the Notes and this Indenture, and of the Subsidiary Guarantor Pledgors under their respective Subsidiary Guarantees.

THIS INDENTURE WITNESSETH

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, the parties hereto covenant and agree, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01. *Definitions*.

"**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"**Additional Amounts**" has the meaning set forth in Section 4.21(a).

"**Affiliate**" means, with respect to any Person, any other Person: (a) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; or (b) any Subsidiary of any Person referred to in clause (a) of this definition. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Affiliate Transaction**" has the meaning assigned to such term in Section 4.13.

"**Agent**" means any Registrar or Paying and Transfer Agent.

"**Agent Parties**" has the meaning set forth in Section 7.02(k).

"**Annual Renewable Energy Subsidy Receipts**" means the accumulated amount of the Renewable Energy Subsidies received by the Company or any Subsidiary during each calendar year, net of:

(1) transaction fees and other fees and expenses related to the receipt of such Renewable Energy Subsidies;

(2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of the receipt of such Renewable Energy Subsidies without regard to the consolidated results of operations of the Company and the Subsidiaries, taken as a whole; and

(3) with respect to clause (1) of the definition of "Renewable Energy Subsidies", anti-poverty payments that are required to be made as a condition or as part of the terms imposed or requested by the PRC government or under PRC law to receive such Renewable Energy Subsidies.

For the avoidance of doubt, at the beginning of each calendar year, the amount of Annual Renewable Energy Subsidy Receipts will be reset at zero.

"**Asset Acquisition**" means (1) an investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

"**Asset Disposition**" means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

"**Asset Management and Administrative Services Agreement**" means the Asset Management and Administrative Services Agreement dated May 21, 2019 entered into between GCL New Energy International Limited, as service provider, and GCL Solar Energy Limited, as service recipient, for certain asset management and administrative series provided by GCL New Energy International Limited, as set out in the announcement of the Company announced on May 21, 2019 on The Stock Exchange of Hong Kong Limited.

"**Asset Sale**" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock of a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that, "Asset Sale" shall not include:

(1) sales, transfers or other dispositions of inventory, receivables and other current assets in the ordinary course of business;

(2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under Section 4.06;

(3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US$1 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(4) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or the Restricted Subsidiaries;

(5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(6) a transaction covered under Section 5.01; and

(7) a sale, transfer or other disposition to the Company or a Restricted Subsidiary, including, without limitation, an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary.

"**Attributable Indebtedness**" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"**Authorization Certificate**" has the meaning set forth in Section 2.02(a).

"**Authenticating Agent**" means a Person engaged to authenticate the Notes instead of the Trustee or the Registrar.

"**Authorized Officer**" means, with respect to the Company or a Subsidiary Guarantor, as applicable, any officer or director, who, in each case, is authorized to represent the Company or such Subsidiary Guarantor, as the case may be.

"**Average Life**" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"**Bank Deposit Secured Indebtedness**" means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by a pledge of one or more bank accounts or deposits or other assets of the Company or a Restricted Subsidiary or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to effect exchanges of U.S. dollars, Hong Kong dollars or other foreign currencies into Renminbi or vice versa, or to remit Renminbi or any foreign currency into or outside the PRC.

"**BDSI Proceeds**" means all of the cash proceeds received from the Incurrence of Bank Deposit Secured Indebtedness in accordance with Section 4.05(b)(xv), after deducting commissions, fees and expenses properly incurred in connection with the Incurrence of such Bank Deposit Secured Indebtedness.

"**Board of Directors**" means the board of directors of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

"**Board Resolution**" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"**Business Day**" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or in Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized or required by law or governmental regulation to close.

"**Capitalized Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"**Capitalized Lease Obligations**" means the discounted present value of the rental obligations under a Capitalized Lease.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity

of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

"**CDB Loan Facility**" means the facility agreement dated August 22, 2019 and entered into between China Development Bank Hong Kong Branch, as lender, and the Issuer, as the borrower, GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), as guarantor, and Golden Concord Group Limited (協鑫集團有限公司), as provider of a letter of undertaking, as amended by the first amendment agreement dated April 21, 2020 and the second amendment agreement dated December 18, 2020, and as further amended and supplemented from time to time.

"**CDB Loan Repayment Date**" means the date on which all outstanding amounts under the CDB Loan Facility have been repaid and discharged in full.

"**Change of Control**" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any "person" (within the meaning of Section 13(d) of the Exchange Act), other than one or more Permitted Holders;

(2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;

(3) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders, unless the Permitted Holders maintain Management Control of the Company;

(4) individuals who on the Original Issue Date constituted the Board of Directors of the Company, together with any new directors whose election by the Board of Directors was approved by a vote of at least a majority of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the Board of Directors of the Company then in office; or

(5) the adoption of a plan relating to the liquidation or dissolution of the Company.

"**Change of Control Offer**" has the meaning set forth in Section 4.12(a).

"**Clearstream**" means Clearstream Banking S.A.

"**Collateral**" means all collateral securing, or purported to be securing, directly or indirectly, the Notes or any Subsidiary Guarantee pursuant to the Security Documents following the CDB Loan Repayment Date, and subject to Section 10.04, shall initially consist of the Capital Stock of all of the initial Subsidiary Guarantors and GCL New Energy NC Holdings LLC held directly by the Company or the initial Subsidiary Guarantor Pledgors.

"**Collateral Agent**" means Madison Pacific Trust Limited until a successor replaces it in accordance with the applicable provisions of this Indenture and the Security Documents and thereafter means the successor serving thereunder.

"**Commodity Hedging Agreement**" means any commodities swap agreement, commodities cap agreement, commodities floor agreement, commodities futures agreement, commodities option agreement or any other similar agreement or arrangement, which may consist of one or more of the foregoing agreements, designed to reduce or manage the exposure to fluctuations in commodity prices.

"**Common Depositary**" has the meaning assigned to it in Section 2.04(c).

"**Common Stock**" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of this Indenture, and includes, without limitation, all series and classes of such common stock or ordinary shares.

"**Company**" means the party named as such in the first paragraph of this Indenture or any successor obligor under this Indenture and the Notes pursuant to this Indenture.

"**Consolidated Assets**" means, with respect to any Restricted Subsidiary at any date of determination, the Company and its Restricted Subsidiaries' proportionate interest in the total consolidated assets of such Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company shall use its reasonable best efforts to compile on a timely basis and which may be internal consolidated financial statements) are available.

"**Consolidated EBITDA**" means, with respect to any Person for any period, Consolidated Net Income of such Person for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets); and

(3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income;

all as determined on a consolidated basis for such Person and its Subsidiaries (excluding Unrestricted Subsidiaries) in conformity with GAAP; *provided* that (i) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of the Restricted Subsidiaries; and (ii) in the case of any PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

"**Consolidated Fixed Charges**" means, with respect to any Person for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of such Person or any of its Restricted Subsidiaries held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly-Owned Restricted Subsidiary.

"**Consolidated Interest Expense**" means, with respect to any Person for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of such Person and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by such Person and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, such Person or any of its Restricted Subsidiaries, only to the extent that such interest has become payable by the Company or the relevant Restricted Subsidiary, and (7) any capitalized interest; *provided* that, interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

"**Consolidated Net Income**" means, with respect to any Person (the "**Subject Person**") for any period, the aggregate of the net income (or loss) of such Person attributable to the shareholders of such Person and its Restricted Subsidiaries for such period, on a consolidated

basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:

(a) subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

(b) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of the Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of the Restricted Subsidiaries;

(3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other constitutive document or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary, *provided that* this clause (3) shall not apply if the restriction on such declaration or payment of dividends or similar distributions of such Restricted Subsidiary is in any of such Restricted Subsidiary's Credit Facilities that are existing on the Original Issue Date;

(4) the cumulative effect of a change in accounting principles;

(5) any net after tax gains realized on the sale or other disposition of (a) any property or asset of the Company or any Restricted Subsidiary that is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company or a Restricted Subsidiary realized on sales of Capital Stock of the Company or of any Restricted Subsidiary);

(6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and

(7) any net after-tax extraordinary or non-recurring gains.

"**Consolidated Net Worth**" means, at any date of determination, stockholders' equity as set forth on the most recently available quarterly, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and the Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any

amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of the Restricted Subsidiaries, each item to be determined in conformity with GAAP.

"**Contractor Guarantees**" means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of equipment, real or personal property or asset to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

"**Construction Payable**" means any outstanding amount of accounts payable to its contractors or suppliers created, assumed or Guaranteed by the Company or any Restricted Subsidiary for the development of assets or projects in the Permitted Business.

"**Corporate Trust Office**" means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which shall initially be located at One Canada Square, London E14 5AL, United Kingdom, attention: Corporate Trust Administration – GCL New Energy Holdings Limited; facsimile: +44 1202 689660; email: Ctsingaporegcs@bnymellon.com and shall include a reference to the Specified Corporate Trust Office.

"**Credit Facilities**" means one or more of the facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions or to issue securities arranged by such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favor of such institutions or in connection with securitization or similar transactions involving such assets), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder (provided that such

increase is permitted under Section 4.05) or (4) otherwise altering the terms and conditions thereof.

"**Creditor Representatives**" means, collectively, the Trustee and the holders (or their trustees, representatives or agents) of any Permitted Pari Passu Secured Indebtedness that have become a party to the Intercreditor Agreement.

"**Currency Hedging Agreement**" means any currency swap agreement, currency cap agreement, currency floor agreement, currency futures agreement, currency option agreement or any other similar agreement or arrangement which may consist of one or more of the foregoing agreements, designed to protect against or reduce or manage exposure to fluctuations in foreign exchange rate.

"**Debt Documents**" means, collectively, this Indenture and the documents evidencing any Permitted Pari Passu Secured Indebtedness.

"**Default**" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"**Disqualified Stock**" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or clause (2) above or Indebtedness having a scheduled maturity prior to the date that is 183 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the date that is 183 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in Section 4.12 and Section 4.13 and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to Section 4.12 and Section 4.13.

"**Dollar Equivalent**" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the noon buying rate for U.S. dollars in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on the date of determination.

"**Electronic Means**" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"**Entrusted Loans**" means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings; *provided* that such borrowings are not reflected on the consolidated balance sheet of the Company.

"**Escrow Agent**" has the meaning set forth in Section 10.01(a).

"**Euroclear**" means Euroclear Bank SA/NV.

"**Event of Default**" has the meaning set forth in Section 6.01.

"**Excess Proceeds**" has the meaning set forth in Section 4.13(c).

"**Exempted Subsidiary**" means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law, regulation or rule to provide a Subsidiary Guarantee; *provided* that (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

"**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

"**FATCA**" has the meaning set forth in Section 4.21(a)(i)(D).

"**Final Maturity Date**" means January 30, 2024.

"**Financial Company Investor**" means an Independent Third Party that is a financial institution, including but not limited to a bank, insurance company, securities management company, trust company, fund management company and asset management company, or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

"**Fitch**" means Fitch Ratings Ltd. and its successors.

"**Fixed Charge Coverage Ratio**" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the "**Four Quarter Period**") to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(a) *pro forma effect* shall be given to any Indebtedness Incurred, repaid or redeemed during the period (the "**Reference Period**") commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;

(b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Hedging Agreement applicable to such Indebtedness if such Interest Rate Hedging Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(c) *pro forma* effect will be given to the creation, designation or redesignation of Restricted Subsidiaries and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(d) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(e) *pro forma* effect will be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (d) or clause (e) of this definition requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation will be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"**Future Subsidiary Guarantor**" has the meaning set forth in Section 11.09.

"**GAAP**" means International Financial Reporting Standards as adopted by the International Accounting Standards Board from time to time.

"**Government Agency**" means any administration, agency, authority, central bank, department, government, legislature, minister, ministry, official or public or statutory person of, or of the government of, the PRC or any provincial or local authority thereof.

"**Global Note**" has the meaning set forth in Section 2.04(c).

"**Guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"**Guaranteed Indebtedness**" has the meaning set forth in Section 4.10(a).

"**Hedging Obligation**" of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement.

"**Holder**" means the Person in whose name a Note is registered in the Note register.

"**Hong Kong**" means the Hong Kong Special Administrative Region.

"**Incur**" means, with respect to any Indebtedness or Disqualified Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Disqualified Stock; *provided* that (1) any Indebtedness and Disqualified Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "Incurrence," "Incurred" and "Incurring" have meanings correlative with the foregoing.

"**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(5) all Capitalized Lease Obligations and Attributable Indebtedness;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(8) to the extent not otherwise included in this definition, Hedging Obligations;

(9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends; and

(10) any Preferred Stock issued by (a) such Person, if such Person is a Restricted Subsidiary or (b) any Restricted Subsidiary of such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include any capital commitments, deferred payment obligation or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including, without limitation, equipment, land use rights, buildings and intangible assets) to be used in a Permitted Business, any Entrusted Loans or any Perpetual Bond Obligation; *provided* that such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Company and its Restricted Subsidiaries (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected on the balance sheet as borrowings or indebtedness will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided*:

(1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be

deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest; and

(3) that the amount of Indebtedness with respect to any Hedging Obligation shall be (i) zero if Incurred pursuant to Section 4.05(b)(v) or (ii) equal to the net amount payable by such Person if the Commodity Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement giving rise to such Hedging Obligation were terminated at that time due to default by such Person if not Incurred pursuant to Section 4.05(b)(v).

"**Indenture**" means this indenture (including all Exhibits and Schedules hereto) as originally executed or as it may from time to time be supplemented or amended by one of more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"**Independent Third Party**" means any Person that is not an Affiliate of the Company.

"**Initial Offshore Non-Guarantor Subsidiaries**" means the Company's Restricted Subsidiaries organized outside of the PRC other than the Subsidiary Guarantors, as of the Original Issue Date.

"**Intercreditor Agreement**" means the intercreditor agreement substantially in the form contained in Part [●] of Schedule II, to be dated as of, or as soon as practicable following, the CDB Loan Repayment Date, among (i) the Company, (ii) the Subsidiary Guarantor Pledgors, (iii) the Collateral Agent and (iv) the Trustee (as may be amended, supplemented or modified from time to time).

"**Interest Payment Date**" means January 30 and July 31 of each year, commencing January 30, 2022.

"**Interest Rate Hedging Agreement**" means any interest rate swap agreement, interest rate cap agreement, interest rate floor agreement, interest rate future contract, interest rate option agreement or any other similar agreement or arrangement, which may consist of one or more of any of the foregoing agreements, designed to reduce or manage the exposure to fluctuations in interest rates.

"**Interest Record Date**" means (i) in terms of Certificated Notes, January 15 and July 16 immediately preceding the relevant Interest Payment Date; or (ii) in terms of Global Notes, one Clearing System Business Day immediately preceding an Interest Payment Date.

"**Investment**" means:

(i) any direct or indirect advance, loan or other extension of credit to another Person;

(ii) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(iii) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(iv) any Guarantee of any obligation of another Person.

For the purposes of the provisions of Section 4.06 and Section 4.18: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Company's proportionate interest in the assets (net of the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary calculated as of the time of such designation; (2) if the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company will be deemed to have made an investment on the date of any such sale or disposition equal to the Fair Market Value of the Capital Stock of such Person held by the Company (directly or indirectly) immediately after such sale or disposition by the Company of a Person that holds an Investment; and (3) any property transferred to or from any Person will be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"**Investment Grade**" means a rating of (i) "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, (ii) "Aaa," or "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns, or (iii) "AAA," "AA," "A," "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch or any of its successors or assigns.

"**Lease Agreement**" means the lease agreement dated September 30, 2020 entered into between Suzhou GCL New Energy Operation and Technology Co., Ltd. (蘇州協鑫新能源運營科技有限公司), as tenant, and Suzhou GCL Industrial Applications Research Co., Ltd. (蘇州協鑫工業應用研究院有限公司) ("**Suzhou GCL Industrial Applications**"), as landlord, regarding the leasing of certain premises in the PRC, as set out in the announcement of the Company announced on September 30, 2020 on The Stock Exchange of Hong Kong Limited.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"**Management Control**" means the ability (i) to appoint and/or remove more than a majority member of the Board of Directors, or (ii) to direct and control management and daily operations of the Company, whether via contractual arrangement, proxy or otherwise.

"**Measurement Date**" means January 30, 2018.

"**Minority Joint Venture**" means any corporation, association or other business entity that is accounted for by the equity method of accounting in accordance with GAAP by the Company or a Restricted Subsidiary and primarily engaged in the Permitted Businesses, and such Minority Joint Venture's Subsidiaries.

"**Minority Interest Staged Acquisition Agreement**" means an agreement between the Company and/or any Restricted Subsidiary on the one hand and an Independent Third Party on the other (x) pursuant to which the Company and/or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock at the time the Company and/or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one instalment over a period of time.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Net Cash Proceeds**" means:

(1) with respect to any Asset Sale (other than the issuance or sale of Capital Stock), all of the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents, proceeds from the conversion of other property received when converted to cash or cash equivalents and, to the extent not included in the foregoing and without double counting, distributions or dividends received out of retained earnings of the asset being sold in connection with such Asset Sale, net of:

(a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) directly related to such Asset Sale;

(b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and the Restricted Subsidiaries, taken as a whole;

(c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale; and

(d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities directly associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP and reflected in an Officers' Certificate delivered to the Trustee; and

(2) with respect to any Asset Sale consisting of the issuance or sale of Capital Stock, all the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**New Offshore Non-Guarantor Subsidiary**" has the meaning assigned to such term in Section 11.09(b).

"**Non-Guarantor Subsidiary**" means all of the Restricted Subsidiaries that are not Subsidiary Guarantors, including the PRC Non-Guarantor Subsidiaries, the Exempted Subsidiaries and the Offshore Non-Guarantor Subsidiaries.

"**Notes**" has the meaning assigned to such term in the Recitals of this Indenture.

"**Notice of Redemption**" has the meaning set forth in Section 3.01(c).

"**Offer to Purchase**" means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

(1) the provision in this Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which, except as otherwise provided herein, shall be a Business Day no earlier than 15 days nor later than 30 days from the date such notice is mailed) (the "**Offer to Purchase Payment Date**");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying and Transfer Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying and Transfer Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or any amount in excess thereof which is an integral multiple of US$1.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Paying and Transfer Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase

Payment Date. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying and Transfer Agent shall as soon as reasonably practicable mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and upon receipt of written order of the Company signed by an Officer the Registrar shall as soon as reasonably practicable authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or any amount in excess thereof which is an integral multiple of US$1. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of this Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Indenture by virtue of such compliance.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"**Officer**" means one of the executive officers of the Company or, in the case of a Restricted Subsidiary, one of the directors or officers of such Restricted Subsidiary.

"**Officers' Certificate**" means a certificate signed by two Officers; *provided, however*, with respect to the Officers' Certificate required to be delivered by any Subsidiary Guarantor under this Indenture, Officers' Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor at the time such certificate is required to be delivered.

"**Operation Service Agreement**" means the Operation Service Agreement dated July 10, 2020 entered into between Suzhou GCL New Energy Operation and Technology Co., Ltd. (蘇州協鑫新能源運營科技有限公司) ("**Suzhou GCL Operation**") and Suzhou GCL-Poly Solar Power Investment Ltd. (蘇州保利協鑫光伏電力投資有限公司) ("**Suzhou GCL Poly Group**"), under which Suzhou GCL Operation will provide operation and management services for the power plants of Suzhou, as set out in the announcement of the Company announced on July 10, 2020 on The Stock Exchange of Hong Kong Limited.

"**Offshore Non-Guarantor Subsidiaries**" has the meaning assigned to such term in Section 11.09(b).

"**Opinion of Counsel**" means a written opinion from external legal counsel in form and substance reasonably acceptable to the Trustee, the Collateral Agent or the Escrow Agent (as applicable).

"**Original Issue Date**" means the date on which the Notes are originally issued under this Indenture.

"**outstanding**" when used with respect to Notes means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(1) Notes theretofore cancelled by the Paying and Transfer Agent or accepted by the Paying and Transfer Agent for cancellation;

(2) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee (in trust) or any Paying and Transfer Agent for the Holders of such Notes; *provided* that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor has been made; and

(3) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture.

A Note does not cease to be outstanding because the Company or any Affiliate of the Company holds the Note; *provided* that in determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Notes owned by the Company or any Affiliate of the Company or beneficially held for the Company or an Affiliate of the Company shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Notes for which the Trustee has received an Officers' Certificate from the Company or an Affiliate of the Company evidencing such ownership or beneficial holding shall be so disregarded. Notes so owned or beneficially held that have been pledged in good faith may be regarded as outstanding if the pledgee establishes its right to act with respect to such Notes and that the pledgee is not the Company or an Affiliate of the Company.

"**Pari Passu Guarantee**" means a Guarantee by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Subsidiary Guarantor, as the case may be; *provided* that (1) the Company and such Subsidiary Guarantor were otherwise permitted to Incur such Indebtedness under Section 4.05 and (2) such Guarantee ranks *pari passu* with the Notes or any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, as the case may be.

"**Paying and Transfer Agent**" means any paying and transfer agent with respect to the Notes appointed pursuant to a Paying and Transfer Agent and Registrar Appointment Letter in the form of Exhibit D hereto.

"**Payment Date**" shall have the meaning set forth in Section 4.01(a).

"**Permitted Businesses**" means any business which is the same as or ancillary or complementary to any of the businesses of the Company and the Restricted Subsidiaries on the Original Issue Date.

"**Permitted Holders**" means any or all of the following:

(1) Mr. Zhu Gongshan;

(2) any Affiliate of the Person specified in clause (1), including, among others, GCL-Poly Energy Holdings Limited;

(3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the Persons specified in clauses (1) and (2);

(4) any Person that is (i) rated as Investment Grade by S&P, Moody's or Fitch, or (ii) rated "AAA" by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. (上海新世纪资信评估投资服务有限公司) and its successors, China Cheng Xin International Credit Rating Co. Ltd. (中诚信国际信用评级有限责任公司) and its successors, CSCI Pengyuan Credit Rating Co., Ltd. (中证鹏元资信评估股份有限公司) and its successors, China Lianhe Credit Rating Co. Ltd. (联合资信评估股份有限公司) and its successors, or Dagong Global Credit Rating Co. Ltd. (大公国际资信评估有限公司) and its successors.

"**Permitted Indebtedness**" has the meaning set forth in Section 4.05(b).

"**Permitted Investment**" means:

(1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business (including the purchase or acquisition of Capital Stock of such Restricted Subsidiary) or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or will be merged or consolidated with or into, or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(2) cash or Temporary Cash Investments;

(3) payroll, travel and similar advances made in the ordinary course of business to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in satisfaction of judgments;

(5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(6) any Investment pursuant to a Hedging Obligation designed to reduce or manage the exposure of the Company or any Restricted Subsidiary to fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(7) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens";

(8) loans or advances to vendors, contractors, suppliers or distributors, including, without limitation, advance payments for equipment and machinery made to the manufacturer or distributor thereof, of the Company or any Restricted Subsidiary in the ordinary course of business and dischargeable in accordance with customary trade terms;

(9) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers' compensation claims, welfare and social benefits, property maintenance and other purposes specified by statutes or regulations from time to time in the ordinary course of business;

(10) Investments consisting of consideration received in connection with an Asset Sale under Section 4.13(a)(iii)(B) and made in compliance with Section 4.13;

(11) deposits or prepayments made in order to secure the performance of the Company or any Restricted Subsidiaries and prepayments made in connection with (i) the direct or indirect acquisition of real property or land use rights or personal property (including without limitation, Capital Stock and intangible assets) by the Company or any Restricted Subsidiaries (including, without limitation, by way of acquisition of Capital Stock of a Person), (ii) relocation or resettlement of plants or facilities or (iii) government grants or subsidies or tariff adjustments, in each case in the ordinary course of a Permitted Business;

(12) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;

(13) payments made pursuant to any Staged Acquisition Agreement;

(14) Guarantees permitted under Section 4.05(b)(xviii);

(15) receivables, trade credits or other current assets owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; and

(16) any Investment (including any deemed Investment upon the sale of Capital Stock of a Restricted Subsidiary) by the Company or any Restricted Subsidiary in any Person primarily engaged in a Permitted Business, *provided* that:

(i) the aggregate of all Investments made under this clause (16) since the Original Issue Date shall not exceed in aggregate an amount equal to 15.0% of Total Assets, *provided* that such aggregate amount of Investments shall be calculated after

deducting an amount equal to the net reduction in all Investments made under this clause (16) since the Original Issue Date resulting from:

(A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (16), in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income;

(B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Original Issue Date under this clause of an obligation of any such Person;

(C) to the extent that an Investment made after the Original Issue Date under this clause (16) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Original Issue Date in any such Person pursuant to this clause (16); or

(D) such Person becoming a Restricted Subsidiary (whereupon all Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Person since the Original Issue Date shall be deemed to have been made pursuant to clause (i) of this "Permitted Investment" definition);

(ii) none of the other shareholders or partners in such Person in which such Investment was made pursuant to this clause (16) is a Person described in clauses (x) or (y) of Section 4.14(a) (other than by reason of such shareholder or partner being an officer or director of the Company or a Restricted Subsidiary or by reason of being a Restricted Subsidiary: and

(iii) no Default has occurred and is continuing or would occur as a result of such Investment.

"**Permitted Collateral Liens**" means:

(1) Liens on the Collateral incurred pursuant to the Security Documents; and

(2) Liens on the Collateral securing Permitted Pari Passu Secured Indebtedness Incurred in accordance with Section 4.05(b)(xxiii) hereof.

"**Permitted Liens**" means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds, warranty, product liability and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and the Restricted Subsidiaries, taken as a whole;

(5) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person (i) becomes a Restricted Subsidiary or (ii) is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets of such Person (if such Person becomes a Restricted Subsidiary) or the property or assets acquired by the Company or such Restricted Subsidiary (if such Person is merged with or into or consolidated with the Company or such Restricted Subsidiary); *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;

(6) Liens in favor of the Company or any Restricted Subsidiary;

(7) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that do not give rise to an Event of Default;

(8) Liens securing reimbursement obligations with respect to letters of credit, bankers' acceptances, performance and surety bonds and completion guarantees that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(9) Liens existing on the Original Issue Date;

(10) Liens securing Indebtedness which is Incurred to refinance Secured Indebtedness which is permitted to be Incurred under Section 4.05(b)(iv), *provided* that such Liens (other than Liens securing Indebtedness to refinance Construction Payables outstanding on the Original Issue Date) do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced, *provided further* that with respect to Liens securing Indebtedness to refinance Construction Payables outstanding on the Original Issue Date, such Liens may cover (i) any property or assets that are acquired, developed, constructed or improved which gave rise to such Construction Payables, or (ii) other property or assets if the aggregate book value of such property or assets (as reflected in

the most recent available consolidated financial statements of the Company (which may be internal consolidated statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets), together with such property or assets that are subject to Liens permitted in sub-clause (i) above, does not exceed 130% of the aggregate principal amount or aggregate committed amount of Indebtedness secured by such Liens;

(11) Liens securing Hedging Obligations permitted to be Incurred under Section 4.05(b)(v), *provided* that (i) Indebtedness relating to any such Hedging Obligation is, and is permitted under Section 4.07 to be, secured by a Lien on the same property securing such Hedging Obligation, (ii) such Liens are encumbering customary initial deposits or margin deposits or are otherwise within the general parameters customary in the industry and incurred in the ordinary course of business or (iii) such Liens secure obligations set forth under Interest Rate Hedging Agreements designed to reduce or manage interest expenses;

(12) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;

(13) any interest or title of a lessor in the property subject to any operating lease;

(14) Liens on deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers' compensation claims, welfare and social benefits and other purposes specified by statutes, regulations or rules made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(15) Liens securing Indebtedness permitted under Section 4.05(b)(xi); *provided* that such Lien (i) covers only the equipment, property or assets acquired, developed, constructed or improved with such Indebtedness and (ii) is created prior to, at the same time of or within 180 days after the latest of (A) the completion of such acquisition, (B) the completion of development, construction or improvement of such equipment, property or asset and (C) the due date of the respective payments in connection with such acquisition, development, construction or improvement; *provided further* that, in the case of clause (i) such Lien may cover other property or assets (instead of or in addition to such item of equipment, property or asset) if the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (18) does not exceed 130% of the aggregate principal amount or aggregate committed amount of Indebtedness secured by such Liens;

(16) Liens to secure Bank Deposit Secured Indebtedness permitted to be Incurred under Section 4.05(b)(xv);

(17) Liens on current assets securing Indebtedness permitted in to be incurred under Section 4.05(b)(xiii);

(18) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under Section 4.05(b)(xvi);

(19) Liens incurred or deposits made to secure Entrusted Loans;

(20) Liens securing Attributable Indebtedness that is permitted to be Incurred under this Indenture;

(21) Liens granted by the Company or a PRC Restricted Subsidiary in favor of any Financial Company Investor to secure the obligations of a Subsidiary of such PRC Restricted Subsidiary in which such Financial Company Investor holds or acquires a minority equity interest to pay a guaranteed or preferred return to such Financial Company Investor, including the Indebtedness of the type described under Section 4.05(b)(xix);

(22) Liens arising solely by virtue of any statutory or common law provisions relating to banks' Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution; and

(23) Liens securing Indebtedness permitted to be Incurred under Section 4.05(b)(xiv), Section 4.05(b)(xvii), Section 4.05(b)(xviii), Section 4.05(b)(xx), Section 4.05(b)(xxi), Section 4.05(b)(xxii) or Section 4.05(e).

"**Permitted Pari Passu Secured Indebtedness**" means any Indebtedness of the Company or any Restricted Subsidiary in an original principal amount of at least US$10,000,000, and any Pari Passu Guarantee with respect to such Indebtedness, which is Incurred after the CDB Loan Repayment Date and is secured by a Lien on the Collateral *pari passu* with the Lien created for the benefit of the Holders; *provided* that in connection with the Incurrence of any Permitted Pari Passu Secured Indebtedness in accordance with Section 4.05(b)(xxiii) hereof, (i) 100% of the net proceeds from the Incurrence of such Permitted Pari Passu Secured Indebtedness shall be applied to repay, repurchase or redeem all or part of the Notes in accordance with Article 3 hereof; (ii) the holders of such Permitted Pari Passu Secured Indebtedness (or their trustee, representative or agent) shall become a party to the Intercreditor Agreement; and (iii) the Company or such Restricted Subsidiary shall deliver to the Trustee and the Collateral Agent an Opinion of Counsel and an Officers' Certificate stating that, in connection with the Incurrence of any Permitted Pari Passu Secured Indebtedness, either (x) all necessary actions have been taken with respect to the recording, registering and filing of the Security Documents, financing statements or other instruments necessary to make effective the Liens on the Collateral intended to be created by the Security Documents or (y) no such action is necessary to make any such Lien effective; For the avoidance of doubt, the Trustee and/or the Collateral Agent, as the case may be, will be permitted and authorized, without the consent of any Holder, to enter into any amendments to the Security Documents, the Intercreditor Agreement or this Indenture and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with the terms of this Indenture (including, without limitation, the appointment of the Collateral Agent under the Intercreditor Agreement to hold the Collateral on behalf of the Holders and the holders of such Permitted Pari Passu Secured Indebtedness)*; provided* that any

such amendment shall not affect the enforceability, validity, perfection or priority of any Lien created or purported to be created by any of the Security Documents.

"**Permitted Refinancing Indebtedness**" has the meaning set forth in Section 4.05(b)(iv).

"**Permitted Subsidiary Indebtedness**" means Indebtedness of, and any Preferred Stock issued by, any Non-Guarantor Subsidiary; *provided* that, on the date of Incurrence of such Indebtedness, and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness and all Preferred Stock issued by the Restricted Subsidiaries (excluding any Indebtedness of any Restricted Subsidiary permitted under Section 4.05(b)(iii) or Section 4.05(b)(v)) does not exceed an amount equal to 15.0% of Total Assets (or the Dollar Equivalent thereof).

"**Perpetual Bond Obligation**" means perpetual securities existing on the Original Issue Date that are accounted for as equity in accordance with GAAP.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**PRC**" means the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

"**PRC CJV**" means any future Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Foreign Investment Law of the PRC adopted on January 1, 2020 and the Detailed Rules for the Regulation for Implementing the Foreign Investment Law of the PRC adopted on January 1, 2020, as such laws may be amended.

"**PRC CJV Partner**" means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

"**PRC Non-Guarantor Subsidiaries**" means the Restricted Subsidiaries organized under the Laws of the PRC.

"**Preferred Stock**" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**principal**" of any Indebtedness means the principal amount of such Indebtedness (or if such Indebtedness was issued with original issue discount, the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness), together with, unless the context otherwise indicates, any premium then payable on such Indebtedness.

"**Principal Office**" means the office of the Paying and Transfer Agent at which the business of the Paying and Transfer Agent is principally administered, which at the date of this Indenture is located at One Canada Square, London E14 5AL, United Kingdom.

"**Project Finance Indebtedness**" means any Indebtedness issued, borrowed or raised by a Project Subsidiary to finance the ownership, acquisition, development, construction and/or operation of an asset or project.

"**Project Subsidiary**" means any Restricted Subsidiary of the Company which is established or acquired solely for the purpose of ownership, acquisition, development and operation of one or more assets or projects engaged in the Permitted Business.

"**Register**" has the meaning set forth in Section 2.05(a).

"**Registrar**" means the registrar for the Notes appointed pursuant to a Paying and Transfer Agent and Registrar Appointment Letter in the form of Exhibit D.

"**Regulation S**" means Regulation S under the Securities Act.

"**Relevant Jurisdictions**" has the meaning set forth in Section 4.21(a).

"**Relevant Taxing Jurisdiction**" has the meaning set forth in Section 4.21(a).

"**Remaining Proceeds**" has the meaning set forth in Section 4.13(g).

"**Remaining Receipts**" has the meaning set forth in Section 4.16(b).

"**Renewable Energy Subsidies**" means (1) the renewable energy subsidies received by the Company or any Subsidiary on or after the Original Issue Date from any Government Agency or any State Corporation using the net proceeds of bond offerings by any Government Agency or any State Corporation or other sources of funds, and (2) payments received by the Company or any Subsidiary on or after the Original Issue Date from any Person (other than the Company or a Subsidiary) in connection with the renewable energy subsidies with respect to solar power plants sold by the Company or any Subsidiary to such Person.

"**Renewable Energy Subsidy Mandatory Redemption**" has the meaning set forth in Section 4.16(b).

"**Renewable Energy Subsidy Offer**" has the meaning set forth in Section 4.16(a).

"**Renewable Energy Subsidy Offer Amount**" has the meaning set forth in Section 4.16(a).

"**Replacement Assets**" means, on any date, properties and assets (other than current assets), including any Capital Stock in a Person holding such property or assets that is primarily engaged in a Permitted Business which becomes a Restricted Subsidiary after such acquisition, that will be used in the Permitted Businesses.

"**Responsible Officer**" means, when used with respect to the Trustee, any managing director, vice president, trust associate, relationship manager, transaction manager, client service manager, any trust officer or any other officer located at the Specified Corporate Trust Office who customarily performs functions similar to those performed by any persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and in each such case, who shall have direct responsibility for the day to day administration of this Indenture.

"**Restricted Payments**" has the meaning set forth in Section 4.06(a).

"**Restricted Subsidiary**" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw- Hill Companies, Inc., and its successors.

"**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"**Secured Indebtedness**" means any Indebtedness of the Company or a Restricted Subsidiary secured by a Lien.

"**Secured Parties**" has the meaning set forth in the Intercreditor Agreement.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Security Documents**" means, subject to Section 10.04, collectively, (a) the pledge agreements substantially in the form contained in Part I through Part II of Schedule II, which shall become effective on or after the CDB Loan Repayment Date, and (b) any other agreements or instruments that may evidence or create any security interest in favor of the Collateral Agent for the benefit of the Secured Parties in any or all of the Collateral or under which rights or remedies with respect to the Collateral are governed, in each case as amended, supplemented, restated, renewed, replaced or otherwise modified from time to time. References to the Security Documents in this Indenture shall only be deemed to be applicable when such Security Documents become effective on or after the CDB Loan Repayment Date in accordance with Section 10.01 hereof.

"**Significant Asset Sale**" means any Asset Sale of one or more solar power plants, including by way of issuance or sale of Capital Stock of a Subsidiary that directly or indirectly owns solar power plants; provided that, the binding agreement for such Asset Sale is entered into by the Company or any Subsidiary on or after January 1, 2021.

"**Significant Asset Sale Mandatory Redemption**" has the meaning set forth in Section 4.13(g).

"**Significant Asset Sale Offer**" has the meaning set forth in Section 4.13(f).

"**Significant Asset Sale Offer Amount**" has the meaning set forth in Section 4.13(f).

"**Significant Asset Sale Proceeds"** means the accumulated amount of the Net Cash Proceeds received by the Company or any Subsidiary from all Significant Asset Sales on or after January 1, 2021; *provided* that, with respect to any Significant Asset Sale consisting of the issuance or sale of Capital Stock, the Net Cash Proceeds shall exclude any payments made to repay Indebtedness or any other obligation (except for any Indebtedness or other obligation owed to the Company or any Subsidiary) outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the Capital Stock sold or (y) is required to be paid as a result of such sale.

"**Significant Subsidiary**" means any Restricted Subsidiary or any group of Restricted Subsidiaries that, taken together, would be a "significant subsidiary" using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of this Indenture, if any of the conditions exceeds 5 percent.

"**Specified Corporate Trust Office**" means The Bank of New York Mellon, Hong Kong Branch located at Level 26, Three Pacific Place, 1 Queen's Road East, Hong Kong; facsimile: +852 2295 3283; attention: Corporate Trust – GCL New Energy Holdings Limited.

"**Staged Acquisition Agreement**" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire 50% or more of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

"**State Corporation**" means any corporation, association or other legal person which is directly or indirectly controlled by, or of which 50% or less of the voting power of the outstanding Voting Stock is directly or indirectly owned by, a Government Agency.

"**Stated Maturity**" means (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"**Subordinated Indebtedness**" means any Indebtedness of the Company or any Subsidiary Guarantor that is contractually subordinated or junior in right of payment to the Notes or to any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"**Subsidiary**" means, with respect to any Person, corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person

and in each case which is "controlled" and consolidated by such Person in accordance with GAAP; provided, however, that with respect to clause (ii), the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be "controlled" by such Person under the GAAP and to constitute a Subsidiary of such Person shall be deemed to be a designation of such corporation, association or other business entity as an Unrestricted Subsidiary by such Person and be subject to the requirements under Section 4.18(a).

"**Subsidiary Guarantee**" means any Guarantee of the obligations of the Company under this Indenture and the Notes by any Subsidiary Guarantor.

"**Subsidiary Guarantor**" means any initial Subsidiary Guarantor named in Schedule I hereto and any other Restricted Subsidiary that Guarantees the obligations of the Company under this Indenture and the Notes; *provided* that Subsidiary Guarantor shall not include any Person whose Subsidiary Guarantee has been released in accordance with this Indenture and the Notes.

"**Subsidiary Guarantor Pledgor**" means, subject to Section 10.04, any initial Subsidiary Guarantor Pledgor (as set forth in Section 10.01(d)) and any other Subsidiary Guarantor which pledges or charges Collateral to secure the obligations of the Company under the Notes and this Indenture and of such Subsidiary Guarantor under its Subsidiary Guarantee; *provided* that a Subsidiary Guarantor Pledgor will not include any Person whose pledge under the Security Documents has been released in accordance with the Security Documents and this Indenture.

"**Surviving Person**" has the meaning set forth in Section 5.01(a)(i).

"**Taxes**" has the meaning set forth in Section 4.21(a).

"**Tax Redemption Date**" has the meaning set forth in Section 3.01(a).

"**Temporary Cash Investment**" means any of the following:

(1) direct obligations of the United States of America, any state of the European Economic Area, the United Kingdom, Hong Kong, the PRC, or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, any state of the European Economic Area, the United Kingdom, Hong Kong, the PRC or any agency of any of the foregoing, in each case maturing within one year;

(2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof, Hong Kong, the United Kingdom, any state of the European Economic Area or the PRC and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$100 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P or Fitch;

(5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P, Moody's or Fitch;

(6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;

(7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with, any bank, trust company or other financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations; and

(8) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months' notice.

"**Total Assets**" means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last date of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements); *provided* that:

(1) only with respect to Section 4.05(b)(xi)(B) and the definition of "Permitted Subsidiary Indebtedness," Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all the equipment, property or assets the purchase of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness;

(2) only with respect to Section 4.05(b)(xvii), with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated after giving pro forma effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Company as a result of such Person becoming a Restricted Subsidiary; and

(3) only with respect to any Person becoming a New Offshore Non-Guarantor Restricted Subsidiary, pro forma effect shall at such time be given to the consolidated assets of such New Offshore Non-Guarantor Subsidiary (including giving pro forma effect to any other change to the consolidated assets of the Company, in each case as a result of such Person becoming a New Offshore Non-Guarantor Restricted Subsidiary).

"**Trade Payables**" means, with respect to any Person, any advances or deposits from, or any accounts payable or any other indebtedness or monetary obligation to trade creditors (including without limitation contractors, customers and suppliers) created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable.

"**Transaction Date**" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"**Trustee**" means the party named as such in the first paragraph of this Indenture or any successor trustee under this Indenture pursuant to Article 7.

"**U.S. dollars**" or "**US$**" means the lawful currency of the United States of America.

"**Unrestricted Subsidiary**" means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in this Indenture and (2) any Subsidiary of an Unrestricted Subsidiary.

"**U.S. Government Obligations**" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"**Voting Stock**" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"**Wholly Owned**" means, with respect to any Restricted Subsidiary, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by the Company or one or more Wholly Owned Subsidiaries of the Company; *provided* that Subsidiaries that are PRC CJVs shall

not be considered Wholly Owned Restricted Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person are entitled to 95% or more of the economic benefits distributable by such Subsidiary.

Section 1.02. *Rules of Construction*. Unless the context otherwise requires or except as otherwise expressly provided,

(a) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(b) "herein," "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular Section, Article or other subdivision;

(c) all references to any Person include the successors and permitted assigns of that Person;

(d) all references to Sections or Articles or Exhibits or Schedules refer to Sections or Articles or Exhibits or Schedules of or to this Indenture unless otherwise indicated; and

(e) references to agreements or instruments, or to statutes or regulations, are to such agreements or instruments, or statutes or regulations, as amended, modified or supplemented from time to time (or to successor statutes and regulations).

ARTICLE 2
ISSUE, EXECUTION, FORM AND REGISTRATION OF NOTES

Section 2.01. *Authentication and Delivery of Notes and Subsidiary Guarantees*. Upon the execution and delivery of this Indenture, or from time to time thereafter, Notes may be executed and delivered by the Company, with the Subsidiary Guarantees endorsed thereon by the Subsidiary Guarantors, in an aggregate principal amount outstanding of not more than US$[●] (other than Notes issued pursuant to Section 2.07) to the Trustee, the Registrar or an Authenticating Agent for authentication, accompanied by an Officers' Certificate of the Company directing such authentication and specifying the amount of Notes (with the Subsidiary Guarantees endorsed thereon) to be authenticated, the applicable rate at which interest will accrue on such Notes, the date on which the original issuance of such Notes (with the Subsidiary Guarantees endorsed thereon) is to be authenticated, the date from which interest will begin to accrue, the date or dates on which interest on such Notes will be payable and the date on which the principal of such Notes will be payable and other terms relating to such Notes and the Subsidiary Guarantees. The Trustee, the Registrar or an Authenticating Agent shall thereupon authenticate and deliver such Notes (with the Subsidiary Guarantees endorsed thereon) to or upon the written order of the Company (as set forth in such Officers' Certificate) signed by one Authorized Officers of the Company.

The Trustee, the Registrar or the Authenticating Agent shall have the right to decline to authenticate and deliver any Notes under this Section if such action may not lawfully be taken or if such action would expose the Trustee, the Registrar or the Authenticating Agent to personal liability, unless indemnity and/or security satisfactory to the Trustee, the Registrar or such Authenticating Agent against such liability is provided to the Registrar.

Section 2.02. *Execution of Notes and Subsidiary Guarantees*. (a) The Notes shall be executed by or on behalf of the Company by the signature of an Authorized Officer of the Company. Each of the Subsidiary Guarantors shall execute its Subsidiary Guarantee by the signature of an Authorized Officer of such Subsidiary Guarantor. Such signatures may be the manual or facsimile signature of the present or any future Authorized Officers. With the delivery of this Indenture, the Company is furnishing, and from time to time thereafter, the Company and each of the Subsidiary Guarantors may furnish, to the Trustee, a certificate substantially in the form of Exhibit C or in any other form that is acceptable to the Trustee (an "**Authorization Certificate**") identifying and certifying the incumbency and specimen (or facsimile) signatures of the Authorized Officers of the Company and the Subsidiary Guarantors. Until the Trustee receives a subsequent Authorization Certificate, the Trustee shall be entitled to conclusively rely on the last Authorization Certificate delivered to it for purposes of determining the Authorized Officers. Typographical and other minor errors or defects in any signature shall not affect the validity or enforceability of any Note which has been duly authenticated and delivered by or on behalf of the Trustee or the Registrar.

(b) In case the Authorized Officers who shall have signed any of the Notes or any of the Subsidiary Guarantees thereon, as applicable, shall cease to be such Authorized Officers before the Note (with the Subsidiary Guarantees endorsed thereon) shall be authenticated and delivered by or on behalf of the Trustee or the Registrar or disposed of by or on behalf of the Company, such Note (with the Subsidiary Guarantees endorsed thereon) nevertheless may be authenticated and delivered or disposed of as though the Persons who signed such Note and the Subsidiary Guarantees had not ceased to be such Authorized Officers; and any Note may be signed on behalf of the Company, any Subsidiary Guarantee may be signed on behalf of the applicable Subsidiary Guarantor as, at the actual date of the execution of such Note or Subsidiary Guarantee, shall be Authorized Officers, although at the date of the execution and delivery of this Indenture any such Persons were not Authorized Officers.

Section 2.03. *Certificate of Authentication*. Only such Notes (with the Subsidiary Guarantees endorsed thereon) as shall bear thereon a certification of authentication, substantially as set forth in the forms of the Notes and Subsidiary Guarantees in Exhibits A and B, and executed by the Trustee, the Registrar or an Authenticating Agent by manual or facsimile signature of one of its authorized signatories, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certification by the Trustee upon any Note executed by or on behalf of the Company (with the Subsidiary Guarantees endorsed thereon) shall be conclusive evidence that the Note (with the Subsidiary Guarantees endorsed thereon) so authenticated has been duly authenticated and delivered hereunder and that the Holder thereof is entitled to the benefits of this Indenture.

Section 2.04. *Form, Denomination and Date of Notes; Payments*. (a) The Notes and the Subsidiary Guarantees and the certificates of authentication shall be substantially in the form set forth in Exhibits A and B hereto. On the Original Issue Date, the Notes shall be issued in the form provided in Section 2.04(c). The Notes (with the Subsidiary Guarantees endorsed thereon) shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with the instructions set forth in the applicable Officers' Certificate and delivered by the Authorized Officers of the Company executing the same with the approval of the Trustee.

The Notes (with the Subsidiary Guarantees endorsed thereon) may be issued with appropriate insertions, omissions, substitutions and variations, and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto, with the rules of any securities market in which the Notes are admitted to trading, or to conform to general usage.

(b) Each Note (with the Subsidiary Guarantees endorsed thereon) shall be dated the date of its authentication. Each Note shall bear interest from the date of issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for and shall be payable on the dates specified on the face of the form of Note set forth as Exhibits A and B hereto. Interest on the Notes shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

(c) On the Original Issue Date, an appropriate Authorized Officer will execute and deliver to the Trustee one global Note (together with any other global notes issued after the Original Issue Date, the "**Global Notes**"), with the Subsidiary Guarantees endorsed thereon, in definitive, fully registered form without interest coupons, in a denomination of US$200,000 or any amount in excess thereof which is an integral multiple of US$1, substantially in the form of Exhibit B hereto in an aggregate principal amount that shall equal the aggregate principal amount of the Notes that are to be issued on the Original Issue Date. The aggregate principal amount of the Global Notes may from time to time be increased or decreased by adjustments made on the records of The Bank of New York Mellon, London Branch (the "**Common Depositary**") or its nominee.

(d) Each Global Note (i) shall be delivered by or on behalf of the Trustee to, and registered in the name of the Common Depositary or its nominee for the accounts of Euroclear and Clearstream, and (ii) shall also bear a legend substantially to the following effect:

"THIS NOTE AND THE SUBSIDIARY GUARANTEES RELATED TO THIS NOTE (COLLECTIVELY, THE "**SECURITY**") HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE BANK OF NEW YORK MELLON, LONDON BRANCH, AS COMMON DEPOSITARY ("**COMMON DEPOSITARY**") FOR EUROCLEAR BANK SA/NV ("**EUROCLEAR**") AND CLEARSTREAM BANKING S.A., ("**CLEARSTREAM**"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AND ANY PAYMENT IS MADE TO THE COMMON DEPOSITARY OR TO SUCH OTHER ENTITY

AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, THE COMMON DEPOSITARY, HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGEABLE IN WHOLE OR IN PART FOR A REGISTERED SECURITY, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH COMMON DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE."

Global Notes may be deposited with such other Common Depositary as the Company may from time to time designate in writing to the Trustee, and shall bear such legend as may be appropriate.

(e) If at any time the Common Depositary notifies the Company that it is unwilling or unable to continue as Common Depositary for such Global Notes, the Company shall use reasonable efforts to appoint a successor Common Depositary with respect to such Global Notes. If (i) a successor Common Depositary for such Global Notes is not appointed within 90 days after the Company receives such notice or becomes aware of such ineligibility, (ii) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business operations or does in fact do so, or (iii) any of the Notes has become immediately due and payable in accordance with Section 6.01 and Section 6.02 and the Company has received a written request from a holder of a beneficial interest in the Global Notes, the Company shall execute, and the Trustee, the Registrar or an Authenticating Agent, upon receipt of an Officers' Certificate of the Company directing the authentication and delivery thereof, will authenticate and deliver to each holder of a beneficial interest in the Global Notes, Certificated Notes in any authorized denominations in an aggregate principal amount equal to the principal amount of such Global Notes in exchange for such Global Notes.

(f) Global Notes shall in all respects be entitled to the same benefits under this Indenture as Certificated Notes authenticated and delivered hereunder.

(g) The Person in whose name any Note is registered at the close of business on any Interest Record Date with respect to any Interest Payment Date shall be entitled to receive the interest, if any, payable on such Interest Payment Date notwithstanding any transfer or exchange of such Note subsequent to the Interest Record Date and prior to such Interest Payment Date.

Section 2.05. *Registration, Transfer and Exchange*. (a) The Notes are issuable only in registered form. The Company shall keep at the office or agency of the Registrar, a register (the "**Register**") in which, subject to such reasonable regulations as it may prescribe, it shall register, and shall register the transfer of, Notes as provided in this Article 2. The name and

address of the registered holder of each Note and the amount of each Note, and all transfers and exchanges related thereto, shall be recorded in the Register. Such Register shall be in written form in the English language or in any other form capable of being converted into such form within a reasonable time. Such Register shall be open for inspection by or on behalf of the Trustee during normal business hours upon prior written request.

(b) Upon due presentation for registration of transfer of any Note, the Company shall execute and the Trustee, the Registrar or an Authenticating Agent shall authenticate and deliver in the name of the transferee or transferees a new Note or Notes in authorized denominations for a like aggregate principal amount.

(c) A Holder may register the transfer of a Note only by written application to the Registrar stating the name of the proposed transferee and otherwise complying with the terms of this Indenture. No such registration of transfer shall be effected until, and such transferee shall succeed to the rights of a Holder only upon, final acceptance and registration of the transfer by the Registrar in the Register. Prior to the registration of any transfer by a Holder as provided herein, the Company, the Trustee and any agent of any of them shall treat the Person in whose name the Note is registered as the owner thereof for all purposes whether or not the Note shall be overdue, and neither the Company, the Trustee, nor any such agent shall be affected by notice to the contrary. Furthermore, any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through a book-entry system maintained by Euroclear and Clearstream (or their respective agents) and that ownership of a beneficial interest in the Note shall be required to be reflected in a book entry. At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination and of a like aggregate principal amount, upon surrender of the Notes to be exchanged to the Registrar. When Notes are presented to the Registrar with a request to register the transfer or to exchange them for an equal principal amount of Notes of other authorized denominations, the Registrar shall register the transfer or make the exchange as requested if the requirements for such transactions set forth herein are met. To permit registrations of transfers and exchanges, the Company and each Subsidiary Guarantor shall execute and the Trustee, Registrar or Authenticating Agent shall authenticate Notes at the Registrar's request.

(d) Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Registrar) be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the Holder thereof or his attorney duly authorized in writing in a form satisfactory to the Company and the Registrar.

(e) The Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection with any exchange or registration of transfer of Notes (other than any such transfer taxes or other similar governmental charge payable upon exchanges). No service charge to any Holder shall be made for any such transaction.

(f) The Company shall not be required to exchange or register a transfer of: (i) any Notes for a period of 15 days immediately preceding the first mailing of Notice of Redemption of Notes to be redeemed or (ii) any Notes called or being called for redemption.

(g) So long as the Global Notes remain outstanding and are held by or on behalf of the Common Depositary, transfer of beneficial interests in the Global Notes may be made only in accordance with the rules of Euroclear or Clearstream.

(h) Subject to Section 2.04(e), the Global Notes are not exchangeable for a Certificated Note or Certificated Notes.

(i) Notwithstanding any other provisions hereof, unless and until the Global Notes are exchanged for Certificated Notes, the Global Notes may be transferred, in whole, but not in part, only by the Common Depositary to its nominee or by a nominee of the Common Depositary or another nominee of the Common Depositary or by the Common Depositary or its nominee to a successor Common Depositary or a nominee of any such successor Common Depositary.

Prior to any transfer of any Certificated Note or beneficial interest in any Global Note that, giving effect to such transfer, would constitute a "Restricted Security" within the meaning of Rule 144 under the Securities Act, the transferor will be required to deliver to the Trustee a duly completed Regulation S Certificate substantially in the form attached hereto as Exhibit G.

(j) All Notes issued upon any transfer or exchange of Notes shall be valid obligations of the Company, evidencing the same debt and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(k) Claims against the Company for the payment of principal of, premium, if any, or interest on the Notes will become void unless presentation for payment is made as required in this Indenture within a period of six years.

Section 2.06. *Mutilated, Defaced, Destroyed, Stolen and Lost Notes*. (a) The Company shall execute and deliver to the Trustee or the Registrar Certificated Notes in such amounts and at such times as to enable the Trustee or the Registrar to fulfill its responsibilities under this Indenture and the Notes.

(b) In case any Note shall become mutilated, defaced or be apparently destroyed, lost or stolen, upon the request of the registered holder thereof, the Company in its discretion may execute, and, upon the written request of Authorized Officers of the Company, the Trustee, the Registrar or an Authenticating Agent shall authenticate and deliver, a new Note (with each Subsidiary Guarantee endorsed thereon), bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Note, or in lieu of and substitution for the Note so apparently destroyed, lost or stolen. In every case the applicant for a substitute Note shall furnish to the Company, the Subsidiary Guarantors and the Trustee and any agent of the Company, the Subsidiary Guarantors or the Trustee such security and/or indemnity and/or pre-funding as may be required by each of them to indemnify and defend and to save each of them harmless and, in every case of destruction, loss or theft evidence to their satisfaction of the apparent destruction, loss or theft of such Note and of the ownership thereof. Upon the issuance of any substitute Note, such Holder, if so requested by the Company, the Subsidiary Guarantors or the Trustee, or any agent thereof, will pay a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee or its agent(s)) connected with the preparation

and issuance of the substitute Note. Each of the Trustee and the Registrar is hereby authorized, in accordance with and subject to the foregoing conditions in this Section 2.06(b), to authenticate and deliver, or cause the authentication and delivery of, from time to time, Notes (with each Subsidiary Guarantee endorsed thereon) in exchange for or in lieu of Notes (with each Subsidiary Guarantee endorsed thereon), respectively, which become mutilated, defaced, destroyed, stolen or lost. Each Note delivered in exchange for or in lieu of any Note shall carry all the rights to principal, premium (if any), interest (including rights to accrued and unpaid interest and Additional Amounts) which were carried by such Note.

(c) Mutilated or defaced Certificated Notes must be surrendered before replacements will be issued. In the event any such mutilated, defaced, destroyed, lost or stolen certificate has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new certificate, pay such Notes.

Section 2.07. *[Reserved]*.

Section 2.08. *Cancellation of Notes; Disposition Thereof*. All Notes surrendered for payment, redemption, registration of transfer or exchange, if surrendered to the Company or any agent of the Company or the Trustee, shall be delivered to the Paying and Transfer Agent for cancellation or, if surrendered to the Paying and Transfer Agent, shall be canceled by it; and no Notes shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Paying and Transfer Agent shall dispose of canceled Notes held by it in accordance with its customary procedures, and upon prior written request, deliver a certificate of disposition to the Company and the Subsidiary Guarantors. If the Company shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are delivered to the Paying and Transfer Agent for cancellation.

Section 2.09. *ISIN or Common Code Numbers*. The Company in issuing the Notes may use "**ISIN or Common Code**" numbers (if then generally in use), and, if so, the Trustee and the Paying and Transfer Agent shall use for the Notes "**ISIN or Common Code**" numbers in notices of redemption as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee and the Paying and Transfer Agent of any change in the "**ISIN or Common Code**" numbers.

Section 2.10. *General*. Without limiting the generality of the foregoing, a Holder, including the nominee of the Common Depositary for Euroclear and Clearstream, may make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders, and any such Holder and each of Euroclear and Clearstream may provide its proxy to the beneficial owners of interests in any Global Note through such Person's standing instructions and customary practices.

ARTICLE 3
REDEMPTION

Section 3.01. *Redemption for Taxation Reasons*. (a) The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and the Trustee, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "**Tax Redemption Date**") if, as a result of:

(i) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction; or

(ii) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is enacted or issued and becomes effective, or an official position is announced (x) with respect to the Company or any Subsidiary Guarantor that is not a Future Subsidiary Guarantor, on or after the Original Issue Date, or (y) with respect to any Surviving Person or Future Subsidiary Guarantor, on or after the date such Surviving Person or Future Subsidiary Guarantor becomes a Surviving Person or Subsidiary Guarantor with respect to any payment due or to become due under the Notes, the Subsidiary Guarantee or this Indenture, the Company, Surviving Person or Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, the Surviving Person or the Subsidiary Guarantor, as the case may be; *provided* that no such Notice of Redemption shall be given earlier than 90 days prior to the earliest date on which the Company, Surviving Person or Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

(b) Prior to the giving of any Notice of Redemption of the Notes pursuant to Section 3.01(a), the Company or a Surviving Person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before the Tax Redemption Date:

(i) an Officers' Certificate stating that such change, amendment or statement of an official position referred to in Section 3.01(a) has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, Surviving Person or Subsidiary Guarantor, as the case may be, by taking reasonable measures available to it; and

(ii) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change, amendment or statement of official position referred to in Section 3.01(a).

The Trustee is entitled to conclusively rely on and accept such Officers' Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent described in this Section 3.01(b), in which event it shall be conclusive and binding on the Holders.

Section 3.02. *Optional Redemption*. (a) At any time prior to the maturity of the Notes, the Company may, at its option, (i) make an Offer to Purchase the Notes at a purchase price below par to all Holders of the Notes on an arm's-length basis, to be completed within 30 days of the date on which such offer is announced and subject to such other conditions as determined by the Company in its sole discretion, or (ii) redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date.

(b) [*Reserved*].

(c) If the Company elects to redeem the Notes pursuant to the optional redemption provisions of this Section 3.02(a)(ii) or any other relevant provision of this Indenture, it must furnish to the Trustee, at least 15 days but not more than 30 days before a redemption date, an Officers' Certificate (each, a "**Notice of Redemption**") setting forth:

(i) the clause of this Indenture pursuant to which the redemption shall occur;

(ii) the redemption date;

(iii) the principal amount of Notes to be redeemed; and

(iv) the redemption price.

Section 3.03. *Method and Effect of Redemption*. (a) The Notice of Redemption will (in addition to containing the information required under Section 3.02(c)) state the following:

(i) the portion of the redemption price representing any accrued interest;

(ii) (if the Notes are in certificated form) the place or places where Notes are to be surrendered for redemption;

(iii) (if the Notes are in certificated form) Notes called for redemption must be so surrendered in order to collect the redemption price;

(iv) on the redemption date the redemption price will become due and payable on Notes called for redemption, and interest on Notes called for redemption will cease to accrue on and after the redemption date; and

(v) if any Note contains an ISIN or Common Code number, no representation is being made as to the correctness of the ISIN or Common Code number either as printed on the Notes or as contained in the notice of redemption and that the Holder should rely only on the other identification numbers printed on the Notes.

In addition, any Notice of Redemption may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent.

(b) Once a Notice of Redemption is sent to the Holders, Notes called for redemption become due and payable at the redemption price and on the redemption date stated in such Notice of Redemption, and upon surrender of the Notes called for redemption, the Company shall redeem such Notes at the redemption price. On and after the redemption date, interest will cease to accrue on the Notes or portions of them redeemed by the Company.

(c) Unless otherwise indicated herein, the Company will give not less than 15 days' nor more than 30 days' notice to the Holders, the Trustee and the Paying and Transfer Agent of any redemption pursuant to this Article 3. At least one day prior to the mailing of any notice of redemption to the Holders under this Article 3, the Company shall provide notice of redemption to the Trustee. If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

(i) if the Notes are listed on any recognized securities exchange, in compliance with the requirements of the principal recognized securities exchange on which the Notes are listed or in compliance with the requirements of the clearing systems through which the Notes are held; or

(ii) if the Notes are not listed on any recognized securities exchange and/or held through any clearing system, on a *pro rata* basis, by lot or by such method as the Trustee in its sole and absolute discretion deems fair and appropriate, unless otherwise required by law.

A Note of US$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the Notice of Redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any Certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest shall cease to accrue on Notes or portions of them redeemed by the Company.

(d) Any Notes repurchased or redeemed pursuant to this Article 3 shall be cancelled and shall, pending such cancellation, be disregarded and deemed not to be outstanding for purposes of determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture.

ARTICLE 4
COVENANTS

Section 4.01. *Payment of Notes*. (a) The Company shall pay the principal of, premium, if any, interest, and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes and this Indenture. Not later than 10:00 a.m. (London time) one Business Day prior to the Interest Payment Date, the due date of any principal on any Notes, the Tax Redemption Date pursuant to Section 3.01 or the redemption date pursuant to Section 3.02 (each, a "**Payment Date**"), the Company shall pay or cause to be paid to the account of the

Paying and Transfer Agent at the Principal Office in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, in immediately available funds, an amount which shall be sufficient to pay the aggregate amount of principal, interest or premium or all of such amounts, as the case may be, becoming due in respect of the Notes on such Payment Date; *provided* that if the Company or any Affiliate of the Company is acting as paying and transfer agent, it shall, on or before each due date, segregate and hold in a separate trust fund for the benefit of the Holders a sum of money sufficient to pay such amounts until paid to such Holders or otherwise disposed of as provided in this Indenture. In each case the Company shall promptly notify the Trustee and the Paying and Transfer Agent of its compliance with this Section 4.01(a). The Company shall procure that, before 9:00 a.m. (London time) on the third Business Day before each Payment Date, the bank effecting payment for it confirms by tested telex or authenticated SWIFT message to the Paying and Transfer Agent the payment instructions relating to such payment. The Trustee (or the Paying and Transfer Agent) shall not be liable to account for interest on money paid to it by the Company.

(b) An installment of principal, premium or interest will be considered paid on the date due if the Paying and Transfer Agent, other than the Company or any Affiliate of the Company, holds on that date money designated for and sufficient to pay the installment. If the Company or any Affiliate of the Company acts as Paying and Transfer Agent, an installment of principal or interest will be considered paid on the due date only if paid to the Holders.

(c) The Paying and Transfer Agent, which shall include the Company or any Affiliate of the Company if it is acting as Paying and Transfer Agent, shall make payments in respect of the Notes represented by the Global Notes by wire transfer of immediately available funds to the accounts specified by the Holders of the Global Notes. With respect to Certificated Notes, the Paying and Transfer Agent shall make all payments by wire transfer of immediately available funds to the accounts specified by the Holders thereof or, if no such account is specified, by mailing (at the expense of the Company) a check to each Holder's registered address; *provided* that if the Company or any Affiliate of the Company is acting as Paying and Transfer Agent, it shall make such payment to the Holders as specified above. The Trustee (or the Paying and Transfer Agent), may, but shall not be required to make any payments in respect of the Notes pursuant to this Indenture until it has received full payment of the relevant amounts in immediately available and cleared funds from the Company.

(d) At least three Business Days prior to the first Payment Date and, if there has been any change with respect to the matters set forth in the below-mentioned certificate, at least 14 Business Days (or such shorter period as may be agreed by the Trustee and the Company) prior to each Payment Date thereafter, the Company shall furnish the Paying and Transfer Agent with an Officers' Certificate instructing the Paying and Transfer Agent as to any circumstances in which payments of principal of, or interest or premium on, the Notes due on such date shall be subject to deduction or withholding for, or on account of, any Taxes described in Section 4.21 and the rate of any such deduction or withholding. If any such deduction or withholding shall be required and if the Company therefore becomes liable to pay Additional Amounts, if any, pursuant to Section 4.21 then at least 14 Business Days (or such shorter period as may be agreed by the Trustee and the Company) prior to each Payment Date, the Company shall furnish the Paying and Transfer Agent with a certificate which specifies the amount required to be withheld

on such payment to Holders of the Notes, and the Additional Amounts, if any, due to the Holders of the Notes, and at least one Business Day prior to such Payment Date, will pay to the Paying and Transfer Agent such Additional Amounts, if any, as shall be required to be paid to such Holders.

(e) Whenever the Company appoints a Paying and Transfer Agent other than the Trustee for the purpose of paying amounts due in respect of the Notes, it will cause such Paying and Transfer Agent to execute and deliver to the Trustee an instrument substantially in the form of Exhibit D hereto in which such agent shall agree with the Company, among other things, to be bound by and observe the provisions of this Indenture (including the Notes). The Company shall cause each Paying and Transfer Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying and Transfer Agent shall agree with the Trustee,

(i) that it will hold all sums received by it as such Paying and Transfer Agent for the payment of the principal of, or interest or premium on, the Notes (whether such sums have been paid to it by or on behalf of the Company or by any other obligor on the Notes or the Subsidiary Guarantees) for the benefit of the Holders or of the Trustee;

(ii) that it will as soon as possible give the Trustee written notice of any failure by the Company (or by any other obligor on the Notes or the Subsidiary Guarantees) to make any payment of the principal of, or interest or premium on, the Notes and any other payments to be made by or on behalf of the Company under this Indenture, when the same shall be due and payable; and

(iii) that it will pay any such sums so held by it to the Trustee upon the Trustee's written request at any time during the continuance of a failure referred to in Section 4.01(e)(ii).

Anything in this Section 4.01 to the contrary notwithstanding, the Company may at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture or for any other reason, pay or cause to be paid to the Trustee all sums held by the Company in trust or any Paying and Transfer Agent hereunder, as required by this Section 4.01 and such sums shall be held by the Trustee upon the trusts herein contained. If the Paying and Transfer Agent shall pay all sums held to the Trustee as required under this Section 4.01, the Paying and Transfer Agent shall have no further liability for the money so paid over to the Trustee.

Anything in this Section 4.01 to the contrary notwithstanding, the agreements to hold sums in trust as provided in this Section 4.01 are subject to the provisions of Section 8.04.

Section 4.02. *Maintenance of Office or Agency*. (a) The Company shall maintain an office or agency where Notes may be surrendered for registration of transfer or exchange or for presentation for payment and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company hereby initially designates the Principal Office as such office of the Company. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency.

(b) The Company may also from time to time designate one or more other offices or agencies where the Notes may be surrendered or presented (where presentation is required) for

any of such purposes and may from time to time rescind such designations; *provided*, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each place where principal of, and interest or premium on, any Notes are payable. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

(c) The Company has initially appointed the Paying and Transfer Agent and Registrar listed in Exhibit F hereto. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited and the Singapore Exchange Securities Trading Limited so requires a Paying and Transfer Agent in Singapore, the Company will give to the Trustee written notice of the location of any such office or agency and of any change in location thereof.

(d) So long as any of the Notes remain outstanding, each of the Subsidiary Guarantors shall maintain in the Borough of Manhattan, The City of New York, an office or agency where notices and demands to or upon each of the Subsidiary Guarantors in respect of the Notes and the Subsidiary Guarantees or this Indenture may be served. Each of the Subsidiary Guarantors hereby initially designates Law Debenture Corporate Services Inc. as the office or agency for each such purpose.

Section 4.03. *Government Approvals and Licenses; Compliance with Law*. The Company shall, and shall cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply with would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company or any Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee or this Indenture.

Section 4.04. *Payment of Taxes and Other Claims*. The Company shall pay or discharge, and cause each of its Restricted Subsidiaries to pay or discharge before the same become delinquent (x) all material taxes, assessments and governmental charges levied or imposed upon the Company or any Restricted Subsidiary or its income or profits or property, and (y) all material lawful claims for labor, materials and supplies that, if unpaid, might by law become a Lien upon the property of the Company or any Restricted Subsidiary, other than any such tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established in the financial statements of the Company and the Restricted Subsidiaries.

Section 4.05. *Limitation on Indebtedness*. (a) The Company shall not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); *provided* that, the Company and any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness or Permitted Subsidiary Indebtedness and the receipt and application of the proceeds therefrom, (x) no

Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would not be less than 2.0 to 1.0 with respect to any Incurrence of Indebtedness.

Notwithstanding the foregoing, the Company shall not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company or a Subsidiary Guarantor, so long as it is so held).

(b) Notwithstanding the foregoing, the Company and any Restricted Subsidiary may Incur, to the extent provided below, each and all of the following ("**Permitted Indebtedness**"):

(i) Indebtedness under the Notes and each Subsidiary Guarantee;

(ii) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date which shall include Construction Payables but exclude Indebtedness permitted under Section 4.05(b)(iii); *provided* that, such Indebtedness of Restricted Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness excluded from the definition of Permitted Subsidiary Indebtedness by the terms thereof);

(iii) Indebtedness of the Company or any Restricted Subsidiary owed to or held by the Company or any Restricted Subsidiary; *provided* that, (A) any event which results in (x) any Restricted Subsidiary to which such Indebtedness is owed ceasing to be a Restricted Subsidiary or (y) any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this Section 4.05(b)(iii) and (B) if the Company is the obligor on such Indebtedness, such Indebtedness must expressly be subordinated in right of payment to the Notes, and if any Subsidiary Guarantor is the obligor on such Indebtedness (and neither the Company nor any other Subsidiary Guarantor is the obligee), such Indebtedness must be expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor;

(iv) Indebtedness ("**Permitted Refinancing Indebtedness**") of the Company or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, redeem, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the proviso in Section 4.05(a) or Section 4.05(b)(i), Section 4.05(b)(ii), Section 4.05(b)(vi), Section 4.05(b)(xi), Section 4.05(b)(xiii), Section 4.05(b)(xiv), Section 4.05(b)(xv), Section 4.05(b)(xvii), Section 4.05(b)(xviii), Section 4.05(b)(xix), Section 4.05(b)(xx), Section 4.05(b)(xxi) or Section 4.05(b)(xxii) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); *provided* that (A) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is pari passu with, or subordinated in right of payment to, the Notes or any Subsidiary Guarantee shall only be permitted under this Section 4.05(b)(iv) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is pari passu with the Notes or

any Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made pari passu with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee, as the case may be, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or any Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee, as the case may be, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced, and (C) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this Section 4.05(b)(iv) by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor;

(v) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations designed to reduce or manage the exposure of the Company or any of its Restricted Subsidiaries to fluctuations in interest rates, currencies or the price of commodities and not for speculation;

(vi) any Pari Passu Guarantee;

(vii) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument, drawn against insufficient funds in the ordinary course of business; *provided* that, this Indebtedness is extinguished within five Business Days;

(viii) Indebtedness of the Company or any Restricted Subsidiary in respect of workers' compensation claims and claims arising under similar legislation, regulation or rule, or in connection with self-insurance or bid, performance or surely bonds or similar requirements, in each case in the ordinary course of business;

(ix) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, earn-out or other similar obligations, or from Guarantees or surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in each case Incurred or assumed in connection with the disposition of any business, assets of the Company or of a Restricted Subsidiary, other than Guarantees by the Company or any Restricted Subsidiary of Indebtedness Incurred by any Person acquiring all or any portion of any of the Company's or a Restricted Subsidiary's business or assets for the purpose of financing an acquisition; *provided* that, the maximum assumable liability in respect of all this Indebtedness shall at no time exceed the gross proceeds actually received by the Company and/or the relevant Restricted Subsidiary in connection with the disposition;

(x) obligations with respect to trade letters of credit, performance and surety bonds and completion guarantees, cash management arrangement, and similar instruments and reimbursement or indemnification obligations with respect to letters of credit, bankers' acceptances or similar instruments provided by the Company or any of its Restricted Subsidiaries securing obligations, entered into in the ordinary course of business, to the extent the letters of credit, bonds, guarantees or instruments are not drawn upon or, if and to the extent drawn upon is honored in accordance with its terms and, if to be reimbursed, is reimbursed no later than 30 days following receipt of a demand for reimbursement following payment on the letter of credit, bond, guarantee or instrument;

(xi) Indebtedness of the Company or any Restricted Subsidiary incurred in the ordinary course of business:

(A) representing Capitalized Lease Obligations; or

(B) constituting purchase money Indebtedness incurred to finance all or any part of the purchase price of equipment, real or personal property or assets of the Company or any Restricted Subsidiary (including the purchase of Capital Stock of any Person directly or indirectly holding such equipment, property or assets that is, or will upon such purchase become, a Restricted Subsidiary), or the cost of development, construction or improvement, of equipment, real or personal property or assets to be used in the ordinary course of business by the Company or a Restricted Subsidiary;

provided that, (1) such purchase money Indebtedness shall not exceed the purchase price or cost of such equipment, property or assets so acquired, developed, constructed or improved, and (2) such purchase money Indebtedness shall be Incurred no later than 180 days after the acquisition of such equipment, property or assets or the completion of such development, construction or improvement;

(xii) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any other Restricted Subsidiary that was permitted to be Incurred by another provision of this Section 4.05, subject to Section 4.10;

(xiii) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less for working capital; *provided* that the aggregate principal amount of Indebtedness Incurred pursuant to this Section 4.05(b)(xiii) at any time outstanding (together with any refinancings thereof) does not exceed US$20.0 million (or the Dollar Equivalent thereof);

(xiv) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed US$20.0 million (or the Dollar Equivalent thereof);

(xv) Bank Deposit Secured Indebtedness Incurred by the Company or any of its Restricted Subsidiaries, *provided that* 100% of the BDSI Proceeds will actually be used (1) to repay existing Indebtedness that was Incurred outside of the PRC (including any

extension or refinancing thereof), or (2) to repay, repurchase or redeem the Notes in accordance with the terms of this Indenture (including Article 3, Section 4.13 and Section 4.16);

(xvi) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into such Staged Acquisition Agreement; *provided* that such Person is either a Restricted Subsidiary or would become a Restricted Subsidiary upon completion of the transactions under such Staged Acquisition Agreement;

(xvii) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date when such Restricted Subsidiary became a Restricted Subsidiary;

(xviii) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of any Indebtedness of any Person;

(xix) Indebtedness Incurred by the Company or Indebtedness Incurred by or Preferred Stock issued by Restricted Subsidiary arising from any Investment made by a Financial Company Investor in a Restricted Subsidiary;

(xx) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock in a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into such Minority Interest Staged Acquisition Agreement;

(xxi) Project Finance Indebtedness of a Project Subsidiary, provided that the aggregate of all outstanding Project Finance Indebtedness of a Project Subsidiary incurred pursuant to this Section 4.05(b)(xxi) does not exceed an amount equal to 80% of the Consolidated Assets of such Project Subsidiary;

(xxii) Indebtedness Incurred by the Company and any Restricted Subsidiary under any Credit Facility not in existence on the Original Issue Date; and

(xxiii) Permitted Pari Passu Secured Indebtedness,

provided that, on the date of the Incurrence of any Indebtedness Incurred pursuant to Section 4.05(b)(xi), Section 4.05(b)(xvii), Section 4.05(b)(xviii), Section 4.05(b)(xix), Section 4.05(b)(xx), Section 4.05(b)(xxi) and Section 4.05(b)(xxii), and after giving effect thereto, the sum of the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to: (A) Section 4.05(b)(xi), Section 4.05(b)(xvii), Section 4.05(b)(xviii), Section 4.05(b)(xx) and Section 4.05(b)(xxi) (together with any refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses, to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to US$300.0 million; and (B) Section 4.05(b)(xix) and Section 4.05(b)(xxii) (together with any refinancings thereof, but excluding any Contractor Guarantee or

Guarantee Incurred under such clauses, to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to US$100.0 million.

(c) For purposes of determining compliance with this Section 4.05, in the event that an item of Indebtedness meets the criteria of more than one of the types of Permitted Indebtedness, or of Indebtedness described in the proviso in Section 4.05(a) and one or more types of Permitted Indebtedness, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described in Section 4.05(b).

(d) Notwithstanding any other provision of this Section 4.05, the maximum amount of Indebtedness that may be Incurred pursuant to this Section 4.05 will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies, provided that such Indebtedness was permitted to be Incurred at the time of such Incurrence.

(e) Notwithstanding any other provision of this Section 4.05, the Company or any Restricted Subsidiary may incur any Indebtedness to the extent that 100% of the net proceeds from the Incurrence of such Indebtedness is used, or intended to be used, to repay, repurchase or redeem the Notes, and such repayment, repurchase or redemption is (A) at a purchase price equal to 100% of the principal amount of the Notes being repaid, repurchased or redeemed, plus accrued and unpaid interest to the date of repayment, repurchase or redemption of the Notes, and (B) otherwise in accordance with Article 3 hereof.

Section 4.06. *Limitation on Restricted Payments*. (a) Subject to Section 4.14(c), the Company shall not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in Section 4.06(a)(i) through Section 4.06(a)(iv) being collectively referred to as "**Restricted Payments**"):

(i) declare or pay any dividend or make any distribution on or with respect to the Company's or any Restricted Subsidiary's Capital Stock (other than dividends or distributions payable or paid in shares of the Company's Capital Stock (other than Disqualified Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Wholly Owned Restricted Subsidiary;

(ii) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary or any direct or indirect parent of the Company (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons other than the Company or any Wholly Owned Restricted Subsidiary;

(iii) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary); or

(iv) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(A) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(B) the Company could not Incur at least US$1.00 of Indebtedness under the proviso in Section 4.05(a); or

(C) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and the Restricted Subsidiaries after the Measurement Date, shall exceed the sum (without duplication) of:

(1) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2017 and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner and which may be internal consolidated financial statements) are available; plus

(2) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity by, or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including any such Net Cash Proceeds received upon (x) the conversion by a Person who is not a Subsidiary of the Company of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (y) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company or any Restricted Subsidiary; plus

(3) the amount by which Indebtedness of the Company or any of its Restricted Subsidiaries is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any of its Restricted Subsidiaries convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such

conversion or exchange); *provided*, however, that the foregoing amount shall not exceed the Net Cash Proceeds received by the Company or any of its Restricted Subsidiaries from the Incurrence of such Indebtedness; plus

(4) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (a) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (b) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (c) to the extent that an Investment made after the Measurement Date is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, (d) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person or (e) any Person becoming a Restricted Subsidiary but only to the extent such Investments by the Company or any Restricted Subsidiary in such Person was a Restricted Payment made to the extent permitted under this Section 4.06(a)(iv)(C)(4); plus

(5) US$30.0 million (or the Dollar Equivalent thereof).

(b) Section 4.06(a) shall not be violated by reason of:

(i) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with Section 4.06(a);

(ii) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(iii) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided*

that, the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from Section 4.06(a)(iv)(C)(2);

(iv) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that, the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from Section 4.06(a)(iv)(C)(2);

(v) any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, (i) on a pro rata basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary, or (ii) on a basis less favorable to the Company where the dividend or distribution to holders of any class of Capital Stock of such Restricted Subsidiary other than the Company or other Restricted Subsidiaries in excess of the pro rata portion may not exceed US$1.0 million (or the Dollar Equivalent thereof) in any calendar year;

(vi) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company; *provided* that, any such cash payment shall not be for the purpose of evading the limitation of this Section 4.06 (as determined in good faith by the Board of Directors of the Company);

(vii) [*Reserved*];

(viii) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing), *provided* that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US$3.0 million (or the Dollar Equivalent thereof using the Measurement Date as the date of determination);

(ix) dividends paid to, or the purchase of Capital Stock of any Restricted Subsidiary held by, any Financial Company Investor in respect of any Indebtedness permitted to be Incurred under Section 4.05(b)(xix); or

(x) the purchase of Capital Stock of a Person pursuant to a Staged Acquisition Agreement.

provided that, in the case of Section 4.06(b)(ii) through Section 4.06(b)(xi), no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein. Each Restricted Payment made pursuant to Section 4.06(b)(i) and Section 4.06(b)(vi) shall be included in calculating whether the conditions of Section 4.06(a)(iv)(C) have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this Section 4.06 will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or an appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US$10 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US$10.0 million (or the Dollar Equivalent thereof) (other than those made pursuant to Section 4.06(b)(v) through Section 4.06(b)(x)), the Company shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 4.06 were computed, together with a copy of any fairness opinion or appraisal required by this Indenture.

Section 4.07. *Limitation on Liens*. (a) On or after the CDB Loan Repayment Date, The Company shall not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien on the Collateral, except Permitted Collateral Liens.

(b) The Company shall also not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind (other than the Collateral), whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are (or, in respect of any Lien on any Subsidiary Guarantor's property or assets (other than the Collateral), any Subsidiary Guarantee of such Restricted Subsidiary is) secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the obligation or liability secured by such Lien, for so long as such obligation or liability is secured by such Lien.

(c) In the event that one or more Liens (and documents relating thereto) are to be established or maintained to effect equal and ratable security arrangements in respect of the Notes (as contemplated by Section 4.07(b)) with regard to Indebtedness proposed to be or previously Incurred by the Company or any Subsidiary Guarantor in compliance with the terms of this Indenture, the Company or such Subsidiary Guarantor may instruct the Trustee to directly, or through its Affiliates (in its capacity as Trustee or that of a collateral agent on such terms as it shall require) and without the consent of any Holder (a) enter into one or more intercreditor

agreements, pledge agreements, collateral and security agreements or other arrangements intended to effect the shared security arrangements contemplated by this Section 4.07(c) among holders of such Indebtedness and (b) complete or facilitate the completion by itself or other parties of filings, registrations or other actions necessary to effect or perfect the relevant Liens or related arrangements.

Section 4.08. *Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*. (a) Except as provided in Section 4.08(b), the Company shall not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

(ii) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

(iii) make loans or advances to the Company or any other Restricted Subsidiary; or

(iv) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary,

provided that it being understood that: (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (y) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (z) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's-length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

(b) The provisions of Section 4.08(a) do not apply to any encumbrances or restrictions:

(i) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, this Indenture, the Security Documents or under any documents evidencing Permitted Pari Passu Secured Indebtedness of the Company or any Subsidiary Guarantor Pledgor or Pari Passu Guarantee, or any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that, the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(ii) existing under or by reason of applicable law, rule, regulation or order;

(iii) with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that, the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(iv) that otherwise would be prohibited by the provision described in Section 4.08(a)(iv) if they arise, or are agreed to, in the ordinary course of business and (x) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (y) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by this Indenture or (z) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(v) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by Section 4.05, Section 4.09 and Section 4.13;

(vi) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness of the type described under Section 4.05(b)(iv), Section 4.05(b)(xi), Section 4.05(xii)(only with respect to Guarantees provided for the Indebtedness of the type described under Section 4.05(b)(iv), Section 4.05(b)(xi), Section 4.05(b)(xiii), Section 4.05(b)(xiv), Section 4.05(b)(xv), Section 4.05(b)(xvi), Section 4.05(b)(xvii), Section 4.05(b)(xviii), Section 4.05(b)(xix), Section 4.05(b)(xx), Section 4.05(b)(xxi) and Section 4.05(b)(xxii)), Section 4.05(b)(xiii), Section 4.05(b)(xiv), Section 4.05(b)(xv), Section 4.05(b)(xvi), Section 4.05(b)(xvii), Section 4.05(b)(xviii), Section 4.05(b)(xix), Section 4.05(b)(xx), Section 4.05(b)(xxi) and Section 4.05(b)(xxii)if, as determined by the Board of Directors, the encumbrances or restrictions are (x) customary for such type of agreement and (y) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company or any Subsidiary Guarantor to make required payment on the Notes or its Subsidiary Guarantee, as the case may be, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(vii) existing in customary provisions in joint venture agreements and other similar agreements permitted under this Indenture, to the extent such encumbrance or

restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (A) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type and (B) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes, or (y) any Subsidiary Guarantor to make required payments under its Subsidiary Guarantee; or

(viii) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of this Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Section 4.09. *Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*. The Company shall not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including in each case options, warrants or other rights to purchase shares of such Capital Stock) except:

(a) to the Company or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, pro rata to its shareholders or incorporators or on a basis more favorable to the Company;

(b) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;

(c) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that, the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with Section 4.13 to the extent required thereunder; or

(d) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer be a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under Section 4.06 if made on the date of such issuance or sale and provided that, the Company complies with Section 4.13 to the extent required thereunder.

Section 4.10. *Limitation on Issuances of Guarantees by Restricted Subsidiaries*.(a) The Company shall not permit any Restricted Subsidiary that is not a Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("**Guaranteed Indebtedness**") of the Company or

any Subsidiary Guarantor, unless (i)(x) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to this Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (y) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full or (ii) such Guarantee and such Guaranteed Indebtedness are permitted by Section 4.05(b)(ii), Section 4.05(b)(iii) or Section 4.05(b)(xv) (in the case of Section 4.05(b)(xv), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the creation of any Liens over one or more bank accounts or deposits to secure (or the use of any Guarantee or letter of credit or similar instruments to Guarantee), directly or indirectly, any Bank Deposit Secured Indebtedness).

(b) If the Guaranteed Indebtedness (x) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or (y) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

Section 4.11. *Limitation on Sale and Leaseback Transactions.* The Company shall not, and shall not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(a) the Company or such Restricted Subsidiary, as the case may be, could have (x) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under Section 4.05 and (y) incurred a Lien to secure such Attributable Indebtedness pursuant to Section 4.07, in which case, the corresponding Indebtedness will be deemed Incurred and the corresponding Lien will be deemed incurred pursuant to those provisions;

(b) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(c) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or any Restricted Subsidiary applies the proceeds of such transaction in compliance with, Section 4.13.

Section 4.12. *Repurchase of Notes Upon a Change of Control.* (a) Not later than 30 days following a Change of Control, the Company shall make an Offer to Purchase all outstanding Notes (a "**Change of Control Offer**") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the

Offer to Purchase Payment Date (as defined in clause (2) of the definition of "**Offer to Purchase**").

(b) The Company shall, upon a Change of Control, timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to this Indenture.

(c) Notwithstanding the above, the Company shall not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the same manner, at the same time and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer, and such purchased Notes are thereafter cancelled.

(d) The Trustee shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be liable to any person for any failure to do so.

Section 4.13. *Limitation on Asset Sales*. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(i) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

(ii) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(iii) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets (as defined below); *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$10 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary, as the case may be, from further liability; and

(B) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any

event within 30 days of closing, converted by the Company or such Restricted Subsidiary, as the case may be, into cash, to the extent of the cash received in that conversion.

(b) Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale (except for any Significant Asset Sale), the Company or any Restricted Subsidiary may apply such Net Cash Proceeds to:

(i) permanently repay unsubordinated Indebtedness of the Company or any Restricted Subsidiary (and, if such unsubordinated Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

(ii) acquire Replacement Assets;

provided that, pending the application of Net Cash Proceeds in accordance with Section 4.13(b)(i) or Section 4.13(b)(ii), such Net Cash Proceeds may be temporarily invested only in cash or Temporary Cash Investments.

(c) Any Net Cash Proceeds from Asset Sales (except for any Significant Asset Sale) that are not applied or invested as provided in Section 4.13(b) shall constitute "**Excess Proceeds.**" Excess Proceeds of less than US$10 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US$10 million (or the Dollar Equivalent thereof), within ten days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

(i) accumulated Excess Proceeds, multiplied by

(ii) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all pari passu Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the related Asset Sale (except for any Significant Asset Sale),

(iii) rounded down to the nearest US$1,000.

(d) The offer price in any Offer to Purchase with the Excess Proceeds from any Asset Sale (except for any Significant Asset Sale) shall be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and shall be payable in cash.

(e) If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company or any Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes shall be purchased on a pro rata basis based on the principal amount of the Notes and such other *pari passu* Indebtedness tendered. Upon completion of each such Offer to Purchase, the amount of Excess Proceeds shall be reset at zero.

(f) If the Company has consummated one or more Significant Asset Sales and the aggregate amount of the Significant Asset Sale Proceeds received by the Company from such Significant Asset Sales exceeds US$400 million (or the Dollar Equivalent thereof), the Company shall be required to use (A) 15% of the excess of such Significant Asset Sale Proceeds over US$400 million (or the Dollar Equivalent thereof) and up to US$800 million (or the Dollar Equivalent thereof) and (B) 65% of the excess of such Significant Asset Sale Proceeds over US$800 million (or the Dollar Equivalent thereof) (in each case, such applicable portion of the respective excess amount being referred to as a "**Significant Asset Sale Offer Amount**") to make an Offer to Purchase the Notes (a "**Significant Asset Sale Offer**") at a purchase price below par within 30 days of the date on which the requirement to make such Significant Asset Sale Offer is triggered to all Holders of the Notes on an arm's-length basis and subject to such other conditions as may be determined by the Company in its sole discretion. A Significant Asset Sale Offer shall be completed within 30 days of the date of such Significant Asset Sale Offer.

(g) If any portion of any Significant Asset Sale Offer Amount remains after consummation of a Significant Asset Sale Offer, or the date on which a Significant Asset Sale Offer should have been consummated in accordance with the provisions of Section 4.13(h), if a Significant Asset Sale Offer is required to be made but is not made, (the "**Remaining Proceeds**"), the Company must as soon as reasonably practicable thereafter but in any event within five (5) Business Days after the date of completion of such Significant Asset Sale Offer, irrevocably notify all Holders that it will use all the Remaining Proceeds to redeem an equivalent amount of Notes (a "**Significant Asset Sale Mandatory Redemption**"), at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the date of redemption. A Significant Asset Sale Mandatory Redemption shall be completed within 30 days of the date of such notice.

(h) The Company shall only be required to make a Significant Asset Sale Offer within 30 days of the date on which the requirement to make such Significant Asset Sale Offer is triggered after the Significant Asset Sale Offer Amount reaches or exceeds US$10 million. To the extent that the Significant Asset Sale Offer Amount is less than US$10 million from time to time, the Company may use all or any portion of such Significant Asset Sale Offer Amount to repurchase the Notes through open market repurchases in any manner and at such times as it may choose in its sole discretion, but not for any other purpose. For the avoidance of doubt, the Significant Asset Sale Offer Amount will be reduced by the accumulated amount that the Company has actually applied to fund the repurchase or redemption of Notes through Significant Asset Sale Offers and/or Significant Asset Sale Mandatory Redemptions under this Section 4.13 (but without double counting).

(i) If any Notes are to be redeemed as set forth in Section 4.13(g), the Company will issue, or cause to be issued, a notice of such Significant Asset Sale Mandatory Redemption to the Holders and the Trustee in compliance with Section 3.03 hereof, except that: (i) such notice shall be delivered to the Holders and the Trustee no later than five (5) Business Days after the consummation of the Significant Asset Sale Offer, or the date on which a Significant Asset Sale Offer should have been consummated in accordance with the provisions of Section 4.13(h), if a Significant Asset Sale Offer is required to be made but is not made, and (ii) the redemption date shall be no later than 30 days following the date of such notice.

(j) Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether there are any Significant Asset Sale Proceeds, whether the Significant Asset Sale Proceeds reach or exceed the applicable Significant Asset Sale Offer Amount or whether any event that could lead to the making of a Significant Asset Sale Offer or Significant Asset Sale Mandatory Redemption has occurred or may occur and shall not be liable to any person for any failure to do so. The Trustee shall be entitled to assume that no such event has occurred until it has received written notice from the Company. Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred. The Trustee shall not be responsible for determining or verifying whether a Note is to be accepted for redemption and will not be responsible to the Holders for any loss arising from any failure by it to do so. The Trustee shall not be under any duty to determine, calculate or verify the redemption amount payable hereunder and will not be responsible to the Holders for any loss arising from any failure by it to do so.

(k) Any Notes repurchased or redeemed pursuant to this Section 4.13 shall be cancelled and shall, pending such cancellation, be disregarded and deemed not to be outstanding for purposes of determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture.

Section 4.14. *Limitation on Transactions with Affiliates*.

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an "**Affiliate Transaction**"), unless:

(i) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(ii) the Company delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 4.14 and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in Section 4.14(a)(ii)(A), an opinion as to the fairness to

the Company or such Restricted Subsidiary, as the case may be, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

(b) The limitation set forth in Section 4.14(a) does not limit, and shall not apply to:

(i) the payment of reasonable and customary regular fees and other compensation to directors of the Company or any Restricted Subsidiary who are not employees of the Company or such Restricted Subsidiary;

(ii) transactions between or among the Company and any Wholly Owned Restricted Subsidiary or between or among Wholly Owned Restricted Subsidiaries;

(iii) any Restricted Payment of the type described in Section 4.06(a)(i), Section 4.06(a)(ii) or Section 4.06(a)(iii) if permitted by Section 4.06;

(iv) any sale of Capital Stock (other than Disqualified Stock) of the Company;

(v) the payment of compensation to officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option or other incentive scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval of any such scheme;

(vi) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any of its Restricted Subsidiaries with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto; and

(vii) the renewal of (i) the Asset Management and Administrative Services Agreement, (ii) the Operation Service Agreement, and (iii) the Lease Agreements, in each case on substantially the same terms as the existing agreements; *provided* that any such renewals are in compliance with the listing rules of The Stock Exchange of Hong Kong Limited to the extent applicable.

In addition, the requirements of Section 4.14(a)(ii) shall not apply to (A) Investments (including Permitted Investments that are permitted under paragraph (16) of the definition of "Permitted Investments" but excluding any other Permitted Investments) not prohibited by Section 4.06, (B) transactions pursuant to agreements in effect on the Original Issue Date and described in the Offering Memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, and (C) any transaction between or among the Company, any Wholly Owned Restricted Subsidiary, any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary and any Minority Joint Venture; provided that in the case of clause (iii), (a) such transaction is entered into in the ordinary course of business and (b) none of the other shareholders or other partners of or in such Restricted Subsidiary or Minority Joint Venture is a

Person described in clause (x) or (y) of Section 4.14(a) (other than by reason of such shareholder or partner being an officer or director of such Restricted Subsidiary or Minority Joint Venture).

(c) Notwithstanding anything to the contrary contained in this Indenture, until the Notes are repaid in full, the Company shall not make or permit to be made (directly or indirectly):

(i) any payment under the RMB1.8 billion perpetual loan agreement, dated November 18, 2016 entered, into between Nanjing GCL New Energy Development Co., Ltd. (南京協鑫新能源發展有限公司), GCL-Poly (Suzhou) New Energy Co., Ltd. (保利協鑫(蘇州)新能源有限公司), Jiangsu GCL Silicon Material Technology Development Co., Ltd. (江蘇協鑫矽材料科技發展有限公司), Suzhou GCL Photovoltaic Technology Co., Ltd. (蘇州協鑫光伏科技有限公司), and Taicang GCL Photovoltaic Technology Co., Ltd. (太倉協鑫光伏科技有限公司);

(ii) any voluntary or optional principal payment, redemption, repurchase, defeasance or other acquisition or retirement for value, of intercompany Indebtedness between or among the Company and any of its Affiliates, provided that the Company may repay up to RMB1.3 billion for Indebtedness or other payments owed to Affiliates of the Company;

(iii) any payment in respect of any dividend or other distribution (a) to any Affiliate of the Company or any holder of Capital Stock in the Company on or with respect to its Capital Stock or (b) with respect to the Capital Stock of any non-Wholly Owned Subsidiaries and the Company shall also not declare or (as applicable) permit the declaration of any such dividend or other distribution;

(iv) the purchase, redemption, retirement or other acquisition for value of any of the Company's Capital Stock or the Capital Stock of any non-Wholly-Owned Subsidiary of the Company by any party from any Affiliate of the Company or any other holder of such Capital Stock, except that the Company may permit the purchase of Capital Stock of Suzhou GCL New Energy Investment Co., Ltd. (苏州协鑫新能源投资有限公司) from Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership) (苏民睿能无锡股权投资合伙企业（有限合伙）); or

(v) any payments to any of the Company's Affiliates, subject to the carveouts in Section 4.14(c)(ii) above.

Section 4.15. *Limitation on Business Activities*. The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; *provided*, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited under Section 4.06.

Section 4.16. *Repurchase and Mandatory Redemption of Notes upon the Receipt of Renewable Energy Subsidies*.

(a) If the Annual Renewable Energy Subsidy Receipts for any calendar year ending after the Original Issue Date exceed US$200 million (or the Dollar Equivalent thereof), the Company shall be required to use 35% of the excess of such Annual Renewable Energy Subsidy Receipts over US$200 million (or the Dollar Equivalent thereof) (the "**Renewable Energy Subsidy Offer Amount**") to make an Offer to Purchase the Notes (a "**Renewable Energy Subsidy Offer**") at a purchase price below par within 30 days after the end of such calendar year period to all Holders of the Notes on an arm's-length basis and subject to such other conditions as may be determined by the Company in its sole discretion. A Renewable Energy Subsidy Offer shall be completed within 30 days of the date on which such Renewable Energy Subsidy Offer is made.

(b) If any Renewable Energy Subsidy Offer Amount remains after consummation of a Renewable Energy Subsidy Offer, or the date on which a Renewable Energy Subsidy Offer should have been consummated in accordance with the provisions of Section 4.16(a), if a Renewable Energy Subsidy Offer is required to be made but is not made (the "**Remaining Receipts**"), the Company must, as soon as reasonably practicable thereafter but in any event within five (5) Business Days after the date of completion of the Renewable Energy Subsidy Offer, irrevocably notify all Holders that it will use all of the Remaining Receipts to redeem the Notes (a "**Renewable Energy Subsidy Mandatory Redemption**") at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the date of redemption. A Renewable Energy Subsidy Mandatory Redemption shall be completed within 30 days of the date of such notice.

(c) If any Notes are to be redeemed as set forth in Section 4.16(b), the Company will issue, or cause to be issued, a notice of such Renewable Energy Subsidy Mandatory Redemption to the Holders and the Trustee in compliance with Section 3.03 hereof, except that (i) such notice shall be delivered to the Holders and the Trustee no later than five (5) Business Days after the consummation of the Renewable Energy Subsidy Offer, or the date on which a Renewable Energy Subsidy Offer should have been consummated in accordance with the provisions of Section 4.16(a), if a Renewable Energy Subsidy Offer is required to be made but is not made, and (ii) the redemption date shall be no later than 30 days following the date of such notice.

(d) Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether there are any Annual Renewable Energy Subsidy Receipts, whether the Annual Renewable Energy Subsidy Receipts exceed US$200 million (or the Dollar Equivalent thereof) or whether any event which could lead to the making of a Renewable Energy Subsidy Offer or Renewable Energy Subsidy Mandatory Redemption has occurred or may occur, and shall not be liable to any person for any failure to do so. The Trustee shall be entitled to assume that no such event has occurred until it has received written notice from the Company. Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred. The Trustee shall not be responsible for determining or verifying whether a Note is to be accepted for redemption and will not be responsible to the Holders for any loss arising from any failure by it to do so. The Trustee shall not be under any

duty to determine, calculate or verify the redemption amount payable hereunder and will not be responsible to the Holders for any loss arising from any failure by it to do so.

(e) Any Notes repurchased or redeemed pursuant to this Section 4.16 shall be cancelled and shall, pending such cancellation, be disregarded and deemed not to be outstanding for purposes of determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture.

Section 4.17. *[Reserved]*.

Section 4.18. *Designation of Restricted and Unrestricted Subsidiaries*. (a) The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that:

(i) no Default shall have occurred and be continuing at the time of or after giving effect to such designation;

(ii) such Restricted Subsidiary does not own any Disqualified Stock of the Company or any Subsidiary Guarantor or Disqualified or Preferred Stock of a Restricted Subsidiary that is not a Subsidiary Guarantor or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under Section 4.05 or such Lien would violate Section 4.07;

(iii) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph;

(iv) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary and none of the Company or any Restricted Subsidiary Guarantees or provides credit support for the Indebtedness of such Restricted Subsidiary; and

(v) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by Section 4.06.

(b) The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that:

(i) no Default shall have occurred and be continuing at the time of or after giving effect to such designation;

(ii) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly

designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by Section 4.05;

(iii) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by Section 4.07;

(iv) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and

(v) if such Restricted Subsidiary is not organized under the laws of the PRC or an Exempted Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to this Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor.

(c) Any designation by the Board of Directors of a Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to the designation and an Officers' Certificate certifying that the designation complied with this Section 4.18.

Section 4.19. *Anti-Layering*. The Company shall not Incur, and shall not permit any Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company or any Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the Subsidiary Guarantees on substantially identical terms; *provided* that this requirement does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Section 4.20. *Provision of Financial Statements and Reports*. (a) So long as any of the Notes remain outstanding, the Company shall file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company's Common Stock is at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; *provided* that if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company shall file with the Trustee and furnish to the Holders:

(i) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of the financial statements (on a consolidated basis and in the English language) of the Company in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a member firm of an internationally recognized firm of independent accountants;

(ii) as soon as they are available, but in any event within 60 calendar days after the end of the second financial quarter of the Company, copies of the financial statements (on a consolidated basis and in the English language) of the Company in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and reviewed by a member firm of an internationally recognized firm of independent accountants; and

(iii) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarters of the Company, copies of the unaudited financial statements (on a consolidated basis and in the English language) of the Company, including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.

(b) For so long as any Notes remain outstanding, the Company shall provide to the Trustee:

(i) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the most recent fiscal year and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; provided that the Company shall not be required to provide such auditor certification if its external auditors refuse to provide such certification as a result of a policy of such external auditors not to provide such certification; and

(ii) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default or Event of Default, an Officers' Certificate setting forth the details of the Default or Event of Default, and the action which the Company proposes to take with respect thereto. For the avoidance of doubt, the Trustee and the Agents shall have no obligation to ascertain whether any Default or Event of Default has occurred or is continuing and may assume that no such Default or Event of Default has occurred and that the Company and the Subsidiary Guarantors are performing all of their respective obligations under the Indenture and the Notes unless a Responsible Officer of the Trustee has received written notice of the occurrence of such Default or an Event of Default.

(c) For so long as any Notes remain outstanding, in the event that the Company is required to disclose an Asset Disposition in accordance with the applicable listing rules of The Stock Exchange of Hong Kong Limited, it shall be required to disclose in any such announcement filed with The Stock Exchange of Hong Kong Limited certain financial information, including Consolidated EBITDA, of the Restricted Subsidiary or division or line of business being sold in connection with such Asset Disposition.

(d) Delivery of these reports and information to the Trustee is for informational purposes only and the Trustee's receipt of them will not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 4.21. *Additional Amounts*. (a) All payments of principal of, and premium (if any) and interest on the Notes or under the Subsidiary Guarantees shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges ("**Taxes**") of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person or an applicable Subsidiary Guarantor is organized or resident for tax purposes or any political subdivision or taxing authority thereof or therein (each, as applicable, a "**Relevant Taxing Jurisdiction**") or any jurisdiction through which payment is made by or on behalf of the Company, a Surviving Person or the applicable Subsidiary Guarantor, as the case may be, or any political subdivision or taxing authority thereof or therein (together with the Relevant Taxing Jurisdictions, the "**Relevant Jurisdictions**"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, the Surviving Person or the applicable Subsidiary Guarantor, as the case may be, shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(i) for or on account of:

(A) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(1) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(2) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period; or

(3) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person or any Subsidiary Guarantor, addressed to the Holder, to provide any information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required under the laws of the Relevant Jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder;

(B) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(C) any tax, duty, assessment or other governmental charge to the extent such tax, duty, assessment or other governmental charge results from the presentation of the Note (where presentation is required) for payment and the payment can be made without such withholding or deduction by the presentation of the Note for payment elsewhere;

(D) any tax, assessment, withholding or deduction required by section 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any current or future U.S. Treasury regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted or published in any jurisdiction implementing FATCA or an intergovernmental agreement with respect thereto, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(E) any combination of taxes, duties, assessments or other governmental charges referred to in Section 4.21(a)(i)(A) through Section 4.21(a)(i)(D); or

(ii) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner, in each case who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

(b) The Company will (i) make any such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Company will make reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from the Relevant Jurisdiction imposing such taxes. The Company will furnish to the Holders and the Trustee, within 60 days after the date the payment of any taxes so deducted or withheld is due pursuant to applicable law, either

certified copies of tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments reasonably obtainable by the Company.

(c) The Company shall pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, execution or enforcement of the Notes, or any documentation with respect thereto.

(d) Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in this Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Section 4.22. *No Payments for Consents*. The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture, the Notes or any Subsidiary Guarantee unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, the Company and its Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, to exclude Holders in any jurisdiction where (A)(i) the solicitation of such consent, waiver or amendment in the manner deemed appropriate by the Company, (ii) the payment of the consideration therefor or (iii) the conduct or completion of a related offer to purchase or exchange the Notes for cash or other securities in the manner deemed appropriate by the Company would be prohibited or would require the Company or any of its Subsidiaries to (a) file a registration statement, prospectus or similar document or subject the Company or any of its Subsidiaries to ongoing periodic reporting or similar requirements under any securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), or conduct a bondholder identification exercise to establish the availability of an exemption from registration under Rule 802 under the United States Securities Act of 1933, as amended, in each case which the Company in its sole discretion determines would be burdensome, (b) qualify as a foreign corporation or other entity or as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (c) generally consent to service of process in any such jurisdiction or (d) subject the Company or any of its Subsidiaries to taxation in any such jurisdiction if it is not otherwise so subject; or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Section 4.23. *Maintenance of Insurance*. The Company shall, and shall cause its Restricted Subsidiaries to, maintain insurance with reputable and financially sound carriers against such risks and in such amounts as is customarily carried by similarly situated businesses, including, without limitation, property and casualty insurance.

Section 4.24. *Repurchase and Mandatory Redemption of the Notes*. (a) Together with all redemptions and repurchases made by the Company since the Original Issue Date under Sections 3.02, 4.12, 4.13, 4.16 and this Section 4.24, the Company shall redeem or repurchase and subsequently cancel Notes in an aggregate principal amount equal to at least (i) 15% of the principal amount of the Notes outstanding on the Original Issue Date by January 30, 2022 and (ii) an additional 35% of the principal amount of the Notes outstanding on the Original Issue Date from January 31, 2022 until January 30, 2023.

(b) In the event that the Company does not reasonably expect to satisfy the respective thresholds set forth in Sections 4.24(a)(i) and (ii) in the time periods set forth therein, the Company shall be required to:

(i) make an Offer to Purchase such principal amount of the Notes, at a purchase price below par to all Holders of the Notes on an arm's-length basis and subject to such other conditions as may be determined by the Company in its sole discretion; or

(ii) redeem such principal amount of the Notes, at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the redemption date,

in each case, in order to satisfy the conditions set forth in Section 4.24(a).

(c) If the Company elects to redeem any Notes in accordance with Section 4.24(b)(ii), the Company will issue, or cause to be issued, a Notice of Redemption to the Holders and the Trustee in accordance with Section 3.03 hereof.

(d) Any Notes repurchased or redeemed pursuant to this Section 4.24 shall be cancelled and shall, pending such cancellation, be disregarded and deemed not to be outstanding for purposes of determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture.

Section 4.25. *Credit Rating*. The Company shall use its best efforts to, as soon as practicable after the Original Issue Date and in any case no later than 18 months after the Original Issue Date, achieve a credit rating from one internationally respected rating agencies (either S&P or Moody's), which rating shall be maintained on the Notes for so long as any Notes remain outstanding.

Section 4.26. *Listing*. The Company shall procure the listing and quotation of the Notes on the Singapore Exchange Securities Trading Limited as soon as practicable on or after the Original Issue Date and, in any event, no later than one year from the Original Issue Date and shall use commercially reasonable efforts to maintain such listing for so long as any Notes remain outstanding.

Section 4.27. *Further Assurances.*

The Company and each of the Subsidiary Guarantor Pledgors shall do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register, as applicable, any

and all further acts, deeds, conveyances, security agreements, assignments, notices of assignment, transfers, certificates (including Officer's Certificates), assurances and other instruments as may be required under this Indenture and the Security Documents or reasonably requested by the Trustee or the Collateral Agent, from time to time after the CDB Loan Repayment Date, in order to:

(a) carry out the terms and provisions of the Security Documents (subject to the limitations contained therein);

(b) subject to the Liens created by the Security Documents any of the rights or interests required to be encumbered thereby, to the extent required thereby;

(c) perfect and maintain the validity, effectiveness and priority of any of the Security Documents and the Liens intended to be created thereby, in each case, to the extent required thereby or by this Indenture; and

(d) assure, convey, grant, assign, transfer, preserve, protect and confirm to the Trustee any of the rights granted now or thereafter intended by the parties thereto to be granted to the Collateral Agent under the Security Documents or under any other instrument executed in connection therewith.

Upon the exercise by the Trustee, the Collateral Agent or any holder of any remedy during the continuance of an Event of Default under this Indenture or any of the Security Documents that requires any consent, approval, recording, qualification or authorization of any governmental authority, the Company and each of the Subsidiary Guarantor Pledgors will use best efforts to execute and deliver all applications, certifications, instruments and other documents and papers that may be required from the Company or the Subsidiary Guarantor Pledgors for such governmental consent, approval, recording, qualification or authorization.

ARTICLE 5
CONSOLIDATION, MERGER AND SALE OF ASSETS

Section 5.01. *Consolidation, Merger and Sale of Assets*. (a) The Company shall not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Company and the Restricted Subsidiaries (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) unless each of the following conditions is satisfied:

(i) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Company consolidated or merged, or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation organized and validly existing under the laws of Bermuda, the British Virgin Islands or Hong Kong and shall expressly assume, by a supplemental indenture to this Indenture, executed and delivered to the Trustee, all the obligations of the Company under this Indenture, the Notes, the Intercreditor Agreement and the Security Documents (to the extent applicable), as the case may be, including the

obligation to pay Additional Amounts, and this Indenture, the Notes, the Intercreditor Agreement and the Security Documents (to the extent applicable), as the case may be, shall remain in full force and effect;

(ii) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(iv) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, could Incur at least US$1.00 of Indebtedness under the proviso in Section 4.05(a);

(v) the Company shall deliver to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with Section 5.01(a)(iii) and Section 5.01(a)(iv)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in this Indenture relating to such transaction have been complied with; and

(vi) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under this Section 5.01, shall execute and deliver a supplemental indenture to this Indenture, confirming that its Subsidiary Guarantee shall apply to the obligations of the Company or the Surviving Person, as the case may be, in accordance with the Notes and this Indenture.

(b) No Subsidiary Guarantor shall consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Subsidiary Guarantor and its Restricted Subsidiaries (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor), unless each of the following conditions is met:

(i) such Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Subsidiary Guarantor consolidated or merged, or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor and Subsidiary Guarantor Pledgor, as applicable, concurrently with the transaction in accordance with this Indenture;

(ii) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(iv) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US$1.00 of Indebtedness under the proviso in Section 4.05(a); and

(v) the Company shall deliver to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with Section 5.01(b)(iii) and Section 5.01(b)(iv)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture , complies with this provision and that all conditions precedent provided for in this Indenture relating to such transaction have been complied with;

provided that this Section 5.01(b) shall not apply to any sale or other disposition that is permitted under Section 4.13 or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with the provisions described under Section 11.11.

The foregoing requirements in this Section 5.01 shall not apply to a consolidation or merger of any Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor, or a sale, transfer, conveyance or lease of any properties and assets by any Subsidiary Guarantor to the Company or any other Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor survives such consolidation, merger, sale, transfer, conveyance or lease.

ARTICLE 6
DEFAULT AND REMEDIES

Section 6.01. *Events of Default*. Each of the following events is an "**Event of Default**":

(a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest or Additional Amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;

(c) default in the performance or breach of the provisions of Section 4.07 or Section 5.01 or (i) the failure by the Company to make or consummate an Offer to Purchase or redemption of the Notes in the manner described under Section 4.12, Section 4.13, Section 4.16 or Section 4.24 or (ii) following the CDB Loan Repayment Date, the failure by the Company to create, or cause its Restricted Subsidiaries to create, a first priority Lien on the Collateral in accordance with Article 10 and the terms of the Intercreditor Agreement;

(d) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in this Indenture or under the Notes (other than a default specified in Sections 6.01(a), (b), (c), (l), (j), (k), (m) or (n)) and such default or breach

continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes to the Company;

(e) there occurs with respect to any Permitted Pari Passu Secured Indebtedness or any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$10.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (x) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (y) a failure to pay principal of, or interest or premium on, such Indebtedness when the same becomes due after giving effect to any grace period for such payment;

(f) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$10.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the insurance carriers of the Company or such Restricted Subsidiary have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(g) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for any substantial part of the property and assets of the Company or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(h) the Company or any Significant Subsidiary, (x) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (y) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary or (z) effects any general assignment for the benefit of creditors;

(i) any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or, except as permitted by this Indenture, any Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect;

(j) (i) following the CDB Loan Repayment Date, any default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under this Indenture or the Security Documents or the Intercreditor Agreement, which adversely affects the enforceability, validity, perfection or priority of any Lien on the Collateral or which adversely

affects the condition or value of the Collateral, taken as a whole, in any material respect, including the failure to take any step to perfect the security interests in the Collateral in the manner and in the time periods required by the Security Documents; (ii) the failure by the Company or any Subsidiary Guarantor Pledgor to grant a power of attorney in favor of the Escrow Agent in accordance with Section 10.01(b)(ii) hereof, or any such power of attorney is subsequently revoked or invalid; (iii) the failure by the Company to notify the Trustee and the Escrow Agent of the CDB Loan Repayment Date within one Business Day thereof in accordance with Section 10.01(c); or (iv) any assertion by the Company or any Subsidiary Guarantor Pledgor in any pleading in any court of competent jurisdiction that any such power of attorney or the Lien created or purported to be created by any of the Security Documents is invalid or unenforceable, and, in each case, such default or failure continues for a period of five (5) consecutive days;

(k) following the CDB Loan Repayment Date, (i) the Company or any Subsidiary Guarantor Pledgor denies or disaffirms its obligations under any Security Document or the Intercreditor Agreement; (ii) any Security Document or the Intercreditor Agreement ceases to be or is not in full force and effect; or (iii) the Collateral Agent ceases to have a first priority security interest in the Collateral (subject to any Permitted Collateral Liens and the Intercreditor Agreement), and, in each case, such default continues for a period of five (5) consecutive days;

(l) the failure by the Company to issue a Quarterly Compliance Certificate to the Escrow Agent in compliance with Section 6.08(b) hereof, and such default or breach continues for a period of 30 consecutive days, following which the Escrow Agent shall be obligated to immediately inform the Trustee of such Event of Default;

(m) the failure by the Company to achieve a credit rating in accordance with Section 4.25 hereof within 18 months of the Original Issue Date; or

(n) breach of the provisions under Section 4.14, and such default or breach continues for a period of 30 consecutive days.

Section 6.02. *Acceleration*. If an Event of Default (other than an Event of Default specified in Section 6.01(g) or Section 6.01(h)) occurs and is continuing under this Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall (subject to receipt of indemnity and/or security and/or pre-funding to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in Section 6.01(g) or Section 6.01(h) occurs with respect to the Company or any Significant Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

Section 6.03. *Other Remedies*. If an Event of Default occurs and is continuing, Holders of at least 25% in aggregate principal amount of the outstanding Notes may direct the Trustee

or, only upon the effectiveness of the Security Documents following the CDB Loan Repayment Date, direct the Trustee to instruct the Collateral Agent in accordance with the Intercreditor Agreement to pursue, in its own name or as trustee of an express trust (as applicable), any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes, this Indenture, the Intercreditor Agreement, or the Security Documents, including instructing the Collateral Agent to foreclose upon the Collateral in accordance with the terms of the Security Documents and the Intercreditor Agreement. The Trustee or the Collateral Agent, as applicable, may maintain any such proceeding even if it does not possess any of the Notes or does not produce any of them in such proceeding.

Section 6.04. *Waiver of Past Defaults*. The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of all the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(a) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05. *Control by Majority*. The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

Section 6.06. *Limitation on Suits*. A Holder may not institute any proceeding, judicial or otherwise, with respect to this Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under this Indenture or the Notes, unless:

(a) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder or Holders offer the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;

(d) the Trustee does not comply with the request within (x) 60 days after receipt of the written request pursuant to Section 6.06(b) or (y) 60 days after the receipt of the offer of indemnity and/or security and/or pre-funding satisfactory to it pursuant to Section 6.06(c), whichever occurs later; and

(e) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

Section 6.07. *Rights of Holders to Receive Payment*. Notwithstanding anything to the contrary in this Article 6, the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest on, such Note or any payment under any Subsidiary Guarantee, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes or applicable Subsidiary Guarantee shall not be impaired or affected without the consent of that Holder.

Section 6.08. *Compliance Certificate*. (a) The Company shall submit an Officers' Certificate to the Escrow Agent in substantially the form of the Annual Compliance Certificate attached as Exhibit H hereto on or before a date not more than 120 days after the end of each fiscal year ending after the Original Issue Date.

(b) The Company shall submit a Quarterly Compliance Certificate to the Escrow Agent in substantially the form attached as Exhibit I hereto, which Quarterly Compliance Certificate shall be executed by (1) an executive director of the Company, or (2) the chief financial officer of the Company, or (3) the finance director of the Company, and shall be delivered (i) in the case of the first and third fiscal quarters (ended March 31 and September 30) of each fiscal year ending after the Original Issue Date, not more than 45 calendar days after the end of each such fiscal quarter and (ii) in the case of the second and fourth fiscal quarters (ended June 30 and December 31) of each fiscal year ending after the Original Issue Date, not more than 14 calendar days after the preliminary announcements of the Company's interim or annual results, as applicable.

(c) For so long as any Notes remain outstanding, a holder of a beneficial interest in the Notes or its designated representative(s) or advisor(s) (each, an "Information Recipient") may request in writing to the Escrow Agent at the Escrow Agent's email address contained in Section 12.02 hereof that the Escrow Agent provide to such Information Recipient copies of one or more Annual Compliance Certificates and/or Quarterly Compliance Certificates. Subject to: (i) the receipt by the Escrow Agent through electronic mail of an agreement in the form attached hereto as Exhibit K (each, a "Confidentiality Agreement") (A) executed by such Information Recipient and, if applicable, accompanied by a certification, via electronic mail or otherwise, from a holder of a beneficial interest in the Notes that such Information Recipient has been retained as its advisor or representative and (B) countersigned by the Company, which countersignature shall be provided to the Escrow Agent promptly and, in any event, within seven

Business Days of the satisfaction of the conditions in clauses (i)(A) and (ii) of this Section 6.08(c); in each case, by way of electronic or "wet ink" signatures or otherwise; (ii) receipt by the Company and the Escrow Agent of a statement of accounts (or equivalent) issued by Euroclear or Clearstream evidencing the beneficial interest of the beneficial holder of the Notes by whom, or on whose behalf, such certificate is being requested; (iii) the satisfaction by the Company of identity verification of the Information Recipient, which satisfaction shall be evidenced by the Company's countersignature on the Confidentiality Agreement; and (iv) payment by the Information Recipient to the Escrow Agent (for its own account) of the sum of USD1,500 per request, then, subject to Section 10.05(g), the Escrow Agent shall thereafter promptly provide copies of such Annual Compliance Certificates and/or Quarterly Compliance Certificates to such Information Recipient (through electronic mail to the email address(es) specified by such information Recipient in its Confidentiality Agreement. For the avoidance of doubt, the Escrow Agent shall only furnish copies of Annual Compliance Certificates and/or Quarterly Compliance Certificates to an Information Recipient in accordance with the provisions of this Section 6.08(c) and must not distribute or disseminate an Annual Compliance Certificate and/or Quarterly Compliance Certificate or its contents to any other Persons or in any other manner.

Section 6.09. *Collection Suit by Trustee*. If an Event of Default in payment specified in Section 6.01(a) or Section 6.01(b) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust for the whole amount remaining unpaid, together with interest on overdue principal or premium and, to the extent lawful, overdue installments of interest, in each case at the rate specified in the Notes, and such further amount as is sufficient to cover the costs and expenses of collection, including the compensation and properly incurred expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee hereunder.

Section 6.10. *Trustee May File Proofs of Claim*. The Trustee may file proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee, the Collateral Agent, the Escrow Agent and the Agents hereunder) and the Holders allowed in any judicial proceedings relating to the Company, any Subsidiary Guarantor or their respective creditors or property, and is entitled and empowered to collect, receive and distribute any money, securities or other property payable or deliverable upon conversion or exchange of the Notes or upon any such claims. Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, if the Trustee consents to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the compensation and properly incurred expenses, disbursements and advances of the Trustee, its agent and counsel, and any other amounts due the Trustee, the Collateral Agent, the Escrow Agent and the Agents hereunder. Nothing in this Indenture shall be deemed to empower the Trustee to authorize or consent to, or accept or adopt on behalf of any Holder, any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.11. *Priorities*. All amounts received by the Trustee whether upon enforcement of the Collateral and pursuant to the Intercreditor Agreement or otherwise shall, in each case, be applied as follows:

First, to the Trustee, the Escrow Agent and the Agents, to the extent necessary to reimburse each of the Trustee, the Escrow Agent and the Agents for any unpaid fees and properly incurred expenses (including fees and properly incurred expenses of counsel) in connection with the acceptance and administration of its duties under this Indenture, the Notes and the Security Documents, for the collection or distribution of amounts held or realized and in connection with the performance of their respective obligations under this Indenture, the Notes and the Security Documents and all amounts for which each of the Trustee, the Escrow Agent and the Agents is entitled to indemnification under this Indenture, the Notes and the Security Documents;

Second, to Holders for amounts then due and unpaid for principal of, or premium, if any, or interest on, the Notes, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium (if any) and interest; and

Third, any surplus remaining after such payments will be paid to the Company, the Subsidiary Guarantor Pledgors, the Subsidiary Guarantors or to whomever may be lawfully entitled thereto.

The Trustee, upon written notice to the Company, may fix a record date and payment date for any payment to Holders pursuant to this Section 6.11.

Section 6.12. *Restoration of Rights and Remedies*. If the Trustee or any Holder has instituted a proceeding to enforce any right or remedy under this Indenture and the proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to the Holder, then, subject to any determination in the proceeding, the Company, any Subsidiary Guarantors, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Company, any Subsidiary Guarantors, the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 6.13. *Undertaking for Costs*. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court may require any party litigant in such suit (other than the Trustee) to file an undertaking to pay the costs of the suit, and the court may assess costs, including attorneys' fees, against any party litigant (other than the Trustee) in the suit having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.13 does not apply to a suit by the Trustee or a Holder to enforce payment of principal of or interest on any Note on the respective due dates, or a suit by Holders of more than 10% in principal amount of the outstanding Notes.

Section 6.14. *Rights and Remedies Cumulative*. No right or remedy conferred or reserved to the Trustee or to the Holders under this Indenture is intended to be exclusive of any

other right or remedy, and all such rights and remedies are, to the extent permitted by law, cumulative and in addition to every other right and remedy hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or exercise of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or exercise of any other right or remedy.

Section 6.15. *Delay or Omission Not Waiver*. No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article 6 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 6.16. *Waiver of Stay, Extension or Usury Laws*. Each of the Company and the Subsidiary Guarantors covenants, to the extent that it may lawfully do so, that it shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company or such Subsidiary Guarantor, as the case may be, from paying all or any portion of the principal of, or premium or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Indenture. Each of the Company and the Subsidiary Guarantors hereby expressly waives, to the extent that it may lawfully do so, all benefit or advantage of any such law and covenants that it shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7
THE TRUSTEE

Section 7.01. *General*. (a) The duties and responsibilities of the Trustee are as set forth herein. Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to this Article 7.

(b) Except during the continuance of an Event of Default, the Trustee shall perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default has occurred and is continuing and the Trustee has received written notice thereof pursuant to Section 7.05, the Trustee shall exercise those rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. During the continuance of an Event of Default, the Trustee shall act upon the written direction of the Holders of at least 25% of the aggregate principal amount then outstanding, subject to its receiving indemnity and/or security and/or pre-funding to its satisfaction.

(c) Should the Trustee become a creditor of the Company or any of the Subsidiary Guarantors, rights of the Trustee to obtain payment of claims in certain cases or to realize on

certain property received by the Trustee in respect of any such claims as security or otherwise shall be limited. The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Company and its Affiliates; *provided*, however, that if any direct conflicting interest arises between the Trustee and the Company or any of the Subsidiary Guarantors, the Trustee hereby agrees to eliminate such conflict or resign.

(d) No provision of this Indenture shall be construed to relieve the Trustee from liability for fraud, its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that the Trustee shall not be liable with respect to any action it takes or omits to take in good faith (i) in accordance with a direction received by it pursuant to Section 6.02 or 6.05, and (ii) the Trustee shall not be liable for any error of judgment unless it is grossly negligent in ascertaining the pertinent facts.

(e) Notwithstanding anything herein to the contrary, the Trustee shall not be responsible to any Person for failing to request, require or receive any account statement pursuant to any Security Document or for failing to check or comment upon the accuracy of such account statements and shall have no responsibility for the contents of any account statement prepared pursuant to any Security Document and, for the avoidance of doubt, it is intended that the Trustee shall not check or comment on any such account statement.

(f) Neither the Trustee nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Security Documents or the Intercreditor Agreement, for the creation, perfection, continuation, priority, sufficiency or protection of any of the Liens, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so.

(g) Unless the Trustee receives prior written notice from the Company, the Trustee shall be entitled to assume, without any further inquiry, that the Company and the Subsidiary Guarantors have duly performed all of their respective obligations in accordance with this Indenture, including each of the exhibits attached hereto, the Security Documents and the Intercreditor Agreement.

(h) Notwithstanding anything herein to the contrary, the Trustee shall not be responsible for the recitals, statements, warranties or representations of any party contained in this Indenture or any other agreement or other document entered into in connection herewith or therewith and shall assume the accuracy and correctness thereof and shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or document. Each Holder shall be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Company and any Subsidiary Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Holder shall not rely on the Trustee in respect thereof.

(i) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any of the provisions in this Indenture or the financial performance of the

Company and the Subsidiary Guarantors and, and shall be entitled to assume that the Company and the Subsidiary Guarantors are in compliance with all the provisions of this Indenture, including each of the exhibits attached hereto, the Security Documents and the Intercreditor Agreement, unless notified to the contrary in writing.

Section 7.02. *Certain Rights of Trustee* . Subject to Section 7.01:

(a) In the absence of fraud, gross negligence or willful misconduct on its part, the Trustee may rely, and shall be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document, but, in the case of any document which is specifically required to be furnished to the Trustee pursuant to any provision hereof, the Trustee shall examine the document to determine whether it conforms to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein). The Trustee, in its absolute discretion may make further inquiry or investigation into such facts or matters as it sees fit.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate and/or an Opinion of Counsel conforming to Section 12.03 and Section 12.04 and the Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion.

(c) The Trustee may act through its delegates, attorneys and agents and shall not be responsible for their acts, omissions, misconduct or negligence, or for the supervision or monitoring of any delegate, attorney or agent appointed with due care by it hereunder. Upon an Event of Default, the Trustee shall be entitled to require all agents (including, the Agents) to act solely in accordance with its directions.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture or enforce this Indenture or the Notes at the written request or direction of any of the Holders, unless a requisite number of Holders have instructed the Trustee and provided security and/or indemnity and/or pre-funding satisfactory to it against any loss, liability or expenses that might be incurred by it in compliance with such request or direction.

(e) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers or for any action it takes or omits to take in accordance with the direction of the Holders in accordance with Section 6.02 or Section 6.05 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; provided, however, that the Trustee's conduct does not constitute willful misconduct or gross negligence.

(f) The Trustee may consult with counsel or other professional advisors of its selection, and the written advice of such counsel or advisors or any Opinion of Counsel shall be

full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(g) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of its rights or powers, unless it receives security and/or indemnity and/or pre-funding satisfactory to it against any loss, liability or expense.

(h) If any Subsidiary Guarantor makes payments on behalf of the Company pursuant to Article 11, the Company shall promptly notify the Trustee and any clearing house through which the Notes are traded of such substitution.

(i) Under no circumstances and notwithstanding any provision to the contrary will the Trustee, the Escrow Agent or any Agent be liable for any indirect, consequential, punitive or special loss or damage, of any kind whatsoever (including, but not limited to, loss of business, goodwill, opportunity or profit), whether or not foreseeable, and even if advised of the possibility of such loss or damage, and regardless of the form of action. This provision shall remain in full force and effect notwithstanding the redemption or maturity of the Notes, the termination of this Indenture and the termination of the appointment of the Trustee.

(j) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate.

(k) Each of the Company and the Subsidiary Guarantors hereby irrevocably waives, in favor of the Trustee, the Collateral Agent, the Escrow Agent and the Agents, any conflict of interest which may arise by virtue of the Trustee, the Collateral Agent, the Escrow Agent and/or the Agents (or its affiliates) acting in various capacities under the Notes, the Subsidiary Guarantees, this Indenture, the Security Documents and the Intercreditor Agreement or for other customers of the Trustee, the Collateral Agent, the Escrow Agent or the Agents. Each of the Company and the Subsidiary Guarantors acknowledges that the Trustee, the Collateral Agent, the Escrow Agent and the Agents and their respective affiliates (together, the "**Trustee Parties**") may have interests in, or may be providing or may in the future provide financial or other services to, other parties with interests which each of the Company and the Subsidiary Guarantors may regard as conflicting with its interests, and may possess information (whether or not material to the Company and the Subsidiary Guarantors other than as a result of the Trustee, the Collateral Agent, the Escrow Agent and/or the Agents acting as the Trustee, the Collateral Agent, the Escrow Agent and/or the Agents (as applicable) hereunder that the Trustee, the Collateral Agent, the Escrow Agent and/or the Agents may not be entitled to share with the Company and the Subsidiary Guarantors. The Trustee Parties will not disclose confidential information obtained from the Company and the Subsidiary Guarantors (without its consent) to any of the Trustee's, the Collateral Agent's, the Escrow Agent's and/or the Agent's such other customers or affiliates nor will they use on the Company's, any Subsidiary Guarantor's behalf any confidential information obtained from any such other customer. Without prejudice to the foregoing, each of the Company and the Subsidiary Guarantors agrees that the Trustee Parties may deal (whether their own or their customers' account) in, or advise on, securities of such

other customers and that such dealing or giving of advice will not constitute a conflict of interest for the purposes of the Notes, the Subsidiary Guarantees, this Indenture, the Security Documents and the Intercreditor Agreement.

(l) Notwithstanding anything else herein contained, each of the Trustee, the Collateral Agent, the Escrow Agent and Agents may refrain without liability from doing anything that would or might in its reasonable opinion be contrary to any relevant law of any state or jurisdiction (including but not limited to the laws of Hong Kong, the United States of America or any jurisdiction forming a part of it and England & Wales) or any directive or regulation of any agency of any such state or jurisdiction and may without liability do anything which is, in its reasonable opinion, necessary to comply with any such law, directive or regulation.

Section 7.03. *Individual Rights of Trustee*. The Trustee, in its individual or any other capacity, may become the owner or pledgee of the Notes and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not the Trustee and nothing herein shall obligate the Trustee to account for any profits earned from any business or transactional relationship. Any Agent may do the same with like rights.

Section 7.04. *Trustee's Disclaimer*. The Trustee (a) makes no representation as to the validity or adequacy of this Indenture, the Notes or the Subsidiary Guarantee or any Subsidiary Guarantor, (b) is not accountable for the Company's use or application of the proceeds from the Notes, (c) is not responsible for any statement in the Notes other than the certificate of authentication and (d) shall not have any responsibility for the Company's or any Holder's compliance with any state or U.S. federal securities law in connection with the Notes.

Section 7.05. *Notice of Default*. If any Default or Event of Default occurs and is continuing and is known to the Trustee, the Trustee shall send notice of the Default or Event of Default (as the case may be) to each Holder within 90 days after it occurs, or, if later, within 15 days after it is notified in writing to the Trustee unless the Default or Event of Default (as the case may be) has been cured. The Trustee shall not be deemed to have knowledge of a Default or Event of Default unless and until a Responsible Officer of the Trustee receives written notification from the Company or the Escrow Agent describing the circumstances of such, and identifying the circumstances constituting such Default or Event of Default.

Section 7.06. *Compensation and Indemnity*. (a) Each of the Company and the Subsidiary Guarantors agrees to be jointly and severally responsible for and shall pay the Trustee compensation as agreed upon in writing for its services. The compensation of the Trustee is not limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all properly incurred out-of-pocket expenses, disbursements and advances (including costs of collection) made by the Trustee, including the compensation and properly incurred expenses and disbursements of the Trustee's agents, attorneys and counsel.

(b) Each of the Company and the Subsidiary Guarantors agrees to be jointly and severally responsible for and shall indemnify the Trustee or any predecessor Trustee and their agents, employees, officers and directors for, and hold it harmless against, any loss, liability or

expense incurred by it without fraud, gross negligence or willful misconduct on its part arising out of or in connection with the acceptance or administration of this Indenture and its duties under this Indenture, the Notes, the Subsidiary Guarantees, the Security Documents and the Intercreditor Agreement, as the case may be, including (x) the properly incurred costs and expenses of defending itself against any claim or liability and of complying with any process served upon it or any of its officers in connection with the exercise or performance of any of its powers or duties under this Indenture and the Notes and (y) the compensation and the properly incurred expenses and disbursements of the Trustee's agents, attorneys and counsel.

(c) To secure the Company's payment obligations in this Section 7.06, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee, in its capacity as Trustee, except money or property held in trust to pay principal of, and interest on particular Notes.

(d) This Section 7.06 shall survive the redemption or maturity of the Notes, the termination of this Indenture, and the termination of the appointment of the Trustee.

Section 7.07. *Replacement of Trustee and Escrow Agent.* (a) (i) Each of the Trustee and the Escrow Agent may resign at any time by providing 60 days' written notice to the Company.

(ii) Holders of at least 25% in principal amount of the outstanding Notes may remove each of the Trustee and the Escrow Agent by providing 14 days' written notice to the Trustee or the Escrow Agent, as applicable, and the Company.

(iii) The Company may remove each of the Trustee and the Escrow Agent if: (x) the Trustee or the Escrow Agent is adjudged a bankrupt or an insolvent; (y) a receiver or other public officer takes charge of the Trustee or the Escrow Agent or its property; or (z) the Trustee or the Escrow Agent becomes incapable of acting.

A resignation or removal of the Trustee or the Escrow Agent and appointment of a successor Trustee or Escrow Agent shall become effective only upon the successor Trustee's or Escrow Agent's acceptance of appointment as provided in this Section 7.07.

(b) If the Trustee or the Escrow Agent has been removed by Holders in accordance with Section 7.07(a)(ii), such Holders may appoint a successor Trustee or Escrow Agent without the consent of the Company or any other party (but provided that such Holders shall give written notice of the appointment of the successor Trustee or Escrow Agent to the Company). Otherwise, if the Trustee or the Escrow Agent resigns or is removed, or if a vacancy exists in the office of Trustee or the Escrow Agent for any reason, the Company shall promptly appoint a successor Trustee or Escrow Agent. If the successor Trustee or Escrow Agent does not deliver its written acceptance within 30 days after the retiring Trustee or the Escrow Agent resigns or is removed, (i) the retiring Trustee or Escrow Agent may on behalf of and at the expense of the Company appoint its successor or (ii) the retiring Trustee or Escrow Agent (at the expense of the Company), the Company or the Holders of at least 25% in principal amount of the outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee or Escrow Agent.

(c) Upon delivery by the successor Trustee or Escrow Agent of a written acceptance of its appointment to the retiring Trustee or Escrow Agent and to the Company, (w) the retiring Trustee or Escrow Agent shall transfer all property held by it as Trustee or Escrow Agent to the successor Trustee or Escrow Agent, subject to the Lien provided for in Section 7.06, (x) the Company and the Trustee, as applicable, shall execute and deliver replacement copies of each Security Document, the Intercreditor Agreement, the irrevocable power of attorney and any other document required in accordance with Section 10.01(b) to the successor Escrow Agent, (y) the resignation or removal of the retiring Trustee or Escrow Agent shall become effective, and (z) the successor Trustee or Escrow Agent shall have all the rights, powers and duties of the Trustee or Escrow Agent under this Indenture. Upon request of any successor Trustee or Escrow Agent, the Company shall execute any and all instruments for fully vesting in and confirming to the successor Trustee or Escrow Agent all such rights, powers and trusts. The Company shall give notice of any resignation and any removal of the Trustee or Escrow Agent and each appointment of a successor Trustee or Escrow Agent to all Holders, and include in the notice the name of the successor Trustee or Escrow Agent and the address of its Corporate Trust Office.

(d) Notwithstanding replacement of the Trustee pursuant to this Section 7.07, the Company's obligations under Section 7.06 shall continue for the benefit of the retiring Trustee or Escrow Agent.

Section 7.08. *Successor Trustee by Consolidation, Merger, Conversion or Transfer*. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets (including the administration of the trust created by this Indenture) to, another corporation or national banking association, the resulting, surviving or transferee corporation or national banking association without any further act shall be the successor Trustee with the same effect as if the successor Trustee had been named as the Trustee in this Indenture.

Section 7.09. *Money Held in Trust*. The Trustee shall not be liable for interest on any money received by it except as it may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law and except for money held in trust under Article 8.

Section 7.10. *Appointment of Collateral Agent*. The parties hereto acknowledge and agree, and each Holder by accepting the Notes and the Subsidiary Guarantees acknowledges and agrees, that the Company hereby irrevocably agrees to appoint Madison Pacific Trust Limited pursuant to the Intercreditor Agreement as Collateral Agent thereunder and under the Security Documents, and such appointment shall automatically become effective on the CDB Loan Repayment Date. The Collateral Agent shall have such duties and responsibilities, with respect to the Holders of Notes, as are explicitly set forth in the Intercreditor Agreement and in the Security Documents and no others; *provided* that the Collateral Agent shall only take action with respect to or under the Security Documents and the Intercreditor Agreement in accordance with the terms of the Intercreditor Agreement, and shall apply any proceeds from the enforcement of any Collateral as set forth in the Intercreditor Agreement.

Section 7.11. *Confidentiality.* Each of the Company and Subsidiary Guarantors understands that The Bank of New York Mellon Corporation is a global financial organization

that operates in and provides services and products to clients through its affiliates, branches, representative offices and/or subsidiaries located in multiple jurisdictions (collectively, the "**BNY Mellon Group**" and each a "**BNY Mellon Entity**"). The BNY Mellon Group may: (i) use and/or centralize in one or more BNY Mellon Entity in connection with its performance of the functions, duties and services provided and any other obligations under this Indenture, the Intercreditor Agreement, the Security Documents, and in certain other activities (the "**Centralized Functions**"), including, without limitation, audit, accounting, tax, administration, risk management, credit, legal, compliance, operation, sales and marketing, product communication, relationship management, information technology, records and data storage, performance measurement, data aggregation and the compilation and analysis of information and data regarding the Company and Subsidiary Guarantors (which, for purposes of this Section 7.11, includes the name and business contact information for the employees and representatives of the Company and Subsidiary Guarantors and any personal data) and the accounts established pursuant to the transactions contemplated in this Indenture, the Intercreditor Agreement and the Security Documents ("**Client Information**"); and (ii) use third party service providers to store, maintain and process Client Information ("**Outsourced Functions**"). Notwithstanding anything to the contrary contained elsewhere in this Indenture, the Intercreditor Agreement and the Security Documents and solely in connection with the Centralized Functions and/or Outsourced Functions, each of the Company and Subsidiary Guarantors consents to the: (i) collection, use and storage of, and authorizes the BNY Mellon Group to collect, use and store, Client Information within and outside of any jurisdiction, including without limitation Australia, the European Economic Area, Hong Kong, the PRC, Japan, Singapore, India, the British Virgin Islands and the United States of America; and (ii) disclosure of, and authorizes the BNY Mellon Group to disclose, Client Information to: (A) any other BNY Mellon Entity (and their respective officers, directors and employees); and (B) third-party service providers (but solely in connection with Outsourced Functions) who are required to maintain the confidentiality of Client Information. In addition, the BNY Mellon Group may aggregate Client Information with other data collected and/or calculated by the BNY Mellon Group, and the BNY Mellon Group will own all such aggregated data, *provided that* the BNY Mellon Group shall not distribute the aggregated data in a format that identifies Client Information with the Company and Subsidiary Guarantors specifically. Each of the Company and Subsidiary Guarantors represents that it is authorized to consent to the foregoing and that the disclosure of Client Information in connection with the Centralized Functions and/or Outsourced Functions does not violate any relevant data protection legislation. Each of the Company and Subsidiary Guarantors also consents to the disclosure of Client Information to governmental, tax, regulatory, law enforcement and other authorities in jurisdictions where the BNY Mellon Group operates and otherwise as required by law, rule, or guideline (including any tax and swap trade data reporting regulations).

Section 7.12. *Third Party Agent.* Notwithstanding anything to the contrary in this Indenture, the Intercreditor Agreement or Security Documents, the Company and Subsidiary Guarantors, the Collateral Agent, the Escrow Agent and the Holders acknowledge and understand that:

(a) the Trustee has not conducted any due diligence or investigation with respect to the Collateral Agent, the Escrow Agent or its ability to perform its required duties and accepts no

responsibility or liability for any acts, omissions or defaults of the Collateral Agent and the Escrow Agent;

(b) the Escrow Agent is executing this Indenture as an agent of the Company and Subsidiary Guarantors and not an agent of the Trustee and there is no principal-agent, trustee-beneficiary or fiduciary relationship between the Collateral Agent or the Escrow Agent and the Trustee of any nature whatsoever;

(c) Trustee shall not be responsible or liable in any manner whatsoever for:

(i) the creation, perfection, legality and enforceability under applicable laws, sufficiency and/or maintenance of the assets secured under the Intercreditor Agreement, Security Documents and or any agreement, assignment or other document relating thereto; or

(ii) investigating the creditworthiness of the assets secured under the Intercreditor Agreement, Security Documents, the obligors thereunder or any of the obligations of any of the parties under any of the Intercreditor Agreement, Security Documents (including without limitation, whether the cash flows from any securities comprising the assets secured under the Intercreditor Agreement, Security Documents and the Notes are matched).]

ARTICLE 8
DEFEASANCE AND DISCHARGE

Section 8.01. *Defeasance and Discharge of Indenture*. (a) The Company shall be deemed to have paid and shall be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to in Section 8.01(a)(i) has been made, and the provisions of this Indenture shall no longer be in effect with respect to the Notes, except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if the following conditions shall have been satisfied:

(i) the Company (x) has deposited with the Trustee (or its agent) in trust, cash in U.S. dollars or U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of this Indenture and the Notes and (y) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of this Indenture;

(ii) the Company has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect

of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and

(iii) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of the Restricted Subsidiaries is a party or by which the Company or any of the Restricted Subsidiaries is bound.

(b) In the case of either discharge or defeasance of the Notes, each of the Subsidiary Guarantees shall terminate.

Section 8.02. *Covenant Defeasance*. (a) The Company may omit to comply with any term, provision or condition set forth in, and this Indenture shall no longer be in effect with respect to, Section 4.05 through Section 4.11, Section 4.13 through Section 4.18, Section 4.24 through Section 4.27, Section 5.01(a)(iii) and Section 5.01(a)(iv), Section 5.01(b)(iii) and Section 5.01(b)(iv), and (b) Section 6.01(c) with respect to Section 4.05 through Section 4.11, Section 4.13 through Section 4.18, Section 4.24 through Section 4.27, Section 5.01(a)(iii) and Section 5.01(a)(iv), Section 5.01(b)(iii) and Section 5.01(b)(iv), Section 6.01(d) with respect to Section 4.05 through Section 4.11, Section 4.13 through Section 4.18, Section 4.24 through Section 4.27, Section 5.01(a)(iii) and Section 5.01(a)(iv), Section 5.01(b)(iii) and Section 5.01(b)(iv), and Section 6.01(e) through Section 6.01(m) shall be deemed not to be Events of Default; *provided* the following conditions have been satisfied:

(i) the Company has deposited with the Trustee (or its agent), in trust, of cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of this Indenture and the Notes; and

(ii) the Company has delivered to the Trustee an Opinion of Counsel of recognized standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law.

Section 8.03. *Application of Trust Money*. Subject to Section 8.04, the Trustee shall hold in trust the money or U.S. Government Obligations deposited with it pursuant to Section 8.01 or Section 8.02, and apply the deposited money or U.S. Government Obligations to the payment of principal of and premium or interest on the Notes in accordance with the Notes and this Indenture.

Section 8.04. *Repayment to Company*. Subject to Section 7.06, Section 8.01 and Section 8.02, the Trustee shall promptly pay to the Company upon written request by the Company in the form of an Officers' Certificate any excess money held by the Trustee at any time and thereupon be relieved from all liability with respect to such money. The Trustee shall promptly pay to the Company upon written request by the Company in the form of an Officers' Certificate any money held for payment with respect to the Notes that remains unclaimed for two years, provided that before making such payment the Trustee may at the expense of the Company publish once in a newspaper of general circulation in New York City, or send to each Holder entitled to such money, notice that the money remains unclaimed and that after a date specified in the notice (at least 30 days after the date of the publication or notice) any remaining unclaimed balance of money shall be repaid to the Company. After payment to the Company, Holders entitled to such money must look solely to the Company for payment, unless applicable law designates another Person, and all liability of the Trustee with respect to such money shall cease.

Section 8.05. *Reinstatement*. (a) If and for so long as the Trustee is unable to apply any money or U.S. Government Obligations held in trust pursuant to Section 8.01 or Section 8.02 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Notes shall be reinstated as though no such deposit in trust had been made until such time as the Trustee is permitted to apply such money in accordance with Article 8. If the Company makes any payment of principal of and interest on any Notes because of the reinstatement of its obligations, it shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held in trust.

(b) In the event the Company exercises its option to omit compliance with certain covenants and provisions of this Indenture with respect to the Notes as described in Section 8.02 and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of cash in U.S. dollars and/or U.S. Government Obligations on deposit with the Trustee (or its agent) shall be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company and the Subsidiary Guarantors shall remain liable for such payments.

ARTICLE 9
AMENDMENTS, SUPPLEMENTS AND WAIVERS

Section 9.01. *Amendments without Consent of Holders*. (a) This Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement and the Security Documents (to the extent applicable) may be amended, without the consent of any Holder:

(i) to cure any ambiguity, defect, omission or inconsistency in this Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement or the Security Documents;

(ii) to comply with the provisions described under Article 5;

(iii) to evidence and provide for the acceptance of appointment by a successor Trustee, Escrow Agent, Agents and/or Collateral Agent;

(iv) *[Reserved]*;

(v) to effect any change to this Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or other relevant clearing system;

(vi) in any other case where a supplemental indenture or amendment to this Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement or the Security Documents is required or permitted to be entered into pursuant to the provisions of this Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement or the Security Documents (as applicable) without the consent of any Holder;

(vii) to add any Subsidiary Guarantor or any Subsidiary Guarantee, or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of this Indenture;

(viii) to add additional Collateral to secure the Notes or any Subsidiary Guarantee;

(ix) to add any Subsidiary Guarantor Pledgor, or after the CDB Loan Repayment Date, release any Subsidiary Guarantor Pledgor or any Collateral as provided or permitted by the terms of this Indenture, the Intercreditor Agreement and the Security Documents;

(x) to permit the Incurrence of Permitted Pari Passu Secured Indebtedness in accordance with Section 4.05(b)(xxiii) hereof (including, without limitation, permitting the Trustee or the Collateral Agent to take any action necessary to permit the creation and registration of Liens on the Collateral to secure such Permitted Pari Passu Secured Indebtedness in accordance with the terms of this Indenture, the Intercreditor Agreement and the Security Documents); *provided* that any such amendment shall not affect the enforceability, validity, perfection or priority of any Lien created or purported to be created by any of the Security Documents; or

(xi) to make any other change that does not adversely affect the rights of any Holder.

Section 9.02. *Amendments with Consent of Holders*. (a) Amendments of this Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement (subject to the terms thereof) or the Security Documents (to the extent applicable and subject to the terms of the Intercreditor Agreement) may be made by the Company, the Subsidiary Guarantors, the Trustee and the Collateral Agent with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Company and any Subsidiary Guarantor with any provision of this Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement and the Security Documents; *provided*, however, that no such

modification, amendment or waiver may, without the consent of the Holders of not less than 90% in aggregate principal amount of the outstanding Notes:

(i) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(ii) reduce the principal amount of, or premium, if any, or interest on, any Note;

(iii) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;

(iv) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;

(v) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend this Indenture;

(vi) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(vii) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of this Indenture or for waiver of certain defaults;

(viii) release any Subsidiary Guarantor from its Subsidiary Guarantee except as provided in this Indenture;

(ix) amend, change or modify any Subsidiary Guarantee or the Indenture in a manner that adversely affects the Holders, except in accordance with the other provisions of this Indenture;

(x) reduce the amount payable upon any Offer to Purchase or redemption pursuant to Section 4.12, Section 4.13, Section 4.16 or Section 4.24 hereof, or change the time or manner by which any such Offer to Purchase or redemption may be made or by which the Notes must be repurchased or redeemed, whether through an amendment or waiver of provision in the covenants, definitions or otherwise; *provided* that any such amendment, waiver or modification in effect prior to the occurrence of (i) a Change of Control or (ii) the event giving rise to the Offer to Repurchase or redemption pursuant to Section 4.13, Section 4.16 or Section 4.24 may be made by the Company, the applicable Subsidiary Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes;

(xi) change the redemption date or the redemption price of the Notes from that stated in Section 3.01 or Section 3.02;

(xii) amend, change or modify the obligation of the Company or any Subsidiary Guarantor to pay Additional Amounts;

(xiii) amend, change or modify any provision of this Indenture or the related definition affecting the ranking of the Notes or any Subsidiary Guarantee in a manner which adversely affects the Holders;

(xiv) after the CDB Loan Repayment Date, release any Subsidiary Guarantor Pledgor or any Collateral, except as provided in this Indenture, the Intercreditor Agreement and the Security Documents (as applicable); or

(xv) amend, change or modify any provision of this Indenture, the Intercreditor Agreement and the Security Documents relating to the Collateral, in a manner that adversely affects the Holders, except in accordance with the other provisions of this Indenture.

(b) It is not necessary for Holders to approve the particular form of any proposed amendment, supplement or waiver, but is sufficient if their consent approves the substance thereof.

(c) An amendment, supplement or waiver under this Section 9.02 shall become effective on receipt by the Trustee of written consents from the Holders of the requisite percentage in principal amount of the outstanding Notes. After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company shall send to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. The Company shall send supplemental indentures to Holders upon request. Any failure of the Company to send such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver.

Section 9.03. *Effect of Consent*. (a) After an amendment, supplement or waiver becomes effective, it shall bind every Holder unless it is of the type requiring the consent of each Holder affected. If the amendment, supplement or waiver is of the type requiring the consent of each Holder affected, the amendment, supplement or waiver shall bind each Holder that has consented to it and every subsequent Holder of a Note that evidences the same debt as the Note of the consenting Holder.

(b) If an amendment, supplement or waiver changes the terms of a Note, the Trustee may require the Holder to deliver it to the Trustee so that the Trustee may place an appropriate notation of the changed terms on the Note and return it to the Holder, or exchange it for a new Note that reflects the changed terms. The Trustee may also place an appropriate notation on any Note thereafter authenticated. However, the effectiveness of the amendment, supplement or waiver is not affected by any failure to annotate or exchange Notes in this fashion.

Section 9.04. *Trustee's, Collateral Agent's, Escrow Agent's and Agent's Rights and Obligations*. Each of the Trustee, the Collateral Agent, the Escrow Agent and the Agents are entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article is authorized or permitted by this Indenture, or as the case may be, the Security Documents and

the Intercreditor Agreement and that such amendment, supplement or waiver constitutes the legal, valid and binding obligations of the party or parties executing such amendment, supplement or waiver, and an Officers' Certificate stating that all conditions precedent in this Indenture, or as the case may be, the Security Documents and the Intercreditor Agreement have been complied with. If the Trustee, the Collateral Agent, the Escrow Agent or the Agents, as the case may be, has received such an Opinion of Counsel, it shall sign the amendment, supplement or waiver so long as the same does not adversely affect the rights of the Trustee, the Collateral Agent, the Escrow Agent or the other Agents, as the case may be. Each of the Trustee, the Collateral Agent, the Escrow Agent and the other Agents may, but is not obligated to, execute any amendment, supplement or waiver that affects the Trustee's, the Collateral Agent's, the Escrow Agent's or the other Agents' own rights, duties or immunities under this Indenture.

ARTICLE 10
SECURITY TO BE GRANTED

Section 10.01. *Security to be Granted*. (a) Subject to Section 10.04(e), the Company and the initial Subsidiary Guarantor Pledgors have agreed to pledge the Capital Stock of all of the initial Subsidiary Guarantors and GCL New Energy NC Holdings LLC held directly by the Company or the initial Subsidiary Guarantor Pledgors to the Collateral Agent (in favor of the Secured Parties) on the CDB Loan Repayment Date in order to secure the Secured Obligations (as defined in the Intercreditor Agreement). The initial Subsidiary Guarantor Pledgors are PIONEER GETTER LIMITED, GCL New Energy Management Limited, GCL New Energy International Limited and GCL New Energy, Inc. The Company hereby irrevocably appoints Madison Pacific Trust Limited, as escrow agent for the Company in favor of the Trustee and the holders of the Notes (the "**Escrow Agent**"), which appointment has been accepted by Madison Pacific Trust Limited.

(b) On the Original Issue Date:

(i) the Company shall provide the Escrow Agent with:

(A) undated copies of each Security Document and the Intercreditor Agreement which have been executed by the Company and the Subsidiary Guarantor Pledgors party to such Security Document and the Intercreditor Agreement; and

(B) irrevocable powers of attorney in the form of Exhibit J hereto, granted in favor of the Escrow Agent by the Company and each Subsidiary Guarantor Pledgor, as the case may be; and

(ii) the Trustee shall provide the Escrow Agent with undated copies of the Intercreditor Agreement which have been executed by the Trustee.

The Trustee hereby irrevocably authorizes the Escrow Agent to (a) date and deliver the Intercreditor Agreement at any time on or after the CDB Loan Repayment Date, and (b) in the event that the Escrow Agent is unable for any reason to give full force and effect to the Intercreditor Agreement on or after the CDB Loan Repayment Date, execute, date and deliver on

behalf of the Trustee the Intercreditor Agreement at any time on or after the CDB Loan Repayment Date. The signature pages to the Intercreditor Agreement of the Trustee shall be released from escrow *provided that* (i) notice of CDB Loan Repayment Date pursuant to Section 10.01(c) hereof is provided to the Trustee and (ii) capacity and enforceability legal opinions with respect to the Intercreditor Agreement and the Security Documents are concurrently released to the Trustee on the signing date.

If any Collateral is disposed prior to the CDB Loan Repayment Date in accordance with Section 10.04(b), the Escrow Agent shall return all original signature pages of the Trustee and the Company and/or relevant Subsidiary Guarantor Pledgor relating to the Collateral that is disposed and destroy any electronic copies of the same within 5 Business Day of such disposition.

The Escrow Agent shall, as soon as practicable upon being made aware of the occurrence of the CDB Loan Repayment Date, execute, date and deliver, each of the Security Documents and the Intercreditor Agreement.

In the event that any action described in this Section 10.01(b) is not permitted under the laws of any jurisdiction in which the pledged Capital Stock is located, the Company will take, and will cause the Subsidiary Guarantor Pledgors to take, any and all actions as are required to enter into an equivalent arrangement in order to secure the obligations of the Company under the Notes and this Indenture and of such initial Subsidiary Guarantor Pledgors under their respective Subsidiary Guarantee at the time and/or in the manner required by the Trustee or Holders of 25% or more in aggregate principal amount of the outstanding Notes.

(c) The Company shall promptly (and in any event within one Business Day thereof) notify the Trustee and the Escrow Agent in writing of the CDB Loan Repayment Date and will deliver to the Trustee copies of all documents delivered to the Escrow Agent pursuant to the Security Documents, and will do or cause to be done all such acts and things as may be necessary or proper, or as may be required by the provisions of the Security Documents, to assure and confirm to the Trustee and the Collateral Agent the Lien in the Collateral contemplated hereby and by the Security Documents or any part thereof, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture, the Notes and the Subsidiary Guarantees secured hereby, according to the intent and purposes herein expressed. The Company will take, and will cause the Subsidiary Guarantor Pledgors to take any and all actions as are required to cause the Security Documents to create and maintain, as security for the obligations of the Company and the Subsidiary Guarantors hereunder, a valid and enforceable perfected Lien in and on all the Collateral with the priority set forth in the Security Documents, in favor of the Collateral Agent for the benefit of the Secured Parties, superior to and prior to the rights of all third persons and subject to no other Liens (other than Permitted Collateral Liens), in each case, to the extent required by the Security Documents and the Intercreditor Agreement.

(d) Each Holder of the Notes, by its acceptance thereof, consents and agrees to the terms of the Intercreditor Agreement and the Security Documents (including, without limitation, the provisions providing for foreclosure and release of the Collateral) as the same may be in effect or may be amended from time to time in accordance with their terms and authorizes and

directs the Trustee and the Collateral Agent to perform their respective obligations and exercise their respective rights thereunder in accordance therewith.

(e) The Trustee and each Holder, by accepting the Notes and the Subsidiary Guarantees, acknowledges that upon the execution, delivery and effectiveness of the Intercreditor Agreement and the Security Documents, the Collateral constituted thereafter shall be held for the benefit of Secured Parties under the Intercreditor Agreement and the Security Documents (including any holders of Permitted Pari Passu Secured Indebtedness then outstanding), and that the Lien to be created by and actions that may be taken under the Security Documents will be subject to and qualified and limited in all respects by the Security Documents and the Intercreditor Agreement.

(f) Section 10.02 to 10.04 of this Indenture (other than Section 10.04(b) which shall become immediately effective on the date hereof) will be applicable and operative only upon the execution, delivery and effectiveness of the Security Documents pursuant to Section 10.01(b).

(g) Notwithstanding (i) anything to the contrary contained in this Indenture, the Intercreditor Agreement, the Security Documents, the Notes or any other instrument governing, evidencing or relating to any Indebtedness, (ii) the time, order or method of attachment of any Liens, (iii) the time or order of filing or recording of financing statements or other documents filed or recorded to perfect any Lien upon any Collateral, (iv) the time of taking possession or control over any Collateral or (v) the rules for determining priority under the Uniform Commercial Code or any other law of any relevant jurisdiction governing relative priorities of secured creditors, the Company and the Subsidiary Guarantor Pledgors will ensure that:

(i) the Liens granted pursuant to the Security Documents will rank at least equally and ratably with all other valid, enforceable and perfected Liens, whenever granted upon any present or future Collateral, but only to the extent such other Liens are permitted under this Indenture to exist and to rank equally and ratably with the Notes and the Subsidiary Guarantees; and

(ii) all proceeds of the Collateral applied under the Security Documents shall be allocated and distributed as set forth in Section 6 of the Intercreditor Agreement (*Application of Proceeds of Collateral*) and all proceeds of the Collateral distributed to the Trustee in accordance therewith shall be allocated and distributed as set forth in 6.11 (*Priorities*).

Section 10.02. *Authorization of Actions to be Taken by the Trustee and the Collateral Agent Under the Security Documents*. (a) The Trustee shall be the representative on behalf of the Holders of the Notes and shall act upon the written direction of the Holders of the Notes with regard to all voting, consent and other rights granted to the Holders of the Notes under the Intercreditor Agreement and the Security Documents.

(a) Subject to the terms of the Intercreditor Agreement and the Security Documents, (i) Holders of 25% or more in aggregate principal amount of the outstanding Notes or the Trustee, upon the written instructions of Holders of 25% or more in aggregate principal amount of the outstanding Notes, may instruct the Collateral Agent to enforce any of the rights of the

Trustee or the Holders of the Notes under the Security Documents and (ii) the Trustee, upon written instructions of Holders of 25% or more in aggregate principal amount of the outstanding Notes, may take all actions it deems necessary or appropriate in order to receive any and all amounts payable from the Collateral in respect of the obligations of the Company and the Subsidiary Guarantors hereunder.

(b) Subject to the terms of the Intercreditor Agreement and the Security Documents and Section 7.02(d), the Collateral Agent shall have the power to institute and to maintain such suits and proceedings to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Documents or this Indenture, and such suits and proceedings to preserve or protect its interest and the interests of the Holders of the Notes in the Collateral. The Collateral Agent and the Trustee shall not be deemed to have knowledge of any acts that may be unlawful or in violation of the Security Documents or this Indenture unless and until it obtains written notification of such unlawful acts or violation describing the circumstances of such, and identifying the circumstances constituting such unlawful acts or violation. The Trustee and the Collateral Agent are hereby irrevocably authorized by each Holder of the Notes to effect any release of Liens or Collateral contemplated by Section 10.04 hereof or by the terms of the Security Documents and/or the Intercreditor Agreement.

(c) The Trustee and the Collateral Agent will not be responsible for the adequacy of the Collateral in respect of the obligations of the Company and the Subsidiary Guarantors hereunder.

(d) The Trustee and the Collateral Agent shall be entitled to seek clarification with respect to any instruction given to it by the Holders and shall be entitled to refrain from acting in the absence of any, or any clear, instruction.

Section 10.03. *Authorization of Receipt of Funds Under the Security Documents*. The Trustee and the Collateral Agent are authorized to receive and distribute any funds for the benefit of the Holders of the Notes, and to make further distributions of such funds to the Holders of the Notes according to the provisions of this Indenture, the Intercreditor Agreement and the Security Documents.

Section 10.04. *Release of Security*. (a) The security created in respect of the Collateral under the Security Documents may be released in certain circumstances, including:

(i) upon repayment in full of the Notes;

(ii) upon defeasance and discharge of the Notes as provided under Section 8.01; or

(iii) upon any disposition of (A) the Capital Stock of GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC in compliance with Section 4.13 or (B) any other Collateral where 100% of the Net Cash Proceeds of such disposition are used to repay, repurchase or redeem the Notes in accordance with Article 3 hereof and the disposition is otherwise made in accordance with Section 10.04(b) or Section 10.04(c).

(b) Prior to the CDB Loan Repayment Date and the effectiveness of the Intercreditor Agreement and the Security Documents, upon written request of the Company in connection with any disposition of the Capital Stock of any initial Subsidiary Guarantor or GCL New Energy NC Holdings LLC, the Trustee shall (without notice to, or vote or consent of, any Holder) take such actions as shall be required to terminate the arrangement to create the security interest in the Capital Stock of the entity being disposed of in such disposition (including the termination of the power of attorney to execute and date the Security Documents in respect of the Capital Stock of such entity), to the extent necessary to permit consummation of such disposition in accordance with this Indenture, and the Trustee shall receive full payment from the Company for any fees and costs incurred thereby; *provided* that:

(i) the Company shall deliver to the Trustee an Officers' Certificate certifying and an Opinion of Counsel stating that the termination of the arrangement to create such security interest is permitted under the terms of this Indenture (including, but not limited to, Section 10.04) and the conditions precedent to any such termination have been fulfilled;

(ii) the Trustee shall only take such actions as shall be required to terminate the arrangement to create the security interest in the Capital Stock of such entity being disposed of (other than GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC) if 100% of the Net Cash Proceeds of such disposition have been or are concurrently paid directly to the Trustee by the purchaser(s) to be subsequently applied in repayment, repurchase or redemption of the Notes in accordance with Article 3; and

(iii) without constituting a condition precedent to or affecting the effectiveness of any termination of the arrangement to create the security interest in the Capital Stock of GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC, the Company shall procure that 100% of the Net Cash Proceeds of any disposition of the Capital Stock of GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC will be paid directly to the Trustee by the purchaser(s) to be held in trust and be applied in accordance with Section 4.13 upon the Company's instruction only.

(c) Following the CDB Loan Repayment Date and the effectiveness of the Intercreditor Agreement and the Security Documents, upon written request of the Company in connection with any disposition of the Collateral, the Trustee and/or the Collateral Agent shall (without notice to, or vote or consent of, any Holder) take such actions as shall be required to release its security interest in the Collateral being disposed of in such disposition, to the extent necessary to permit consummation of such disposition in accordance with this Indenture, the Intercreditor Agreement and the Security Documents, and the Trustee and the Collateral Agent shall receive full payment from the Company for any fees and costs incurred thereby; *provided* that:

(i) the Company shall deliver to the Trustee an Officers' Certificate certifying and an Opinion of Counsel stating that the release of such security interest is permitted under the terms of this Indenture (including, but not limited to, Section 10.04) and the conditions precedent to any such release have been fulfilled;

(ii) the Trustee's and the Collateral Agent's security interest in the Collateral (other than the Capital Stock of GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC) shall only be released in accordance with this Section 10.04 if 100% of the Net Cash Proceeds of such disposition have been or are concurrently paid directly to the Collateral Agent by the purchaser(s) to be subsequently applied in repayment, repurchase or redemption of the Notes in accordance with Article 3; and

(iii) without constituting a condition precedent to or affecting the effectiveness of any release of the security interest in the Capital Stock of GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC, the Company shall procure that 100% of the Net Cash Proceeds of any disposition of the Capital Stock of GCL New Energy Inc. and/or GCL New Energy NC Holdings LLC will be paid directly to the Collateral Agent by the purchaser(s) to be held in trust and be applied in accordance with Section 4.13 upon the Company's instruction only.

(d) Any release of Collateral made in compliance with this Section 10.04 and the Intercreditor Agreement shall not be deemed to impair the Lien under the Security Documents or the Collateral thereunder in contravention of the provisions of this Indenture, the Intercreditor Agreement or the Security Documents. For the avoidance of doubt, following any such release, the Lien on the remaining Collateral shall remain in full force and effect in accordance with the terms of this Indenture, the Intercreditor Agreement and the Security Documents.

(e) No purchaser or grantee of any property or rights purporting to be released herefrom shall be bound to ascertain the authority of the Trustee or the Collateral Agent to execute the release or to inquire as to the existence of any conditions herein prescribed for the exercise of such authority.

Section 10.05. *Protections for the Escrow Agent*. (a) The Escrow Agent shall be obligated to perform such duties and only such duties as are in the Indenture specifically set forth, and no implied duties or obligation shall be read into the Indenture or the Notes against the Escrow Agent. The Escrow Agent shall not be under any obligation to take any action under the Indenture which may tend to involve it in any expense or liability, the payment of which is not, in its opinion, assured to it. The Escrow Agent shall have no obligation to expend its own funds or otherwise incur any financial liability in the performance of its obligations hereunder or under the Indenture.

(b) In acting under the Indenture, the Escrow Agent does not assume any fiduciary duty or obligation towards or relationship of agency or trust for or with any of the owners or holders of the Notes.

(c) The Escrow Agent may consult with counsel satisfactory to it and any advice or written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it under the Indenture in good faith and in accordance with such advice or opinion.

(d) The Escrow Agent shall be fully protected and shall incur no liability for or in respect of any action taken or omitted to be taken or thing suffered by it in reliance upon any

notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper party or parties.

(e) Neither the Escrow Agent nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value, protection, legality, enforceability, effectiveness or sufficiency of any Security Documents or the Intercreditor Agreement deposited with it pursuant to Section 10.01, or any Annual Compliance Certificate or Quarterly Compliance Certificate provided to it pursuant to Section 6.08, or for the creation, perfection, continuation, priority, sufficiency or protection of any of the Liens, or for any defect or deficiency as to any such matters. Under no circumstances and notwithstanding any provision to the contrary will the Escrow Agent be liable for any indirect, consequential, punitive or special loss or damage, of any kind whatsoever (including, but not limited to, loss of business, goodwill, opportunity or profit), whether or not foreseeable, and even if advised of the possibility of such loss or damage and regardless of the form of action.

(f) The Escrow Agent shall have no duty and shall not be obliged to review or check the genuineness, validity, adequacy, accuracy or completeness of any document it forwards to another Person, including any Annual Compliance Certificate or Quarterly Compliance Certificate it may be required to forward pursuant to Section 6.08(c).

(g) For the purposes of Section 6.08(c), the Escrow Agent shall have no duty to determine whether (or to ensure that): (a) the signature of any signatory to any Confidentiality Agreement it may receive pursuant to Section 6.08(c) is valid, including those of the Information Recipient or the Company; (b) any Confidentiality Agreement it may receive pursuant to Section 6.08(c) constitutes the relevant Information Recipient's legal, valid and binding obligation, enforceable against that Information Recipient in accordance with the terms therein; (c) any Confidentiality Agreement is genuine, valid, accurate and complete; or (d) whether such Information Recipient or, if such information Recipient is a designated representative or advisor of a holder of a beneficial interest in the Notes, the holder on whose behalf such certificate is being requested, is or remains the holder of any beneficial interest in the Notes. The Escrow Agent shall be entitled to rely upon (and shall be fully protected in so relying upon) any Confidentiality Agreement that appears to bear the Company's countersignature (which the Escrow Agent shall have no duty to verify), and such countersignature shall evidence the Company's full, complete and irrevocable satisfaction in respect of the requirements set out in Section 6.08(c), including satisfaction by the Company of identity verification of the Information Recipient, and that the form of the Confidentiality Agreement complies with the form attached hereto as Exhibit K.

(h) Neither the Company nor any Subsidiary Guarantor either jointly or severally will assert or seek to assert against the Escrow Agent or any of its officers, directors, employees, attorneys or agents any claim they might have or allege against the Escrow Agent or any of them in respect of any of the matters under this Indenture (other than as may arise by reason of the Escrow Agent's fraud, willful misconduct or gross negligence).

(i) Notwithstanding anything else herein contained, the Escrow Agent may refrain without liability from doing anything that would or might in its reasonable opinion be contrary to any relevant law of any state or jurisdiction (including but not limited to the jurisdictions of

Hong Kong, the United States of America or any jurisdiction forming a part of it and England & Wales), or any directive or regulation of any agency of any such state or jurisdiction and may without liability do anything which is, in its reasonable opinion necessary to comply with any such law, directive or regulation.

ARTICLE 11
SUBSIDIARY GUARANTEES

Section 11.01. *Subsidiary Guarantee*. Subject to the provisions of this Article 11, each of the Subsidiary Guarantors (whether originally a signatory hereto or added pursuant to a supplemental indenture) jointly and severally Guarantees as principal obligor to each Holder of a Note authenticated by the Trustee, Registrar or the Authenticating Agent and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and this Indenture.

Section 11.02. *Guarantee Unconditional*. The obligations of each Subsidiary Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Company under this Indenture or any Note, by operation of law or otherwise;

(b) any modification or amendment of or supplement to this Indenture or any Note;

(c) any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in this Indenture or any Note;

(d) the existence of any claim, set-off or other rights which such Subsidiary Guarantor may have at any time against the Company, the Trustee or any other Person, whether in connection with this Indenture or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim;

(e) any invalidity, irregularity or unenforceability relating to or against the Company for any reason of this Indenture or any Note; or

(f) any other act or omission to act or delay of any kind by the Company, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this Section 11.02, constitute a legal or equitable discharge of or defense to such Subsidiary Guarantor's obligations hereunder.

Section 11.03. *Discharge; Reinstatement*. Each Subsidiary Guarantor's obligations hereunder shall remain in full force and effect until the principal of, premium, if any, and interest on the Notes and all other amounts payable by the Company under this Indenture have been paid in full. If at any time any payment of the principal of, premium, if any, or interest on any Note or any other amount payable by the Company under this Indenture

is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Company or otherwise, each Subsidiary Guarantor's obligations hereunder with respect to such payment will be reinstated as though such payment had been due but not made at such time. All payments under the Subsidiary Guarantees will be made in U.S. dollars.

Section 11.04. *Waiver by Each Subsidiary Guarantor*. Each Subsidiary Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Company or any other Person. In particular, each of the Subsidiary Guarantors irrevocably waives its right to require the Trustee to pursue or exhaust the Trustee's legal or equitable remedies against the Company prior to exercising the Trustee's rights under the Subsidiary Guarantee.

Section 11.05. *Subrogation and Contribution*. Upon making any payment with respect to any obligation of the Company under this Article 11, the Subsidiary Guarantor making such payment shall be subrogated to the rights of the payee against the Company with respect to such obligation; *provided* that such Subsidiary Guarantor shall not enforce either any right of subrogation, or any right to receive payment in the nature of contribution, or otherwise, from any other Subsidiary Guarantor, with respect to such payment so long as any amount payable by the Company hereunder or under the Notes remains unpaid.

Section 11.06. *Stay of Acceleration.* If acceleration of the time for payment of any amount payable by the Company under this Indenture or the Notes is stayed upon the insolvency, bankruptcy or reorganization of the Company, all such amounts otherwise subject to acceleration under the terms of this Indenture are nonetheless payable by the Subsidiary Guarantors hereunder forthwith on demand by the Trustee or the Holders.

Section 11.07. *Limitation on Amount of Subsidiary Guarantee*. Notwithstanding anything to the contrary in this Article, each of the Subsidiary Guarantors, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Subsidiary Guarantee of such Subsidiary Guarantor not constitute a fraudulent conveyance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable law of any other jurisdiction. To effectuate that intention, the Trustee, the Holders, the Subsidiary Guarantors hereby irrevocably agree that:

(a) the obligations of each Subsidiary Guarantor under its Subsidiary Guarantee are limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

Section 11.08. *Ranking of Subsidiary Guarantee.* (a) The Subsidiary Guarantee of each Subsidiary Guarantor:

(i) is a general obligation of such Subsidiary Guarantor;

(ii) is effectively subordinated to the secured obligations (if any) of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

(iii) is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;

(iv) ranks at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and

(v) is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Section 11.09. *Future Subsidiary Guarantor*. (a) The Company shall cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC or Exempted Subsidiaries), as soon as practicable and in any event within 30 days after it becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to this Indenture pursuant to which such Restricted Subsidiary shall Guarantee the payment of the Notes as a Subsidiary Guarantor. Each Restricted Subsidiary that Guarantees the Notes after the Original Issue Date is referred to as a "**Future Subsidiary Guarantor**" and, upon execution of the applicable supplemental indenture to this Indenture, shall be a "**Subsidiary Guarantor.**"

(b) Notwithstanding Section 11.09(a), the Company may elect to have any future Restricted Subsidiary organized outside the PRC not provide a Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary (or at any time thereafter) or ceases to be an Exempted Subsidiary by the Board of Directors designating it as an Offshore Non-Guarantor Subsidiary (each such Restricted Subsidiary, a "**New Offshore Non-Guarantor Subsidiary**," and together with the Initial Offshore Non-Guarantor Subsidiaries, the "**Offshore Non-Guarantor Subsidiaries**"); provided that, after giving effect to the amount of Consolidated Assets of such Restricted Subsidiary, (i) the Consolidated Assets of all Offshore Non-Guarantor Subsidiaries do not exceed 20.0% of the Total Assets and (ii) no Event of Default shall have occurred and be continuing, as of the date such designation.

(c) If, at any time, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors (other than Exempted Subsidiaries) exceed 20.0% of Total Assets, the Company must promptly (i) remove the designation of one or more New Offshore Non-Guarantor Subsidiaries or Offshore Non-Guarantor Subsidiaries and cause such New Offshore Non-Guarantor Subsidiaries or Offshore Non-Guarantor Subsidiaries to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiaries will guarantee the payment of the Notes or (ii) designate one or more New Offshore Non-Guarantor Subsidiaries or Offshore Non-Guarantor Subsidiaries as Unrestricted Subsidiaries or (iii) cause one or more New Offshore Non-Guarantor Subsidiaries or Offshore Non-Guarantor Subsidiaries to pay dividends or make distributions on or with respect to their respective Capital Stock pro rata to their respective shareholders or on a basis more favorable to the Company, in the case of each of (i), (ii) and (iii) above, in accordance with the terms of the Indenture and such that the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors (other than Exempted Subsidiaries) no longer exceed 20.0% of Total Assets. Such removal of designation as a New Offshore Non-Guarantor Subsidiary or Offshore Non-Guarantor Subsidiary, designation as an

Unrestricted Subsidiary or payment of dividends or distributions must be made promptly and in any event no later than 30 days after the date any consolidated financial statements of the Company (which the Company must use its reasonable best efforts to compile on a timely basis) become available (which may be internal consolidated financial statements) which show that the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors (other than Exempted Subsidiaries) exceed 20.0% of Total Assets.

Section 11.10. *Execution and Delivery of Subsidiary Guarantee*. The execution by each Subsidiary Guarantor of this Indenture (by each Subsidiary Guarantor of a supplemental indenture in the form of Exhibit E hereto) evidences the Subsidiary Guarantee of such Subsidiary Guarantor, whether or not the person signing as an Officer of the Subsidiary Guarantor still holds that office at the time of authentication of any Note. The delivery of any Note by the Trustee or the Registrar after authentication constitutes due delivery of the Subsidiary Guarantee set forth in this Indenture on behalf of each Subsidiary Guarantor.

Section 11.11. *Release of the Subsidiary Guarantees*. (a) A Subsidiary Guarantee given by a Subsidiary Guarantor shall be released:

(i) upon repayment in full of the Notes;

(ii) upon a defeasance as provided in Section 8.01;

(iii) upon the sale, disposition or merger of a Subsidiary Guarantor in compliance with the terms of this Indenture (including Section 4.09, Section 4.13 and Article 5) resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary, so long as (x) such Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (y) the proceeds from such sale, disposition or merger are used for the purposes permitted or required by this Indenture; or

(iv) in whole or in part, with the requisite consent of the Holders in accordance with the provisions described under Section 9.01 and Section 9.02.

(b) No release and discharge of the Subsidiary Guarantee shall be effective against the Trustee, any Agent or the Holders of Notes (x) if a Default or Event of Default shall have occurred and be continuing under this Indenture as of the time of such proposed release and discharge until such time as such Default or Event of Default is cured or waived and (y) until the Company shall have delivered to the Trustee an Officers' Certificate stating that all conditions precedent provided for in this Indenture relating to such release and discharge have been complied with and that such release and discharge is authorized and permitted under this Indenture. At the request of the Company, the Trustee shall execute and deliver an instrument evidencing such release and discharge and do all such other acts and things necessary to release the Subsidiary Guarantor from its obligations hereunder.

ARTICLE 12
MISCELLANEOUS

Section 12.01. *Ranking*. The Notes are (a) general obligations of the Company, (b) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes, (c) at least *pari passu* in right of payment with all unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law), (d) guaranteed by the Subsidiary Guarantors on a senior basis, subject to the limitations set forth in Article 11, (e) effectively subordinated to secured obligations of the Company and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor (other than the Collateral on or after the CDB Loan Repayment Date) and (f) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries. Upon the execution, delivery and effectiveness of the Security Documents following the CDB Loan Repayment Date, pursuant to the pledge of the Collateral by the Company and the Subsidiary Guarantor Pledgors as set forth in Article 10 and subject to the limitations described therein, the Notes (a) will be entitled to a first-ranking security interest on the Collateral (subject to any Permitted Collateral Liens), (b) will rank effectively senior in right of payment to unsecured obligations of the Company and the Subsidiary Guarantor Pledgors with respect to the value of the Collateral pledged by the Company and the Subsidiary Guarantor Pledgors securing the Notes (subject to any priority rights of such unsecured obligations pursuant to applicable law).

Section 12.02. *Notices*. (a) All notices or demands required or permitted by the terms of the Notes or this Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class mail (if intended for the Company or any Subsidiary Guarantor) addressed to the Company or such Subsidiary Guarantor, as the case may be, at GCL New Energy Holdings Limited, Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, email: [●]; and (if intended for the Trustee) addressed to the Corporate Trust Office of the Trustee; and (if intended for the Escrow Agent) addressed to Madison Pacific Trust Limited, attention: David Naphtali / Holly Yuen, email: agent@madisonpac.com; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register (or otherwise delivered to such Holders in accordance with applicable Euroclear or Clearstream procedures). Copies of any notice or communication to a Holder, if given by the Company, will be mailed to the Trustee at the same time. Defect in mailing a notice or communication to any particular Holder shall not affect its sufficiency with respect to other Holders.

(b) Any such notice or demand shall be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of the relevant clearing system. Any such notice shall be deemed to have been delivered on the day such notice is delivered to the relevant clearing system, or if by mail, when so sent or deposited. Any notice to the Trustee shall be effective only upon receipt.

(c) Where this Indenture provides for notice, the notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and the waiver shall be the equivalent of the notice. Waivers of notice by Holders must be filed with the Trustee, but such filing is not a condition precedent to the validity of any action taken in reliance upon such waivers.

(d) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("**Instructions**") given pursuant to this Indenture, the Intercreditor Agreement and the Security Documents and delivered using Electronic Means; provided, however, that the Company and/or the Subsidiary Guarantors, as applicable, shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("**Authorized Officers**") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Company and/or the Subsidiary Guarantors, as applicable, whenever a person is to be added or deleted from the listing. If the Company and/or the Subsidiary Guarantors, as applicable, elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Company and the Subsidiary Guarantors understand and agree that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the Authorization Certificate provided to the Trustee have been sent by such Authorized Officer. The Company and the Subsidiary Guarantors shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Company, the Subsidiary Guarantors and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Company and/or the Subsidiary Guarantors, as applicable. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Company and the Subsidiary Guarantors agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Company and/or the Subsidiary Guarantors, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 12.03. *Statements Required in Certificate or Opinion*. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(a) a statement that each person signing the certificate or opinion has read the covenant or condition and the related definitions;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statement or opinion contained in the certificate or opinion is based;

(c) a statement that, in the opinion of each such person, that person has made such examination or investigation as is necessary to enable the person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of each such person, such condition or covenant has been complied with, provided that an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials with respect to matters of fact.

Section 12.04. *Certificate and Opinion as to Conditions Precedent*. (a) Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee at the Trustee's request:

(i) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with;

(ii) an Opinion of Counsel stating that all such conditions precedent have been complied with; and

(iii) an incumbency certificate giving the names and specimen signatures of Authorized Officers for any such Authorized Officers who have not previously provided specimen signatures to the Trustee.

(b) In any case where several matters are required to be certified by, or covered by an Opinion of Counsel of, any specified Person, it is not necessary that all such matters be certified by, or covered by the Opinion of Counsel of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an Opinion of Counsel with respect to some matters and one or more such Persons as to other matters, and any such Person may certify or give an Opinion of Counsel as to such matters in one or several documents.

(c) Any certificate of an Officer of the Company, any Subsidiary Guarantor may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless such Officer knows, or in the exercise of reasonable care should know, that such Opinion of Counsel with respect to the matters upon which his certificate is based are erroneous. Any Opinion of Counsel may be based, and may state that it is so based, insofar as it relates to factual matters, upon a certificate of, or representations by, an officer or officers of the Company or a Subsidiary Guarantor, stating that the information with respect to such factual matters is in the possession of the Company or such Subsidiary Guarantor, as the case may be, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or representations with respect to such matters are erroneous.

(d) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 12.05. *Payment Date Other Than a Business Day*. If any payment with respect to a payment of principal of, premium or interest on the Notes is due on a day that is not a Business Day in the relevant place of payment or in the place of business of the Paying and Transfer Agent, then payment of such principal, premium or interest need not be made on such date, but may be made on the next succeeding Business Day. Any payment made on such

Business Day shall have the same force and effect as if made on the date on which payment is due, and no interest on the Notes shall accrue for the period after such date.

Section 12.06. *Governing Law; Consent to Jurisdiction; Service of Process; Waiver of Immunities*. (a) Each of the Notes, the Subsidiary Guarantees and this Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) Each of the Company and the Subsidiary Guarantors hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of any U.S. Federal or New York State court located in the Borough of Manhattan, the City of New York, New York, in connection with any suit, action or proceeding arising out of or relating to this Indenture, any Note, any Subsidiary Guarantee or any transaction contemplated hereby or thereby. Each of the Company and the Subsidiary Guarantors irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. To the extent that the Company or any Subsidiary Guarantor, as the case may be, has or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from any legal process with respect to itself or its property, the Company or such Subsidiary Guarantor, as the case may be, irrevocably waives such immunity in respect of its obligations hereunder or under the Intercreditor Agreement, any Security Document or any Note or any Subsidiary Guarantee, as applicable. Each of the Company and the Subsidiary Guarantors agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the Company or the Subsidiary Guarantor, as the case may be, and, to the extent permitted by applicable law, may be enforced in any court to the jurisdiction of which the Company or any Subsidiary Guarantor, as the case may be, is subject by a suit upon such judgment or in any manner provided by law, provided that service of process is effected upon the Company or any Subsidiary Guarantor, as the case may be, in the manner specified in the following subsection or as otherwise permitted by applicable law.

(c) As long as any of the Notes remain outstanding, each of the Company and the Subsidiary Guarantors shall at all times have an authorized agent in the City of New York, upon whom process may be served in any legal action or proceeding arising out of or relating to this Indenture, any Note or any Subsidiary Guarantee. Service of process upon such agent and written notice of such service mailed or delivered to the Company or any Subsidiary Guarantor, as the case may be, shall to the fullest extent permitted by applicable law be deemed in every respect effective service of process upon the Company, such Subsidiary Guarantor in any such legal action or proceeding. Each of the Company and the Subsidiary Guarantors hereby appoints Law Debenture Corporate Services Inc. as its agent for such purpose and covenants and agrees that service of process in any suit, action or proceeding may be made upon it at the office of such agent at Suite 403,801 2nd Avenue, New York, NY 10017. The Company and the Subsidiary Guarantors shall at all times have an agent for the above purposes in the City of New York. Each of the Company and the Subsidiary Guarantors hereby agrees to take any and all action as may be necessary to maintain the designation and appointment of an agent in full force and effect until the Final Maturity Date (or earlier, if the Notes are prepaid in full).

(d) Each of the Company and the Subsidiary Guarantors hereby irrevocably waives, to the fullest extent permitted by applicable law, any requirement or other provision of law, rule, regulation or practice which requires or otherwise establishes as a condition to the institution, prosecution or completion of any suit, action or proceeding (including appeals) arising out of or relating to this Indenture, any Note any Subsidiary Guarantee, the posting of any bond or the furnishing, directly or indirectly, of any other security.

Section 12.07. *No Adverse Interpretation of Other Agreements*. This Indenture may not be used to interpret another indenture or loan or debt agreement of the Company or any Subsidiary of the Company, and no such indenture or loan or debt agreement may be used to interpret this Indenture. In addition, no other agreement or document may be used to interpret this Indenture with regard to any rights, duties or obligations of the Trustee created hereunder.

Section 12.08. *Successors*. All agreements of the Company or any Subsidiary Guarantor in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successor. This Indenture shall inure to the benefit of the Collateral Agent who is intended to be bound by, and to be a third party beneficiary of, this Indenture.

Section 12.09. *Duplicate Originals*. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 12.10. *Separability*. In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.11. *Table of Contents and Headings*. The Table of Contents and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and in no way modify or restrict any of the terms and provisions of this Indenture.

Section 12.12. *No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees*. No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company or any of the Subsidiary Guarantors in this Indenture, or in any of the Notes or the Subsidiary Guarantees, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company or any of the Subsidiary Guarantors, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the federal securities laws.

Section 12.13. *Force Majeure*. Notwithstanding anything to the contrary in this Indenture or in any other transaction document, the Trustee, the Collateral Agent, the Escrow Agent and the Agents shall be not in any event liable for any loss or damage, or any failure or

delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any reason which is beyond the control of the Trustee, the Collateral Agent, the Escrow Agent and/or the Agents, including, but not limited to, any existing or future law or regulation, any existing or future act of governmental authority, "act of God," flood, epidemic, pandemic, war whether declared or undeclared, terrorism, riot, rebellion, civil commotion, strike, lockout, other industrial action, general failure of electricity or other supply, aircraft collision, technical failure, accidental or mechanical or electrical breakdown, computer failure or failure of any money transmission system or any event where performance of any duty or obligation under or pursuant to this Indenture would or may be illegal or would result in the Trustee, the Collateral Agent, the Escrow Agent and/or agents being in breach of any law, rule, regulation, or any decree, order or judgment of any court, or practice, request, direction, notice, announcement or similar action (whether or not having the force of law) of any relevant government, government agency, regulatory authority, stock exchange or self-regulatory organization to which the Trustee, the Collateral Agent and/or Agents are subject.

Section 12.14. *Waiver of Jury Trial*. Each of the Company and the Subsidiary Guarantors hereby waives its rights to a jury trial of any claim or cause of action based upon or arising out of this Indenture, the Notes, the Guarantees, or the transactions contemplated hereby or thereby.

[*Signature pages follow*]

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

GCL NEW ENERGY HOLDINGS LIMITED

By: _____
Name:
Title:

PIONEER GETTER LIMITED
(as Subsidiary Guarantor)

By: _____
Name:
Title:

GCL NEW ENERGY DEVELOPMENT LIMITED
(as Subsidiary Guarantor)

By: _____
Name:
Title:

GCL NEW ENERGY MANAGEMENT LIMITED
(as Subsidiary Guarantor)

By: _____
Name:
Title:

GCL NEW ENERGY TRADING LIMITED
(as Subsidiary Guarantor)

By: _____
Name:
Title:

GCL NEW ENERGY
INTERNATIONAL LIMITED
(as Subsidiary Guarantor)

By: _____
Name:
Title:

GCL NEW ENERGY, INC.
(as Subsidiary Guarantor)

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON,
LONDON BRANCH, as Trustee

By: _____
Name:
Title:

MADISON PACIFIC TRUST LIMITED, as
Escrow Agent

By: _____
Name:
Title:

EXHIBIT A

FORM OF CERTIFICATED NOTE

GCL NEW ENERGY HOLDINGS LIMITED

THIS NOTE AND THE SUBSIDIARY GUARANTEES RELATED TO THIS NOTE (COLLECTIVELY, THE "**SECURITY**") HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

No. [●]

GCL NEW ENERGY HOLDINGS LIMITED

CERTIFICATED NOTE

US$[●]

10.00% SENIOR NOTES DUE 2024

Unconditionally Guaranteed by

the Signatories listed on the Subsidiary Guarantees hereto

GCL New Energy Holdings Limited, an exempted company incorporated under the laws of Bermuda with limited liability (the "**Company**"), for value received, hereby promises to pay to [●], or its registered assigns, upon surrender hereof the principal sum of [●] UNITED STATES DOLLARS (US$[●]) as set forth on the books and records of the Trustee, on January 30, 2024, or on such earlier date as the principal hereof may become due in accordance with the provisions hereof.

Interest Rate: 10.00% per annum, payable semi-annually in arrears.

Interest Payment Dates: January 30 and July 31 of each year, commencing January 30, 2022.

Interest Record Dates: January 15 and July 16.

The Notes are issuable in denominations of US$200,000 and integral multiples of US$1 in excess thereof.

Reference is hereby made to the further provisions set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or obligatory until the certificate of authentication hereon shall have been duly signed by the Registrar acting under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

GCL NEW ENERGY HOLDINGS LIMITED

By: _____
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the 10.00% Senior Notes due 2024 described in the Indenture referred to in this Note.

Date:

THE BANK OF NEW YORK MELLON
SA/NV, LUXEMBOURG BRANCH,
as Registrar

By: _____
Name:
Title:

SUBSIDIARY GUARANTEE

Each of the undersigned (the "**Subsidiary Guarantors**") hereby, jointly and severally, guarantees as principal obligor to each Holder of a Note authenticated by the Trustee, Registrar or the Authenticating Agent and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture. The obligations of each Subsidiary Guarantor are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by: (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Company under the Indenture or any Note, by operation of law or otherwise; (2) any modification or amendment of or supplement to the Indenture or any Note; (3) any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in the Indenture or any Note; (4) the existence of any claim, set off or other rights which the Subsidiary Guarantor may have at any time against the Company, the Trustee or any other Person, whether in connection with the Indenture or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim; (5) any invalidity, irregularity, or unenforceability relating to or against the Company for any reason of the Indenture or any Note; or (6) any other act or omission to act or delay of any kind by the Company, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to such Subsidiary Guarantor's obligations hereunder.

This Subsidiary Guarantee will not be discharged with respect to any Note except by payment in full of the principal of, premium, if any, and interest on the Notes and all other amounts payable, in respect of any Subsidiary Guarantor, or as otherwise contemplated in the Indenture. In case of the failure of the Company punctually to pay any such principal of, premium, if any, and interest on the Notes and all other amounts payable, each of the Subsidiary Guarantors hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, and as if such payment were made by the Company.

Each of the Subsidiary Guarantors hereby further agrees that all payments of, or in respect of, principal of, and premium (if any) and interest in respect of this Subsidiary Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined in the Indenture) or the applicable Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, each Subsidiary Guarantor severally agrees, subject to certain exceptions as set forth in the Indenture, to pay such additional amounts as will result in receipt by the holder of this Subsidiary Guarantee of such amounts as would have been received by such holder had no such withholding or deduction been required.

The obligations of the Subsidiary Guarantors to the holder of this Note and to the Trustee pursuant to this Subsidiary Guarantee and the Indenture are expressly set forth in Article 11 of the Indenture, and reference is hereby made to such Article and Indenture for the precise terms of the Subsidiary Guarantee.

This Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Subsidiary Guarantee is endorsed shall have been executed by the Trustee, the Registrar or an Authenticating Agent under the Indenture by manual or facsimile signature of one of its authorized officers.

PIONEER GETTER LIMITED, as Subsidiary Guarantor

By: _____
Name:
Title:

GCL NEW ENERGY DEVELOPMENT LIMITED, as Subsidiary Guarantor

By: _____
Name:
Title:

GCL NEW ENERGY MANAGEMENT LIMITED, as Subsidiary Guarantor

By: _____
Name:
Title:

GCL NEW ENERGY TRADING LIMITED, as Subsidiary Guarantor

By: _____
Name:
Title:

GCL NEW ENERGY INTERNATIONAL LIMITED, as Subsidiary Guarantor

By: _____
Name:
Title:

GCL NEW ENERGY, INC., as Subsidiary Guarantor

By: _____
Name:
Title:

FORM OF REVERSE OF CERTIFICATED NOTE

GCL NEW ENERGY HOLDINGS LIMITED
10.00% Senior Notes due 2024

1. Principal and Interest.

The Company promises to pay the principal of this Note on January 30, 2024.

The Company promises to pay interest on the principal amount of this Note on each Interest Payment Date, as set forth on the face of this Note, at the rate of 10.00% per annum.

Interest will be payable semiannually (to the Holders of record of the Notes at the close of business on January 15 or July 16 immediately preceding the Interest Payment Date) on each Interest Payment Date, commencing January 30, 2022.

Interest on this Note will accrue from the most recent date to which interest has been paid on this Note (or, if there is no existing default in the payment of interest and if this Note is authenticated between a regular record date and the next interest payment date, from such interest payment date) or, if no interest has been paid, from the Original Issue Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day, then payment of such principal, premium or interest need not be made on such date, but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date.

Interest not paid when due and any interest on principal, premium or interest not paid when due will be paid to the Persons that are Holders on a special record date, which will be the 15th day preceding the date fixed by the Company for the payment of such interest, whether or not such day is a Business Day. At least 15 days before a special record date, the Company will send to each Holder and to the Trustee a notice that sets forth the special record date, the payment date and the amount of interest to be paid.

2. Indenture; Subsidiary Guarantees; Collateral.

This is one of the Notes issued under an Indenture, dated as of [●], 2021 (as amended from time to time, the "Indenture"), among, *inter alios*, GCL New Energy Holdings Limited, an exempted company incorporated under the laws of Bermuda with limited liability (the "Company"), the Subsidiary Guarantors listed on Schedule I thereto and The Bank of New York Mellon, London Branch, as Trustee. Capitalized terms used herein are used as defined in the Indenture unless otherwise indicated. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture will control.

The Notes are general obligations of the Company. This Note is guaranteed and will be secured, as set forth in the Indenture.

The Indenture limits, among other things, the ability of the Company to Incur or guarantee additional Indebtedness and issue disqualified or preferred stock, declare dividends on its Capital Stock or purchase or redeem Capital Stock, make investments or other specified Restricted Payments, issue or sell Capital Stock of Restricted Subsidiaries, guarantee Indebtedness, sell assets, create any Liens, enter into certain Sale and Leaseback Transactions, enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans, enter into transactions with equity holders or affiliates or effect a consolidation or merger.

3. Optional Redemption.

(a) At any time prior to the maturity of the Notes, the Company may, at its option, (i) make an Offer to Purchase the Notes at a purchase price below par to all Holders of the Notes on an arm's-length basis, to be completed within 30 days of the date on which such offer is announced and subject to such other conditions as determined by the Company in its sole discretion, or (ii) redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date.

(b) The Company will give not less than 15 days' nor more than 30 days' notice of any redemption pursuant to Section 3(a)(ii) above. At least one day prior to the mailing of any notice of redemption to the Holders under Section 3.02 of the Indenture, the Company shall provide notice of redemption to the Trustee. If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

(i) if the Notes are listed on any recognized securities exchange, in compliance with the requirements of the principal recognized securities exchange on which the Notes are listed or in compliance with the requirements of the clearing systems through which the Notes are held; or

(ii) if the Notes are not listed on any recognized securities exchange and/or held through any clearing system on a *pro rata* basis, by lot or by such method as the Trustee in its sole and absolute discretion deems fair and appropriate, unless otherwise required by law.

(c) No Note of US$200,000 in principal amount or less shall be redeemed in part. If any Note is to be redeemed in part only, the Notice of Redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any Certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

(d) Any Notice of Redemption may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent.

(e) Any Notes repurchased or redeemed pursuant to this provision shall be cancelled and shall, pending such cancellation, be disregarded and deemed not to be outstanding for purposes of determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture.

4. Registered Form; Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in denominations of US$200,000 and any multiple of US$1 in excess thereof. A Holder may register the transfer or exchange of Notes in accordance with the Indenture. The Trustee may require a Holder to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Pursuant to the Indenture, there are certain periods during which the Trustee will not be required to issue, register the transfer of or exchange any Note or certain portions of a Note.

5. Defaults and Remedies.

If an Event of Default, as defined in the Indenture, occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall (subject to receipt of indemnity and/or security and/or pre-funding to its satisfaction, declare all the Notes to be immediately due and payable. If a bankruptcy or insolvency default with respect to the Company or any Significant Restricted Subsidiary occurs and is continuing, the Notes shall automatically become immediately due and payable. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may require security and/or indemnity and/or pre-funding satisfactory to it before it enforces the Indenture or the Notes. Subject to certain limitations, Holders of a majority in principal amount of the Notes then outstanding may direct the Trustee in its exercise of remedies.

6. Amendment and Waiver.

Subject to certain exceptions, the Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement and the Security Documents may be amended, or any default may be waived, with the consent of the Holders of a majority in aggregate principal amount of the outstanding Notes. Without notice to or the consent of any Holder, the Company and the Trustee may amend or supplement the Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement or the Security Documents to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not materially and adversely affect the rights of any Holder.

7. Authentication.

This Note is not valid until the Registrar (or Authenticating Agent) signs the certificate of authentication on the other side of this Note.

8. Governing Law.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

9. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A/ (= Uniform Gifts to Minors Act).

The Company will furnish a copy of the Indenture to any Holder upon written request and without charge.

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby transfers to

_____

_____

_____

(PRINT NAME AND ADDRESS OF TRANSFEREE)

US$ _____ principal amount of this Note, and all rights with respect thereto, and irrevocably constitutes and appoints _____ as attorney to transfer this Note on the books kept for registration thereof, with full power of substitution.

Dated _____ _____
Certifying Signature

Signed _____

Notes:

(i) The signature on this transfer form must correspond to the name as it appears on the face of this Note in every particular.

(ii) A representative of the Holder of the Note should state the capacity in which he or she signs (*e.g.*, executor).

(iii) The signature of the person effecting the transfer shall conform to any list of duly authorized specimen signatures supplied by the registered holder or shall be certified by a bank which is a member of the Medallion Program or in such other manner as any Paying and Transfer Agent, including the Trustee acting in its capacity as transfer agent, or the Registrar may require.

Dated _____ _____

NOTICE: To be executed by an executive officer

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have all of this Note purchased by the Company pursuant to Section 4.12, Section 4.13, Section 4.16 or Section 4.24 of the Indenture, check the box: ☐

If you wish to have a portion of this Note purchased by the Company pursuant to Section 4.12, Section 4.13, Section 4.16 or Section 4.24 of the Indenture, state the amount (in original principal amount) below:

US$ _____.

Wire transfer instructions for delivery of proceeds from the purchase of this Note are as follows:

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee[1]: _____

[1] Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in the Securities Transfer Association Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the U.S. Securities Exchange Act of 1934, as amended.

TRUSTEE, PAYING AND TRANSFER AGENT AND REGISTRAR

Trustee and Paying Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Transfer Agent and Registrar

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

EXHIBIT B

FORM OF GLOBAL NOTE

GCL NEW ENERGY HOLDINGS LIMITED

10.00% SENIOR NOTES DUE 2024

THIS NOTE AND THE SUBSIDIARY GUARANTEES RELATED TO THIS NOTE (COLLECTIVELY, THE "**SECURITY**") HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE BANK OF NEW YORK MELLON, LONDON BRANCH, AS COMMON DEPOSITARY ("**COMMON DEPOSITARY**") FOR EUROCLEAR BANK SA/NV ("**EUROCLEAR**") AND CLEARSTREAM BANKING S.A. ("**CLEARSTREAM**"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AND ANY PAYMENT IS MADE TO THE COMMON DEPOSITARY OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, THE COMMON DEPOSITARY, HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGEABLE IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH COMMON DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

No. [●]

ISIN: [●]
Common Code: [●]

GCL NEW ENERGY HOLDINGS LIMITED

GLOBAL NOTE

US$[●]

GCL NEW ENERGY HOLDINGS LIMITED

10.00% SENIOR NOTES DUE 2024

Unconditionally Guaranteed by

the Signatories listed on the Subsidiary Guarantee hereto

GCL New Energy Holdings Limited, an exempted company incorporated under the laws of Bermuda with limited liability (the "**Company**"), for value received, hereby promises to pay to The Bank of New York Depository (Nominees) Limited, as nominee of the common depositary, or registered assignees for Euroclear Bank SA/NV and Clearstream Banking S.A., upon surrender hereof the principal sum of [●] UNITED STATES DOLLARS (US$[●]), as revised by the Schedule of Changes of the Notes attached hereto, on January 30, 2024, or on such earlier date as the principal hereof may become due in accordance with the provisions hereof.

Interest Rate: 10.00% per annum, payable semi-annually in arrears.

Interest Payment Dates: January 30 and July 31 of each year, commencing January 30, 2022.

Interest Record Dates: One Clearing System Business Day immediately preceding an Interest Payment Date.

The Notes are issuable in denominations of US$200,000 and integral multiples of US$1 in excess thereof

Reference is hereby made to the further provisions set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or obligatory until the certificate of authentication hereon shall have been duly signed by the Registrar acting under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

GCL NEW ENERGY HOLDINGS LIMITED

By: _____
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the 10.00% Senior Notes due 2024 described in the Indenture referred to in this Note.

Date:

THE BANK OF NEW YORK MELLON SA/NV, LUXEMBOURG BRANCH, as Registrar

By: _____
Name:
Title:

SUBSIDIARY GUARANTEE

Each of the undersigned (the "**Subsidiary Guarantors**") hereby, jointly and severally, guarantees as principal obligor to each Holder of a Note authenticated by the Trustee, Registrar or the Authenticating Agent and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture. The obligations of each Subsidiary Guarantor are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by: (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Company under the Indenture or any Note, by operation of law or otherwise; (2) any modification or amendment of or supplement to the Indenture or any Note; (3) any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in the Indenture or any Note; (4) the existence of any claim, set off or other rights which the Subsidiary Guarantor may have at any time against the Company, the Trustee or any other Person, whether in connection with the Indenture or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim; (5) any invalidity, irregularity, or unenforceability relating to or against the Company for any reason of the Indenture or any Note; or (6) any other act or omission to act or delay of any kind by the Company, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to such Subsidiary Guarantor's obligations hereunder.

This Subsidiary Guarantee will not be discharged with respect to any Note except by payment in full of the principal of, premium, if any, and interest on the Notes and all other amounts payable, in respect of any Subsidiary Guarantor, or as otherwise contemplated in the Indenture. In case of the failure of the Company punctually to pay any such principal of, premium, if any, and interest on the Notes and all other amounts payable, each of the Subsidiary Guarantors hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, and as if such payment were made by the Company.

Each of the Subsidiary Guarantors hereby further agrees that all payments of, or in respect of, principal of, and premium (if any) and interest in respect of this Subsidiary Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined in the Indenture) or the applicable Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, each Subsidiary Guarantor severally agrees, subject to certain exceptions as set forth in the Indenture, to pay such additional amounts as will result in receipt by the holder of this Subsidiary Guarantee of such amounts as would have been received by such holder had no such withholding or deduction been required.

The obligations of the Subsidiary Guarantors to the holder of this Note and to the Trustee pursuant to this Subsidiary Guarantee and the Indenture are expressly set forth in Article 11 of the Indenture, and reference is hereby made to such Article and Indenture for the precise terms of the Subsidiary Guarantee.

This Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Subsidiary Guarantee is endorsed shall have been executed by the Trustee, the Registrar or an Authenticating Agent under the Indenture by manual or facsimile signature of one of its authorized officers.

PIONEER GETTER LIMITED, as Subsidiary Guarantor

By: _____
Name:
Title:

GCL NEW ENERGY DEVELOPMENT LIMITED, as Subsidiary Guarantor

By: _____
Name:
Title:

GCL NEW ENERGY MANAGEMENT LIMITED, as Subsidiary Guarantor

By: _____
Name:
Title:

GCL NEW ENERGY TRADING LIMITED, as Subsidiary Guarantor

By: _____
Name:
Title:

GCL NEW ENERGY INTERNATIONAL LIMITED, as Subsidiary Guarantor

By: _____
Name:
Title:

GCL NEW ENERGY, INC., as Subsidiary Guarantor

By: _____
Name:
Title:

FORM OF REVERSE OF GLOBAL NOTE

GCL NEW ENERGY HOLDINGS LIMITED
10.00% Senior Notes due 2024

1. Principal and Interest.

The Company promises to pay the principal of this Note on January 30, 2024.

The Company promises to pay interest on the principal amount of this Note on each Interest Payment Date, as set forth on the face of this Note, at the rate of 10.00% per annum.

Interest will be payable semiannually (to the Holders of record of the Notes at the close of business (of the relevant clearing system) on the Clearing System Business Day before the date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except December 25 and January 1) on each Interest Payment Date, commencing January 30, 2022.

Interest on this Note will accrue from the most recent date to which interest has been paid on this Note (or, if there is no existing default in the payment of interest and if this Note is authenticated between a regular record date and the next interest payment date, from such interest payment date) or, if no interest has been paid, from the Original Issue Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day, then payment of such principal, premium or interest need not be made on such date, but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date.

Interest not paid when due and any interest on principal, premium or interest not paid when due will be paid to the Persons that are Holders on a special record date, which will be the 15th day preceding the date fixed by the Company for the payment of such interest, whether or not such day is a Business Day. At least 15 days before a special record date, the Company will send to each Holder and to the Trustee a notice that sets forth the special record date, the payment date and the amount of interest to be paid.

2. Indenture; Subsidiary Guarantees; Collateral

This is one of the Notes issued under an Indenture, dated as of [●], 2021 (as amended from time to time, the "**Indenture**"), among, *inter alios*, GCL New Energy Holdings Limited, an exempted company incorporated under the laws of Bermuda with limited liability (the "**Company**"), the Subsidiary Guarantors listed on Schedule I thereto and The Bank of New York Mellon, London Branch, as Trustee. Capitalized terms used herein are used as defined in the Indenture unless otherwise indicated. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of all such terms. To the extent permitted by applicable law, in the event of any

inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture will control.

The Notes are general obligations of the Company. This Note is guaranteed and will be secured, as set forth in the Indenture.

The Indenture limits, among other things, the ability of the Company to Incur or guarantee additional Indebtedness and issue disqualified or preferred stock, declare dividends on its Capital Stock or purchase or redeem Capital Stock, make investments or other specified Restricted Payments, issue or sell Capital Stock of Restricted Subsidiaries, guarantee Indebtedness, sell assets, create any Liens, enter into certain Sale and Leaseback Transactions, enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans, enter into transactions with equity holders or affiliates or effect a consolidation or merger.

3. Optional Redemption.

(a) At any time prior to the maturity of the Notes, the Company may, at its option, (i) make an Offer to Purchase the Notes at a purchase price below par to all Holders of the Notes on an arm's-length basis, to be completed within 30 days of the date on which such offer is announced and subject to such other conditions as determined by the Company in its sole discretion, or (ii) redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date.

(b) The Company will give not less than 15 days' nor more than 30 days' notice of any redemption pursuant to Section 3(a)(ii) above. At least one day prior to the mailing of any notice of redemption to the Holders under Section 3.02 of the Indenture, the Company shall provide notice of redemption to the Trustee. If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

(i) if the Notes are listed on any recognized securities exchange, in compliance with the requirements of the principal recognized securities exchange on which the Notes are listed or in compliance with the requirements of the clearing systems through which the Notes are held; or

(ii) if the Notes are not listed on any recognized securities exchange and/or held through any clearing system on a *pro rata* basis, by lot or by such method as the Trustee in its sole and absolute discretion deems fair and appropriate, unless otherwise required by law.

(c) No Note of US$200,000 in principal amount or less shall be redeemed in part. If any Note is to be redeemed in part only, the Notice of Redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any Certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

(d) Any Notice of Redemption may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent.

(e) Any Notes repurchased or redeemed pursuant to this provision shall be cancelled and shall, pending such cancellation, be disregarded and deemed not to be outstanding for purposes of determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture.

4. Registered Form; Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in denominations of US$200,000 and any multiple of US$1 in excess thereof. A Holder may register the transfer or exchange of Notes in accordance with the Indenture. The Trustee may require a Holder to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Pursuant to the Indenture, there are certain periods during which the Trustee will not be required to issue, register the transfer of or exchange any Note or certain portions of a Note.

5. Defaults and Remedies.

If an Event of Default, as defined in the Indenture, occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall (subject to receipt of indemnity and/or security and/or pre-funding to its satisfaction, declare all the Notes to be immediately due and payable. If a bankruptcy or insolvency default with respect to the Company or any Significant Restricted Subsidiary occurs and is continuing, the Notes shall automatically become immediately due and payable. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may require security and/or indemnity and/or pre-funding satisfactory to it before it enforces the Indenture or the Notes. Subject to certain limitations, Holders of a majority in principal amount of the Notes then outstanding may direct the Trustee in its exercise of remedies.

6. Amendment and Waiver.

Subject to certain exceptions, the Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement and the Security Documents may be amended, or any default may be waived, with the consent of the Holders of a majority in aggregate principal amount of the outstanding Notes. Without notice to or the consent of any Holder, the Company and the Trustee may amend or supplement the Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement and the Security Documents to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not materially and adversely affect the rights of any Holder.

7. Authentication.

This Note is not valid until the Registrar (or Authenticating Agent) signs the certificate of authentication on the other side of this Note.

8. Governing Law.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

9. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A/ (= Uniform Gifts to Minors Act).

The Company will furnish a copy of the Indenture to any Holder upon written request and without charge.

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby transfers to

_____

_____

_____

(PRINT NAME AND ADDRESS OF TRANSFEREE)

US$ _____ principal amount of this Note, and all rights with respect thereto, and irrevocably constitutes and appoints _____ as attorney to transfer this Note on the books kept for registration thereof, with full power of substitution.

Dated _____ _____
Certifying Signature

Signed _____

Notes:

(i) The signature on this transfer form must correspond to the name as it appears on the face of this Note in every particular.

(ii) A representative of the Holder of the Note should state the capacity in which he or she signs (*e.g.*, executor).

(iii) The signature of the person effecting the transfer shall conform to any list of duly authorized specimen signatures supplied by the registered holder or shall be certified by a bank which is a member of the Medallion Program or in such other manner as any Paying and Transfer Agent, including the Trustee acting in its capacity as transfer agent, or the Registrar may require.

Dated _____ _____

NOTICE: To be executed by an executive officer

SCHEDULE OF CHANGES OF NOTES

The following changes in the aggregate principal amount of Notes represented by this Global Note have been made:

Date of Decrease/Increase	Amount of decrease in aggregate principal amount of Notes	Amount of increase in aggregate principal amount of Notes	Outstanding Balance

TRUSTEE, PAYING AND TRANSFER AGENT AND REGISTRAR

Trustee and Paying Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Transfer Agent and Registrar

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

EXHIBIT C

FORM OF AUTHORIZATION CERTIFICATE
OF THE COMPANY AND SUBSIDIARY GUARANTORS

The undersigned, acting on behalf of GCL New Energy Holdings Limited, hereby certify that:

(A) the persons listed below are (i) Authorized Officers of the Company for purposes of the Indenture dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**") among, *inter alios*, GCL New Energy Holdings Limited, an exempted company incorporated under the laws of Bermuda with limited liability (the "**Company**"), the Subsidiary Guarantors listed in Schedule I thereto (the " **Subsidiary Guarantors**") and The Bank of New York Mellon, London Branch, as Trustee (the "**Trustee**"), and (ii) the duly authorized person who executed or will execute the Indenture, the Subsidiary Guarantee (as defined in the Indenture) endorsed on the Notes (as defined in the Indenture), the Notes (as defined in the Indenture), the Intercreditor Agreement (as defined in the Indenture) and the Security Documents (as defined in the Indenture), by his or her manual or facsimile signature or signature in scanned format delivered through e-mail, was or will be at the time of such execution, duly elected or appointed, qualified and acting as the holder of the office set forth opposite his or her name;

(B) each signature appearing below is the person's genuine signature;

(C) the individuals listed below have the authority to receive call backs at the telephone numbers listed below upon the request of the Trustee and the Agents in connection with the 10.00% Senior Notes due 2024; and

(D) attached hereto as Schedule I is a true, correct and complete specimen of the certificates representing the Notes (with the Subsidiary Guarantees endorsed thereon).

Authorized Officers of the Company:

Name	**Title**	**Signature**
_____	_____	_____
_____	_____	_____
_____	_____	_____

Authorized Officers of PIONEER GETTER LIMITED

Name	**Title**	**Signature**
_____	_____	_____
_____	_____	_____
_____	_____	_____

Authorized Officers of GCL New Energy Development Limited:

Name	**Title**	**Signature**
_____	_____	_____
_____	_____	_____
_____	_____	_____

Authorized Officers of GCL New Energy Management Limited:

Name	**Title**	**Signature**
_____	_____	_____
_____	_____	_____
_____	_____	_____

Authorized Officers of GCL New Energy Trading Limited:

Name	**Title**	**Signature**
_____	_____	_____
_____	_____	_____
_____	_____	_____

Authorized Officers of GCL New Energy International Limited:

Name	**Title**	**Signature**
_____	_____	_____
_____	_____	_____
_____	_____	_____

Authorized Officers of GCL New Energy, Inc.:

Name	**Title**	**Signature**
_____	_____	_____
_____	_____	_____
_____	_____	_____

Capitalized terms used but not defined herein have the meanings given to such terms in the Indenture.

IN WITNESS WHEREOF, I have hereunto signed my name.

Date: [●], 2021

GCL NEW ENERGY HOLDINGS LIMITED

By: _____
Name:
Title:

EXHIBIT D

FORM OF PAYING AND TRANSFER AGENT AND REGISTRAR APPOINTMENT LETTER

[●], 2021

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

Re: 10.00% Senior Notes due 2024 of GCL New Energy Holdings Limited

Reference is hereby made to the Indenture dated as of [●], 2021 (as amended from time to time, the "**Indenture**") among, *inter alios*, GCL New Energy Holdings Limited, an exempted company incorporated with limited liability under the laws of Bermuda (the "**Company**"), the entities listed on Schedule I thereto (the "**Subsidiary Guarantors**") and The Bank of New York Mellon, London Branch, as trustee (the "**Trustee**"). Terms used herein are used as defined in the Indenture.

The Company hereby appoints The Bank of New York Mellon, London Branch, as the paying agent ("the **Paying Agent**") and The Bank of New York Mellon SA/NV, Luxembourg Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in Luxembourg at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg, as registrar (the "**Registrar**") and transfer agent (the "**Transfer Agent**," together with the Registrar and the Paying Agent, the "**Paying Agent, Transfer Agent and Registrar**" or the "**Agents**") with respect to the Notes and the Agents hereby accept such appointment. By accepting such appointment, the Agents agree to be bound by and to perform the services with respect to itself set forth in the terms and conditions set forth in the Indenture and the Notes, as well as the following terms and conditions to all of which the Company agrees and to all of which the rights of the Holders from time to time of the Notes shall be subject:

(a) The Agents shall be entitled to the compensation to be agreed upon in writing with the Company and the Subsidiary Guarantors, jointly and severally, for all services rendered by it under this letter, the Indenture and the Notes, and the Company and the Subsidiary Guarantors, jointly and severally, agree promptly to pay such compensation and to reimburse the Agents for their out-of-pocket expenses (including fees and expenses of counsel) incurred by it in connection with the services rendered by it under this letter, the Notes and the Indenture. For the avoidance of doubt, in the event of an Offer to Purchase, the Company and the Subsidiary Guarantors shall, jointly and severally, pay the Agents additional compensation (to be agreed between the Company and the Paying and Transfer Agent and Registrar) for performing duties in

respect of any Offer to Purchase in a capacity similar to a tender agent. The Company and the Subsidiary Guarantors jointly and severally hereby agree to indemnify the Agents and their respective officers, directors, agents and employees and any successors thereto for, and to hold it harmless against, any loss, liability or expense (including properly incurred fees and expenses of counsel) incurred without gross negligence or willful misconduct on their part arising out of or in connection with their acting as Agents hereunder, the Notes and the Indenture. Under no circumstances and notwithstanding any provision to the contrary will the Agents be liable for any indirect, consequential, punitive or special loss or damage, of any kind whatsoever (including, but not limited to, loss of business, goodwill, opportunity or profit), whether or not foreseeable, and even if advised of the possibility of such loss or damage and regardless of the form of action. The obligations of the Company and the Subsidiary Guarantors under this paragraph (a) shall survive the payment of the Notes, the termination or expiry of the Indenture or this letter and the resignation or removal of the Paying and Transfer Agent and Registrar

(b) In acting under the Indenture and in connection with the Notes, each Agent is acting solely as agent of the Company and does not assume any fiduciary duty or obligation towards or relationship of agency or trust for or with any of the owners or holders of the Notes, except that all funds held by the Agents for the payment of principal interest or other amounts (including Additional Amounts) on, the Notes shall, subject to the provisions of the Indenture, be held by the Agents and applied as set forth in the Indenture and in the Notes, but need not be segregated from other funds held by the Paying and Transfer Agent and Registrar, except as required by law.

(c) The Agents may consult with counsel satisfactory to it and any advice or written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it under the Indenture in good faith and in accordance with such advice or opinion.

(d) The Agents shall be fully protected and shall incur no liability for or in respect of any action taken or omitted to be taken or thing suffered by it in reliance upon any Note, notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper party or parties.

(e) Each Agents and any of its Affiliates, in its individual capacity or any other capacity, may become the owner of, or acquire any interest in, any Notes or other obligations of the Company with the same rights that it would have if it were not the Paying and Transfer Agent and Registrar, and may engage or be interested in any financial or other transaction with the Company, and may act on, or as common depositary, Trustee or agent for, any committee or body of holders of Notes or other obligations of the Company, as freely as if it were not the Paying and Transfer Agent and Registrar.

(f) The Paying and Transfer Agent will hold all sums received by it as such for the payment of the principal of, or premium or interest on, the Notes (whether such sums have been paid to it by or on behalf of the Company or by any other obligor on the Notes or any Subsidiary Guarantee) for the benefit of the Holders. The Agents shall give the Trustee written notice of any failure by the Company (or by any other obligor on the Notes or the Subsidiary Guarantees) to make any payment of the principal, or premium or interest on, the Notes and any other

payments to be made on behalf of the Company under the Indenture, when the same shall be due and payable and at any time during the continuance of any such failure the Agents will pay any such sums so held by it to the Trustee upon the Trustee's written request.

(g) The Agents shall not be under any liability for interest on any monies received by it pursuant to any of the provisions of the Indenture or the Notes.

(h) The Agents shall be obligated to perform such duties and only such duties as are in the Indenture and the Notes specifically set forth, and no implied duties or obligation shall be read into the Indenture or the Notes against the Paying and Transfer Agent and Registrar. The Agents shall not be under any obligation to take any action under the Indenture which may tend to involve it in any expense or liability, the payment of which is not, in its opinion, assured to it. The Agents shall have no obligation to expend its own funds or otherwise incur any financial liability in the performance of its obligations hereunder or under the Indenture.

(i) Notwithstanding anything else herein contained, the Agents may refrain without liability from doing anything that would or might in its reasonable opinion be contrary to any relevant law of any state or jurisdiction (including but not limited to the jurisdictions of Hong Kong, the United States of America or any jurisdiction forming a part of it and England & Wales), or any directive or regulation of any agency of any such state or jurisdiction and may without liability do anything which is, in its reasonable opinion necessary to comply with any such law, directive or regulation.

(j) The Agents may at any time resign by giving written notice of its resignation to the Company and the Trustee and specifying the date on which its resignation shall become effective; *provided* that such date shall be at least 60 days after the date on which such notice is given unless the Company agrees to accept shorter notice. Upon receiving such notice of resignation, if required by the Indenture the Company shall promptly appoint a successor paying agent by written instrument substantially in the form hereof in triplicate signed on behalf of the Company, one copy of which shall be delivered to the resigning Paying and Transfer Agent and Registrar, one copy to the successor paying agent and one copy to the Trustee. Upon the effectiveness of the appointment of a successor paying agent, the Agents shall have no further obligations under this letter or the Indenture.

Such resignation shall become effective upon the earlier of (i) the effective date of such resignation and (ii) the acceptance of appointment by the successor paying agent, as provided below. The Company may, at any time and for any reason, remove the Agents and appoint a successor paying agent, by written instrument in triplicate signed on behalf of the Company, one copy of which shall be delivered to the Agents being removed, one copy to the successor paying agent and one copy to the Trustee. Any removal of the Agents and any appointment of a successor paying agent shall become effective upon acceptance of appointment by the successor paying agent as provided below. Upon its resignation or removal, the Agents shall be entitled to the payment by the Company of its compensation for the services rendered hereunder and to the reimbursement of all properly incurred out-of-pocket expenses incurred in connection with the services rendered by it hereunder.

Any successor paying agent appointed as provided herein shall execute and deliver to its predecessor and to the Company and the Trustee an instrument accepting such appointment (which may be in the form of an acceptance signature to the letter of the Company appointing such agent) and thereupon such successor paying agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Agents and such predecessor shall pay over to such successor agent all monies or other property at the time held by it hereunder.

If no successor is appointed by the Company within 30 days of the resignation or removal of the Agents, (i) the retiring Agent may on behalf of and at the expense of the Company appoint its own successor, or (ii) the retiring Agent, the Company or the Holders of a majority in aggregate principal amount of the outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor paying and transfer agent or Registrar, as the case may be.

(k) Notwithstanding anything contained herein to the contrary, each of the Company and the Subsidiary Guarantors hereby irrevocably agrees that any and all of the rights and obligations of any Agent (except the Trustee) and, to the extent applicable, the obligations of the Company and the Subsidiary Guarantors toward any Agent (except the Trustee) set forth in the Indenture shall be deemed to have been included in this letter.

(l) Notwithstanding anything contained herein to the contrary, the obligations of the Agents under this letter are not joint and should be independently construed and each of the Agents shall not be liable for each other's acts or omissions.

(m) Each Agent shall at all times be a responsible financial institution which is authorized by law to exercise its respective powers and duties hereunder and under the Indenture and the Notes.

(n) Any notice or communication to the Agents will be deemed given when sent by facsimile transmission, with transmission confirmed. Any notice to the Agents will be effective only upon receipt. The notice or communication should be addressed to the Agents at:

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom
Facsimile No.: +44 1202 689660
Email: Ctsingaporegcs@bnymellon.com
Attn: Global Corporate Trust – GCL New Energy Holdings Limited

with a copy to:

The Bank of New York Mellon, Hong Kong Branch
Level 26, Three Pacific Place
1 Queen's Road East
Hong Kong

Facsimile No.: +852 2295 3283
Attn: Corporate Trust – GCL New Energy Holdings Limited

Notices or communications should be addressed to the Registrar and Transfer Agent at:

The Bank of New York Mellon S.A., Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg
Email: Ctsingaporegcs@bnymellon.com

with a copy to:

The Bank of New York Mellon, Hong Kong Branch
Level 26, Three Pacific Place
1 Queen's Road East
Hong Kong
Facsimile No.: +852 2295 3283
Attention: Corporate Trust – GCL New Energy Holdings Limited

Any notice to the Company or the Trustee shall be given as set forth in the Indenture.

(o) Any corporation into which the Agents may be merged or converted or any corporation with which the Agents may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Agents shall be a party or any corporation succeeding to the business of the Agents shall be the successor to such Agents hereunder (*provided* that such corporation shall be qualified as aforesaid) without the execution or filing of any document or any further act on the part of any of the parties hereto.

(p) Any amendment, supplement or waiver under Section 9.01 and Section 9.02 of the Indenture that adversely affects the Agents shall not affect the Paying and Transfer Agent and Registrar's rights, powers, obligations, duties or immunities, unless the Agents have consented thereto.

(q) The Company and the Subsidiary Guarantors agree that the provisions of Section 7.11 *(Confidentiality)*, Section 12.06 (*Governing Law; Consent to Jurisdiction; Service of Process; Waiver of Immunities)*, Section 12.07 (*No Adverse Interpretation of Other Agreements)*, Section 12.13 (*Force Majeure*) and Section 12.14 (*Waiver of Jury Trial*) of the Indenture shall apply hereto, *mutatis mutandis*.

(r) The agreement set forth in this letter shall be construed in accordance with and governed by the laws of the State of New York. The agreement set forth in this letter shall be construed in accordance with and governed by the laws of the State of New York. The Company and the Subsidiary Guarantors irrevocably and unconditionally submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York (each a "New York Court") in connection with any suit, action or proceeding arising out of, or relating to, this letter. The Company and the Subsidiary Guarantors irrevocably and unconditionally waive, to the fullest extent permitted by applicable law, any

objection which it may now or hereafter have to the venue of any suit, action or proceeding brought in any such New York Court and any claim that any such suit, action or proceeding brought in any such New York Court has been brought in an inconvenient forum. To the extent that the Company and the Subsidiary Guarantors have or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from any legal process with respect to itself or its property, the Company and the Subsidiary Guarantors irrevocably waives such immunity in respect of its obligations under this letter.

(s) For purposes of this Agents Appointment Letter, the following terms shall be defined as follows:

i. "**Applicable Law**" means any law or regulation.

ii. "**Authority**" means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction.

iii. "**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

iv. "**FATCA Withholding**" means any withholding or deduction required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

v. "**Tax**" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Authority having power to tax.

(t) *Mutual Undertaking Regarding Information Reporting and Collection Obligations*. Each party shall, within ten business days of a written request by another party, supply to that other party such forms, documentation and other information relating to it, its operations, or the Notes as that other party reasonably requests for the purposes of that other party's compliance with Applicable Law and shall notify the relevant other party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such party is (or becomes) inaccurate in any material respect; provided, however, that no Party shall be required to provide any forms, documentation or other information pursuant to this paragraph (w) to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such party and cannot be obtained by such party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such Party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality. For purposes of this paragraph (w), "Applicable Law" shall be deemed to include (i) any rule or practice of any Authority by which any Party is bound or with which it is accustomed to comply; (ii) any agreement between any Authorities; and (iii) any agreement between any Authority and any Party that is customarily entered into by institutions of a similar nature.

(u) *Notice of Possible Withholding Under FATCA.* The Company and the Subsidiary Guarantors shall notify the Paying Agent and the Trustee in the event that it determines that any

payment to be made by the Paying Agent or the Trustee under the Notes, the Indenture and the Intercreditor Agreement is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, provided, however, that the Company's and the Subsidiary Guarantors' obligation under this paragraph (u) shall apply only to the extent that such payments are so treated by virtue of characteristics of the Company and the Subsidiary Guarantors, the Notes, the Indenture and the Intercreditor Agreement, or both.

(v) *Right to Withhold.* Notwithstanding any other provision of this letter, , the Indenture and the Intercreditor Agreement, the Paying Agent and Trustee shall be entitled to make a deduction or withholding from any payment which it makes under the Notes, the Indenture and the Intercreditor Agreement for or on account of any Tax, if and only to the extent so required by Applicable Law, in which event the Paying Agent or the Trustee shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Company and the Subsidiary Guarantors the amount so deducted or withheld, in which case, the Company and the Subsidiary Guarantors shall so account to the relevant Authority for such amount. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by Applicable Law for the purposes of this paragraph (v).

(w) *Company's Right to Redirect.* In the event that the Company and the Subsidiary Guarantors determine in their sole discretion that any deduction or withholding for or on account of any Tax will be required by Applicable Law in connection with any payment due to any of the Paying Agent or the Trustee on any Notes, the Indenture and the Intercreditor Agreement, then the Company and the Subsidiary Guarantors will be entitled to redirect or reorganize any such payment in any way that it sees fit in order that the payment may be made without such deduction or withholding provided that, any such redirected or reorganized payment is made through a recognized institution of international standing and otherwise made in accordance with this letter, the Indenture and the Intercreditor Agreement. The Company and the Subsidiary Guarantors will promptly notify the Paying Agent and the Trustee of any such redirection or reorganization. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by Applicable Law for the purposes of this paragraph (w).

(x) Except as otherwise specifically set forth herein, the Indenture supersedes all prior oral or written agreements or understandings in respect of the subject matter hereof and the Indenture sets forth the entire understanding of the parties with respect to Notes and no duties or obligations shall be implied from the terms of this Agents Appointment Letter or any other agreement, instrument or document referenced herein.

(y) The Agents shall be entitled to refrain from taking any action if it receives conflicting, unclear or equivocal instructions, provided that it shall seek clarification within five Business Days following receipt of such conflicting, unclear or equivocal instructions.

(z) The Paying and Transfer Agent shall be entitled to make payments net of any taxes or other sums required by Applicable Law to be withheld or deducted; *provided that* the

Paying and Transfer Agent will not be required to pay any additional amounts in respect of such withholding or deduction.

(aa) The Agents may act through their respective delegates, attorneys and agents and shall not be responsible for their acts, omissions, misconduct or negligence, or for the supervision or monitoring of any delegate, attorney or agent appointed with due care by it hereunder.

(bb) The Agents shall not be deemed to have notice or knowledge of a Default or Event of Default unless and until written notification of such Default or Event of Default is provided to the Agents and identifying the circumstances constituting such Default or Event of Default.

(cc) Notwithstanding and to the exclusion of any other term of the Indenture and this letter or any other agreements, arrangements, or understanding between the Agents and the Company and the Subsidiary Guarantors, the Company and the Subsidiary Guarantors acknowledge and accept that a BRRD Liability arising under the Indenture and this letter may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and acknowledge, accept, and agree to be bound by:

(a) the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority in relation to any BRRD Liability of the Transfer Agent and the Registrar to the Company and the Guarantors under the Indenture and this letter, that (without limitation) may include and result in any of the following, or some combination thereof:

(i) the reduction of all, or a portion, of the BRRD Liability or outstanding amounts due thereon;

(ii) the conversion of all, or a portion, of the BRRD Liability into shares, other securities or other obligations of the Transfer Agent and the Registrar or another person, and the issue to or conferral on the Company and the Guarantors of such shares, securities or obligations;

(iii) the cancellation of the BRRD Liability;

(iv) the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period;

(b) the variation of the terms of this Indenture and this letter, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

(dd) No Agent shall be liable for errors in judgment made in good faith unless grossly negligent in ascertaining pertinent facts.

(ee) The Agents shall have the right to accept and act upon instructions, including funds transfer instructions ("**Instructions**") given pursuant to this Indenture, the Intercreditor

Agreement and the Security Documents and delivered using Electronic Means; provided, however, that the Company and/or the Subsidiary Guarantors, as applicable, shall provide to the Agents an incumbency certificate listing officers with the authority to provide such Instructions ("**Authorized Officers**") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Company and/or the Subsidiary Guarantors, as applicable, whenever a person is to be added or deleted from the listing. If the Company and/or the Subsidiary Guarantors, as applicable, elects to give any Agent Instructions using Electronic Means and such Agents in its discretion elects to act upon such Instructions, the Agent's understanding of such Instructions shall be deemed controlling. The Company and the Subsidiary Guarantors understand and agree that the Agents cannot determine the identity of the actual sender of such Instructions and that the Agents shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the Authorization Certificate provided to the Agents have been sent by such Authorized Officer. The Company and the Subsidiary Guarantors shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Agents and that the Company, the Subsidiary Guarantors and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Company and/or the Subsidiary Guarantors, as applicable. The Agents shall not be liable for any losses, costs or expenses arising directly or indirectly from the Agents' reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Company and the Subsidiary Guarantors agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Agents, including without limitation the risk of the Agents acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Agents and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Company and/or the Subsidiary Guarantors, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Agents immediately upon learning of any compromise or unauthorized use of the security procedures.

"**Bail-in Legislation**" means in relation to a member state of the European Economic Area which has implemented, or which at any time implements, the BRRD, the relevant implementing law, regulation, rule or requirement as described in the EU Bail-in Legislation Schedule from time to time

"**Bail-in Powers**" means any Write-down and Conversion Powers as defined in the EU Bail-in Legislation Schedule, in relation to the relevant Bail-in Legislation.

"**BRRD**" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**BRRD Liability**" means a liability in respect of which the relevant Write Down and Conversion Powers in the applicable Bail-in Legislation may be exercised.

"**Electronic Means**" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Agents, or another method or system specified by the Agents as available for use in connection with its services hereunder.

"**EU Bail-in Legislation Schedule**" means the document described as such, then in effect, and published by the Loan Market Association (or any successor person) from time to time at http://www.lma.eu.com/pages.aspx?p=499.

"**Relevant Resolution Authority**" means the resolution authority with the ability to exercise any Bail-in Powers in relation to the Transfer Agent and the Registrar.

GCL NEW ENERGY HOLDINGS LIMITED

By: _____
Name:
Title:

PIONEER GETTER LIMITED
(as Subsidiary Guarantor)

By: _____
Name:
Title:

GCL NEW ENERGY DEVELOPMENT LIMITED
(as Subsidiary Guarantor)

By: _____
Name:
Title:

GCL NEW ENERGY MANAGEMENT LIMITED
(as Subsidiary Guarantor)

By: _____
Name:
Title:

GCL NEW ENERGY TRADING LIMITED
(as Subsidiary Guarantor)

By: _____
Name:
Title:

GCL NEW ENERGY INTERNATIONAL LIMITED
(as Subsidiary Guarantor)

By: _____
Name:
Title:

GCL NEW ENERGY, INC.
(as Subsidiary Guarantor)

By: _____
Name:
Title:

Agreed and accepted:

THE BANK OF NEW YORK MELLON SA/NV, LUXEMBOURG BRANCH, as Transfer Agent and Registrar

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON, LONDON BRANCH, as Paying Agent

By: _____
Name:
Title:

Acknowledged:

THE BANK OF NEW YORK MELLON, LONDON BRANCH, as Trustee

By: _____
Name:
Title:

EXHIBIT E

FORM OF SUPPLEMENTAL INDENTURE

dated as of _____, _____

among

GCL NEW ENERGY HOLDINGS LIMITED
as the Company

and

THE ENTITIES LISTED ON SCHEDULE I HERETO
as Subsidiary Guarantors

and

THE BANK OF NEW YORK MELLON, LONDON BRANCH
as Trustee

10.00% Senior Notes due 2024

THIS SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**"), entered into as of _____, _____, among GCL New Energy Holdings Limited, an exempted company incorporated under the laws of Bermuda with limited liability (the "**Company**"), the Subsidiary Guarantors (the " **Subsidiary Guarantors**") listed on Schedule I to the Indenture (as defined below), [insert each new Guarantor executing this Supplemental Indenture and its jurisdiction of incorporation] (each an "**Additional Subsidiary Guarantor**") and The Bank of New York Mellon, London Branch, as trustee (the "**Trustee**"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

RECITALS

WHEREAS, the Company, the Subsidiary Guarantors party thereto, the Trustee and Madison Pacific Trust Limited as escrow agent entered into the Indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**"), relating to the Company's 10.00% Senior Notes due 2024 (the "**Notes**");

WHEREAS, pursuant to Section 11.09 and Section 11.10 of the Indenture, each new Subsidiary Guarantor is required to enter into a supplemental indenture, which supplemental indenture may be entered into without the consent of the Holders pursuant to Section 9.01(a)(vii) of the Indenture; and

WHEREAS, as a condition to the Trustee entering into the Indenture and the purchase of the Notes by the Holders, the Company agreed pursuant to the Indenture to cause any future Restricted Subsidiaries (other than Persons organized under the laws of the PRC) to provide Subsidiary Guarantees, subject to Section 11.09 of the Indenture.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and intending to be legally bound, the parties to this Supplemental Indenture hereby agree as follows:

Section 1. Capitalized terms used herein and not otherwise defined herein are used as defined in the Indenture.

Section 2. Each Additional Subsidiary Guarantor, by its execution of this Supplemental Indenture, agrees to be a Subsidiary Guarantor under the Indenture and to be bound by all the terms of the Indenture applicable to Subsidiary Guarantors, including, but not limited to, Article 11 thereof.

Section 3. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 4. This Supplemental Indenture may be signed in various counterparts that together will constitute one and the same instrument.

Section 5. This Supplemental Indenture is an amendment supplemental to the Indenture and the Indenture and this Supplemental Indenture will henceforth be read together.

Section 6. The recitals contained herein shall be taken as the statements of the Company, the Subsidiary Guarantors, the Additional Subsidiary Guarantor and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture.

Section 7. Notwithstanding anything contained herein, nothing in this Supplemental Indenture shall relieve the Company, the Subsidiary Guarantors or the Trustee of any of their obligations under the Indenture, as amended and supplemented by this Supplemental Indenture, and the Notes.

Section 8. All of the provisions of the Indenture shall remain in full force and effect as set forth therein.

[*Signature pages follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

GCL NEW ENERGY HOLDINGS LIMITED

By: _____
Name:
Title:

PIONEER GETTER LIMITED

By: _____
Name:
Title:

GCL NEW ENERGY DEVELOPMENT LIMITED

By: _____
Name:
Title:

GCL NEW ENERGY MANAGEMENT LIMITED

By: _____
Name:
Title:

GCL NEW ENERGY TRADING LIMITED

By: _____
Name:
Title:

GCL NEW ENERGY INTERNATIONAL LIMITED

By: _____
Name:
Title:

GCL NEW ENERGY, INC.

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON,
LONDON BRANCH

as Trustee

By: _____
Name:
Title:

SCHEDULE I
TO EXHIBIT E

SUBSIDIARY GUARANTORS

1. PIONEER GETTER LIMITED
2. GCL New Energy Development Limited
3. GCL New Energy Management Limited
4. GCL New Energy Trading Limited
5. GCL New Energy International Limited
6. GCL New Energy, Inc.

EXHIBIT F

TRUSTEE, PAYING AND TRANSFER AGENT AND REGISTRAR

Trustee and Paying Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL United Kingdom

Transfer Agent and Registrar

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

EXHIBIT G

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH TRANSFERS PURSUANT TO REGULATION S

[Date]

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom
Facsimile: +44 1202 689660
Attention: Corporate Trust Administration – GCL New Energy Holdings Limited
as Paying Agent

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg
Attention: International Corporate Trust – GCL New Energy Holdings Limited
Facsimile: +352 24 52 4204
as Transfer Agent and Registrar

with a copy to:

The Bank of New York Mellon, Hong Kong Branch
Level 26, Three Pacific Place
1 Queen's Road East
Hong Kong
Facsimile: +852 2295 3283
Attention: Corporate Trust – GCL New Energy Holdings Limited

GCL New Energy Holdings Limited
as the Company

and

The Subsidiary Guarantors (as defined below)

Re: GCL New Energy Holdings Limited
10.00% Senior Notes due 2024 (the "**Notes**")

Dear Sirs and Madams:

Reference is hereby made to the Indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**"), among, *inter alios*, GCL New Energy Holdings Limited, an exempted company incorporated under the laws of Bermuda with limited

liability (the "**Company**"), the Subsidiary Guarantors listed on Schedule I thereto (the "**Subsidiary Guarantors**") and The Bank of New York Mellon, London Branch, as Trustee (the "**Trustee**"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US$[●] million principal amount of Notes [represented by a certificated Note (No. _____)]/[which are held in the form of a beneficial interest in the Global Note with Euroclear or Clearstream] and held with the Depositary in the name of the Transferor specified below. The Transferor has requested a transfer of such [Note] [beneficial interest in the Global Note (ISIN: [●], Common Code: [●]) to be held with Euroclear or Clearstream] in the name of the Transferee specified below.

In connection with such request and in respect of such Notes, we hereby certify that such sale has been effected pursuant to and in accordance with either Rule 903 or Rule 904 of Regulation S or Rule 144 under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and accordingly we hereby further certify that:

[Check One]

☐ 1) the transfer has been effected pursuant to Rule 903 or Rule 904 of Regulation S, and

(A) the offer of the Notes was not made to a person in the United States; and

(B) either:

(i) at the time the buy order was originated, the Transferee was outside the United States or we and any person acting on our behalf reasonably believed that the Transferee was outside the United States, or

(ii) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither we nor any person acting on our behalf knows that the transaction was pre- arranged with a buyer in the United States; and

(C) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or 904(b) of Regulation S, as applicable; and

(D) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; or

☐ 2) the Notes have been transferred in a transaction permitted by Rule 144 and the undersigned has delivered to the Trustee, the Paying and Transfer Agent or the Registrar such additional evidence that the Company, any Subsidiary Guarantor, the Trustee, the Paying and Transfer Agent or the Registrar may require as to compliance with such available exemption.

You, the Company and the Subsidiary Guarantors are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any

administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

Name of Transferor: _____

Name of Transferee: _____

Signature of Transferor: _____

Name of Signer for Transferor: _____

Title of Signer for Transferor: _____

Date: _____

[Principal amount and other delivery instructions for Global Note in Euroclear or Clearstream: _____
_____
_____]

Daytime telephone no. of contact person at Transferor: _____

e-mail of contact person at Transferor: _____

Daytime telephone no. of contact person at Transferee: _____

e-mail of contact person at Transferee: _____

EXHIBIT H

FORM OF ANNUAL COMPLIANCE CERTIFICATE

[●], 20[●]

This Annual Compliance Certificate is delivered pursuant to Section 6.08(a) of the Indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**"), among GCL New Energy Holdings Limited, an exempted company incorporated under the laws of Bermuda with limited liability (the "**Company**"), the Subsidiary Guarantors listed on Schedule I thereto (the " **Subsidiary Guarantors**"), The Bank of New York Mellon, London Branch, as Trustee (the "**Trustee**") and Madison Pacific Trust Limited as Escrow Agent ("**Escrow Agent**"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

Each of the undersigned hereby certifies to the Escrow Agent as follows:

1. I am the duly elected, qualified and acting [*title*] or [*title*], as the case may be, of the Company.

2. I have reviewed and am familiar with the contents of this Annual Compliance Certificate.

3. A review has been conducted of the activities of the Company and the Restricted Subsidiaries and the Company's and the Restricted Subsidiaries' performance under the Indenture, in each case since [the Original Issue Date][***date of prior Annual Compliance Certificate***]; and

4. [the Company and each Restricted Subsidiary have fulfilled all of their respective obligations under the Indenture and no default in the fulfillment of any such obligation since [the Original Issue Date][***date of prior Annual Compliance Certificate***] has occurred][***if a default shall have occurred, specify each such default and the nature and status thereof***].

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned have executed this Compliance Certificate as of the date set forth above.

GCL NEW ENERGY HOLDINGS LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT I

FORM OF QUARTERLY COMPLIANCE CERTIFICATE

[●], 20[●]

This Quarterly Compliance Certificate is delivered pursuant to Section 6.08(b) of the Indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**"), among GCL New Energy Holdings Limited, an exempted company incorporated under the laws of Bermuda with limited liability (the "**Company**"), the Subsidiary Guarantors listed in Schedule I thereto (the " **Subsidiary Guarantors**"), The Bank of New York Mellon, London Branch, as Trustee (the "**Trustee**") and Madison Pacific Trust Limited as Escrow Agent ("**Escrow Agent**"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

The undersigned hereby certifies to the Escrow Agent as follows:

1. I am [a][the] duly elected [executive director]/[chief financial officer]/[finance director] of the Company.

2. I have reviewed and am familiar with the contents of this Quarterly Compliance Certificate.

3. For the fiscal quarter ending [●] (the "**Fiscal Quarter**"):

    a. Net Cash Proceeds received from Significant Asset Sales and Asset Sales announced during 2020 totaled US$[●] and included:

        i. [***include details of each transaction***].

    b. Uncollected Net Cash Proceeds from Significant Asset Sales and Asset Sales announced during 2020 totaled US$[●] and included:

        i. [***include details of each transaction***].

    c. renewable energy subsidies received totaled US$[●] (excluding renewable energy subsidies that are associated with any announced Significant Asset Sale).

    d. US$[●] in aggregate principal amount of Notes were repurchased or redeemed in accordance with the terms of the Indenture in the following transactions:

        i. [***include purchase or redemption amount, notional amount of Notes repurchased or redeemed and date of repurchase or redemption for each transaction***].

e. Each such repurchase noted in clause (d) was conducted on an arm's-length basis and all such repurchased and/or redeemed Notes noted in clause (d) have been cancelled.

f. Borrowings for each of the following categories at the end of the Fiscal Quarter were as follows:

i. Operating companies incorporated in the PRC: US$[●].

ii. Holding companies incorporated in the PRC: US$[●].

iii. Operating companies incorporated outside the PRC: US$[●].

iv. Holding companies incorporated outside the PRC: US$[●].

g. US$[●] in aggregate principal amount of interest-bearing Indebtedness owing to Affiliates, or any Affiliates of such Affiliates, was repaid and included:

i. [***include date and amount of each transaction***].

h. The following transactions occurred during the Fiscal Quarter:

i. [***include details of any bond or equity transactions that closed during the Fiscal Quarter***].

4. The Company and each Restricted Subsidiary have fulfilled all of their respective obligations under the Indenture and no default in the fulfillment of any such obligation has occurred or is continuing.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of the date set forth above.

GCL NEW ENERGY HOLDINGS LIMITED

By: _____
Name:
Title:

EXHIBIT J

FORM OF POWER OF ATTORNEY

1. Form of Power of Attorney by the Company in respect of the Capital Stock of PIONEER GETTER LIMITED

2. Form of Power of Attorney by PIONEER GETTER LIMITED in respect of the Capital Stock of GCL New Energy Development Limited

3. Form of Power of Attorney by PIONEER GETTER LIMITED in respect of the Capital Stock of GCL New Energy Management Limited

4. Form of Power of Attorney by PIONEER GETTER LIMITED in respect of the Capital Stock of GCL New Energy International Limited

5. Form of Power of Attorney by GCL New Energy Management Limited in respect of the Capital Stock of GCL New Energy Trading Limited

6. Form of Power of Attorney by GCL New Energy International Limited in respect of the Capital Stock of GCL New Energy, Inc.

7. Form of Power of Attorney by GCL New Energy, Inc. in respect of the Capital Stock of GCL New Energy NC Holdings, LLC

POWER OF ATTORNEY

RECITALS:

(A) GCL New Energy Holdings Limited (the "**Issuer**") has entered into the indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**"), as the issuer, with amongst others, the Subsidiary Guarantors named therein and The Bank of New York Mellon, London Branch, as trustee (together with its successors and assigns in such capacity, the "**Trustee**"), which provides for the issuance of US$[●] aggregate principal amount of the Issuer's 10.00% Senior Notes due 2024 (collectively, the "**Notes**").

(B) The Issuer, an exempted company incorporated under the laws of Bermuda with limited liability, with its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda (as of the date of this Power of Attorney) is the legal and beneficial owner of the Charged Property. The term "**Charged Property**" refers to all the assets and/or undertaking of the Issuer (including the shares in the issued share capital of Pioneer Getter Limited) which from time to time are or will be the subject of the security created or expressed to be created in favor of the Collateral Agent (as defined below) by or pursuant to the Share Charge Deed (as defined below).

(C) Pursuant to Section 10.01 of the Indenture, the Issuer has irrevocably agreed to: (i) grant a share charge in favor of Madison Pacific Trust Limited, as the collateral agent (the "**Collateral Agent**") in the form attached at Schedule II to the Indenture (the "**Share Charge Deed**") pursuant to which it will charge the Charged Property to the Collateral Agent on or after the CDB Loan Repayment Date (as defined in the Indenture) in order to secure the Secured Obligations (as defined in the Intercreditor Agreement (as defined below)); and (ii) deliver to Madison Pacific Trust Limited, as the escrow agent (the "**Escrow Agent**") on the date hereof original versions of the Share Charge Deed, executed by the Issuer but undated (the "**Executed Undated Share Charge Deed**").

(D) Pursuant to Section 10.01 of the Indenture: (i) the Issuer, the Trustee, the Collateral Agent and other parties thereto will enter into the intercreditor agreement (as amended, modified or supplemented from time to time, the "**Intercreditor Agreement**") on or after the CDB Loan Repayment Date, to appoint the Collateral Agent to receive, maintain, administer, enforce and distribute the Collateral (as defined therein) and to set forth certain provisions relating to the respective rights of the Secured Parties (as defined in the Intercreditor Agreement) in the Collateral; and (ii) the Issuer has agreed to deliver to the Escrow Agent on the date hereof original versions of the Intercreditor Agreement, executed by the Issuer but undated (the "**Executed Undated Intercreditor Agreement**").

(E) Pursuant to Section 10.01 of the Indenture, a power of attorney (the "**Power of Attorney**") will be granted in favor of the Escrow Agent by the Issuer to take certain actions as required in relation to the Intercreditor Agreement, the Executed Undated Intercreditor Agreement, the Share Charge Deed and the Executed Undated Share Charge Deed on or after the CDB Loan Repayment Date.

In consideration of the foregoing, the Issuer irrevocably names, authorizes, appoints and constitutes the Escrow Agent as its attorney-in-fact (the "**Attorney-in-Fact**") with right of substitution, and with full power and authority to, without need of further authorization from the Issuer:

(i) date and deliver the Executed Undated Intercreditor Agreement and the Executed Undated Share Charge Deed at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date;

(ii) in the event that the Issuer is unable for any reason to give full force and effect to the Executed Undated Intercreditor Agreement and/or the Executed Undated Share Charge on or after the CDB Loan Repayment Date, execute, date and deliver on behalf of the Issuer the Intercreditor Agreement and/or the Share Charge Deed at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date; and

(iii) take all such other steps or cause such steps to be taken as the Escrow Agent in its sole discretion determines are required to: (i) give effect to the Intercreditor Agreement and/or Share Charge Deed on or after the CDB Loan Repayment Date; and/or (ii) perfect, register or file, as applicable, the security created or expressed to be created pursuant to the Share Charge Deed in the manner and within the timeframe as provided under the Share Charge Deed.

In addition, the Issuer hereby irrevocably authorises the Attorney-in-Fact to: (i) obtain the signatures of the Collateral Agent and/or Trustee to the Intercreditor Agreement, the Executed Undated Intercreditor Agreement, the Share Charge Deed and/or the Executed Undated Share Charge Deed and (ii) deliver any such document on behalf of the Collateral Agent and/or the Trustee; in each case at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date.

Words and expression defined in this Power of Attorney shall, unless otherwise defined herein or the context otherwise requires, have the meaning provided in the Indenture.

The Issuer hereby ratifies and confirms, and undertakes to ratify and confirm, all actions to be taken by the Attorney-in-Fact duly appointed hereunder. The Issuer further agrees to indemnify and hold the Attorney-in-Fact hereunder harmless from and against any and all liabilities, damages, penalties, judgements, expenses and other costs arising out of the enforcement by the Attorney-in-Fact of its rights under this Power of Attorney; provided that the foregoing indemnity shall not extend to any liabilities, damages, penalties, judgements, expenses and other costs to the extent attributable to the Attorney-in-Fact's own gross negligence or wilful misconduct.

This Power of Attorney is coupled with an interest and is irrevocable and shall continue in full force and effect until the fulfilment by the Issuer of its obligations under the Indenture, the Intercreditor Agreement and the Share Charge Deed and in any case upon confirmation by the Attorney-in-Fact of such fulfilment.

This Power of Attorney shall be governed by, and construed in accordance with, the laws of the State of New York.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this [●] day of [●] 2021.

GCL NEW ENERGY HOLDINGS LIMITED

By: _____
Name:
Title:

POWER OF ATTORNEY

RECITALS:

(A) GCL New Energy Holdings Limited (the "**Issuer**") has entered into the indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**"), as the issuer, with amongst others, the Subsidiary Guarantors named therein and The Bank of New York Mellon, London Branch, as trustee (together with its successors and assigns in such capacity, the "**Trustee**"), which provides for the issuance of US$[●] aggregate principal amount of the Issuer's 10.00% Senior Notes due 2024 (collectively, the "**Notes**").

(B) Pioneer Getter Limited (the "**Chargor**"), a company incorporated under the laws of the British Virgin Islands with limited liability, with its registered office at Palm Grove House, P.O. Box 438, Road Town, Tortola VG1110, British Virgin Islands (as of the date of this Power of Attorney) is the legal and beneficial owner of the Charged Property. The term "**Charged Property**" refers to all the assets and/or undertaking of the Chargor (including the shares in the issued share capital of GCL New Energy Development Limited) which from time to time are or will be the subject of the security created or expressed to be created in favor of the Collateral Agent (as defined below) by or pursuant to the Share Charge Deed (as defined below).

(C) Pursuant to Section 10.01 of the Indenture, the Chargor has irrevocably agreed to: (i) grant a share charge in favor of Madison Pacific Trust Limited, as the collateral agent (the "**Collateral Agent**") in the form attached at Schedule II to the Indenture (the "**Share Charge Deed**") pursuant to which it will charge the Charged Property to the Collateral Agent on or after the CDB Loan Repayment Date (as defined in the Indenture) in order to secure the Secured Obligations (as defined in the Intercreditor Agreement (as defined below)); and (ii) deliver to Madison Pacific Trust Limited, as the escrow agent (the "**Escrow Agent**") on the date hereof original versions of the Share Charge Deed, executed by the Chargor but undated (the "**Executed Undated Share Charge Deed**").

(D) Pursuant to Section 10.01 of the Indenture: (i) the Issuer, the Chargor, the Trustee, the Collateral Agent and other parties thereto will enter into the intercreditor agreement (as amended, modified or supplemented from time to time, the "**Intercreditor Agreement**") on or after the CDB Loan Repayment Date, to appoint the Collateral Agent to receive, maintain, administer, enforce and distribute the Collateral (as defined therein) and to set forth certain provisions relating to the respective rights of the Secured Parties (as defined in the Intercreditor Agreement) in the Collateral; and (ii) the Chargor has agreed to deliver to the Escrow Agent on the date hereof original versions of the Intercreditor Agreement, executed by the Chargor but undated (the "**Executed Undated Intercreditor Agreement**").

(E) Pursuant to Section 10.01 of the Indenture, a power of attorney (the "**Power of Attorney**") will be granted in favor of the Escrow Agent by the Chargor to take certain actions as required in relation to the Intercreditor Agreement, the Executed Undated Intercreditor

Agreement, the Share Charge Deed and the Executed Undated Share Charge Deed on or after the CDB Loan Repayment Date.

In consideration of the foregoing, the Chargor irrevocably names, authorizes, appoints and constitutes the Escrow Agent as its attorney-in-fact (the "**Attorney-in-Fact**") with right of substitution, and with full power and authority to, without need of further authorization from the Chargor:

(i) date and deliver the Executed Undated Intercreditor Agreement and the Executed Undated Share Charge Deed at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date;

(ii) in the event that the Chargor is unable for any reason to give full force and effect to the Executed Undated Intercreditor Agreement and/or the Executed Undated Share Charge on or after the CDB Loan Repayment Date, execute, date and deliver on behalf of the Chargor the Intercreditor Agreement and/or the Share Charge Deed at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date; and

(iii) take all such other steps or cause such steps to be taken as the Escrow Agent in its sole discretion determines are required to: (i) give effect to the Intercreditor Agreement and/or Share Charge Deed on or after the CDB Loan Repayment Date; and/or (ii) perfect, register or file, as applicable, the security created or expressed to be created pursuant to the Share Charge Deed in the manner and within the timeframe as provided under the Share Charge Deed.

In addition, the Chargor hereby irrevocably authorises the Attorney-in-Fact to: (i) obtain the signatures of the Collateral Agent and/or Trustee to the Intercreditor Agreement, the Executed Undated Intercreditor Agreement, the Share Charge Deed and/or the Executed Undated Share Charge Deed and (ii) deliver any such document on behalf of the Collateral Agent and/or the Trustee; in each case at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date.

Words and expression defined in this Power of Attorney shall, unless otherwise defined herein or the context otherwise requires, have the meaning provided in the Indenture.

The Chargor hereby ratifies and confirms, and undertakes to ratify and confirm, all actions to be taken by the Attorney-in-Fact duly appointed hereunder. The Chargor further agrees to indemnify and hold the Attorney-in-Fact hereunder harmless from and against any and all liabilities, damages, penalties, judgements, expenses and other costs arising out of the enforcement by the Attorney-in-Fact of its rights under this Power of Attorney; provided that the foregoing indemnity shall not extend to any liabilities, damages, penalties, judgements, expenses and other costs to the extent attributable to the Attorney-in-Fact's own gross negligence or wilful misconduct.

This Power of Attorney is coupled with an interest and is irrevocable and shall continue in full force and effect until the fulfilment by the Chargor of its obligations under the Indenture, the

Intercreditor Agreement and the Share Charge Deed and in any case upon confirmation by the Attorney-in-Fact of such fulfilment.

This Power of Attorney shall be governed by, and construed in accordance with, the laws of the State of New York.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this [●] day of [●] 2021.

PIONEER GETTER LIMITED

By: _____
Name:
Title:

POWER OF ATTORNEY

RECITALS:

(A) GCL New Energy Holdings Limited (the "**Issuer**") has entered into the indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**"), as the issuer, with amongst others, the Subsidiary Guarantors named therein and The Bank of New York Mellon, London Branch, as trustee (together with its successors and assigns in such capacity, the "**Trustee**"), which provides for the issuance of US$[●] aggregate principal amount of the Issuer's 10.00% Senior Notes due 2024 (collectively, the "**Notes**").

(B) Pioneer Getter Limited (the "**Chargor**"), a company incorporated under the laws of the British Virgin Islands with limited liability, with its registered office at Palm Grove House, P.O. Box 438, Road Town, Tortola VG1110, British Virgin Islands (as of the date of this Power of Attorney) is the legal and beneficial owner of the Charged Property. The term "**Charged Property**" refers to all the assets and/or undertaking of the Chargor (including the shares in the issued share capital of GCL New Energy Management Limited) which from time to time are or will be the subject of the security created or expressed to be created in favor of the Collateral Agent (as defined below) by or pursuant to the Share Charge Deed (as defined below).

(C) Pursuant to Section 10.01 of the Indenture, the Chargor has irrevocably agreed to: (i) grant a share charge in favor of Madison Pacific Trust Limited, as the collateral agent (the "**Collateral Agent**") in the form attached at Schedule II to the Indenture (the "**Share Charge Deed**") pursuant to which it will charge the Charged Property to the Collateral Agent on or after the CDB Loan Repayment Date (as defined in the Indenture) in order to secure the Secured Obligations (as defined in the Intercreditor Agreement (as defined below)); and (ii) deliver to Madison Pacific Trust Limited, as the escrow agent (the "**Escrow Agent**") on the date hereof original versions of the Share Charge Deed, executed by the Chargor but undated (the "**Executed Undated Share Charge Deed**").

(D) Pursuant to Section 10.01 of the Indenture: (i) the Issuer, the Chargor, the Trustee, the Collateral Agent and other parties thereto will enter into the intercreditor agreement (as amended, modified or supplemented from time to time, the "**Intercreditor Agreement**") on or after the CDB Loan Repayment Date, to appoint the Collateral Agent to receive, maintain, administer, enforce and distribute the Collateral (as defined therein) and to set forth certain provisions relating to the respective rights of the Secured Parties (as defined in the Intercreditor Agreement) in the Collateral; and (ii) the Chargor has agreed to deliver to the Escrow Agent on the date hereof original versions of the Intercreditor Agreement, executed by the Chargor but undated (the "**Executed Undated Intercreditor Agreement**").

(E) Pursuant to Section 10.01 of the Indenture, a power of attorney (the "**Power of Attorney**") will be granted in favor of the Escrow Agent by the Chargor to take certain actions as required in relation to the Intercreditor Agreement, the Executed Undated Intercreditor

Agreement, the Share Charge Deed and the Executed Undated Share Charge Deed on or after the CDB Loan Repayment Date.

In consideration of the foregoing, the Chargor irrevocably names, authorizes, appoints and constitutes the Escrow Agent as its attorney-in-fact (the "**Attorney-in-Fact**") with right of substitution, and with full power and authority to, without need of further authorization from the Chargor:

(i) date and deliver the Executed Undated Intercreditor Agreement and the Executed Undated Share Charge Deed at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date;

(ii) in the event that the Chargor is unable for any reason to give full force and effect to the Executed Undated Intercreditor Agreement and/or the Executed Undated Share Charge on or after the CDB Loan Repayment Date, execute, date and deliver on behalf of the Chargor the Intercreditor Agreement and/or the Share Charge Deed at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date; and

(iii) take all such other steps or cause such steps to be taken as the Escrow Agent in its sole discretion determines are required to: (i) give effect to the Intercreditor Agreement and/or Share Charge Deed on or after the CDB Loan Repayment Date; and/or (ii) perfect, register or file, as applicable, the security created or expressed to be created pursuant to the Share Charge Deed in the manner and within the timeframe as provided under the Share Charge Deed.

In addition, the Chargor hereby irrevocably authorises the Attorney-in-Fact to: (i) obtain the signatures of the Collateral Agent and/or Trustee to the Intercreditor Agreement, the Executed Undated Intercreditor Agreement, the Share Charge Deed and/or the Executed Undated Share Charge Deed and (ii) deliver any such document on behalf of the Collateral Agent and/or the Trustee; in each case at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date.

Words and expression defined in this Power of Attorney shall, unless otherwise defined herein or the context otherwise requires, have the meaning provided in the Indenture.

The Chargor hereby ratifies and confirms, and undertakes to ratify and confirm, all actions to be taken by the Attorney-in-Fact duly appointed hereunder. The Chargor further agrees to indemnify and hold the Attorney-in-Fact hereunder harmless from and against any and all liabilities, damages, penalties, judgements, expenses and other costs arising out of the enforcement by the Attorney-in-Fact of its rights under this Power of Attorney; provided that the foregoing indemnity shall not extend to any liabilities, damages, penalties, judgements, expenses and other costs to the extent attributable to the Attorney-in-Fact's own gross negligence or wilful misconduct.

This Power of Attorney is coupled with an interest and is irrevocable and shall continue in full force and effect until the fulfilment by the Chargor of its obligations under the Indenture, the

Intercreditor Agreement and the Share Charge Deed and in any case upon confirmation by the Attorney-in-Fact of such fulfilment.

This Power of Attorney shall be governed by, and construed in accordance with, the laws of the State of New York.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this [●] day of [●] 2021.

PIONEER GETTER LIMITED

By: _____
Name:
Title:

POWER OF ATTORNEY

RECITALS:

(A) GCL New Energy Holdings Limited (the "**Issuer**") has entered into the indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**"), as the issuer, with amongst others, the Subsidiary Guarantors named therein and The Bank of New York Mellon, London Branch, as trustee (together with its successors and assigns in such capacity, the "**Trustee**"), which provides for the issuance of US$[●] aggregate principal amount of the Issuer's 10.00% Senior Notes due 2024 (collectively, the "**Notes**").

(B) Pioneer Getter Limited (the "**Chargor**"), a company incorporated under the laws of the British Virgin Islands with limited liability, with its registered office at Palm Grove House, P.O. Box 438, Road Town, Tortola VG1110, British Virgin Islands (as of the date of this Power of Attorney) is the legal and beneficial owner of the Charged Property. The term "**Charged Property**" refers to all the assets and/or undertaking of the Chargor (including the shares in the issued share capital of GCL New Energy International Limited) which from time to time are or will be the subject of the security created or expressed to be created in favor of the Collateral Agent (as defined below) by or pursuant to the Share Charge Deed (as defined below).

(C) Pursuant to Section 10.01 of the Indenture, the Chargor has irrevocably agreed to: (i) grant a share charge in favor of Madison Pacific Trust Limited, as the collateral agent (the "**Collateral Agent**") in the form attached at Schedule II to the Indenture (the "**Share Charge Deed**") pursuant to which it will charge the Charged Property to the Collateral Agent on or after the CDB Loan Repayment Date (as defined in the Indenture) in order to secure the Secured Obligations (as defined in the Intercreditor Agreement (as defined below)); and (ii) deliver to Madison Pacific Trust Limited, as the escrow agent (the "**Escrow Agent**") on the date hereof original versions of the Share Charge Deed, executed by the Chargor but undated (the "**Executed Undated Share Charge Deed**").

(D) Pursuant to Section 10.01 of the Indenture: (i) the Issuer, the Chargor, the Trustee, the Collateral Agent and other parties thereto will enter into the intercreditor agreement (as amended, modified or supplemented from time to time, the "**Intercreditor Agreement**") on or after the CDB Loan Repayment Date, to appoint the Collateral Agent to receive, maintain, administer, enforce and distribute the Collateral (as defined therein) and to set forth certain provisions relating to the respective rights of the Secured Parties (as defined in the Intercreditor Agreement) in the Collateral; and (ii) the Chargor has agreed to deliver to the Escrow Agent on the date hereof original versions of the Intercreditor Agreement, executed by the Chargor but undated (the "**Executed Undated Intercreditor Agreement**").

(E) Pursuant to Section 10.01 of the Indenture, a power of attorney (the "**Power of Attorney**") will be granted in favor of the Escrow Agent by the Chargor to take certain actions as required in relation to the Intercreditor Agreement, the Executed Undated Intercreditor

Agreement, the Share Charge Deed and the Executed Undated Share Charge Deed on or after the CDB Loan Repayment Date.

In consideration of the foregoing, the Chargor irrevocably names, authorizes, appoints and constitutes the Escrow Agent as its attorney-in-fact (the "**Attorney-in-Fact**") with right of substitution, and with full power and authority to, without need of further authorization from the Chargor:

(i) date and deliver the Executed Undated Intercreditor Agreement and the Executed Undated Share Charge Deed at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date;

(ii) in the event that the Chargor is unable for any reason to give full force and effect to the Executed Undated Intercreditor Agreement and/or the Executed Undated Share Charge on or after the CDB Loan Repayment Date, execute, date and deliver on behalf of the Chargor the Intercreditor Agreement and/or the Share Charge Deed at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date; and

(iii) take all such other steps or cause such steps to be taken as the Escrow Agent in its sole discretion determines are required to: (i) give effect to the Intercreditor Agreement and/or Share Charge Deed on or after the CDB Loan Repayment Date; and/or (ii) perfect, register or file, as applicable, the security created or expressed to be created pursuant to the Share Charge Deed in the manner and within the timeframe as provided under the Share Charge Deed.

In addition, the Chargor hereby irrevocably authorises the Attorney-in-Fact to: (i) obtain the signatures of the Collateral Agent and/or Trustee to the Intercreditor Agreement, the Executed Undated Intercreditor Agreement, the Share Charge Deed and/or the Executed Undated Share Charge Deed and (ii) deliver any such document on behalf of the Collateral Agent and/or the Trustee; in each case at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date.

Words and expression defined in this Power of Attorney shall, unless otherwise defined herein or the context otherwise requires, have the meaning provided in the Indenture.

The Chargor hereby ratifies and confirms, and undertakes to ratify and confirm, all actions to be taken by the Attorney-in-Fact duly appointed hereunder. The Chargor further agrees to indemnify and hold the Attorney-in-Fact hereunder harmless from and against any and all liabilities, damages, penalties, judgements, expenses and other costs arising out of the enforcement by the Attorney-in-Fact of its rights under this Power of Attorney; provided that the foregoing indemnity shall not extend to any liabilities, damages, penalties, judgements, expenses and other costs to the extent attributable to the Attorney-in-Fact's own gross negligence or wilful misconduct.

This Power of Attorney is coupled with an interest and is irrevocable and shall continue in full force and effect until the fulfilment by the Chargor of its obligations under the Indenture, the

Intercreditor Agreement and the Share Charge Deed and in any case upon confirmation by the Attorney-in-Fact of such fulfilment.

This Power of Attorney shall be governed by, and construed in accordance with, the laws of the State of New York.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this [●] day of [●] 2021.

PIONEER GETTER LIMITED

By: _____
Name:
Title:

POWER OF ATTORNEY

RECITALS:

(A) GCL New Energy Holdings Limited (the "**Issuer**") has entered into the indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**"), as the issuer, with amongst others, the Subsidiary Guarantors named therein and The Bank of New York Mellon, London Branch, as trustee (together with its successors and assigns in such capacity, the "**Trustee**"), which provides for the issuance of US$[●] aggregate principal amount of the Issuer's 10.00% Senior Notes due 2024 (collectively, the "**Notes**").

(B) GCL New Energy Management Limited (the "**Chargor**"), a company incorporated under the laws of Hong Kong with limited liability, with its registered office at Unit 1707A Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (as of the date of this Power of Attorney) is the legal and beneficial owner of the Charged Property. The term "**Charged Property**" refers to all the assets and/or undertaking of the Chargor (including the shares in the issued share capital of GCL New Energy Trading Limited) which from time to time are or will be the subject of the security created or expressed to be created in favor of the Collateral Agent (as defined below) by or pursuant to the Share Charge Deed (as defined below).

(C) Pursuant to Section 10.01 of the Indenture, the Chargor has irrevocably agreed to: (i) grant a share charge in favor of Madison Pacific Trust Limited, as the collateral agent (the "**Collateral Agent**") in the form attached at Schedule II to the Indenture (the "**Share Charge Deed**") pursuant to which it will charge the Charged Property to the Collateral Agent on or after the CDB Loan Repayment Date (as defined in the Indenture) in order to secure the Secured Obligations (as defined in the Intercreditor Agreement (as defined below)); and (ii) deliver to Madison Pacific Trust Limited, as the escrow agent (the "**Escrow Agent**") on the date hereof original versions of the Share Charge Deed, executed by the Chargor but undated (the "**Executed Undated Share Charge Deed**").

(D) Pursuant to Section 10.01 of the Indenture: (i) the Issuer, the Chargor, the Trustee, the Collateral Agent and other parties thereto will enter into the intercreditor agreement (as amended, modified or supplemented from time to time, the "**Intercreditor Agreement**") on or after the CDB Loan Repayment Date, to appoint the Collateral Agent to receive, maintain, administer, enforce and distribute the Collateral (as defined therein) and to set forth certain provisions relating to the respective rights of the Secured Parties (as defined in the Intercreditor Agreement) in the Collateral; and (ii) the Chargor has agreed to deliver to the Escrow Agent on the date hereof original versions of the Intercreditor Agreement, executed by the Chargor but undated (the "**Executed Undated Intercreditor Agreement**").

(E) Pursuant to Section 10.01 of the Indenture, a power of attorney (the "**Power of Attorney**") will be granted in favor of the Escrow Agent by the Chargor to take certain actions as required in relation to the Intercreditor Agreement, the Executed Undated Intercreditor

Agreement, the Share Charge Deed and the Executed Undated Share Charge Deed on or after the CDB Loan Repayment Date.

In consideration of the foregoing, the Chargor irrevocably names, authorizes, appoints and constitutes the Escrow Agent as its attorney-in-fact (the "**Attorney-in-Fact**") with right of substitution, and with full power and authority to, without need of further authorization from the Chargor:

(i) date and deliver the Executed Undated Intercreditor Agreement and the Executed Undated Share Charge Deed at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date;

(ii) in the event that the Chargor is unable for any reason to give full force and effect to the Executed Undated Intercreditor Agreement and/or the Executed Undated Share Charge on or after the CDB Loan Repayment Date, execute, date and deliver on behalf of the Chargor the Intercreditor Agreement and/or the Share Charge Deed at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date; and

(iii) take all such other steps or cause such steps to be taken as the Escrow Agent in its sole discretion determines are required to: (i) give effect to the Intercreditor Agreement and/or Share Charge Deed on or after the CDB Loan Repayment Date; and/or (ii) perfect, register or file, as applicable, the security created or expressed to be created pursuant to the Share Charge Deed in the manner and within the timeframe as provided under the Share Charge Deed.

In addition, the Chargor hereby irrevocably authorises the Attorney-in-Fact to: (i) obtain the signatures of the Collateral Agent and/or Trustee to the Intercreditor Agreement, the Executed Undated Intercreditor Agreement, the Share Charge Deed and/or the Executed Undated Share Charge Deed and (ii) deliver any such document on behalf of the Collateral Agent and/or the Trustee; in each case at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date.

Words and expression defined in this Power of Attorney shall, unless otherwise defined herein or the context otherwise requires, have the meaning provided in the Indenture.

The Chargor hereby ratifies and confirms, and undertakes to ratify and confirm, all actions to be taken by the Attorney-in-Fact duly appointed hereunder. The Chargor further agrees to indemnify and hold the Attorney-in-Fact hereunder harmless from and against any and all liabilities, damages, penalties, judgements, expenses and other costs arising out of the enforcement by the Attorney-in-Fact of its rights under this Power of Attorney; provided that the foregoing indemnity shall not extend to any liabilities, damages, penalties, judgements, expenses and other costs to the extent attributable to the Attorney-in-Fact's own gross negligence or wilful misconduct.

This Power of Attorney is coupled with an interest and is irrevocable and shall continue in full force and effect until the fulfilment by the Chargor of its obligations under the Indenture, the

Intercreditor Agreement and the Share Charge Deed and in any case upon confirmation by the Attorney-in-Fact of such fulfilment.

This Power of Attorney shall be governed by, and construed in accordance with, the laws of the State of New York.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this [●] day of [●] 2021.

GCL NEW ENERGY MANAGEMENT LIMITED

By: _____
Name:
Title:

POWER OF ATTORNEY

RECITALS:

(A) GCL New Energy Holdings Limited (the "**Issuer**") has entered into the indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**"), as the issuer, with amongst others, the Subsidiary Guarantors named therein and The Bank of New York Mellon, London Branch, as trustee (together with its successors and assigns in such capacity, the "**Trustee**"), which provides for the issuance of US$[●] aggregate principal amount of the Issuer's 10.00% Senior Notes due 2024 (collectively, the "**Notes**").

(B) GCL New Energy International Limited (the "**Pledgor**"), a company incorporated under the laws of Hong Kong with limited liability, with its registered office at Unit 1707A Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (as of the date of this Power of Attorney) owns all of the shares in GCL New Energy, Inc. (the "**Pledged Company**").

(C) Pursuant to Section 10.01 of the Indenture, the Pledgor has irrevocably agreed to: (i) grant a share pledge in favor of Madison Pacific Trust Limited, as the collateral agent (the "**Collateral Agent**") in the form attached at Schedule II to the Indenture (the "**Pledge Agreement**") pursuant to which it will pledge all of the shares owned by it in the Pledged Company to the Collateral Agent on or after the CDB Loan Repayment Date (as defined in the Indenture) in order to secure the Secured Obligations (as defined in the Intercreditor Agreement (as defined below)); and (ii) deliver to Madison Pacific Trust Limited, as the escrow agent (the "**Escrow Agent**") on the date hereof original versions of the Pledge Agreement, executed by the Pledgor but undated (the "**Executed Undated Pledge Agreement**").

(D) Pursuant to Section 10.01 of the Indenture: (i) the Issuer, the Pledgor, the Trustee, the Collateral Agent and other parties thereto will enter into the intercreditor agreement (as amended, modified or supplemented from time to time, the "**Intercreditor Agreement**") on or after the CDB Loan Repayment Date, to appoint the Collateral Agent to receive, maintain, administer, enforce and distribute the Collateral (as defined therein) and to set forth certain provisions relating to the respective rights of the Secured Parties (as defined in the Intercreditor Agreement) in the Collateral; and (ii) the Pledgor has agreed to deliver to the Escrow Agent on the date hereof original versions of the Intercreditor Agreement, executed by the Pledgor but undated (the "**Executed Undated Intercreditor Agreement**").

(E) Pursuant to Section 10.01 of the Indenture, a power of attorney (the "**Power of Attorney**") will be granted in favor of the Escrow Agent by the Pledgor to take certain actions as required in relation to the Intercreditor Agreement, the Executed Undated Intercreditor Agreement, the Pledge Agreement and the Executed Undated Pledge Agreement on or after the CDB Loan Repayment Date.

In consideration of the foregoing, the Pledgor irrevocably names, authorizes, appoints and constitutes the Escrow Agent as its attorney-in-fact (the "**Attorney-in-Fact**") with right of substitution, and with full power and authority to, without need of further authorization from the Pledgor:

(i) date and deliver the Executed Undated Intercreditor Agreement and the Executed Undated Pledge Agreement at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date;

(ii) in the event that the Pledgor is unable for any reason to give full force and effect to the Executed Undated Intercreditor Agreement and/or the Executed Undated Pledge Agreement on or after the CDB Loan Repayment Date, execute, date and deliver on behalf of the Pledgor the Intercreditor Agreement and/or the Pledge Agreement at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date; and

(iii) take all such other steps or cause such steps to be taken as the Escrow Agent in its sole discretion determines are required to: (i) give effect to the Intercreditor Agreement and/or Pledge Agreement on or after the CDB Loan Repayment Date; and/or (ii) perfect, register or file, as applicable the security created or expressed to be created pursuant to the Pledge Agreement in the manner and within the timeframe as provided under the Pledge Agreement.

In addition, the Pledgor hereby irrevocably authorises the Attorney-in-Fact to: (i) obtain the signatures of the Collateral Agent and/or Trustee to the Intercreditor Agreement, the Executed Undated Intercreditor Agreement, the Pledge Agreement and/or the Executed Undated Pledge Agreement and (ii) deliver any such document on behalf of the Collateral Agent and/or the Trustee; in each case at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date.

Words and expression defined in this Power of Attorney shall, unless otherwise defined herein or the context otherwise requires, have the meaning provided in the Indenture.

The Pledgor hereby ratifies and confirms, and undertakes to ratify and confirm, all actions to be taken by the Attorney-in-Fact duly appointed hereunder. The Pledgor further agrees to indemnify and hold the Attorney-in-Fact hereunder harmless from and against any and all liabilities, damages, penalties, judgements, expenses and other costs arising out of the enforcement by the Attorney-in-Fact of its rights under this Power of Attorney; provided that the foregoing indemnity shall not extend to any liabilities, damages, penalties, judgements, expenses and other costs to the extent attributable to the Attorney-in-Fact's own gross negligence or wilful misconduct.

This Power of Attorney is coupled with an interest and is irrevocable and shall continue in full force and effect until the fulfilment by the Pledgor of its obligations under the Indenture, the Intercreditor Agreement and the Pledge Agreement and in any case upon confirmation by the Attorney-in-Fact of such fulfilment.

This Power of Attorney shall be governed by, and construed in accordance with, the laws of the State of New York.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this [●] day of [●] 2021.

GCL NEW ENERGY INTERNATIONAL LIMITED

By: _____
Name:
Title:

POWER OF ATTORNEY

RECITALS:

(A) GCL New Energy Holdings Limited (the "**Issuer**") has entered into the indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "**Indenture**"), as the issuer, with amongst others, the Subsidiary Guarantors named therein and The Bank of New York Mellon, London Branch, as trustee (together with its successors and assigns in such capacity, the "**Trustee**"), which provides for the issuance of US$[●] aggregate principal amount of the Issuer's 10.00% Senior Notes due 2024 (collectively, the "**Notes**").

(B) GCL New Energy Inc. (the "**Pledgor**"), a Delaware corporation, with its registered office at Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 (as of the date of this Power of Attorney) owns all of the membership interests in GCL New Energy NC Holdings, LLC (the "**Pledged Company**").

(C) Pursuant to Section 10.01 of the Indenture, the Pledgor has irrevocably agreed to: (i) grant a share pledge in favor of Madison Pacific Trust Limited, as the collateral agent (the "**Collateral Agent**") in the form attached at Schedule II to the Indenture (the "**Pledge Agreement**") pursuant to which it will pledge all of the membership interests owned by it in the Pledged Company to the Collateral Agent on or after the CDB Loan Repayment Date (as defined in the Indenture) in order to secure the Secured Obligations (as defined in the Intercreditor Agreement (as defined below)); and (ii) deliver to Madison Pacific Trust Limited, as the escrow agent (the "**Escrow Agent**") on the date hereof original versions of the Pledge Agreement, executed by the Pledgor but undated (the "**Executed Undated Pledge Agreement**").

(D) Pursuant to Section 10.01 of the Indenture: (i) the Issuer, the Pledgor, the Trustee, the Collateral Agent and other parties thereto will enter into the intercreditor agreement (as amended, modified or supplemented from time to time, the "**Intercreditor Agreement**") on or after the CDB Loan Repayment Date, to appoint the Collateral Agent to receive, maintain, administer, enforce and distribute the Collateral (as defined therein) and to set forth certain provisions relating to the respective rights of the Secured Parties (as defined in the Intercreditor Agreement) in the Collateral; and (ii) the Pledgor has agreed to deliver to the Escrow Agent on the date hereof original versions of the Intercreditor Agreement, executed by the Pledgor but undated (the "**Executed Undated Intercreditor Agreement**").

(E) Pursuant to Section 10.01 of the Indenture, a power of attorney (the "**Power of Attorney**") will be granted in favor of the Escrow Agent by the Pledgor to take certain actions as required in relation to the Intercreditor Agreement, the Executed Undated Intercreditor Agreement, the Pledge Agreement and the Executed Undated Pledge Agreement on or after the CDB Loan Repayment Date.

In consideration of the foregoing, the Pledgor irrevocably names, authorizes, appoints and constitutes the Escrow Agent as its attorney-in-fact (the "**Attorney-in-Fact**") with right of substitution, and with full power and authority to, without need of further authorization from the Pledgor:

(i) date and deliver the Executed Undated Intercreditor Agreement and the Executed Undated Pledge Agreement at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date;

(ii) in the event that the Pledgor is unable for any reason to give full force and effect to the Executed Undated Intercreditor Agreement and/or the Executed Undated Pledge Agreement on or after the CDB Loan Repayment Date, execute, date and deliver on behalf of the Pledgor the Intercreditor Agreement and/or the Pledge Agreement at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date; and

(iii) take all such other steps or cause such steps to be taken as the Escrow Agent in its sole discretion determines are required to: (i) give effect to the Intercreditor Agreement and/or Pledge Agreement on or after the CDB Loan Repayment Date; and/or (ii) perfect, register or file, as applicable the security created or expressed to be created pursuant to the Pledge Agreement in the manner and within the timeframe as provided under the Pledge Agreement.

In addition, the Pledgor hereby irrevocably authorises the Attorney-in-Fact to: (i) obtain the signatures of the Collateral Agent and/or Trustee to the Intercreditor Agreement, the Executed Undated Intercreditor Agreement, the Pledge Agreement and/or the Executed Undated Pledge Agreement and (ii) deliver any such document on behalf of the Collateral Agent and/or the Trustee; in each case at such time as the Attorney-in-Fact may in its sole discretion determine on or after the CDB Loan Repayment Date.

Words and expression defined in this Power of Attorney shall, unless otherwise defined herein or the context otherwise requires, have the meaning provided in the Indenture.

The Pledgor hereby ratifies and confirms, and undertakes to ratify and confirm, all actions to be taken by the Attorney-in-Fact duly appointed hereunder. The Pledgor further agrees to indemnify and hold the Attorney-in-Fact hereunder harmless from and against any and all liabilities, damages, penalties, judgements, expenses and other costs arising out of the enforcement by the Attorney-in-Fact of its rights under this Power of Attorney; provided that the foregoing indemnity shall not extend to any liabilities, damages, penalties, judgements, expenses and other costs to the extent attributable to the Attorney-in-Fact's own gross negligence or wilful misconduct.

This Power of Attorney is coupled with an interest and is irrevocable and shall continue in full force and effect until the fulfilment by the Pledgor of its obligations under the Indenture, the Intercreditor Agreement and the Pledge Agreement and in any case upon confirmation by the Attorney-in-Fact of such fulfilment.

This Power of Attorney shall be governed by, and construed in accordance with, the laws of the State of New York.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this [●] day of [●] 2021.

GCL NEW ENERGY INC.

By: _____
Name:
Title:

EXHIBIT K

FORM OF CONFIDENTIALITY AGREEMENT

RE: GCL NEW ENERGY HOLDINGS LIMITED

_____, 20_____

Madison Pacific Trust Limited
54/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Attention: David Naphtali / Holly Yuen

GCL New Energy Holdings Limited
Unit 1707A, Level 17, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong
Attention: Patrick Ho

Ladies and Gentlemen:

Reference is made to Section 6.08(c) of the indenture (the "**Indenture**"), dated as of [●], 2021, among GCL New Energy Holdings Limited (the "**Company**"), the subsidiary guarantors listed in Schedule I thereto, The Bank of New York Mellon, London Branch (the "**Trustee**") and Madison Pacific Trust Limited (the "**Escrow Agent**") relating to the Company's 10.00% Senior Notes due 2024 (the "**Notes**"). Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Indenture.

The undersigned (the "**Recipient**") confirms that it is [*a Holder of the Notes*]/[*a holder of a beneficial interest in the Notes*]/[*a designated representative or an advisor of [[name of the Holder or holder of a beneficial interest in the Notes], a Holder of the Notes/a holder of a beneficial interest in the Notes*]] and requests that, subject to the terms and conditions of this Agreement and the Indenture, the Escrow Agent furnish it with the following compliance certificates prepared by the Company and provided to the Escrow Agent in accordance with Sections 6.08(a) and/or (b) of the Indenture: (1) the Annual Compliance Certificate(s) for the year ended December 31, [●]; and (2) the Quarterly Compliance Certificate(s) for the fiscal quarter ended [March 31/June 30/September 30/December 31], [●] (such compliance certificates, together with any product, document or report that is prepared by the Recipient and incorporates, cites, refers to, relies on, or otherwise uses any of the information contain in such compliance certificates, the "**Confidential Information**"). The Recipient's email address for the purposes of receiving the Annual Compliance Certificate(s) and/or the Quarterly Compliance Certificate(s) described above (as applicable) shall be the following: [●]

The term "Confidential Information" shall not include (a) information which is, was or becomes available to the public other than as a result of a disclosure by the Recipient or any of its Representatives (as defined herein) in violation of this Agreement; or (b) the Company's conclusion set forth in Paragraph (4) of any Compliance Certificate that the Company and each Restricted Subsidiary have fulfilled all of their respective obligations under the Indenture and no default in the fulfillment of any such obligation has occurred or is continuing or, in the event that the Recipient (acting in good faith) after reviewing the Confidential Information forms the view that the Company or any Restricted Subsidiary has failed to fulfill all of its obligations under the Indenture and/or that a default in the fulfillment of any such obligation has occurred, the fact that the Recipient has reached such conclusion, the obligations with respect to which the Recipient has concluded that the Company or the relevant Restricted Subsidiary has failed to comply and/or the defaults that the Recipient has concluded have occurred. However, and for the avoidance of doubt, the information set forth in Paragraph (3) of each Quarterly Compliance Certificate will constitute Confidential Information in all circumstances.

The Recipient agrees to limit access to the Confidential Information to those of its officers, directors, employees, legal advisors and consultants (collectively, "**Representatives**") who have a need to know in order to evaluate the Confidential Information; *provided*, however, that the Recipient shall provide all Representatives who are given access to Confidential Information with a copy of this Agreement and such Representatives shall agree to abide and be bound by the provisions hereof. The Recipient hereby accepts responsibility for the compliance by all Representatives with the provisions contained herein, and the Recipient assumes all liability arising from or out of the breach of the terms of this Agreement by any Representative.

In consideration of the Company's provision of Confidential Information, the Recipient agrees to comply with the terms of this Agreement. The Recipient agrees that it will keep all Confidential Information in strict confidence and will not disclose any Confidential Information, in whole or in part, to any person (other than as provided in this Agreement without the prior written consent of the Company), unless required by any applicable law, rule, regulation, subpoena, court order, similar judicial process, regulatory agency or stock exchange rule. In such an event, the Recipient shall promptly notify the Company of any such requirement so that the Company may seek an appropriate protective order or, in its sole discretion, determine to waive compliance with applicable provisions of this Agreement.

Furthermore, the Recipient acknowledges that some or all of the Confidential Information may in whole or in part be MNPI and consents to the receipt of any such MNPI provided under this Agreement. The Recipient agrees that it will comply with all applicable securities laws and regulations (including those promulgated by listing authorities and/or stock exchanges) in relation to its receipt and use of the Confidential Information. As used in this Agreement, "**MNPI**" means any information which, if publicly available, would have a material effect on the price or market for the securities of the Company and its controlling shareholder or have a material effect on the decision by a reasonable investor to buy and/or sell any securities of the Company and its controlling shareholder, or is price-sensitive information, inside information or information that would otherwise restrict, prevent or prohibit the Recipient from trading any securities of the Company and its controlling shareholder under applicable insider-dealing or market abuse laws or regulations in any jurisdiction or pursuant to any other applicable laws or regulations.

The Recipient acknowledges and agrees that this Agreement is for the benefit of the Company and agrees to promptly notify the Company if it is aware of or has reasonable grounds for suspecting any actual or threatened breach or possible breach of a duty of confidence under this Agreement, and agrees to use its best efforts to assist the Company in connection with any proceedings which the Company may institute against such person for breach of confidence or otherwise.

No failure or delay by the Company in exercising any right, power or privilege hereunder shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

The Recipient agrees that the Company would be irreparably injured by a threatened or actual breach of this Agreement by it and that, in such event, the Company shall be entitled, in addition to any and all other remedies, to injunctive relief, specific performance or other equitable relief, or any combination of these remedies, without the necessity of providing any bond or other security and without any proof of special damages being necessary, and the undersigned hereby irrevocably consents to such relief.

If any term or provision of this Agreement or any application hereof shall be invalid or unenforceable, that term or provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement, but the remainder of this Agreement and any other application of such term or provision shall not be affected thereby and this Agreement shall be carried out as nearly as possible according to its original terms and intent.

This Agreement may not be assigned by any party hereto without the express prior written consent of the other parties hereto.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. Each of the parties hereto hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any state or federal court sitting in New York City, Borough of Manhattan, over any suit, action or proceeding arising out of or relating to this Agreement. Each of the parties hereto agrees that service of any process, summons, notice or document by U.S. registered mail addressed to it shall be effective service of process for any such suit, action or proceeding brought against it in any such court. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Each of the parties hereto agrees that a final judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon it and may be enforced in any other courts to whose jurisdiction it is or may be subject by suit upon such judgment.

This Agreement shall be binding upon each of the parties hereto until the date falling 18 months from the date hereof.

This Agreement may be executed and delivered by facsimile. Any facsimile signatures shall have the same legal effect as manual signatures.

[*Signature page to follow*]

Very truly yours,

[Name of the Noteholder/Designated Representative/Advisor] [, as Designated Representative/Advisor of [Name of the Noteholder]]

By: _____
Name:
Title:

Accepted and agreed:

GCL New Energy Holdings Limited

By: _____
Name:
Title:

Copied to:

Madison Pacific Trust Limited as Escrow Agent

SCHEDULE I

SUBSIDIARY GUARANTORS

1. PIONEER GETTER LIMITED
2. GCL New Energy Development Limited
3. GCL New Energy Management Limited
4. GCL New Energy Trading Limited
5. GCL New Energy International Limited
6. GCL New Energy, Inc.

SCHEDULE II

FORM OF SECURITY DOCUMENTS

Part I

FORM OF INTERCREDITOR AGREEMENT

INTERCREDITOR AGREEMENT

by and among

GCL NEW ENERGY HOLDINGS LIMITED
as the Company

THE SUBSIDIARY GUARANTOR PLEDGORS

THE BANK OF NEW YORK MELLON, LONDON BRANCH
as Notes Trustee

THE PPPSI CREDIT REPRESENTATIVES

and

MADISON PACIFIC TRUST LIMITED
as Collateral Agent

dated and effective as of

_____ __, 20__

TABLE OF CONTENTS

THIS INTERCREDITOR AGREEMENT is dated and effective as of _____ __, 20__ (as amended, amended and restated, supplemented or otherwise modified from time to time, this "**Agreement**"), by and among **GCL NEW ENERGY HOLDINGS LIMITED**, an exempted company incorporated under the laws of Bermuda with limited liability (the "**Company**"), the **SUBSIDIARY GUARANTOR PLEDGORS** from time to time party hereto, **THE BANK OF NEW YORK MELLON, LONDON BRANCH**, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London at One Canada Square, London E14 5AL, United Kingdom, as trustee under the Indenture (together with its successors and assigns in such capacity, the "**Notes Trustee**"), any **PPPSI Credit Representative** who accedes to this Agreement from time to time, and **MADISON PACIFIC TRUST LIMITED**, as the collateral agent for the Secured Parties (together with its successors and assigns in such capacity, the "**Collateral Agent**").

RECITALS:

WHEREAS, the Company has issued US$[●] aggregate principal amount of 10.0% Senior Notes due 2024 (the "**Notes**") pursuant to an indenture, dated as of [●], 2021 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "**Indenture**"), amongst others, the Company, the Subsidiary Guarantors from time to time party thereto and the Notes Trustee;

WHEREAS, the Notes and the Subsidiary Guarantees will be secured by the Collateral in favor of the Collateral Agent pursuant to the terms of the Share Charges;

WHEREAS, under the Indenture, the Company and the Subsidiary Guarantors are permitted to incur Permitted Pari Passu Secured Indebtedness that shares the Collateral equally and ratably with the Notes Secured Parties subject to, among other things, the conditions set out in the Notes Finance Documents; and

WHEREAS, the parties hereto are entering this Agreement in order to appoint the Collateral Agent as the Secured Parties' collateral agent to receive, maintain, administer, enforce and distribute the Collateral and set forth certain provisions relating to the Secured Parties' respective rights in the Collateral.

NOW, THEREFORE, with reference to the foregoing recitals and in reliance thereon, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions and General Provisions.

1.1 Defined Terms. Except as otherwise expressed and provided herein, all capitalized terms used in this Agreement (including the recitals) and not otherwise defined herein shall have the meanings given to such terms in the Indenture.

1.2 Definitions. The following terms have the meanings set forth below:

"**Agreement**" has the meaning given to it in the preamble hereto.

"**Applicable Law**" means, with respect to any person, property or matter, any of the following applicable thereto: any statute, law, regulation, ordinance, rule, judgment, rule

of common law, order decree, governmental approval, whether in effect as of the date hereof or thereafter and in each case as amended, with which such person is obligated, or has formally agreed, to comply.

"**Class**" means the Secured Parties with respect to any Series of Secured Obligations. The Notes Secured Parties, and the PPPSI Secured Parties in respect of any one Series of PPPSI Obligations constitute a "Class".

"**Collateral**" means all assets and properties subject to Liens created pursuant to any Security Document to secure the Secured Obligations.

"**Collateral Proceeds**" has the meaning given to it in Section 6.1.

"**Collateral Agent**" has the meaning given to it in the preamble hereto.

"**Company**" has the meaning given to it in the recitals hereto.

"**Controlling Representative**" means (i) until the Discharge of the Notes, the Notes Trustee (acting pursuant to the Indenture) and (ii) from and after the Discharge of the Notes, the PPPSI Credit Representative (acting pursuant to the applicable PPPSI Finance Documents) for the Series of PPPSI Obligations that constitutes the largest outstanding principal amount of any then outstanding Series of PPPSI Obligations; *provided, however,* that if there are two outstanding Series of PPPSI Obligations which have an equal outstanding principal amount, the Series of PPPSI Obligations with the earlier maturity date shall be considered to have the larger outstanding principal amount for purposes of this definition.

"**Credit Representative**" means, (i) in respect of the Notes Obligations, the Notes Trustee and (ii) in respect of any Series of PPPSI Obligations, the PPPSI Credit Representative for such Series of PPPSI Obligations.

"**Delegate**" means a delegate or sub-delegate appointed under Section 2.3 and/or any Receiver.

"**Discharge**" means (a) in respect of the Notes, the satisfaction and discharge, defeasance or other indefeasible satisfaction in full of the Notes Obligations and (b) in respect of any Permitted Pari Passu Secured Indebtedness, the satisfaction and discharge or other indefeasible satisfaction in full of the PPPSI Obligations related thereto.

"**Event of Default**" means any "Event of Default" under the Indenture, or any PPPSI Finance Document (in each case, as such term is defined in such agreement).

"**Finance Documents**" means, collectively, the Notes Finance Documents and the PPPSI Finance Documents.

"**Indenture**" has the meaning given to it in the recitals hereto.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"**Noteholders**" means the holders of the Notes.

"**Noteholder Instructing Group**" means, on any date, holders of at least 25% in aggregate principal amount of the Notes then outstanding.

"**Notes**" has the meaning given to it in the recitals hereto.

"**Notes Finance Documents**" means each of the Indenture, the Notes, the Subsidiary Guarantees, this Agreement, the Security Documents and any other document designated as a finance document by the Company and the Notes Trustee.

"**Notes Obligations**" means collectively, all obligations and liabilities of the Company, the Subsidiary Guarantors, and Pledgors under the Notes Finance Documents, whether direct or indirect, absolute or contingent, now or hereafter from time to time owing to any Note Secured Party under the Notes Finance Documents, including all interest thereon and expenses related thereto, including any interest, fees, premium or expenses (including indemnity payments, if any) accruing or arising after the commencement of any case with respect to the Company, the Subsidiary Guarantors or the Pledgors under any bankruptcy or insolvency law (whether or not such interest, fees, premium or expenses are enforceable, allowed or allowable as a claim in whole or in part in such case).

"**Notes Secured Parties**" means collectively, the Noteholders, the Notes Trustee, the Collateral Agent, and the Delegates (if any) appointed under this Agreement or any Security Document.

"**Notes Trustee**" has the meaning given to it in the preamble hereto.

"**Notice of Default**" has the meaning given to it in Section 5.1.

"**Opinion of Counsel**" means a written opinion from external legal counsel in form and substance reasonably acceptable to the Collateral Agent.

"**PPPSI Credit Representative**" means any representative or agent acting on behalf of a Class of PPPSI Secured Parties who has become a party to this Agreement by executing and delivering to the parties hereto a PPPSI Joinder pursuant to Section 8.18.1.

"**PPPSI Finance Documents**" means, in relation to any Permitted Pari Passu Secured Indebtedness, the credit agreement, indenture, trust deed or other document evidencing such Permitted Pari Passu Secured Indebtedness, any other agreement in respect thereof, this Agreement, the Security Documents and any other document designated as a finance document by the Company and the PPPSI Credit Representative for such Permitted Pari Passu Secured Indebtedness.

"**PPPSI Joinder**" means an agreement substantially in the form of Exhibit A.

"**PPPSI Obligations**" means collectively, all obligations and liabilities of the Company, the Pledgors and any other Person under the PPPSI Finance Documents, whether direct or indirect, absolute or contingent, now or hereafter from time to time owing to any PPPSI Secured Party under the PPPSI Finance Documents, including all interest thereon and expenses related thereto, including any interest, fees, premium or expenses (including indemnity payments, if any) accruing or arising after the commencement of any case with respect to the Company, the Subsidiary Guarantors or the Pledgors under any bankruptcy or

insolvency law (whether or not such interest, fees, premium or expenses are enforceable, allowed or allowable as a claim in whole or in part in such case).

"**PPPSI Secured Parties**" means, in relation to any Series of PPPSI Obligations, collectively, the holder or holders of such PPPSI Obligations, any representative or agent acting on their behalf appointed pursuant to the applicable PPPSI Finance Document, including the PPPSI Credit Representative for such Permitted Pari Passu Secured Indebtedness, the Collateral Agent, and the Delegates (if any) appointed under this Agreement or any Security Document.

"Permitted Pari Passu Secured Indebtedness" means any indebtedness of the Company or any Restricted Subsidiary (as defined in the Indenture), and any Pari Passu Guarantee (as defined in the Indenture) with respect to such indebtedness, which is secured by a Lien on the Collateral pari passu with the Lien created for the benefit of the Noteholders and that was permitted to be incurred and so secured under the provisions of the Indenture and the Security Documents;

"**Pledgor**" means the Company and any Subsidiary Guarantor Pledgor.

"**Pledgor Joinder**" means an agreement substantially in the form of Exhibit B.

"**Proposed Remedies**" has the meaning given to it in Section 5.2.

"**Receiver**" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Collateral.

"**Remedies Commencement Date**" has the meaning given to it in Section 5.2.

"**Remedies Initiation Notice**" has the meaning given to it in Section 5.2.

"**Secured Obligations**" means, collectively, the Notes Obligations, and each Series of the PPPSI Obligations.

"**Secured Parties**" means, collectively, the Notes Secured Parties, the PPPSI Secured Parties, and the successors and assigns of each of the foregoing.

"**Security Documents**" means, collectively, (a) the Share Charges, and (b) any other agreements or instruments that may evidence or create any Lien in favor of the Collateral Agent for the benefit of the Secured Parties in any or all of the Collateral or under which rights or remedies with respect to the Collateral are governed, in each case as amended, supplemented, restated, renewed, replaced or otherwise modified from time to time.

"**Series**" means with respect to the Secured Obligations, each of (i) the Notes Obligations, and (ii) any PPPSI Obligations outstanding after the date hereof pursuant to any PPPSI Finance Document, which are represented hereunder by a common PPPSI Credit Representative (in its capacity as such for such PPPSI Obligations).

"**Share Charges**" means, collectively, (i) the Deed of Share Charge dated the date hereof between the Company and the Collateral Agent in respect of the Capital Stock of PIONEER GETTER LIMITED, (ii) the Deed of Share Charge dated the date hereof between PIONEER GETTER LIMITED and the Collateral Agent in respect of the Capital Stock of GCL New Energy Management Limited, (iii) the Deed of Share Charge dated the date hereof

between PIONEER GETTER LIMITED and the Collateral Agent in respect of the Capital Stock of GCL New Energy Development Limited, (iv) the Deed of Share Charge dated the date hereof between PIONEER GETTER LIMITED and the Collateral Agent in respect of the Capital Stock of GCL New Energy International Limited, (v) the Deed of Share Charge dated the date hereof between GCL New Energy Management Limited and the Collateral Agent in respect of the Capital Stock of GCL New Energy Trading Limited, (vi) the Pledge Agreement dated as of the date hereof between GCL New Energy International Limited and the Collateral Agent in respect of the Capital Stock of GCL New Energy, Inc, and (vii) the Pledge Agreement dated as of the date hereof between GCL New Energy, Inc. and the Collateral Agent in respect of the Capital Stock of GCL New Energy NC Holdings, LLC; except for any of the foregoing which are permitted not to be entered into in accordance with the terms of the Finance Documents then in effect.

"**Subsidiary Guarantee**" means any guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

"**Subsidiary Guarantor**" means any current or future Subsidiary of the Company that guarantees the Notes; *provided* that Subsidiary Guarantor shall not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

"**Subsidiary Guarantor Pledgor**" means any current or future Subsidiary Guarantor which pledges Collateral to secure the obligations of the Company under the Notes and the Indenture and of such Subsidiary Guarantor under its Subsidiary Guarantee; *provided* that a Subsidiary Guarantor Pledgor will not include any person whose pledge under the Security Documents has been released in accordance with the Security Documents and the Indenture.

1.3 Interpretation. To the extent that reference is made in this Agreement to any term defined in, or to any other provision of, any other agreement, such term or provision shall continue to have the original meaning thereof notwithstanding any termination, expiration or amendment of such other agreement.

1.4 Construction. Unless the contrary intention appears:

(a) references to "**assets**" includes present and future properties, revenues and rights of every description;

(b) references to an Event of Default being "**continuing**" means that it has not been remedied or waived;

(c) references to a "**person**" includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, fund, joint venture or consortium), government, state, agency, organization or other entity whether or not having separate legal personality;

(d) references to a party hereto or any other person includes its successors in title, permitted assigns and permitted transferees;

(e) references to a Section or an Exhibit is a reference to a section of or exhibit to this Agreement;

(f) references to this Agreement, any Indenture, any Note, any Subsidiary Guarantee, any PPPSI Finance Document, any Share Charge, Security Document or any other document or security document includes (without prejudice to any prohibition on amendments) any amendment to that document or security document, including any change in the purpose of, any extension for or any increase in the amount of a facility or any additional facility granted thereunder; and

(g) words importing the plural form shall include the singular form or and vice versa.

2. Collateral Agent.

2.1 Appointment. Each of the Secured Parties that is a party hereto other than the Collateral Agent (for itself, each party on whose behalf it executes this Agreement, and any person claiming through it) hereby appoints Madison Pacific Trust Limited to act as collateral agent for the Secured Parties in connection with the Collateral and the Security Documents and authorizes it to exercise such rights, powers, authorities, discretion as are specifically delegated to the Collateral Agent by the terms hereof and any of the Security Documents together with all such rights, powers, authorities, discretion as are reasonably incidental thereto. By its signature hereto, Madison Pacific Trust Limited accepts such appointment.

2.2 Nature of Duties. The Collateral Agent shall have no duties or responsibilities except those expressly set forth herein and in the Security Documents. Neither the Collateral Agent nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted by it as such hereunder or under the Security Documents or in connection herewith or therewith, except to the extent caused by its own gross negligence or willful misconduct. The duties of the Collateral Agent shall be mechanical and administrative in nature. The Collateral Agent shall not have, by reason of this Agreement, the Security Documents or any other document or instrument or otherwise, a fiduciary relationship in respect of any other Secured Party; and nothing in this Agreement or any of the Security Documents is intended to or shall be so construed as to impose upon the Collateral Agent any obligations in respect of the Security Documents or this Agreement except as expressly set forth herein or therein. The obligations of the Collateral Agent (in its capacity as the collateral agent for each of the Secured Parties) shall be several and not joint.

2.3 Delegation. The Collateral Agent may delegate in any manner to any person any rights exercisable by the Collateral Agent under this Agreement. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as the Collateral Agent thinks fit. The Collateral Agent shall not be bound to supervise, or held liable for any act, default or omission of any Delegate caused by its or his/her own negligence, willful misconduct or willful default of such Delegate provided that the Collateral Agent shall exercise reasonable care in selecting such Delegate.

2.4 Lack of Reliance on the Collateral Agent. Independently and without reliance upon the Collateral Agent, each Secured Party (other than the Collateral Agent), to the extent it deems appropriate, has made and shall continue to make (a) its own independent investigation of the financial condition and affairs of the Company and its Subsidiaries in connection with the making and the continuance of the Secured Obligations and the taking or not taking of any action in connection therewith, and (b) its own appraisal of the

creditworthiness of the Company and its Subsidiaries, and the Collateral Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any other Secured Party with any credit or other information with respect thereto, whether coming into its possession before the extension of any Secured Obligations or the purchase of any Notes, or at any time or times thereafter. Except as expressly provided herein, the Collateral Agent shall not be responsible to any other Secured Party for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, legality, effectiveness, genuineness, validity, enforceability, perfection, collectability, priority or sufficiency of the Security Documents or the Collateral or the financial condition of the Company and its Subsidiaries or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of the Security Documents, right or title to the Collateral, the priority of any of the Security Documents, or the financial condition of the Company and its Subsidiaries, or the existence or possible existence of any Event of Default.

2.5 Certain Rights of the Collateral Agent.

2.5.1 None of the Secured Parties (other than the Collateral Agent) shall have the right to take any action with respect to (or against) any Collateral, but instead may only cause the Collateral Agent to take any action with respect to (or against) any Collateral in accordance with the terms and subject to the limitations set forth herein and subject to providing satisfactory indemnification and/or security in respect of actions to be taken. The Collateral Agent may request instructions from the Controlling Representative with respect to any act or action (including failure to act) in connection with this Agreement or the Security Documents. The Collateral Agent shall be entitled to refrain from any act or taking any action unless and until it shall have received instructions from the Controlling Representative and to the extent requested, satisfactory indemnification and/or security in respect of actions to be taken, and the Collateral Agent shall not incur liability to any other Secured Party or any other person by reason of so refraining. Without limiting the foregoing, no party shall have any right of action whatsoever against the Collateral Agent as a result of the Collateral Agent acting or refraining from acting (a) hereunder in accordance with the instructions of the Secured Parties or (b) under any Security Documents as provided for therein.

2.5.2 Notwithstanding anything to the contrary contained in this Agreement, the Collateral Agent is authorized, but not obligated, (a) to take any action required to perfect or continue the perfection of the Liens on the Collateral on a first priority basis for the equal and ratable benefit of the Secured Parties, including entering into any Share Charge with respect to Collateral or any other document in connection with a Share Charge, as secured party or beneficiary, as applicable, on behalf of the Secured Parties, and (b) when instructions from the Controlling Representative have been requested by the Collateral Agent but have not yet been received, to take any action which the Collateral Agent believes to be required to promote and protect the interests of the Secured Parties in the Collateral; *provided* that once instructions have been received, the actions of the Collateral Agent shall be governed thereby and the Collateral Agent shall not take any further action which would be contrary thereto unless such action would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality. In addition, once the Collateral Agent has been instructed by the Secured Parties in accordance with the terms hereof to commence enforcement proceedings under the Security Documents, the Collateral Agent shall in good faith and in the manner believed by the Collateral Agent to be in the interest of the Secured Parties, promptly commence and diligently pursue to completion the exercise of

all rights and remedies available to the Collateral Agent under the Security Documents provided that the Collateral Agent shall be entitled to refrain from acting until it has received satisfactory indemnification and/or security in respect of the actions to be taken, and the Collateral Agent shall not incur liability to the Secured Parties or any other person by reason of so refraining.

2.5.3 Notwithstanding anything to the contrary contained in this Agreement, the Collateral Agent shall not be required to take any action that exposes or, in the good faith judgment of the Collateral Agent may expose, the Collateral Agent or its officers, directors, agents or employees to personal liability unless the Collateral Agent shall be indemnified and/or secured as provided herein or that is, or in the good faith judgment of the Collateral Agent may be, contrary to the Security Documents or Applicable Law. In addition, none of the provisions of this Agreement shall be construed to require the Collateral Agent to expend or risk its own funds or otherwise to incur any personal financial liability in the performance of any of its duties hereunder or under the Security Documents, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

2.5.4 The Collateral Agent shall not be liable for any failure or delay in the performance of its obligations under this Agreement or any Security Document because of circumstances beyond such Collateral Agent's control, including, without limitation, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, labor disputes, any laws, ordinances, regulations or the like which restrict or prohibit the performance of the obligations contemplated by this Agreement or any other transaction document, inability to obtain or the failure of equipment, or interruption of communications or computer facilities, and other causes beyond the Collateral Agent's control whether or not of the same class or kind as specifically named above.

2.5.5 The Collateral Agent is not responsible or liable for payment of any taxes or stamp duty as a result of (a) it holding any assets subject to the Collateral or (b) it enforcing any Collateral held by it.

2.5.6 The Collateral Agent is not responsible or liable for making any deductions or withholdings in respect of taxes or other governmental charges in respect of any amounts paid by the Collateral Agent from the proceeds of any enforcement of the Collateral.

2.5.7 The Collateral Agent is not responsible or liable for and will make no investigation as to the title, ownership, value, sufficiency or existence of any of the assets which are the subject of the Collateral.

2.5.8 The Collateral Agent takes no responsibility or liability for perfecting or failing to perfect any of the security granted in its favor.

2.5.9 The Collateral Agent shall not be liable or under any obligation to insure the Collateral. The Secured Parties shall not be responsible for any loss that may be suffered by any person as a result of or inadequacy of any such insurance.

2.5.10 The Collateral Agent is not liable or responsible for ensuring that any necessary registrations, filings or recordings are carried out or for any failure in taking action to ensure that any the Collateral that is capable of being registered, filed or recorded has been or will be registered.

2.5.11 The Collateral Agent is not liable or responsible for obtaining any license, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Security Documents.

2.5.12 The Collateral Agent is not liable or responsible for ensuring the deposit with it of any deed or document certifying, representing or constituting the title of any Pledgor to any of the Collateral.

2.5.13 The Collateral Agent is not responsible for and will make no investigation as to the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations given or required in connection with any of the Collateral.

2.5.14 The Collateral Agent may refrain from acting without liability to the Pledgors, the Secured Parties or any other Person unless and until (a) instructed in writing by the Controlling Representative as to whether or not any right, power or discretion is to be exercised and, if it is to be exercised, as to the manner in which it should be exercised and (b) it has received security and/or indemnity satisfactory to it.

2.5.15 The Collateral Agent is not responsible or liable for the creditworthiness or solvency of the Company, any Subsidiary Guarantor or any Pledgors or any other party providing any Collateral.

2.5.16 The Collateral Agent shall be entitled to seek directions as to the exercise of any of its rights, powers, or discretions from the instructing Secured Parties and to seek clarification of any instruction previously given, and the Collateral Agent shall be entitled to refrain from acting in the absence of any, or any clear, written instructions.

2.5.17 The Collateral Agent shall not be liable for any action taken or omitted or for any loss or injury resulting from its actions or its performance or lack of performance of its duties hereunder in the absence of gross negligence, fraud or willful misconduct on its part.

2.5.18 The Collateral Agent shall only be obligated to perform duties set out in this Intercreditor Agreement and the Security Documents and no implied covenants or obligations shall be read into this Intercreditor Agreement and the Security Documents.

2.5.19 The Collateral Agent shall be entitled to call for and rely on any certificate of any party to the transaction documents as to any matter on which the Collateral Agent requires to be satisfied.

2.5.20 The Collateral Agent will treat information provided hereunder as confidential, but (unless consent is prohibited by law) each Pledgor hereby consents to the transfer and disclosure by the Collateral Agent of any information relating to it provided hereunder to and between branches, subsidiaries, representative offices, affiliates and agents of the Collateral Agent selected by any of them with due care, each in connection with the discharge of the Collateral Agent's trusts, powers, authorities, duties and obligations under this Intercreditor Agreement or any Finance Document, wherever situated, for confidential use (including in connection with the provision of any service and for data processing, statistical and risk analysis purposes). The Collateral Agent and any such branch, subsidiary,

representative office, affiliate, or agent may transfer and disclose any such information as required by any applicable law, regulatory authority or legal process.

2.5.21 The Collateral Agent shall be regarded as acting through its agency division which shall be treated as a separate division from any other of its departments or divisions. If any information is received by another department or division of the Collateral Agent, unless the Collateral Agent has received written notice of such information, it shall be treated as confidential to that other department or division and the Collateral Agent shall not be deemed to have notice of it.

2.5.22 The Collateral Agent may acquire an interest in the Notes or any Permitted Pari Passu Secured Indebtedness or be involved in any other transaction with the Company, any Subsidiary Guarantor or any Pledgor.

2.5.23 The Collateral Agent is entitled to delegate instead of acting personally and is entitled to appoint attorneys and agents selected by it with due care and the Collateral Agent shall not be responsible for the acts or omissions of delegates, attorneys or agents appointed with due care by it hereunder or for monitoring or supervising such delegates', attorneys' or agents' actions.

2.6 Reliance. The Collateral Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or facsimile message, electronic communication, cablegram, order, officer's certificate or other document or telephone message signed, sent or made by a person believed by it to be authorized to sign, send or make the same, and the Collateral Agent may execute any of its duties as the Collateral Agent hereunder and under any Security Document by or through employees, agents, and attorneys-in-fact and may engage (at the expense of the Company) and rely on any Opinion of Counsel or legal or other professional advisers selected by it (including those in the Collateral Agent's employment and those representing a party other than the Collateral Agent).

2.7 Indemnification. To the extent the Collateral Agent, its officers, directors, agents or employees is not reimbursed and indemnified by the Company or any Subsidiary Guarantor Pledgor under the respective Security Documents to which it is a party, the Collateral Agent shall be entitled to reimbursement from the proceeds of the Collateral in accordance with the provisions of Section 6.1 hereof, but shall have no claim against any other Secured Party for reimbursement or indemnification.

2.8 Collateral Agent in its Individual Capacity. The Collateral Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Company or any of its Subsidiaries or any of their Affiliates as if it were not performing the duties specified herein or in the Security Documents.

2.9 Holders. The Collateral Agent may deem and treat each Secured Party as a Secured Party, entitled to payments under this Agreement unless and until a written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Collateral Agent. Any request, authority or consent of any person or entity who, at the time of making such request or giving such authority or consent, is a Secured Party shall be final and conclusive and binding on any subsequent assignee, transferee or endorsee of such Secured Party.

2.10 Resignation and Removal of the Collateral Agent. The Collateral Agent may resign from the performance of all of its functions and duties under the Security Documents at any time by giving 60 days' prior written notice to the Company, the Notes Trustee and each PPPSI Finance Party and may be removed at any time, with or without cause, by either (x) the Company, the Notes Trustee and the PPPSI Finance Parties, acting together or (y) the Noteholder Instructing Group, and by giving 60 days' notice.

2.10.1 If the Collateral Agent has been removed by the Noteholder Instructing Group in accordance with this Section 2.10, the Noteholder Instructing Group may appoint a successor Collateral Agent without the consent of the Company or any other party (but provided that the Noteholder Instructing Group shall give prior written notice of the appointment of the successor Collateral Agent to the Company and the other Secured Parties). Otherwise, if the Collateral Agent resigns or is removed, or if a vacancy exists in the office of the Collateral Agent for any reason, the Company shall promptly appoint a successor Collateral Agent. If the successor Collateral Agent does not deliver its written acceptance within 30 days after the retiring Collateral Agent resigns or is removed, (i) the retiring Collateral Agent may on behalf of and at the expense of the Company appoint its successor or (ii) the retiring Collateral Agent (at the expense of the Company), the Company or the Noteholder Instructing Group may petition any court of competent jurisdiction for the appointment of a successor Collateral Agent.

2.10.2 The resignation of a Collateral Agent shall become effective on the date specified in the notice provided in accordance with this Section 2.10. The removal of a Collateral Agent shall become effective only upon the execution and delivery of such documents and/or instruments (at the expense of the Company) as are necessary to transfer the rights and obligations of the Collateral Agent under the Security Documents and the recording or filing of such documents, instruments or financing statements as may be necessary to maintain the priority and perfection of any security interest granted by any Share Charge. Copies of each such document or instrument shall be delivered to the Credit Representatives. The appointment of a successor Collateral Agent pursuant to this Section shall become effective upon the acceptance of such appointment (and execution by such successor of the documents, instruments or financing statements referred to above) and such successor Collateral Agent shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent and shall be deemed to be the "Collateral Agent" hereunder.

2.11 "Know Your Customer" Checks. The Collateral Agent is not obliged to conduct any "know your customer" or other procedures in relation to any person, or any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Secured Party, on behalf of any Secured Party, and the Secured Parties may not rely on any statement in relation to such procedures or checks made by the Collateral Agent.

2.12 Inconsistent Provisions. With respect to the Collateral Agent (including without limitation rights of the Collateral Agent), in the event of a conflict or inconsistency between the terms of this Agreement and the Security Documents, the terms of this Agreement shall prevail.

3. Administration of the Collateral.

3.1 Administration of the Collateral.

3.1.1 The Collateral Agent shall hold the Collateral and any Lien thereon for the equal and ratable benefit of the Secured Parties pursuant to the terms of this Agreement and the Security Documents. The Collateral Agent shall administer the Collateral in the manner contemplated by the Security Documents. The Collateral Agent shall exercise such rights and remedies with respect to the Collateral as are granted to it under the Security Documents and Applicable Law, and as shall be directed by the Secured Parties in accordance with the terms of this Agreement. No Secured Party (other than the Collateral Agent) shall have any right to take any action with respect to the Collateral and no Secured Party (other than the Collateral Agent) shall have any right to take action with respect to the Collateral independently of the Collateral Agent.

3.1.2 Subject to the terms of the Indenture, the Collateral Agent shall not have any responsibility with respect to the recording, re-recording, filing or refiling under the laws of any jurisdiction under this Agreement, any Security Document, the Indenture, any Finance Document or any other document or statement that may be required or permitted to be recorded, re-recorded, filed or re-filed under any such laws to perfect or protect any Lien created by or pursuant to the Security Documents or the payment of any fees or taxes in connection therewith. Subject to Section 2.5.23, the Collateral Agent is entitled to appoint attorneys and agents to perfect or protect any Lien created by or pursuant to the Security Documents in any jurisdiction in which the Collateral Agent's authorization is required to perfect or protect, or maintain such perfection or protection of, any such Lien without additional costs and expenses of the Company. The Collateral Agent shall not be responsible in ensuring that the Liens created under the Security Documents are first priority Liens. The Company and the Subsidiary Guarantor Pledgors shall be responsible for the foregoing matters.

3.1.3 The Collateral Agent is not responsible for (a) the right or title of any person in or to, or the value of, or sufficiency of any part of the security created by the Security Documents; (b) the priority of any security created by the Security Documents; or (c) the existence of any other security interest affecting any asset secured under any Security Document.

3.2 Priority of Liens.

3.2.1 Except as otherwise provided herein, each party hereto agrees that the Lien of each Secured Party in the Collateral ranks and shall rank equally in priority with the Lien of the other Secured Parties in the same Collateral.

3.2.2 Notwithstanding anything to the contrary in Section 3.2.1, the rights and priorities specified in this Agreement with respect to the Collateral and all proceeds of the Collateral are applicable irrespective of any statement to the contrary in any other agreement, the time or order or method of attachment or perfection of Liens, the time or order of filing of financing statements, or the giving of or failure to give notice of the acquisition or expected acquisition of purchase money or other Liens, and, to the extent not provided for in this Agreement, the rights and priorities of the Secured Parties shall be determined in accordance with Applicable Law.

3.3 Release of Collateral.

3.3.1 In the event that any Pledgor desires to obtain a release of Collateral in connection with any disposition of any item of Collateral or a release of such Pledgor from its obligations under any Security Document, in each case, in accordance with

the terms of the Finance Documents, as applicable, upon the delivery to the Collateral Agent by such Pledgor of an Opinion of Counsel (which shall be delivered upon the request of the Collateral Agent and at the expense of such Pledgor) and an officers' certificate (with a copy to each Credit Representative) stating that such disposition is permitted by the terms of each of the Finance Documents, the Security Documents and this Agreement, as applicable, then the Collateral Agent shall release the Liens on such Collateral upon the satisfaction of release conditions under the terms of the Finance Documents then in effect.

3.3.2 Without prejudice to the release of any Collateral in accordance with Section 3.3.1, each party hereto agrees that the Liens in the Collateral granted to the Collateral Agent shall be released upon the Discharge of the Secured Obligations. Upon the Discharge of any Series of Secured Obligations, the Credit Representative for such Series shall delver a notice to the Collateral Agent that confirms the Discharge of such Secured Obligations and the termination of the interests of the relevant Secured Parties hereunder.

3.3.3 Each Credit Representative authorizes the Collateral Agent to release any Lien on any property granted to or held by the Collateral Agent under any Security Document in accordance with this Section 3.3 and agrees to execute and deliver all such authorizations and other instruments as shall reasonably be requested by the Collateral Agent to evidence and confirm any release of Collateral provided for in this Section 3.3.

4. Rights and Limitation of Actions With Respect to Collateral.

4.1 Rights and Limitations Applicable to the Secured Parties.

At all times until Discharge of all of the Secured Obligations, the Collateral Agent at the direction of the Controlling Representative, or upon the occurrence of an Event of Default, at the direction of any applicable Secured Party in accordance with the terms hereof, shall have the exclusive right to manage, perform and enforce the terms of the Security Documents with respect to all Collateral and to exercise and enforce all privileges and rights thereunder according to its discretion and exercise of its business judgment.

4.2 Limitation of Liability.

4.2.1 Except as expressly set forth herein, no Secured Party will have any duty, express or implied, fiduciary or otherwise, to any other party hereto.

Notwithstanding anything to the contrary contained in this Agreement, there shall be no implied duties imposed upon the Collateral Agent.

4.2.2 Notwithstanding anything to the contrary contained in this Agreement or the Security Documents, to the maximum extent permitted by law, each Secured Party waives any claim it may have against any other Secured Party with respect to or arising out of any action or failure to act or any error of judgment or negligence on the part of any other Secured Party or their respective directors, officers, employees or agents with respect to any exercise of rights or remedies in respect of the Secured Obligations or under the Security Documents or any transaction relating to the Collateral. Neither any Secured Party nor any of their respective directors, officers, employees or agents will be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so, except to the extent arising out of the gross negligence or willful misconduct of such Secured Party or any of their respective directors, officers, employees or agents, or will be under any obligation to sell or

otherwise dispose of any Collateral upon the request of any person within the Company or upon the request of any other Secured Party or any other person or to take any other action whatsoever with regard to the Collateral or any part thereof.

4.2.3 Anything herein to the contrary notwithstanding, the Company and the Subsidiary Guarantors shall remain liable under the Finance Documents, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed. The exercise by the Collateral Agent of any of the rights or remedies hereunder shall not release the Company or the Subsidiary Guarantors from their duties or obligations under the Finance Documents. The Collateral Agent shall have no duty, liability or obligation whatsoever with respect to any of the Collateral, unless the Collateral Agent so elects in writing consistent with its rights under this Agreement or fails to act in a manner required by Applicable Law. The powers conferred on the Collateral Agent hereunder and under the Security Documents are solely to protect the Secured Parties' interests in the Collateral and shall not impose any duty upon the Collateral Agent to exercise such powers. The Collateral Agent shall be accountable only for amounts that it receives as a result of the exercise of such powers.

4.3 Determinations with Respect to Amounts of Obligations.

Whenever the Collateral Agent or any Credit Representative shall be required, in connection with the exercise of its rights or the performance of its obligations hereunder, to determine the existence or amount of any Secured Obligations of any Series, it may request that such information be furnished to it in writing by each Credit Representative and shall be entitled to make such determination or not make any determination on the basis of the information so furnished; *provided*, *however*, that if a Credit Representative shall fail or refuse reasonably promptly to provide the requested information, the Collateral Agent or any Credit Representative shall be entitled to make any such determination by such method as it may, in the exercise of its good faith judgment, determine, including by reliance upon a certificate of the Company. The Collateral Agent and each Credit Representative may rely conclusively, and shall be fully protected in so relying, on any determination made by it in accordance with the provisions of the preceding sentence (or as otherwise directed by a court of competent jurisdiction) and shall have no liability to any Pledgor, any Secured Party or any other person as a result of such determination.

5. Defaults and Remedies.

5.1 Notice of Defaults. Promptly after any Secured Party (other than the Collateral Agent and the Notes Trustee), the Company or any Subsidiary Guarantor obtains actual knowledge of the occurrence of any Event of Default under any Finance Document to which it is a party or that any Event of Default under any Finance Document to which it is a party has ceased to exist or has been rescinded, such Secured Party (if being the Notes Trustee, acting upon written instruction of the Noteholder Instructing Group), the Company or such Subsidiary Guarantor, as the case may be, shall notify the Collateral Agent in writing thereof (such notice, a "**Notice of Default**"). Each such Notice of Default shall specifically refer to this Section 5.1 and shall describe such Event of Default (or its cessation or rescission) in reasonable detail (including the date of occurrence of the same). Upon receipt by the Collateral Agent of any such Notice of Default, it shall promptly send copies thereof to each Secured Party. The Collateral Agent is not obliged to monitor or enquire as to whether or not an Event of Default under any Finance Document has occurred. The Collateral Agent will not be deemed

to have knowledge of the occurrence of a relevant Event of Default prior to receiving a Notice of Default.

5.2 Election to Pursue Remedies Following an Event of Default.

5.2.1 At any time after the occurrence of an Event of Default that is continuing, the Controlling Representative may serve a notice substantially in the form of Exhibit C (such notice, a "**Remedies Initiation Notice**") on the Collateral Agent which describes the Event of Default with respect to which the Controlling Representative is seeking to pursue remedies as well as the various remedies (the "**Proposed Remedies**") that the Controlling Representative wishes the Collateral Agent to pursue.

5.2.2 If the Collateral Agent receives any Remedies Initiation Notice from the Controlling Representative pursuant to Section 5.2.1, and if such notice has not been withdrawn by the Controlling Representative prior to the end of the 5th Business Day after the day on which the Collateral Agent receives such notice, the Collateral Agent shall promptly after such 5th Business Day provide each other Secured Party with a copy of such notice and inform each of them of the date (such date, which shall be the 30th day after the date that the Collateral Agent receives the Remedies Initiation Notice, the "**Remedies Commencement Date**") on which the Collateral Agent will commence the exercise of the Proposed Remedies.

5.2.3 On or after the Remedies Commencement Date, the Collateral Agent shall exercise any such remedies as directed by or on behalf of the Controlling Representative, *provided* that each Event of Default which is the subject of such Remedies Initiation Notice has not been previously cured by the Company or any Subsidiary Guarantor or waived.

5.2.4 During the period prior to the Remedies Commencement Date with respect to any Event of Default, each Credit Representative will be required to consult with each other Credit Representative in good faith with a view to determining what action is to be taken with respect to any Collateral and no Secured Party (other than the Collateral Agent) shall be entitled to exercise any remedy in connection with such Event of Default, nor shall any Secured Party (other than the Collateral Agent) instruct the Collateral Agent to exercise any remedy in connection with such Event of Default; *provided*, that if at any time prior to the Remedies Commencement Date, the Controlling Representative determines, in its sole discretion, that time is of the essence with respect to any action to be taken with respect to the Collateral, then the Controlling Representative shall have the right to provide written notice to the Collateral Agent which confirms such determination and instructs the Collateral Agent to take such action and the Collateral Agent may rely conclusively, and shall be fully protected in so relying, on any such determination by the Controlling Representative that time is of the essence in order to follow such instructions.

5.2.5 The Controlling Representative may serve only one Remedies Initiation Notice with respect to any Event of Default and each Remedies Initiation Notice served by the Controlling Representative shall be deemed to have been served with respect to all Events of Default in existence on the date such Remedies Initiation Notice is served.

5.2.6 Only the Controlling Representative shall be entitled to instruct the Collateral Agent to act or refrain from acting with respect to any Collateral. No Credit Representative who is not the Controlling Representative shall instruct the Collateral Agent to commence any judicial or nonjudicial foreclosure proceedings with respect to, seek to have a

trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its Lien in or realize upon, or take any other action available to it in respect of, any Collateral.

5.3 Exercise of Remedies.

5.3.1 The Collateral Agent shall follow the written instruction regarding the exercise of remedies delivered by or on behalf of the Credit Representative who delivered a Remedies Initiation Notice in accordance with Section 5.2.

5.3.2 At the direction of the Credit Representative who delivered a Remedies Initiation Notice, the Collateral Agent shall exercise the remedies *provided* therein or such other remedies as directed by such Credit Representative (*provided* that the relevant Security Document permits such remedy), including, if so directed, to seek to enforce any Security Document, to realize upon the Collateral which is the subject of any Security Document or, in the case of a bankruptcy or other insolvency proceeding against the relevant Pledgor, to seek to enforce the claims of the Secured Parties thereunder. The Collateral Agent shall be entitled to request clarification from the Credit Representative who delivered a Remedies Initiation Notice as to whether, and in what manner, it should exercise remedies and the Collateral Agent may refrain from acting unless and until such clarification is received by it. The Collateral Agent shall be entitled to refrain from acting until it has received satisfactory indemnification and/or security in respect of the actions to be taken, and the Collateral Agent shall not incur liability to the Secured Parties or any other person by reason of so refraining.

5.3.3 The Collateral Agent shall not be liable for any losses, costs or damages suffered by any persons as a result of the compliance with the Remedies Instruction unless caused by its gross negligence or willful misconduct.

5.4 No Interference.

Each Secured Party agrees that (i) it will not challenge or question in any proceeding the validity or enforceability of any Secured Obligations of any Series or any Security Document or the validity, attachment, perfection or priority of any Lien under any Senior Security Document or the validity or enforceability of the priorities, rights or duties established by or other provisions of this Agreement; (ii) it will not take or cause to be taken any action the purpose or intent of which is, or could be, to interfere, hinder or delay, in any manner, whether by judicial proceedings or otherwise, any sale, transfer or other disposition of the Collateral by the Collateral Agent, (iii) except as provided in this Agreement, it shall have no right to (A) direct the Collateral Agent or any other Secured Party to exercise, and shall not exercise, any right, remedy or power with respect to any Collateral or (B) consent to the exercise by the Collateral Agent or any other Secured Party of any right, remedy or power with respect to any Collateral, (iv) it will not institute any suit or assert in any suit, bankruptcy, insolvency or other proceeding any claim against the Collateral Agent or any other Secured Party seeking damages from or other relief by way of specific performance, instructions or otherwise with respect to any Collateral, and none of the Collateral Agent, any Credit Representative or any other Secured Party shall be liable for any action taken or omitted to be taken by the Collateral Agent, such Credit Representative or other Secured Party with respect to any Collateral which is in accordance with the provisions of this Agreement, (v) it will not seek, and hereby waives any right, to have any Collateral or any part thereof marshaled upon any foreclosure or other disposition of such Collateral and (vi) it will not attempt, directly or

indirectly, whether by judicial proceedings or otherwise, to challenge the enforceability of any provision of this Agreement; *provided* that nothing in this Agreement shall be construed to prevent or impair the rights of any of the Collateral Agent or any other Secured Party to enforce this Agreement.

5.5 Certain Agreements with Respect to Insolvency Proceedings. This Agreement shall continue in full force and effect notwithstanding the commencement of any insolvency, bankruptcy, liquidation, receivership or similar proceeding under any Applicable Law by or against the Company or a Subsidiary Guarantor Pledgor.

6. Application of Proceeds of Collateral.

6.1 Application of Proceeds Generally. The proceeds of any collection, recovery, receipt, appropriation, realization or sale of any or all of the Collateral or the enforcement of any Security Document (the "**Collateral Proceeds**") shall be applied by the Collateral Agent in the following order of priority and, with the exception of clause (a) below, shall be based upon information furnished to the Collateral Agent by the appropriate Secured Party:

(a) *first*, to the Collateral Agent and any Delegates and any receiver to the extent necessary to reimburse them for their fees and for any expenses and costs, charges and liabilities incurred in connection with the acceptance and administration of its duties under the Security Documents and this Agreement and in connection with the collection, recovery, receipt, appropriation, realization or sale of any or all of the Collateral or the enforcement of any Security Document or distribution of such amounts held or realized or the expenses and all amounts for which the Collateral Agent, any Delegate and any receiver or any other person is entitled to indemnification under the Security Documents and this Agreement;

(b) *second*, to the Credit Representatives for the payment in full of the Secured Obligations of each Series on a ratable basis, with such Collateral Proceeds to be applied to the Secured Obligations of a given Series by the respective Credit Representatives in accordance with the terms of the applicable Finance Documents; and

(c) *third*, any surplus remaining after such payments will be paid to the Company or whomever may be lawfully entitled thereto.

As used in this Section 6.1, "proceeds" of the Collateral shall mean cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including, without limitation, any cash, securities and other property received under any reorganization, liquidation or adjustment of Indebtedness of any Pledgor or any obligor of any of the Collateral.

6.2 Pro Rata Sharing. If there are insufficient amounts to make any payments in sub-sections (a), (b) and (c) of Section 6.1 above in full, the amount of proceeds available for payment to persons entitled to be paid pursuant to each such sub-section (after payment of all claims within each preceding sub-section) shall be applied *pro rata* to each person entitled to payment under such sub-section so that each such person shall receive a

proportion of the amount available for payment under such sub-section which is equal to the proportion which the amount payable to such person under such sub-section bears to the total amount which is payable under such sub-section.

6.3 Payments Received by Collateral Agent. All amounts paid to the Collateral Agent or realized by the Collateral Agent that are to be redistributed to the other Secured Parties shall be paid, to the extent funds are available, to each Credit Representative, as applicable in accordance with this Section 6.

6.4 No Separate Security. Each Secured Party that is a party hereto (for itself, each party on whose behalf it executes this Agreement and any person claiming through it) agrees that all Collateral is for the equal and ratable benefit of all the Secured Parties.

6.5 Information from Secured Parties. Each of the Secured Parties (other than the Collateral Agent) hereby agrees, promptly upon request by the Collateral Agent, to provide to the Collateral Agent in writing such information regarding the Secured Obligations held by such Secured Parties as may be reasonably required by the Collateral Agent at any time to determine such Secured Party's share of the Collateral Proceeds. Each Secured Party (other than the Notes Trustee and Collateral Agent) shall notify the Collateral Agent in writing promptly following the repayment in full of all Secured Obligations owing to such Secured Party.

6.6 Permitted Deductions. The Collateral Agent shall be entitled (a) to set aside by way of reserve amounts required to meet and (b) to make and pay, any deductions and withholdings (on account of taxes or otherwise) which it is or may be required by any Applicable Law to make from any distribution or payment made by it under this Agreement, and to pay all taxes which may be assessed against it in respect of any of the security, or as a consequence of performing its duties, or by virtue of its capacity as Collateral Agent under any of the Security Documents or otherwise.

6.7 Turn Over. Each Secured Party hereby agrees that if it shall obtain possession of any Collateral or shall realize any proceeds or payment in respect of any such Collateral, pursuant to any Finance Document or Applicable Law, at any time prior to the Discharge of each other Series of Secured Obligations, then it shall hold such Collateral, proceeds or payment in trust for the other Secured Parties and promptly transfer such Collateral, proceeds or payment, as the case may be, to the Collateral Agent, to be distributed in accordance with the provisions of Section 6.1 hereof.

7. Representations and Warranties. Each Pledgor represents and warrants to each other party as follows:

7.1 Organization. It is duly organized and is validly existing under the laws of the jurisdiction under which it was organized with full power to execute, deliver, and perform this Agreement and consummate the transactions contemplated hereby.

7.2 Authorization. All actions necessary to authorize the execution, delivery and performance of this Agreement on behalf of such party have been duly taken, and all such actions continue in full force and effect as of the date hereof.

7.3 Binding Agreement. It has duly executed and delivered this Agreement and this Agreement constitutes the legal, valid, and binding agreement of such party

enforceable in accordance with its terms and subject to (a) bankruptcy and insolvency laws, and (b) principles of equity, which may apply regardless of whether a proceeding is brought in law or in equity.

7.4 No Consent Required. To the best of its knowledge, no consent of any other party and no consent, license, approval, or authorization of, or exemption by, or registration or declaration or filing with, any governmental authority, bureau or agency is required in connection with the execution, delivery, or performance by such party of this Agreement or the consummation by such party of the transactions contemplated by this Agreement.

7.5 No Conflict. None of the execution, delivery, and performance of this Agreement nor the consummation of the transactions contemplated by this Agreement will (a) violate or conflict with any provision of the organizational or governing documents, if any, of such party; (b) violate, conflict with, or result in the breach or termination of, or otherwise give any other contracting party the right to terminate, or constitute (or with notice or lapse of time, or both, would constitute) a default under the terms of any contract, mortgage, lease, bond, indenture, agreement, or other instrument to which such party is a party or to which any of its properties are subject; (c) result in the creation of any lien, charge, encumbrance, mortgage, lease, claim, security interest, or other right or interest upon the properties or assets of such party pursuant to the terms of any such contract, mortgage, lease, bond, indenture, agreement, or other instrument; (d) violate any judgment, order, injunction, decree, or award of any court, arbitrator, administrative agency, or governmental or regulatory body of which it has knowledge against, or binding upon such party or upon any of the securities, properties, assets, or business of such party; or (e) constitute a violation by such party of any statute, law, or regulation that is applicable to such party.

8. Miscellaneous Provisions.

8.1 Notices; Addresses. Any communications between the parties hereto or notices herein to be given may be given to the following addressees:

If to the Notes Trustee:	The Bank of New York Mellon, London Branch One Canada Square London E14 5AL United Kingdom Facsimile No.: +44 207 964 2509 Attention: Corporate Trust Administration – GCL New Energy Holdings Limited With a copy to: The Bank of New York Mellon, Hong Kong Branch Level 26, Three Pacific Place 1 Queen's Road East Hong Kong Facsimile No.: +852 2295 3283 Attention: Corporate Trust – GCL New Energy Holdings Limited

Email: honctrmta@bnymellon.com

If to any PPPSI Credit Representative, the address set forth on the PPPSI Joinder to which it is a party

If to the Collateral Agent:

Madison Pacific Trust Limited
54/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Facsimile No.: +852 2599 9501
Attention: David Naphtali / Holly Yuen
Email: agent@madisonpac.com

If to the Company and/or any Subsidiary Guarantor Pledgor:

GCL New Energy Holdings Limited

Unit 1707A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong
Attention: Patrick Ho
Email: patrickho@gclnewenergy.com

All notices or other communications required or permitted to be given hereunder shall be in writing and shall be considered as properly given (a) if delivered in person, (b) if sent by courier, (c) if mailed by first class mail, postage prepaid, registered or certified with return receipt requested or (d) if sent by facsimile, email or other electronic means. Notice so given shall be effective upon receipt by the addressee, except that any communication or notice so transmitted by facsimile, email or other direct written electronic means shall be deemed to have been validly and effectively given on the day (if a Business Day and, if not, on the next following Business Day) on which it is validly transmitted if transmitted before 4:00 p.m., recipient's time, and if transmitted after that time, on the next following Business Day; *provided*, *however*, that if any notice is tendered to an addressee and the delivery thereof is refused by such addressee, such notice shall be effective upon such tender. Any party shall have the right to change its address for notice hereunder to any other location by giving of no less than twenty (20) days' notice to the other parties in the manner set forth hereinabove.

8.2 Currencies.

8.2.1 All monies received or held by the Collateral Agent under this Agreement at any time for application against any Secured Obligations in a currency other than a currency in which the relevant Secured Obligations are denominated may be sold for any one or more of the currencies in which the Secured Obligations are denominated as the Collateral Agent considers necessary or desirable.

8.2.2 The Company will indemnify the Collateral Agent against any loss or liability incurred in relation to any such sale with respect to the matters set forth in this

Section 8 except in the case of willful misconduct or gross negligence on the part of the Collateral Agent.

8.2.3 The Collateral Agent has no liability to any party in respect of any loss resulting from any fluctuation in exchange rates after any such sale.

8.3 Fees and Expenses.

8.3.1 Collateral Agent's Ongoing Fees. In the event of (a) the occurrence of an Event of Default or (b) the Collateral Agent considering it necessary or expedient or being requested to undertake duties which the Collateral Agent in its sole discretion deems to be of an exceptional nature and/or outside the scope of the normal duties of the Collateral Agent, the Company shall pay to the Collateral Agent any additional remuneration (together with any applicable value added tax) as may be agreed between them. Upon the occurrence of an Event of Default, the Collateral Agent shall have no obligation to act unless it has been or is satisfied that it will be compensated for its service.

8.3.2 Transaction and Enforcement Expenses.

(i) The Company shall pay to the Collateral Agent an agency fee in the amount and at the times agreed in the engagement letter between the Company and Collateral Agent.

(ii) If the Company requests an amendment, waiver or consent under this Agreement, the Company shall, within 7 Business Days of demand, reimburse the Collateral Agent for the amount of all costs and expenses (including legal fees and expenses) properly incurred by the Collateral Agent in responding to, evaluating, negotiating or complying with that request.

(iii) The Company shall, within 7 Business Days of demand, pay to the Collateral Agent the amount of all costs and expenses (including legal fees and expenses) properly incurred by the Collateral Agent, any receiver or any Delegate in connection with the exercise, enforcement or preservation of any rights under this Agreement.

(iv) The Company shall, within 7 Business Days of demand, pay to the Collateral Agent the amount of all costs and expenses (including legal fees) properly incurred by the Collateral Agent in connection with the release of any security created under the Security Documents.

(v) The Company shall (a) pay, and (b) within 7 Business Days of demand, indemnify the Collateral Agent against any cost, loss or liability the Collateral Agent incurs in relation to, all stamp duty, registration and other similar taxes payable in respect of this Agreement.

8.3.3 Any amount payable to the Collateral Agent under Section 8.3.2(ii) to (v) shall include the cost of utilizing the management time or other resources of the

Collateral Agent and will be calculated on the basis of such reasonable daily or hourly rates as the Collateral Agent may notify to the Company, and is in addition to any fee paid or payable to the Collateral Agent under Section 8.3.2(i).

8.4 Indemnities.

8.4.1 Indemnities. The Company and the Subsidiary Guarantor Pledgors jointly, and severally, shall promptly indemnify the Collateral Agent, its employees, officers, directors and agents (each an "**Indemnified Party**") against all costs, losses, liabilities, actions, proceedings, claims, demands, penalties, damages, expenses, disbursements and other liabilities whatsoever (together with any applicable value added tax), whether or not reasonably foreseeable, incurred by it in relation to or arising out of:

(i) any failure by the Company to comply with obligations under Section 8.3;

(ii) the taking, holding, protection or enforcement of the Collateral (other than by reason of such Indemnified Party's gross negligence or willful misconduct);

(iii) the exercise of any of the rights, powers, and discretions vested in the Collateral Agent by this Agreement, the Security Documents or by law (other than by reason of such Indemnified Party's gross negligence or willful misconduct);

(iv) any default by any person in the performance of any of the obligations expressed to be assumed by it in this Agreement, the Security Documents (other than by reason of such Indemnified Party's gross negligence or willful misconduct);

(v) any cost, loss or liability incurred by an Indemnified Party (otherwise than by reason of the such Indemnified Party's gross negligence or willful misconduct) in connection with acting as Collateral Agent under this Agreement and the Security Documents; and

(vi) which otherwise relate to any of the Collateral or the performance of the terms of this Agreement or the Security Documents (otherwise than as a result of its gross negligence or willful misconduct).

8.4.2 Priority of Indemnity. The Collateral Agent may, in priority to any payment to the other Secured Parties, indemnify itself out of the Collateral in respect of, and pay and retain, all sums necessary to give effect to the indemnity in Section 8.4.1 and shall have a Lien on the Collateral and the proceeds of the enforcement of the Collateral for all monies payable to it under this Section 8.4.

The provisions of this Section 8.4 shall survive the resignation or removal of the Collateral Agent and the termination of this Agreement.

8.5 Withholding Taxes and Other Duties. All payments by the Company or any Guarantor under Sections 8.3 and 8.4 will be made without withholding or deduction for any taxes, duties, or other charges of whatever nature imposed, levied, collected, withheld or assessed by any political sub-division or authority thereof or therein having power to tax. If any withholding or deduction is required by law in respect of payments made to the Collateral Agent under Sections 8.3 and 8.4, the party making such payments shall pay additional amounts as may be necessary in order that the net amounts received by the Collateral Agent after such deduction or withholding shall equal the amounts which would have been receivable by the Collateral Agent had no such deduction or withholding been required.

8.6 Further Assurances; Acknowledgement.

8.6.1 Each party hereto (for itself, each party on whose behalf it executes this Agreement and any person claiming through it) (a) shall deliver to each other such instruments, agreements, certificates and documents as any such person may reasonably request to confirm the validity and priority of the Liens on and security interests in the Collateral granted pursuant to the Security Documents, (b) shall fully cooperate with each other, and (c) shall perform all additional acts reasonably requested by any such person to effect the purposes of this Agreement.

8.6.2 Each of the Company and the Subsidiary Guarantor Pledgors acknowledges the undertakings and obligations to the Secured Parties herein contained and expressly authorizes them to enforce the Security Documents in the manner provided for herein.

8.7 No Waiver; Amendments.

8.7.1 No failure or delay by the Collateral Agent or any Secured Party in exercising any right, power, or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy, or any abandonment or discontinuance of steps to enforce any right, power or remedy, preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No waiver of any right, power, or remedy shall be effective unless given in writing. The rights, powers, and remedies of the Collateral Agent and each Secured Party hereunder are cumulative and are not exclusive of any other rights, powers or remedies provided by law or that the Collateral Agent or any Secured Party would otherwise have.

8.7.2 Neither this Agreement, nor any Security Document nor any provision hereof or thereof may be waived, amended, or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent, the Pledgors and each Credit Representative

8.8 Entire Agreement. This Agreement and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect to the subject matter hereof, all of which negotiations and writings are deemed void and of no force and effect. As among the parties hereto, in the event of any conflict between the terms of this Agreement and the terms any of the Security Documents, the terms of this Agreement shall control.

8.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of State of New York.

8.10 Severability. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and the parties hereto shall enter into good faith negotiations to replace the invalid, illegal or unenforceable provision.

8.11 Headings. Section and exhibit headings and the table of contents have been inserted in this Agreement as a matter of convenience for reference only and shall not be used in the interpretation of any provision of this Agreement.

8.12 Limitations on Liability. No claim shall be made by any party hereto (for itself, each party on whose behalf it executes this Agreement and any person claiming through it) or any of its Affiliates against any other party hereto or any of their respective Affiliates, directors, employees, attorneys or agents for any special, indirect, consequential or punitive losses or damages (whether or not the claim therefor is based on contract, tort or duty imposed by law), in connection with, arising out of or in any way related to the transactions contemplated by this Agreement or any act or omission or event occurring in connection therewith; and each party hereto (for itself, each party on whose behalf it executes this Agreement and any person claiming through it) hereby waives, releases and agrees not to sue upon any such claim for any such special, indirect, consequential or punitive losses or damages, whether or not accrued and whether or not known or suspected to exist in its favor.

8.13 Consent of Jurisdiction. Any legal action or proceeding arising out of this Agreement may be brought in or removed to any U.S. Federal or New York State court located in the Borough of Manhattan, the City of New York, New York. By execution and delivery of this Agreement, each of the Company and the Subsidiary Guarantor Pledgors accepts, for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts for legal proceedings arising out of or in connection with this Agreement and each of the Company and the Subsidiary Guarantor Pledgors irrevocably appoints of Law Debenture Corporate Services Inc. at Suite 403,801 2nd Avenue, New York, NY 10017 as its agent to receive service of process in New York, New York. Nothing herein shall affect the right to serve process in any other manner. Each of the Company and the Subsidiary Guarantor Pledgors hereby waives, to the fullest extent permitted by law, any right to stay or dismiss any action or proceeding under or in connection with this Agreement or any other operative document brought before the foregoing courts on the basis of forum non-convenience. Each party hereto hereby waives, to the fullest extent permitted by law, any and all right to trial by jury in any legal action or proceeding arising out of this Agreement.

8.14 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, as well as the other Secured Parties, all of whom are intended to be bound by, and to be third party beneficiaries of, this Agreement; *provided*, *however*, this Agreement shall terminate upon the Discharge of all of the Secured Obligations (and each Secured Party whose Secured Obligations have been Discharged shall cease to be a party hereto with respect to such Secured Obligations upon such Discharge).

8.15 Counterparts. This Agreement may be executed in one or more duplicate counterparts and when signed by all of the parties listed below shall constitute a single binding agreement.

8.16 Third Party Beneficiaries. Other than as set forth in Section 8.14, the parties hereto do not intend the benefits of this Agreement to inure to the benefit of nor shall it be enforceable by any third party (including, without limitation, any of the Company's Affiliates which is not a party hereto) nor shall this Agreement be construed to make or render any party liable to any third party (including, without limitation, any of the Company's Affiliates which is not a party hereto) for the performance or failure to perform any obligations hereunder.

8.17 Co-Collateral Agents; Separate Collateral Agents.

(a) If at any time or times it shall be necessary or prudent in order to conform to any law of any jurisdiction in which any of the Collateral shall be located, or the Collateral Agent shall be advised by counsel, that it is necessary or prudent in the interest of the Collateral Agent or the other Secured Parties to conform to such law, the Collateral Agent shall, at the expense of the Company, execute and deliver all instruments and agreements necessary or proper to constitute another bank or trust company, or one or more individuals approved by the other Secured Parties, either to act as co-Collateral Agent or co- Collateral Agents jointly with the Collateral Agent originally named herein or any successor or successors, or to act as a separate or sub- Collateral Agent or agents of the Collateral Agent and the Secured Parties in respect of the Collateral and shall notify the other parties to this Agreement of such appointment. Any co-Collateral Agent or separate or sub-Collateral Agent appointed to act with respect to the Collateral shall meet the requirements for a successor Collateral Agent set forth in Section 2.10.

(b) Every separate or sub-Collateral Agent (and all references herein to a "separate Collateral Agent" shall be deemed to refer also to a "sub-Collateral Agent" or a "collateral sub-agent") and every co-Collateral Agent, other than any Collateral Agent which may be appointed as successor to any Collateral Agent, shall, to the extent permitted by Applicable Law, be appointed and act and be such, subject to the following provisions and conditions, namely:

(i) all rights, remedies, powers, duties and obligations conferred upon, reserved to or imposed upon the Collateral Agent in respect of the custody, control and management of monies, papers or securities shall be exercised solely by the Collateral Agent hereunder;

(ii) all rights, remedies, powers, duties and obligation conferred upon, reserved or imposed upon the Collateral Agent hereunder shall be conferred, reserved or imposed and exercised or performed by the Collateral Agent and such separate Collateral Agent or separate Collateral Agents or co-Collateral Agent or co-Collateral Agents, jointly or severally, as shall be provided in

the instrument appointing such separate Collateral Agent or separate Collateral Agents or co-Collateral Agent or co-Collateral Agents, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Collateral Agent shall be incompetent or unqualified to perform such act or acts, in which event such rights, remedies, powers, duties and obligations shall be exercised and performed by such separate Collateral Agent or separate Collateral Agents or co-Collateral Agent or co-Collateral Agents;

(iii) no power given hereby to, or which it is provided hereby may be exercised by, any such separate Collateral Agent or separate Collateral Agents or co-Collateral Agent or co-Collateral Agents except (subject to Applicable Law) jointly with, or with the consent or at the direction in writing of, the Collateral Agent;

(iv) all provisions of this Agreement relating to the Collateral Agent or to the Collateral shall apply to any such separate Collateral Agent or separate Collateral Agents or co-Collateral Agent or co-Collateral Agents;

(v) no Collateral Agent constituted under this Section 8.17 shall be personally liable by reason of any act or omission of any other separate or co-Collateral Agent or the Collateral Agent hereunder; and

(vi) subject to clause (c) below, the Collateral Agent at any time by an instrument in writing, executed by it, may (x) accept the resignation of any such separate Collateral Agent or co-Collateral Agent, (y) remove any such separate Collateral Agent or co-Collateral Agent, and in that case, by an instrument in writing executed by the Collateral Agent, and (z) appoint a successor to such separate Collateral Agent or co-Collateral Agent.

(c) Notwithstanding any other provision of this Section 8.17, the Collateral Agent shall not appoint any separate Collateral Agent or co- Collateral Agent at the objection of any party hereto.

8.18 Additional Parties.

8.18.1 PPPSI Credit Representatives. The Company or any Restricted Subsidiary (as defined in the Indenture) may from time to time, subject to any limitations contained in the Finance Documents in effect at such time and Section 8.18.2 of this Agreement, incur Permitted Pari Passu Secured Indebtedness and related obligations that are, or are to be, secured by the Collateral as PPPSI Obligations by delivering to the Notes Trustee and Collateral Agent at such time (i) applicable Opinions of Counsel stating that (A) the incurrence of such Permitted Pari Passu Secured Indebtedness and the creation of the Liens securing such Permitted Pari Passu Secured Indebtedness by the Collateral in connection with the incurrence of such Permitted Pari Passu Secured Indebtedness do not violate or result in a

default under any provision of any Finance Document in effect at such time and (B) in connection with the incurrence of such Permitted Pari Passu Secured Indebtedness, either (x) all necessary actions have been taken with respect to the recording, registering and filing of the Security Documents, financing statements or other instruments necessary to make effective the Liens on the Collateral intended to be created by the Security Documents or (y) no such action is necessary to make any such Lien effective; and (ii) Officers' Certificate of the Company:

(a) describing the indebtedness and other obligations being designated as PPPSI Obligations, and including a statement of the aggregate outstanding principal amount of such indebtedness as of the date of such certificate;

(b) setting forth the PPPSI Finance Documents under which such PPPSI Obligations are issued or incurred, and attaching copies of such additional PPPSI Finance Documents;

(c) identifying the Credit Representative for such PPPSI Obligations;

(d) certifying that the incurrence of such PPPSI Obligations, the creation of the Liens securing such PPPSI Obligations by the Collateral and the designation of such PPPSI Obligations as "PPPSI Obligations" hereunder do not violate or result in a default under any provision of any Finance Document in effect at such time;

(e) certifying that 100% of the net proceeds of such Permitted Pari Passu Secured Indebtedness shall be used to repay, repurchase or redeem all or part of the Notes in accordance with Article 3 of the Indenture;

(f) certifying that the PPPSI Finance Documents authorize such Credit Representative to become a party hereto by executing and delivering a PPPSI Joinder and provide that, upon such execution and delivery, such additional PPPSI Obligations and the holders thereof shall become subject to and be bound by the provisions of this Agreement; and

(g) attaching a fully completed PPPSI Joinder executed and delivered by such Credit Representative to the Collateral Agent for its acknowledgement. The Collateral Agent is not bound to acknowledge the PPPSI Joinder until such time as all applicable "know your customer" and other due diligence procedures have been completed.

With effect from the date of acceptance by the Collateral Agent of a PPPSI Joinder of such certificate and the related attachments as provided above and as so long as the statements made therein are true and correct as of the date of such certificate, the obligations designated in such notice shall become PPPSI Obligations for all purposes of this Agreement.

8.18.2 Additional Pledgors. The Company and the Subsidiary Guarantor Pledgors party hereto agree that, if any Subsidiary (as defined in the Indenture) of the Company shall become a Subsidiary Guarantor Pledgor after the date hereof, it will promptly cause such Subsidiary Guarantor to become party hereto by:

(a) executing and delivering a Pledgor Joinder pursuant to which such Subsidiary will become a Subsidiary Guarantor Pledgor hereunder with the same force and effect as if originally named as a Subsidiary Guarantor Pledgor herein, the execution and delivery of which Pledgor Joinder shall not require the consent of any other party hereunder, and will be acknowledged by the Collateral Agent; *provided* that the Collateral Agent is not bound to acknowledge the Pledgor Joinder until such time as all applicable "know your customer" and other due diligence procedures have been completed;

(b) executing and delivering any Security Document required by the relevant Finance Document, in form and substance satisfactory to the Secured Parties, which Security Document shall create a valid first priority Lien in favor of the Collateral Agent; and

(c) executing and delivering such other agreements, documents, legal opinions or Officers' Certificate of the Company, or taking any actions that, in the opinion of the Secured Parties, are necessary to ensure that such Security Document creates a valid, enforceable, first-priority perfected Lien on the Collateral

The rights and obligations of each Subsidiary Guarantor Pledgor hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary Guarantor Pledgor as a party to this Agreement.

8.19 Reinstatement. If the payment of any amount applied to any Secured Obligations is later avoided, or rescinded (including by settlement of any claim for avoidance or rescission) or otherwise set aside, then to the fullest extent lawful, all claims for the payment of such amount as Secured Obligations and, to the extent securing such claims, all such Liens under the Security Documents will be reinstated and entitled to the benefits hereof.

8.20 Consequential Loss. Notwithstanding anything to the contrary in this Agreement, under no circumstances will the Collateral Agent be liable to the Pledgors or any other party to this Agreement for any consequential loss (being loss of business, goodwill, opportunity or profit) or any special, indirect or punitive damages of any kind whatsoever; in each case however caused or arising and whether or not foreseeable, even if advised of the possibility of such loss or damage and regardless of the form of the action. The provisions of this Section 8.20 shall survive the resignation or removal of the Collateral Agent and the termination of this Agreement and the Security Documents.

8.21 Anti-Money Laundering and Terrorism. The Collateral Agent may take and instruct any Delegate to take any action which is in its sole discretion considered appropriate so as to comply with any applicable law, regulation, request of a public or regulatory authority or any policy of Madison Pacific Trust Limited which relates to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to sanctioned persons or entities. Such action may include but is not limited to the interception and investigation of transactions on the Company's accounts (particularly those involving the international transfer of funds) including the source of the intended recipient of funds paid into or out of the Company's accounts. In certain circumstances, such action may delay or prevent the processing of the Company's instructions, the settlement of transactions over the Company's accounts or the Collateral Agent's

performance of their obligations under this Agreement. Where possible, the Collateral Agent will endeavour to notify the Company of the existence of such circumstances. Neither the Collateral Agent nor any Delegate will be liable for any loss (whether direct or consequential and including, without limitation, loss of profit or interest) caused in whole or in part by any actions which are taken by the Collateral Agent or any Delegate pursuant to this Section 8.21.

8.22 Waiver of Immunities. To the extent that any Pledgor, as the case may be, has or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from any legal process with respect to itself or its property, such Pledgor, as the case may be, irrevocably waives, to the fullest extent permitted by law, such immunity in respect of its obligations hereunder or under any Note or any Subsidiary Guarantee, as applicable.

8.23 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

8.24 Notes Trustee. It is agreed and acknowledged that all rights, protections, indemnities (including any currency indemnity), disclaimers and limitations of liability applicable to the Notes Trustee as set out in the Indenture shall apply *mutatis mutandis* as if set out in full herein. In the event of any inconsistency between the provisions contained herein and the Indenture in relation to such rights, protections, indemnities (including any currency indemnity), disclaimers and limitations of liability, those provisions which are more beneficial to the Notes Trustee shall prevail. Any rights or remedies granted to the Notes Trustee hereunder may be exercised by the Noteholder Instructing Group (acting in accordance with the Indenture) as intended third-party beneficiaries of this Agreement with the same force and effect as if the Noteholder Instructing Group had originally been named herein as the Notes Trustee.

Each of the Pledgors understands that The Bank of New York Mellon Corporation is a global financial organization that operates in and provides services and products to clients through its affiliates, branches, representative offices and/or subsidiaries located in multiple jurisdictions (collectively, the "**BNY Mellon Group**" and each a "**BNY Mellon Entity**"). The BNY Mellon Group may: (i) use and/or centralize in one or more BNY Mellon Entity in connection with its performance of the functions, duties and services provided and any other obligations under this Agreement, the Security Documents, and in certain other activities (the "**Centralized Functions**"), including, without limitation, audit, accounting, tax, administration, risk management, credit, legal, compliance, operation, sales and marketing, product communication, relationship management, information technology, records and data storage, performance measurement, data aggregation and the compilation and analysis of information and data regarding the Pledgors (which, for purposes of this Agreement, includes the name and business contact information for the employees and representatives of the Pledgors and any personal data) and the accounts established pursuant to the transactions contemplated in this Agreement and the Security Documents ("**Client Information**"); and (ii) use third party service providers to store, maintain and process Client Information ("**Outsourced Functions**"). Notwithstanding anything to the contrary contained elsewhere in this Agreement and the Security Documents and solely in connection with the Centralized Functions and/or Outsourced Functions, each of the Pledgors consents to the: (i) collection, use and storage of, and authorizes the BNY Mellon Group to collect, use and store, Client Information within and outside of any jurisdiction, including without limitation Australia, the Hong Kong, the PRC, the British Virgin Islands and the United States of America; and (ii)

disclosure of, and authorizes the BNY Mellon Group to disclose, Client Information to: (A) any other BNY Mellon Entity (and their respective officers, directors and employees); and (B) third-party service providers (but solely in connection with Outsourced Functions) who are required to maintain the confidentiality of Client Information. In addition, the BNY Mellon Group may aggregate Client Information with other data collected and/or calculated by the BNY Mellon Group, and the BNY Mellon Group will own all such aggregated data, provided that the BNY Mellon Group shall not distribute the aggregated data in a format that identifies Client Information with the Pledgors specifically. Each of the Pledgors represents that it is authorized to consent to the foregoing and that the disclosure of Client Information in connection with the Centralized Functions and/or Outsourced Functions does not violate any relevant data protection legislation. Each of the Pledgors also consents to the disclosure of Client Information to governmental, tax, regulatory, law enforcement and other authorities in jurisdictions where the BNY Mellon Group operates and otherwise as required by law, rule, or guideline (including any tax and swap trade data reporting regulations).

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers or agents thereunto duly authorized with effect as of the day and year first above written.

GCL NEW ENERGY HOLDINGS LIMITED

By: _____
Name:
Title:

SUBSIDIARY GUARANTOR PLEDGORS:

PIONEER GETTER LIMITED

By: _____
Name:
Title:

GCL NEW ENERGY MANAGEMENT LIMITED

By: _____
Name:
Title:

GCL NEW ENERGY INTERNATIONAL LIMITED

By: _____
Name:
Title:

GCL NEW ENERGY, INC.

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON, LONDON BRANCH
as Notes Trustee

By: _____
Name:
Title:

MADISON PACIFIC TRUST LIMITED
as Collateral Agent

By: _____
Name:
Title:

EXHIBIT A

FORM OF PPPSI JOINDER

The undersigned, _____, a _____ (the "New PPPSI Credit Representative"), hereby agrees to become party as a PPPSI Credit Representative under the Intercreditor Agreement, dated as of [●], 2021 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Agreement"), by and among GCL NEW ENERGY HOLDINGS LIMITED, an exempted company incorporated under the laws of Bermuda with limited liability, the SUBSIDIARY GUARANTOR PLEDGORS from time to time party thereto, THE BANK OF NEW YORK MELLON, LONDON BRANCH, as Notes Trustee, and MADISON PACIFIC TRUST LIMITED, as the Collateral Agent for the Secured Parties, for all purposes thereof on the terms set forth therein, and to be bound by the terms of the Agreement as fully as if the undersigned had executed and delivered the Agreement as of the date thereof.

In accordance with Section 8.18.1 of the Agreement, the New PPPSI Credit Representative by its signature below becomes a Credit Representative under, and the related PPPSI Obligations and PPPSI Secured Parties become subject to and bound by, the Agreement as Secured Obligations and Secured Parties, with the same force and effect as if the New PPPSI Credit Representative had originally been named therein as a Credit Representative and the New PPPSI Credit Representative, on its behalf and on behalf of such PPPSI Secured Parties, hereby agrees to all the terms and provisions of the Agreement applicable to it as a Credit Representative and to the PPPSI Secured Parties that it represents as Secured Parties. Each reference to a "Credit Representative" in the Agreement shall be deemed to include the New PPPSI Credit Representative. The Agreement is hereby incorporated herein by reference.

The provisions of Section 8 of the Agreement will apply with like effect to this Joinder.

For the purpose of Section 8.1 of the Agreement, any communications between the parties thereto or notices therein to be given may be given to the following addressees:

[address]

Attn: [●]
Facsimile No.: [●]
Email: [●]

Terms used but not otherwise defined herein shall have the meanings given to them in the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Joinder to be executed by their respective officers or representatives as of _____, 20____.

[_____]

By:
Name:
Title:

Acknowledged by:

MADISON PACIFIC TRUST LIMITED
as Collateral Agent

By: _____
Name:
Title:

ANNEX A

PARTICULARS OF NEW PPPSI CREDIT REPRESENTATIVE

Holder	Description of Permitted Pari Passu Secured Indebtedness

EXHIBIT B

FORM OF PLEDGOR JOINDER

The undersigned, _____, a _____ (the "New Subsidiary Guarantor Pledgor"), hereby agrees to become party as a Subsidiary Guarantor Pledgor under the Intercreditor Agreement, dated as of [●], 2021 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Agreement"), by and among GCL NEW ENERGY HOLDINGS LIMITED, an exempted company incorporated under the laws of Bermuda with limited liability, the SUBSIDIARY GUARANTOR PLEDGORS from time to time party thereto, THE BANK OF NEW YORK MELLON, LONDON BRANCH, as Notes Trustee, and MADISON PACIFIC TRUST LIMITED, as the Collateral Agent for the Secured Parties, for all purposes thereof on the terms set forth therein, and to be bound by the terms of the Agreement as fully as if the undersigned had executed and delivered the Agreement as of the date thereof.

In accordance with Section 8.18.2 of the Agreement, the New Subsidiary Guarantor Pledgor by its signature below becomes a Subsidiary Guarantor Pledgor under, and the Security Documents to which it is a party become subject to and bound by, the Agreement as Security Documents, with the same force and effect as if the New Subsidiary Guarantor Pledgor had originally been named therein as a Subsidiary Guarantor Pledgor and the New Subsidiary Guarantor Pledgor hereby agrees to all the terms and provisions of the Agreement applicable to it as a Subsidiary Guarantor Pledgor. Each reference to a "Subsidiary Guarantor Pledgor" in the Agreement shall be deemed to include the New Subsidiary Guarantor Pledgor. The Agreement is hereby incorporated herein by reference.

The provisions of Section 8 of the Agreement will apply with like effect to this Joinder.

For the purpose of Section 8.1 of the Agreement, any communications between the parties thereto or notices therein to be given may be given to the following addressees:

[address]

Attn: [●]
Facsimile No.: [●]

Terms used but not otherwise defined herein shall have the meanings given to them in the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Joinder to be executed by their respective officers or representatives as of _____, 20____.

[_____]

By:
Name:
Title:

Acknowledged by:

MADISON PACIFIC TRUST LIMITED
as Collateral Agent

By: _____
Name:
Title:

ANNEX A

PARTICULARS OF NEW SUBSIDIARY GUARANTOR PLEDGOR

Name	Place of incorporation	Registration number (or equivalent, if any)

EXHIBIT C

FORM OF REMEDIES INITIATION NOTICE

Madison Pacific Trust Limited
(as Collateral Agent)
54/F, Hopewell Centre
83 Queen's Road East
Wanchai
Hong Kong Facsimile No.: +852 2599 9501
Attention: [David Naphtali / Holly Yuen]

With a copy to:
The Bank of New York Mellon, London Branch
(as Notes Trustee)
One Canada Square
London E14 5AL
United Kingdom
Facsimile No.: +44 207 964 2509
Attention: Corporate Trust Administration – GCL New Energy Holdings Limited

The Bank of New York Mellon, Hong Kong Branch
Level 26, Three Pacific Place
1 Queen's Road East
Hong Kong
Facsimile No.: +852 2295 3283
Attention: Global Corporate Trust – GCL New Energy Holdings Limited
Email: honctrmta@bnymellon.com

Reference is made to Sections 5.2 and 5.3 of the Intercreditor Agreement, dated as of [●], 2021 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Agreement"), by and among GCL NEW ENERGY HOLDINGS LIMITED, an exempted company incorporated under the laws of Bermuda with limited liability, the SUBSIDIARY GUARANTOR PLEDGORS from time to time party thereto, THE BANK OF NEW YORK MELLON, LONDON BRANCH, as the Notes Trustee, and MADISON PACIFIC TRUST LIMITED, as the Collateral Agent for the Secured Parties. Terms used but not otherwise defined herein shall have the meanings given to them in the Agreement.

The undersigned, being the Controlling Representative under the Agreement, hereby instructs the Collateral Agent to pursue the following remedies as to the Collateral: [DESCRIPTION OF PROPOSED REMEDIES]

Date: [ ]

[CREDIT REPRESENTATIVE]

By:
Name:
Title:

Part II

FORM OF SHARE CHARGES

1. Deed of Share Charge between the Company and the Collateral Agent in respect of the Capital Stock of PIONEER GETTER LIMITED

2. Deed of Share Charge between PIONEER GETTER LIMITED and the Collateral Agent in respect of the Capital Stock of GCL New Energy Development Limited

3. Deed of Share Charge between PIONEER GETTER LIMITED and the Collateral Agent in respect of the Capital Stock of GCL New Energy Management Limited

4. Deed of Share Charge between PIONEER GETTER LIMITED and the Collateral Agent in respect of the Capital Stock of GCL New Energy International Limited

5. Deed of Share Charge between GCL New Energy Management Limited and the Collateral Agent in respect of the Capital Stock of GCL New Energy Trading Limited

6. Pledge Agreement between GCL New Energy International Limited and the Collateral Agent in respect of the Capital Stock of GCL New Energy, Inc.

7. Pledge Agreement between GCL New Energy, Inc. and the Collateral Agent in respect of the Capital Stock of GCL New Energy NC Holdings, LLC

DATED _____

GCL NEW ENERGY HOLDINGS LIMITED
协鑫新能源控股有限公司
as the Chargor

in favour of

MADISON PACIFIC TRUST LIMITED
as the Collateral Agent

SHARE CHARGE

CONTENTS

THIS DEED OF SHARE CHARGE is made on _____ (this "**Deed**")

BY

(1) **GCL NEW ENERGY HOLDINGS LIMITED** 協鑫新能源控股有限公司, an exempted company incorporated under the laws of Bermuda with limited liability, with company number 17153 and its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda (the "**Chargor**" or the "**Issuer**");

in favour of

(2) **MADISON PACIFIC TRUST LIMITED**, a company incorporated under the laws of Hong Kong with limited liability, with company number 1619851and its office at 54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as collateral agent and trustee for the Secured Parties (the "**Collateral Agent**", which expression shall include its successors, assigns and transferees).

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined in this Deed or unless the context otherwise requires, terms and expressions defined in or construed for the purposes of the Intercreditor Agreement shall bear the same meanings when used herein. In addition:

"**Authorisation**" means:

(a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or

(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

"BVI" means the British Virgin Islands.

"BVI Act" means the BVI Business Companies Act (as amended from time to time) of the British Virgin Islands.

"**Charged Property**" means the Shares, the Derivative Assets and the Related Rights in relation thereto, and all other assets and/or undertaking of the Chargor which from time to time are the subject of the Security created or expressed to be created in favour of the Collateral Agent by or pursuant to this Deed.

"**CLP Ordinance**" means the Conveyancing and Law of Property Ordinance (as amended) of the British Virgin Islands.

"**Collateral Rights**" means all rights, powers and remedies of the Collateral Agent provided by or pursuant to this Deed or by law.

"**Company**" means Pioneer Getter Limited, a BVI business company incorporated under the laws of BVI with limited liability, with business company number 1820442 and its registered office at Palm Grove House, P.O. Box 438, Road Town, Tortola VG 1110, British Virgin Islands as at the date of this Deed.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Collateral Agent.

"**Derivative Assets**" includes:

(a) allotments, rights, money or property arising at any time in relation to any of the Shares by way of conversion, exchange, redemption, bonus, preference, option or otherwise;

(b) Dividends, distributions, interest and other income paid or payable in relation to any of the Shares; and

(c) stock, shares and securities offered in addition to or in substitution for any of the Shares.

"**Dividends**" means all dividends, distributions, interest or other income paid or payable to the Chargor now or in the future under or by virtue of any of the Relevant Agreements, together with the full benefit of all rights and remedies relating thereto including, but not limited to, all claims for damages and other remedies for non-payment of the same and all proceeds and forms of remittance in respect of the same and all rights and proceeds of the exercise of rights of set-off.

"**Event of Default**" has the meaning given to it in the Intercreditor Agreement.

"**Finance Documents**" has the meaning given to it in the Intercreditor Agreement.

"**Governmental Agency**" means any government or any governmental agency, semigovernmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China.

"**Intercreditor Agreement**" means the intercreditor agreement dated on or about the date of this Deed, and entered into between, amongst others, the Issuer as company, the entities therein as subsidiary guarantor pledgors, The Bank of New York Mellon, London Branch as notes trustee, and Madison Pacific Trust Limited as collateral agent.

"**Insolvency Act**" means the Insolvency Act (as amended) of the British Virgin Islands.

"**Legal Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court;

(b) the limitation of enforcement by laws relating to insolvency, reorganisation, penalties and other laws generally affecting the rights of creditors;

(c) the time barring of claims under applicable statutes of limitation (or equivalent legislation) of any Relevant Jurisdiction;

(d) the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void;

(e) defences of set-off or counterclaim; and

(f) similar principles, rights and remedies under the laws of any Relevant Jurisdiction.

"**Obligors**" means, collectively, the Issuer, the Subsidiary Guarantors, and the Subsidiary Guarantor Pledgors.

"**Original Shares**" means the shares in the issued share capital of the Company legally and beneficially owned by the Chargor as at the date of this Deed, the particulars of which are set out in Schedule 1 (*Particulars of Shares*).

"**Receiver**" means a receiver or receiver and manager of the whole or any part of the Charged Property and that term will include any appointee under a joint and/or several appointment and any substituted receiver or receiver and manager.

"**Registrar of Companies**" means the Registrar of Companies of Bermuda.

"**Related Rights**" means, in relation to any asset:

(a) the proceeds of sale of any part of that asset;

(b) all rights under any licence, agreement for sale, lease or other disposal in respect of that asset;

(c) all rights, powers, benefits, claims, contracts, warranties, remedies, Security, guarantees, indemnities and/or covenants for title in respect of that asset; and

(d) any moneys and proceeds paid or payable in respect of that asset,

(in each case) from time to time.

"**Relevant Agreements**" means collectively, any joint venture agreement, partnership agreement, shareholders' agreement, constitutional documents of the Company or other document relating to the Chargor's shareholding (including the Shares), equity interest or investment in the Company.

"**Relevant Jurisdiction**" means, in respect of the Chargor:

(a) its jurisdiction of incorporation;

(b) any jurisdiction where any asset subject to or intended to be subject to the Security to be created by it pursuant to this Deed is situated; and

(c) any jurisdiction where it conducts its business.

"**Secured Obligations**" has the meaning given to it in the Intercreditor Agreement.

"**Secured Parties**" has the meaning given to it in the Intercreditor Agreement.

"**Security**" means a mortgage, charge, pledge, lien, assignment, hypothecation or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Shares**" means the Original Shares and all other shares in the share capital of the Company held by, to the order or on behalf of the Chargor from time to time while any Secured Obligations are outstanding.

1.2 **Construction**

In this Deed:

1.2.1 any reference to the "**Chargor**, any "**Obligor**", the **Company**", the "**Issuer**", the "**Collateral Agent**" or any or all of the "**Secured Parties**" shall be construed so as to include its or their (and any subsequent) successors and any permitted assigns and transferees;

1.2.2 any reference to "**assets**" includes present and future properties, revenues and rights of every description;

1.2.3 any reference to the "**Intercreditor Agreement**", any "**Finance Document**" or any other agreement or instrument shall be a reference to the Intercreditor Agreement, that Finance Document or that other agreement or instrument as amended, novated, supplemented, extended (whether of maturity or otherwise), replaced or restated (in each case however fundamental and of whatsoever nature, and whether or not more onerous) from time to time;

1.2.4 any reference to "**including**" shall be construed as "including without limitation" (and cognate expressions shall be construed similarly);

1.2.5 any reference to "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

1.2.6 any reference to a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

1.2.7 any reference to the male gender shall include the female gender and neutral gender and vice versa;

1.2.8 any reference to a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

1.2.9 "**Charged Property**", "**Derivative Assets**", "**Dividends**", "**Original Shares**", "**Related Rights**", "**Secured Obligations**" or "**Shares**" shall be deemed to include a reference to any part of them or it;

1.2.10 "**variation**" includes any variation, amendment, accession, novation, restatement, modification, assignment, transfer, supplement, extension, deletion or replacement however effected and "**vary**" and "**varied**" shall be construed accordingly;

1.2.11 "**writing**" includes facsimile transmission legibly received except in relation to any certificate, notice or other document which is expressly required by this Deed to be signed and "**written**" has a corresponding meaning;

1.2.12 a provision of law is a reference to that provision as amended or re-enacted;

1.2.13 a time of day is a reference to Hong Kong time;

1.2.14 unless this Deed expressly provides to the contrary, an obligation of the Chargor under this Deed which is not a payment obligation remains in force for so long as the Secured Obligations have not been unconditionally and irrevocably paid in full or any Secured Party is under any further actual or contingent liability to make an advance or provide other financial accommodation to any person under any Finance Document; and

1.2.15 save where the context otherwise requires, references in this Deed to any Clause or Schedule shall be to a clause or schedule contained in this Deed.

2. PAYMENT OF SECURED OBLIGATIONS

2.1 Covenant to Pay

2.1.1 The Chargor (as primary obligor and not merely as surety) hereby covenants with the Collateral Agent as collateral agent and trustee for the Secured Parties that it shall on demand of the Collateral Agent pay or discharge the Secured Obligations when due at the times and in the manner provided in the relevant Finance Documents.

2.1.2 The covenants contained in this Clause 2.1 and the Security created by this Deed shall not extend to or include any liability or sum which would otherwise cause any such covenant or Security to be unlawful or prohibited by any applicable law.

2.1.3 The making of one demand shall not preclude the Collateral Agent from making any further demands.

2.1.4 A certificate of the Collateral Agent executed by a duly authorised officer of the Collateral Agent setting forth the amount of any Secured Obligations due from the Chargor shall be conclusive evidence of such amount against the Chargor in the absence of fraud or manifest error.

2.1.5 Any third party dealing with the Collateral Agent or any Receiver shall not be concerned to see or enquire as to the validity of any demand under this Deed.

3. CHARGE

3.1 Fixed Charge

3.1.1 The Chargor hereby charges as legal and beneficial owner in favour of the Collateral Agent (for the benefit of the Secured Parties), as continuing security for the payment and discharge of the Secured Obligations, by way of first fixed charge:

(a) the Original Shares and all Related Rights in relation thereto;

(b) all Shares in which the Chargor may in the future acquire any interest (legal or equitable) and all Related Rights in relation thereto;

(c) all Derivative Assets of a capital nature now or in the future accruing to the Chargor (whether at law or in equity) or offered to it at any time in respect of the Shares; and

(d) all Derivative Assets of an income nature now or in the future accruing to the Chargor (whether at law or in equity) or offered to it at any time in respect of the Shares.

3.1.2 To the extent that, in respect of any of the Charged Property, Clause 3.1.1 does not have the effect of creating or acknowledging a first priority fixed Security in favour of the Collateral Agent (for the benefit of the Secured Parties), the Security created or acknowledged by Clause 3.1.1 shall take effect as such type of Security as shall be required by the law applicable to the creation of a Security in such Charged Property for the purpose of conferring on the Collateral Agent a first priority Security in such Charged Property.

4. PERFECTION OF SECURITY

4.1 Perfection

4.1.1 The Chargor shall submit this Deed for registration (or assist the Hong Kong counsel to the Collateral Agent to submit this Deed for registration) pursuant to the requirements of the Companies Ordinance (Cap 622 of the Laws of Hong Kong) ("**Companies Ordinance**") forthwith upon execution hereof (and in any event within one month of the date of execution hereof).

4.1.2 The Chargor shall (at its own cost):

(a) immediately after execution of this Deed, effect registration, or assist the Collateral Agent in effecting registration, of the charges created by this Deed with the Registrar of Companies in accordance with section 55 of the Bermuda Companies Act, 1981, as amended by making the required filing, or assisting the Collateral Agent in making the required filing, in the approved form with the Registrar of Companies and (if applicable) provide confirmation in writing to the Collateral Agent that such filing has been made;

(b) immediately on receipt, deliver or procure to be delivered to the Collateral Agent, the certificate of registration of the charge issued by the Registrar of Companies evidencing that the requirements of Part V of the Bermuda Companies Act as to registration have been complied with; and

(c) immediately after execution of this Deed, procure that the following notation be entered on the Register of Members of the Company pursuant to section 66(8) of the BVI Act of the details of this Deed, and that a copy of such annotated Register of Members be filed for registration by the Registrar of Corporate Affairs of the British Virgin Islands pursuant to section 43A of the BVI Act:

"[1] issued ordinary share in the share capital of Pioneer Getter Limited (representing 100% of all the issued shares in Pioneer Getter Limited) registered in the name of GCL NEW ENERGY HOLDINGS LIMITED are charged in favour of [NAME OF COLLATERAL AGENT] as chargee pursuant to a share charge dated _____, as amended from time to time. The date on which this annotation was entered in the Register of Members is _____.";

(d) within 5 Business Days from the date of this Deed, provide the Collateral Agent with a certified true copy of the Register of Members with the annotation referred to in Clause 4.1.1(c) above.

4.2 **Delivery of Documents of Title**

The Chargor shall:

4.2.1 on the date of this Deed, deposit with the Collateral Agent (or procure the deposit with the Collateral Agent of) the following:

(a) all originals of valid and duly issued share certificates or other documents of title to the Original Shares;

(b) original undated share transfer forms, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 2 (*Form of Share Transfer*), with the sections relating to the consideration and the name and details of the transferees left blank;

(c) [*Reserved*];

(d) [*Reserved*];

(e) an original undated letter of resignation duly executed by each director of the Company, in substantially the form set out in Schedule 3 (*Form of Letter of Resignation*);

(f) an original undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company, in

substantially the form set out in Schedule 4 (*Form of Written Resolutions*);

(g) [an original of] a letter of undertaking and authorisation duly executed and dated by each director of the Company, in substantially the form set out in Schedule 5 (*Form of Letter of Undertaking and Authorisation*), authorising the Collateral Agent to complete and date the documents set out in paragraph (b), (e), (f) and (h);

(h) an original irrevocable proxy and power of attorney in respect of such Shares, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 6 (*Form of Irrevocable Proxy and Power of Attorney*);

(i) certified true copies of the register of directors and register of members of the Company (to the extent not already provided to the Collateral Agent); and

(j) such other documents as the Collateral Agent may require for the purposes of perfecting its title to the Charged Property or for the purpose of vesting the same in itself, its nominee or any purchaser or presenting the same for registration at any time (if it has notified the Chargor accordingly).

4.2.2 immediately upon any acquisition of any Charged Property and/or upon any Charged Property becoming subject to Security hereunder and/or the accrual, issue or coming into existence of any stocks, shares, warrants or other securities in respect of or derived from any Charged Property, in each case after the date of this Deed, notify the Collateral Agent of that occurrence and immediately deliver to the Collateral Agent:

(a) originals of all valid and duly issued share certificates and other documents of title representing such items;

(b) original undated share transfer forms or, as the case may be, other appropriate instruments of transfer in respect of such items duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 2 (*Form of Share Transfer*) (if applicable) or in such other form as the Collateral Agent shall request acting reasonably and any other document necessary or conducive to enable the Collateral Agent to register such Charged Property in its name or in the name of its nominee(s) or to effect a valid transfer of any such Charged Property;

(c) [*Reserved*]; and

(d) [*Reserved*],

unless already delivered pursuant to this Clause 4.2;

4.2.3 immediately upon any change in any director of the Company after the date of this Deed, deliver to the Collateral Agent:

(a) (in the case of a new director) an original undated letter of resignation duly executed by such director of the Company in substantially the form set out in Schedule 3 (*Form of Letter of Resignation*);

(b) an original of the undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company in substantially the form set out in Schedule 4 (*Form of Written Resolutions*);

(c) (in the case of a new director) original of a letter of undertaking and authorisation duly executed by each director of the Company in substantially the form set out in Schedule 5 (*Form of Letter of Undertaking and Authorisation*);

(d) a replacement of any of the documents signed by the replaced director(s) delivered under this Clause 4.2; and

4.2.4 subject to the other provisions of this Deed, the Chargor shall (and, if applicable, shall procure that its nominee(s) will):

(a) at the request of the Collateral Agent, immediately upon the completion of any transfer of the Charged Property to the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s), procure the immediate registration of such transfer in the book of the Company and the entry of the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s) in the register of members of the Company as the holder(s) of such Charged Property; and

(b) in respect of any Charged Property which become subject to this Deed after the date of this Deed, at the request of the Collateral Agent, immediately upon the completion of any transfer of such Charged Property to the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s), procure the immediate registration of such transfer in the book of the Company and the entry of the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s) in the register of members of the Company as the holder(s) of such Charged Property.

4.3 **Retention of documents**

The Collateral Agent shall be entitled to continue to hold any document delivered to it pursuant to Clause 4.2 (*Delivery of Documents of Title*) until the Charged Property is released and if, for any reason, it releases any such document to the Chargor before such time, it may by notice to the Chargor require that such document be redelivered to it and the Chargor shall promptly comply with that requirement or procure that it is complied with.

5. FURTHER ASSURANCE

5.1 Further Assurance: General

The Chargor shall promptly at its own cost do all such acts and/or execute all such documents (including without limitation assignments, transfers, mortgages, charges, notices and instructions) as the Collateral Agent may reasonably specify (and in such form as the Collateral Agent may reasonably require in favour of the Collateral Agent or its nominee(s)):

5.1.1 to perfect the Security created or intended to be created in respect of the Charged Property (which may include, without limitation, the execution by the Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, any part of the Charged Property);

5.1.2 to confer on the Collateral Agent Security over any property and assets of the Chargor located in any jurisdiction outside British Virgin Islands equivalent or similar to the Security intended to be conferred by or pursuant to this Deed;

5.1.3 to facilitate the realisation of the Charged Property subject to the Security conferred or intended to be conferred by this Deed or the exercise of any rights, powers and remedies of the Collateral Agent, the Secured Parties, any Receiver, administrator or nominee, including executing any transfer, conveyance, charge, assignment or assurance of all or any of the Charged Property which are the subject of the Security constituted by this Deed, making any registration and giving any notice, order or instructions; and/or

5.1.4 to exercise any of the rights or powers attaching to any of the Charged Property conferred on the Collateral Agent by this Deed, any Finance Documents or by law.

5.2 Necessary Action

The Chargor shall from time to time take all such action (whether or not requested to do so by the Collateral Agent) as is or shall be available to it (including without limitation obtaining and/or effecting all Authorisations and making all filings and registrations and apply for relief against forfeiture as applicable) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Collateral Agent by or pursuant to this Deed.

5.3 Implied Covenants for Title

The obligations of the Chargor under this Deed shall be in addition to any covenants for title deemed to be included in this Deed under applicable law.

6. NEGATIVE PLEDGE AND DISPOSALS

6.1 Negative Pledge

The Chargor undertakes that it shall not, at any time during the subsistence of this Deed, create, or agree or attempt to create or permit to subsist any Security or any

trust over all or any part of the Charged Property, except for the Security constituted by this Deed.

6.2 **No Disposal of Interests**

The Chargor undertakes that, during the subsistence of this Deed, it shall not, and shall not agree to, sell, assign, transfer or otherwise dispose of any Charged Property, except pursuant to this Deed or any other Finance Document.

6.3 **Preservation of assets**

The Chargor shall not do or permit to be done any act or thing which might jeopardise the rights of the Collateral Agent in the Charged Property or which might adversely affect or diminish the value of the Charged Property.

6.4 **Other negative undertakings**

The Chargor undertakes that it shall not, at any time during the subsistence of this Deed:

6.4.1 without the prior written consent of the Collateral Agent, permit the Company's memorandum of association or articles of association to be amended in a manner which is reasonably likely to have an adverse effect on the Security constituted by this Deed or the interests of the Secured Parties;

6.4.2 waive, release, settle, compromise, abandon or set-off any claim or the liability of any person in respect of the Dividends, or do or omit to do any other act or thing whereby the recovery in full of the Dividends as and when they become payable may be impeded (provided that such Dividends shall only be paid or become payable, and shall be deposited and/or applied, in accordance with the provisions and requirements of the other Finance Documents);

6.4.3 cause or permit any of the Charged Property to be consolidated, sub-divided or converted or the other capital of the Company to be re-organised, exchanged or repaid;

6.4.4 permit the appointment or removal of any director of the Company, unless the obligations under Clause 4.2.3 are complied; or

6.4.5 permit the issue by the Company of any shares, stock or securities or (except pursuant to this Deed) the transfer of any shares, stock or securities issued by the Company, unless otherwise permitted under the terms of any Finance Document and the obligations under Clause 4.2.2 are complied).

7. **OPERATIONS BEFORE AND AFTER EVENTS OF DEFAULT**

7.1 **Dividends**

7.1.1 The Chargor shall, at all times prior to the occurrence of an Event of Default, be entitled to retain any Dividends received or recovered by it in cash in respect of any or all of the Charged Property.

7.1.2 After the occurrence of an Event of Default which is continuing, the Chargor shall promptly pay over and deliver to the Collateral Agent for application in accordance with this Deed (and the Collateral Agent may apply in accordance with this Deed and the Intercreditor Agreement) any and all Dividends, distributions, interest and/or other monies received and/or recovered in respect of all or any part of the Charged Property.

7.1.3 Any and all Dividends and/or distributions, recovered or paid/delivered to the order of the Chargor (other than in cash) in respect of any or all of the Charged Property shall be held by the Chargor subject to the Security constituted by this Deed, provided that if such receipt or recovery is made after the occurrence of an Event of Default which is continuing, the Chargor shall promptly deliver such Dividends, distributions, interest and/or other monies to the Collateral Agent for application in accordance with this Deed and the Intercreditor Agreement.

7.2 **Operation: Before Event of Default**

Prior to the occurrence of an Event of Default, the Chargor shall be entitled to exercise all voting rights in relation to any or all of the Shares **provided that** the Chargor shall not exercise such voting rights in any manner that could give rise to, or otherwise permit or agree to, any

7.2.1 variation of the rights attaching to or conferred by any of the Shares;

7.2.2 liability on the part of the Collateral Agent or any other Secured Party; or

7.2.3 increase in the issued share capital, registered capital or equity interest of any company, corporation or entity whose shares/securities/equity interests are charged or subject to Security under this Deed.

7.3 **Operation: After Event of Default**

The Collateral Agent may, upon and/or after the occurrence of an Event of Default which is continuing (in the name of the Chargor or otherwise and without any further consent or authority from the Chargor):

7.3.1 exercise (or refrain from exercising) any voting rights in respect of the Charged Property;

7.3.2 apply all dividends, distributions, interest and other monies arising from all or any of the Charged Property in accordance with Clause 12 (*Application of Monies*);

7.3.3 transfer all or any of the Charged Property into the name of such nominee(s) of the Collateral Agent as it shall think fit; and

7.3.4 exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Charged Property, including without limitation the right, in relation to any company, corporation or entity whose shares, equity interests or other securities are included in the Charged Property or any part thereof, to concur or participate in:

(a) the reconstruction, amalgamation, sale or other disposal of such company, corporation or entity or any of its assets or undertaking (including without limitation the exchange, conversion or reissue of any shares, equity interests or securities as a consequence thereof);

(b) the release, modification or variation of any rights or liabilities attaching to such shares, equity interests or securities; and

(c) the exercise, renunciation or assignment of any right to subscribe for any shares, equity interests or securities,

in each case in such manner and on such terms as the Collateral Agent may think fit, and the proceeds of any such action shall form part of the Charged Property and may be applied by the Collateral Agent in accordance with Clause 12 (*Application of Monies*).

7.4 **Payment of Calls**

The Chargor shall pay when due all calls or other payments which may be or become due in respect of any of the Charged Property, and in any case of default by the Chargor in such payment, the Collateral Agent may, if it thinks fit, make such payment on behalf of the Chargor in which case any sums paid by the Collateral Agent shall be reimbursed by the Chargor to the Collateral Agent on demand.

7.5 **Exercise of Rights**

The Chargor shall not exercise any of its rights and powers in relation to any of the Charged Property in any manner which, in the opinion of the Collateral Agent, would prejudice the value of, or the ability of the Collateral Agent to realise, the Security created by this Deed.

7.6 **Other positive undertakings**

The Chargor undertakes that it shall, at any time during the subsistence of this Deed:

7.6.1 subject to the Security constituted pursuant to this Deed, remain the sole legal and beneficial owner of the Charged Property;

7.6.2 procure that the Charged Property at all times represent the entire issued shares of the Company;

7.6.3 at any time after this Deed has become enforceable, account to the Collateral Agent, promptly following receipt, for all monies received in respect of the Charged Property and, pending payment of such monies to the Collateral Agent, hold such monies on trust for the Collateral Agent;

7.6.4 forward to the Collateral Agent at the same time as they are received, copies of all documents which are dispatched by the Company to its shareholders generally (or any class of them) (in their capacity as such); and

7.6.5 take such action as the Collateral Agent may direct in respect of any proposed compromise, arrangement, capital re-organisation, conversion, exchange,

repayment or takeover offer affecting any of the Charged Property or any proposal to vary or abrogate any rights attaching to any Charged Property.

8. ENFORCEMENT OF SECURITY

8.1 Enforcement

At any time after this Deed has become enforceable, the Collateral Agent may, without notice to the Chargor or prior authorisation from any court, in its absolute discretion:

8.1.1 date and complete the undated documents delivered to the Collateral Agent pursuant to Clause 4.2 (*Delivery of Documents of Title*);

8.1.2 enforce all or any part of such Security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold or dispose of all or any part of the Charged Property; and

8.1.3 whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by this Deed on any Receiver or otherwise conferred by law on mortgagees and/or Receivers.

8.2 Restrictions

8.2.1 The following shall apply with respect to statutory restrictions:

(a) the restriction on the consolidation of mortgages and on power of sale imposed by sections 35 and 40 respectively of the CLP Ordinance shall not apply to the security constituted by this Deed;

(b) for the purposes of section 66(5) of the BVI Act there are no limitations on the remedies available to a mortgagee, chargee or receiver in respect of mortgages or charges of shares;

(c) for the purposes of section 66(7A) of the BVI Act, the remedies available in section 66(5) of the BVI Act are exercisable immediately on the occurrence of an Event of Default.

8.2.2 For the purpose of all rights and powers implied or granted by statute, the Secured Obligations are deemed to have fallen due on the date of this Deed. The power of sale and other powers conferred by sections 38 and 39 of the CLP Ordinance and all other enforcement powers conferred by this Deed shall be immediately exercisable at any time after the occurrence of an Event of Default.

8.2.3 If there is any ambiguity or conflict between the powers contained in the Insolvency Act and/or the CLP Ordinance and those contained in this Deed, those contained in this Deed shall prevail.

8.2.4 Section 46(1) of the CLP Ordinance shall not apply to this Deed.

8.2.5 Section 46(6) of the CLP Ordinance shall not apply to a receiver appointed under this Deed.

8.3 **No Liability as Mortgagee in Possession**

Neither the Collateral Agent nor any Receiver shall be liable to account as a mortgagee in possession in respect of all or any part of the Charged Property or be liable for any loss upon realisation or for any neglect, default or omission in connection with the Charged Property to which a mortgagee or a mortgagee in possession might otherwise be liable. If and whenever the Collateral Agent or any of its nominees enters into possession of any Charged Property, it shall be entitled at any time at its discretion to go out of possession.

8.4 **Wide Construction**

The enforcement powers conferred on the Collateral Agent under this Deed shall be construed in the widest possible sense and all parties to this Deed intend that the Collateral Agent shall have as wide and flexible a range of enforcement powers as may be conferred (or, if not expressly conferred, as is not restricted) by any applicable law.

8.5 **Collateral Agent's Liability**

The Collateral Agent shall have no liability or responsibility to the Chargor arising out of the exercise or non-exercise of the powers conferred on it by this Deed.

8.6 **No duty of enquiry**

The Collateral Agent need not enquire as to the sufficiency of any sums received by it in respect of any debt or claim or make any claim or take any other action to collect in or enforce them.

8.7 **No requirement of notice period**

The Collateral Agent is not required to give any prior notice of non-payment or Event of Default to the Chargor before enforcing the Security, and there is no minimum period for which the Secured Obligations must remain due and unpaid before the Security can be enforced.

9. **POWERS OF SALE**

9.1 **Extension of Powers**

The power of sale or other disposal conferred on the Collateral Agent and on any Receiver by this Deed shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Deed, provided that such power shall not be exercisable until the Security constituted by this Deed has become enforceable in accordance with Clause 8.1 (*Enforcement*).

10. APPOINTMENT OF RECEIVER

10.1 Appointment and Removal

At any time after:

10.1.1 the occurrence of an Event of Default which is continuing; or

10.1.2 a request has been made by the Chargor to the Collateral Agent for the appointment of a Receiver or an administrator over its Charged Property,

this Deed shall become enforceable and notwithstanding the terms of any other agreement between the Chargor and the Collateral Agent, the Collateral Agent may by deed or otherwise (acting through an authorised officer of the Collateral Agent), without prior notice to the Chargor:

(a) appoint one or more persons to be a Receiver of the whole or any part of the Charged Property;

(b) appoint two or more Receivers of separate parts of the Charged Property;

(c) remove (so far as it is lawfully able) any Receiver so appointed; and/or

(d) appoint another person(s) as an additional or replacement Receiver(s).

10.2 Capacity of Receivers

Each person appointed to be a Receiver pursuant to Clause 10.1 (*Appointment and Removal*) shall be:

10.2.1 entitled to act individually or together with any other person appointed or substituted as Receiver;

10.2.2 for all purposes deemed to be the agent of the Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Collateral Agent; and

10.2.3 entitled to remuneration for his services at a rate to be fixed by the Collateral Agent from time to time.

10.3 Statutory Powers of Appointment

The powers of appointment of a Receiver herein contained shall be in addition to all statutory and other powers of appointment of the Collateral Agent under applicable law and such powers shall remain exercisable from time to time by the Collateral Agent in respect of all or any part of the Charged Property.

10.4 **Receiver as Agent of Chargor**

The Receiver shall be the agent of the Chargor which shall be responsible for his acts and defaults and liable on any contracts made, entered into or adopted by the Receiver. The Collateral Agent shall not be responsible for supervising or monitoring or liable for the Receiver's acts, omissions, negligence or default, nor be liable on contracts entered into or adopted by the Receiver.

11. **POWERS OF RECEIVER**

11.1 **Powers of Receiver**

In addition to those powers conferred by law, every Receiver shall (subject to any limitations or restrictions expressed in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have the following powers in relation to the Charged Property (and any assets of the Chargor which, when got in, would be part of the Charged Property) in respect of which it was appointed (and every reference in this Clause 11.1 to the "**Charged Property**" shall be read as a reference to that part of the Charged Property in respect of which such Receiver was appointed):

11.1.1 Take Possession

power to enter upon, take immediate possession of, collect and get in the Charged Property including without limitation dividends and other income whether accrued before or after the date of its appointment, and power to exercise all voting and other rights attaching to the Charged Property;

11.1.2 Proceedings and Claims

power to bring, prosecute, enforce, defend and abandon applications, claims, disputes, actions, suits and proceedings in connection with all or any part of the Charged Property or this Deed in the name of the Chargor or in his own name and to submit to arbitration, negotiate, compromise and settle any such applications, claims, disputes, actions, suits or proceedings the power to make any arrangement or compromise with any Secured Party or others as it shall think fit;

11.1.3 Carry on Business

power to carry on and manage, or concur in the carrying on and management of or to appoint a manager of, the whole or any part of the Charged Property or any business relating thereto in such manner as it shall in his absolute discretion think fit and power to raise or borrow money and grant Security therefor over all and any part of the Charged Property;

11.1.4 Deal with Charged Property

power, in relation to the Charged Property and each and every part thereof, to sell, transfer, convey, dispose of or concur in any of the foregoing by the Chargor or any other receiver or manager of the Chargor (including without

limitation to or in favour of the Collateral Agent or any of the other Secured Parties) in such manner and generally on such terms as it thinks fit;

11.1.5 Redemption of Security

power to redeem, discharge or compromise any Security whether or not having priority to the Security constituted by this Deed or any part of it;

11.1.6 Covenants, Guarantees and Indemnities

power to enter into bonds, covenants, guarantees, commitments, indemnities and other obligations or liabilities as it shall think fit, to make all payments needed to effect, maintain or satisfy such obligations or liabilities and to use the company seal of the Chargor; and

11.1.7 Exercise of Powers in Chargor's Name

power to exercise any or all of the above powers on behalf of and in the name of the Chargor (notwithstanding any winding-up or dissolution of the Chargor) or on his own behalf.

11.1.8 Additional Powers

power to:

(a) appoint a solicitor or accountant or other professionally qualified person to assist him in the performance of his functions;

(b) require payment of all outstanding amounts payable by the Chargor in relation to the Charged Property;

(c) rank and claim in the bankruptcy, insolvency, sequestration, judicial management or liquidation of any person indebted to the Chargor and to receive dividends, and to accede to trust deeds for the creditors of any such person;

(d) present or defend a petition for the winding up of the Chargor;

(e) pay the proper administrative charges of any Secured Party in respect of time spent by its agents and employees in dealing with matters raised by the Receiver or relating to the receivership of the Chargor;

(f) do all such other acts and things as may be considered by the Receiver to be incidental or conducive to any of the above matters or powers or otherwise incidental or conducive to the preservation, improvement or realisation of the relevant Charged Property; and

(g) make any payment which is necessary or incidental to the performance of his functions.

11.2 **Terms of Disposition**

In making any sale or other disposal of all or any part of the Charged Property or any acquisition in the exercise of their respective powers (including without limitation a disposal by a Receiver to any subsidiary of the Chargor), a Receiver or the Collateral Agent may accept or dispose of as, and by way of consideration for, such sale or other disposal or acquisition, cash, shares, loan capital or other obligations, including without limitation consideration fluctuating according to or dependent upon profit or turnover and consideration the amount whereof is to be determined by a third party. Any such consideration may, if thought expedient by the Receiver or the Collateral Agent, be nil or may be payable or receivable in a lump sum or by instalments. Any contract for any such sale, disposal or acquisition by the Receiver or the Collateral Agent may contain conditions excluding or restricting the personal liability of the Receiver or the Collateral Agent.

12. APPLICATION OF MONIES

12.1 **Order of Application**

Save as otherwise expressly provided in this Deed, all monies received or recovered by the Collateral Agent or any Receiver pursuant to this Deed or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and subject to Clause 12.2 (*Suspense Account*)) be applied:

12.1.1 first, in the payment of the costs, charges and expenses incurred and payments made by any Receiver and/or the Collateral Agent, the payment of his remuneration and the discharge of any liabilities incurred by such Receiver and/or the Collateral Agent in, or incidental to, the exercise of any of his powers; and

12.1.2 then in accordance with Section 6 (*Application of Proceeds of Collateral*) of the Intercreditor Agreement.

12.2 **Suspense Account**

All monies received, recovered or realised by the Collateral Agent or any Receiver under this Deed or the powers conferred by it (including the proceeds of any conversion of currency) may in the discretion of the Collateral Agent or any Receiver be credited to and held in any suspense or impersonal account pending their application from time to time in or towards the discharge of any of the Secured Obligations in accordance with Clause 12.1 (*Order of Application*).

12.3 **Application by Chargor**

Until all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full, the Collateral Agent may refrain from applying or enforcing any other moneys, Security or rights held by it in respect of the Secured Obligations or may apply and enforce such moneys, Security or rights in such manner and in such order as it shall decide in its unfettered discretion. Any application under this Clause 12 shall override any application or appropriation by the Chargor.

13. RECEIPT AND PROTECTION OF PURCHASERS

13.1 Receipt and Consideration

The receipt of the Collateral Agent or any Receiver shall be conclusive discharge to a purchaser of any part of the Charged Property from the Collateral Agent or such Receiver and in making any sale or disposal of any part of the Charged Property or making any acquisition, the Collateral Agent or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

13.2 Protection of Purchasers

No purchaser or other person dealing with the Collateral Agent or any Receiver shall be bound to inquire whether the right of the Collateral Agent or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Collateral Agent or such Receiver in such dealings.

14. POWER OF ATTORNEY

14.1 Appointment and Powers

The Chargor by way of security and to more fully secure the performance of its obligations under this Deed hereby irrevocably appoints the Collateral Agent (whether or not a Receiver has been appointed) and any Receiver severally to be its attorney (with full power to appoint substitutes and to delegate) and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things which the Collateral Agent or such Receiver may consider to be necessary for:

14.1.1 carrying out any obligation imposed on the Chargor by this Deed or any other agreement binding on the Chargor to which the Collateral Agent is party (including without limitation the execution and delivery of any deeds, charges, assignments or other Security and any transfers of the Charged Property or any part thereof); and

14.1.2 enabling the Collateral Agent and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Deed or by law (including, without limitation, upon or after the occurrence of an Event of Default which is continuing, the exercise of any right of a legal or beneficial owner of the Charged Property or any part thereof).

14.2 Ratification

The power hereby conferred shall be a general power of attorney and the Chargor shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of his powers.

14.3 Sums recoverable

All sums expended by the Collateral Agent, any nominee and/or any Receiver under this Clause 14 shall be recoverable from the Chargor in accordance with Clause 20.

15. REPRESENTATIONS

15.1 Representations

15.1.1 The Chargor, on the date of this Deed, represents and warrants to the Collateral Agent that:

(a) it is an exempted company with limited liability, duly incorporated and validly existing under the laws of Bermuda;

(b) subject to the Legal Reservations:

(i) each of the obligations expressed to be assumed by it in this Deed are legal, valid, binding and enforceable obligations; and

(ii) (without limiting the generality of paragraph (a) above), this Deed creates the Security which it purports to create and such Security are valid and effective;

(c) the entry into and performance by it of, and the transactions contemplated by, this Deed do not and will not:

(i) conflict with any law or regulation applicable to it;

(ii) conflict with its memorandum of association and articles of association; or

(iii) conflict with any agreement or instrument binding upon it or any of its assets;

(d) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed;

(e) no limit on its powers will be exceeded as a result of the grant of Security contemplated by this Deed;

(f) subject to the Legal Reservations, all Authorisations required or desirable:

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed; and

(ii) to make this Deed admissible in evidence in its Relevant Jurisdiction;

have been obtained or effected and are in full force and effect;

(g) subject to the Legal Reservations:

(i) the choice of the laws of the British Virgin Islands as the governing law of this Deed will be recognised and enforced in its Relevant Jurisdiction;

(ii) any judgment obtained in the courts of the British Virgin Islands in relation to this Deed will be recognised and enforced in its Relevant Jurisdiction;

(h) it is, and will be, the sole legal and beneficial owner of the Charged Property (subject to the Security constituted pursuant to this Deed);

(i) it has not sold or otherwise disposed of, or created, granted or permitted to subsist any Security over, all or any of its right, title and interest in the Charged Property (other than the Security constituted pursuant to this Deed and other than as expressly permitted under this Deed);

(j) (as at the date of this Deed) the particulars of the Shares as set out in Schedule 1 (*Particulars of Shares*) are accurate in all respects and represent all the issued shares of the Company as at the date of this Deed;

(k) the Shares have been duly authorised and validly issued by the Company and are fully paid up and there are no monies or liabilities payable or outstanding in relation to any of the Shares;

(l) it has not received notice of any adverse claim by any person in respect of the ownership of, or interest in, its Charged Property, other than the Security created by it pursuant to this Deed;

(m) there are no options or other agreements or arrangements outstanding which call for the sale, transfer, issue, allotment, conversion, redemption or repayment of or accord to any person the right (whether exercisable now or in the future and whether contingent or not) to call for the sale, transfer, issue, allotment, conversion, redemption, or repayment, in respect of any Shares;

(n) other than the Company's articles of association, there are no documents or arrangements in force governing the relationship between the shareholders of the Company, the management of the Company or the issue or ownership of shares in the Company;

(o) the Shares are fully transferable on the books of the Company and no consents or approvals are required in order to register a transfer of any of the Shares and there are no provisions in the articles of association of the Company, the Relevant Agreements or any other agreement or document, which restrict or inhibit (whether absolutely, partly, under a discretionary power or otherwise) the creation of Security over the Charged Property or the transfer of the Charged Property in relation to the enforcement of the Security created by or under this Deed; and

(p) it legally and beneficially owns all of the Charged Property, free and clear of all Security, except for any Security constituted hereby.

15.2 **Repetition**

Each of the representations and warranties set out in Clause 15.1 (except sub-Clause 15.1.1(j)) above shall be deemed to be repeated by the Chargor on each day after the date of this Deed for so long as any Secured Obligations are outstanding, in each case by reference to the facts and circumstances existing at the date on which such representation or warranty is deemed to be made or repeated.

16. **EFFECTIVENESS OF SECURITY**

16.1 **Continuing Security**

The Security created by or pursuant to this Deed shall remain in full force and effect as a continuing security for the Secured Obligations unless and until discharged in writing by the Collateral Agent following the full and valid payment or discharge of the Secured Obligations pursuant to the Finance Documents, notwithstanding the death, insolvency or liquidation or any incapacity or change in the constitution or status of the Chargor or any other Obligor, or any other person or any intermediate payment or settlement of accounts or other matters whatsoever. No part of the Security from time to time intended to be constituted by this Deed will be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations except pursuant to the Finance Documents.

16.2 **Cumulative Rights**

The Security created by this Deed and the Collateral Rights shall be cumulative, in addition to and independent of every other Security which the Collateral Agent or any or all of the Secured Parties may at any time hold for any or all of the Secured Obligations or any rights, powers and remedies provided by law. No prior security held by the Collateral Agent (whether in its capacity as trustee or otherwise) or any or all of the Secured Parties over the whole or any part of the Charged Property shall merge into the security constituted by this Deed.

16.3 **Chargor's Obligations**

None of the obligations of the Chargor under this Deed or the Collateral Rights shall be affected by an act, omission, matter, thing or event which, but for this Clause 16.3, would reduce, release or prejudice any of its obligations under this Deed including (without limitation and whether or not known to it or any Secured Party):

16.3.1 the winding-up, dissolution, administration, reorganisation, death, insolvency, incapacity or bankruptcy of any Obligor or any other person or any change in its status, function, control or ownership;

16.3.2 any of the obligations of any Obligor or any other person under any Finance Document, or under any other Security relating to any Finance Document being or becoming illegal, invalid, unenforceable or ineffective in any respect;

16.3.3 any time, waiver or consent granted to, or composition with, any Obligor or other person;

16.3.4 the release of any Obligor or any other person under the terms of any composition or arrangement;

16.3.5 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;

16.3.6 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Obligor or any other person;

16.3.7 any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or Security or of the Secured Obligations;

16.3.8 any variation of the terms of the trust upon which the Collateral Agent holds any Security created under the Finance Documents;

16.3.9 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security;

16.3.10 any insolvency or similar proceedings;

16.3.11 any claims or set-off right that the Chargor may have;

16.3.12 any law, regulation or decree or order of any jurisdiction affecting any Obligor; or

16.3.13 any Finance Document not being executed by or binding against any Obligor or any other party.

16.4 **Chargor Intent**

Without prejudice to the generality of Clause 16.3 (*Chargor's Obligations*), the Chargor expressly confirms that it intends that the Security created under this Deed, and the Collateral Rights, shall extend from time to time to any (however fundamental and of whatsoever nature, and whether or not more onerous) variation, increase, extension or addition of or to any of the Finance Documents and/or any amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

16.5 **Remedies and Waivers**

No failure on the part of the Collateral Agent to exercise, or any delay on its part in exercising, any Collateral Right shall operate as a waiver thereof or constitute an election to affirm this Deed. No election by the Collateral Agent to affirm this Deed shall be effective unless it is in writing. No single or partial exercise of any Collateral Right shall preclude any further or other exercise of that or any other Collateral Right.

16.6 **No Liability**

None of the Collateral Agent, its nominee(s) or any Receiver shall be liable by reason of (a) taking any action in accordance with this Deed or (b) any neglect or default in connection with all or any part of the Charged Property or (c) taking possession of or realising all or any part of the Charged Property, except in the case of gross negligence or wilful default upon its part (as finally judicially determined).

16.7 **Partial Invalidity**

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Deed under such laws nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the Security intended to be created by or pursuant to this Deed is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of that Security.

16.8 **No Prior Demand**

16.8.1 The Chargor waives any right it may have of first requiring the Collateral Agent (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before enforcing this Deed. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary,

16.8.2 The Collateral Agent shall not be obliged to make any demand of or enforce any rights or claim against any Obligor or any other person, to take any action or obtain judgment in any court against any Obligor or any other person or to make or file any proof or claim in a liquidation, bankruptcy or insolvency of any Obligor or any other person or to enforce or seek to enforce any other Security in respect of any or all of the Secured Obligations before exercising any Collateral Right.

16.9 **Deferral of rights**

Until the time when (a) all Secured Obligations have been irrevocably discharged in full, (b) all amounts which may be or become payable by any or all of the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and (c) no Secured Party is under any further obligation (whether actual or contingent) to provide any further advance or financial accommodation to any Obligor under any Finance Document, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under this Deed:

16.9.1 to be indemnified by any Obligor;

16.9.2 to claim any contribution from any guarantor of any Obligor's obligations under any or all of the Finance Documents;

16.9.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or Security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;

16.9.4 to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Obligor has given a guarantee, undertaking or indemnity under any Finance Document;

16.9.5 to exercise any right of set-off against any Obligor; and/or

16.9.6 to claim or prove as a creditor of any Obligor in competition with the Collateral Agent.

If the Chargor receives any benefit, payment or distribution in relation to such rights, it shall hold that benefit, payment or distribution to the extent necessary to enable the Secured Obligations to be repaid in full on trust for the Collateral Agent (for the benefit of the Secured Parties) and shall promptly pay or transfer the same to the Collateral Agent or as the Collateral Agent may direct for application in accordance with the Finance Documents.

16.10 **Settlement conditional**

Any settlement, discharge or release hereunder in relation to the Chargor or all or any part of the Charged Property shall be conditional upon no Security or payment by any or all of the Obligors to, or recovery from any or all of the Obligors by, any or all of the Secured Parties being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws of general application or any similar event or for any other reason and shall in the event of any such avoidance or reduction or similar event be void.

17. RELEASE OF SECURITY

17.1 Discharge of Security

Except for the release of the Security in connection with a disposition of the Shares of the Company in accordance with the Finance Documents, upon the time when (a) all Secured Obligations have been irrevocably and unconditionally discharged in full, (b) all amounts which may be or become payable by any or all of the Obligors under or in connection with the Finance Documents have been irrevocably and unconditionally paid in full and (c) no Secured Party is under any further obligation (whether actual or contingent) to provide any further advance or financial accommodation to any Obligor under any Finance Document, the Collateral Agent shall (acting on the instructions of the Secured Parties), at the request (with reasonable notice) and cost of the Chargor, release and discharge the Security constituted by this Deed and procure the reassignment to the Chargor of the property and assets assigned to the Collateral Agent pursuant to this Deed (to the extent not otherwise sold, assigned or otherwise

disposed of or applied in accordance with this Deed), in each case subject to Clause 17.2 (*Avoidance of Payments*) and 16.10 (*Settlement conditional*) and without recourse to, or any representation or warranty by, the Collateral Agent or any of its nominees.

17.2 **Avoidance of Payments**

If the Collateral Agent considers that any amount paid or credited to or recovered by any Secured Party by or from any Obligor is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Chargor under this Deed and the Security constituted by this Deed shall continue and such amount shall not be considered to have been irrevocably paid.

18. SUBSEQUENT AND PRIOR SECURITY INTERESTS

18.1 **Subsequent security interests**

If the Collateral Agent (acting in its capacity as Collateral Agent or trustee or otherwise) or any of the other Secured Parties at any time receives or is deemed to have received notice of any subsequent Security or other interest affecting all or any part of the Charged Property or any assignment or transfer of the Charged Property which is prohibited by the terms of this Deed or any other Finance Document, all payments thereafter by or on behalf of any or all of the Obligors to the Collateral Agent (whether in its capacity as Collateral Agent or trustee or otherwise) or any of the other Secured Parties shall be treated as having been credited to a new account of the Collateral Agent or, as the case may be, that other Secured Party and not as having been applied in reduction of the Secured Obligations as at the time when (or at any time after) the Collateral Agent or any other Secured Party received such notice of such subsequent Security or other interest or such assignment or transfer.

18.2 **Prior security interests**

In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking Security or upon the exercise by the Collateral Agent or any Receiver of any power of sale under this Deed or any Collateral Right, the Collateral Agent may redeem any prior ranking Security over or affecting any Charged Property or procure the transfer of any such prior ranking Security to itself. The Collateral Agent may settle and agree the accounts of the beneficiary of any such prior Security and any accounts so settled and agreed will be conclusive and binding on the Chargor. All principal, interest, costs, charges, expenses and/or other amounts relating to and/or incidental to any such redemption or transfer shall be paid by the Chargor to the Collateral Agent upon demand.

19. CURRENCY CONVERSION AND INDEMNITY

19.1 **Currency Conversion**

For the purpose of or pending the discharge of any of the Secured Obligations the Collateral Agent may convert any money received, recovered or realised or subject to application by it under this Deed from one currency to another, as the Collateral Agent may think fit, and any such conversion shall be effected at the Collateral

Agent's spot rate of exchange (or, if no such spot rate of exchange is quoted by the Collateral Agent, such other rate of exchange as may be available to the Collateral Agent) for the time being for obtaining such other currency with such first-mentioned currency.

19.2 **Currency Indemnity**

If any sum (a "**Sum**") owing by the Chargor under this Deed or any order or judgment given or made in relation to this Deed has to be converted from the currency (the "**First Currency**") in which such Sum is payable into another currency (the "**Second Currency**") for the purpose of:

19.2.1 making or filing a claim or proof against the Chargor;

19.2.2 obtaining an order or judgment in any court or other tribunal;

19.2.3 enforcing any order or judgment given or made in relation to this Deed; or

19.2.4 applying the Sum in satisfaction of any of the Secured Obligations,

the Chargor shall indemnify the Collateral Agent from and against any loss suffered or incurred as a result of any discrepancy between (a) the rate of exchange used for such purpose to convert such Sum from the First Currency into the Second Currency and (b) the rate or rates of exchange available to the Collateral Agent at the time of such receipt or recovery of such Sum.

20. **COSTS, EXPENSES AND INDEMNITY**

20.1 **Costs and expenses**

The Chargor shall, within seven (7) Business Days on demand of the Collateral Agent, reimburse the Collateral Agent on a full indemnity basis for all costs and expenses (including legal fees and expenses and any value added tax) incurred by the Collateral Agent in connection with (a) the execution of this Deed or otherwise in relation to this Deed, (b) the perfection or enforcement of the Security constituted by this Deed and/or (c) the exercise of any Collateral Right.

20.2 **Stamp taxes**

The Chargor shall pay all stamp, registration and other Taxes to which this Deed, the Security contemplated in this Deed and/or any judgment given in connection with this Deed is, or at any time may be, subject and shall, from time to time, indemnify the Collateral Agent on demand against any liabilities, costs, claims and/or expenses resulting from any failure to pay or delay in paying any such Tax.

20.3 **Indemnity**

The Chargor shall, notwithstanding any release or discharge of all or any part of the Security constituted by this Deed, on demand of the Collateral Agent, indemnify the Collateral Agent and each other Secured Party (through the Collateral Agent), their respective directors, officers, employees, Delegates, agents, attorneys and any Receiver and any Delegate (each an "**Indemnified Party**") against any action,

proceeding, claims, losses, liabilities, costs, fees, attorney' fees and expenses which it may sustain as a consequence of any breach by the Chargor of the provisions of this Deed, the exercise or purported exercise of any of the rights and powers conferred on any of them by this Deed or otherwise relating to the Charged Property or any part thereof, including but not limited to:

20.3.1 the perfection, preservation, protection, enforcement, realisation or exercise, or attempted perfection, preservation, protection, enforcement, realisation or exercise, of any Security created, or any powers conferred, by this Deed or by law;

20.3.2 the exchange by the Chargor of any share certificate(s) or other documents of title in respect of the Secured Assets;

20.3.3 any Charged Property being deemed not to be freely transferable or deliverable or to be defective,

and, for the avoidance of doubt, each of the indemnities in this paragraph shall survive discharge of the Secured Obligations, termination of this Deed and the resignation or replacement of the Collateral Agent.

20.4 **Indemnity separate**

Each indemnity in this Deed shall:

20.4.1 constitute a separate and independent obligation from the other obligations in this Deed, the other Security Documents and Intercreditor Agreement;

20.4.2 give rise to a separate and independent cause of action;

20.4.3 apply irrespective of any indulgence granted by any person;

20.4.4 continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any Secured Obligation or any other judgment or order; and

20.4.5 apply whether or not any claim under it relates to any matter disclosed by the Chargor or otherwise known to the Collateral Agent.

21. PAYMENTS FREE OF DEDUCTION

21.1 Tax gross-up

All payments to be made to the Collateral Agent under this Deed shall be made free and clear of and without deduction for or on account of Tax unless the Chargor is required to make such payment subject to the deduction or withholding of Tax, in which case the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to Tax such deduction or withholding has been made receives and retains (free from any liability in respect of any such deduction or withholding) a net

sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

21.2 **No set-off or counterclaim**

All payments to be made by the Chargor under this Deed shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

22. DISCRETION AND DELEGATION

22.1 Discretion

Any liberty or power which may be exercised or any determination which may be made under this Deed by the Collateral Agent or any Receiver may, subject to the terms and conditions of the Finance Documents, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

22.2 Delegation

Each of the Collateral Agent and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Deed (including without limitation the power of attorney under Clause 14 (*Power of Attorney*)) on such terms and conditions as it shall see fit which delegation shall not preclude any subsequent exercise, any subsequent delegation or any revocation of such power, authority or discretion by the Collateral Agent or any Receiver.

23. SET-OFF

Each Secured Party may set off any matured obligation due from the Chargor under any or all of the Finance Documents (to the extent beneficially owned by that Secured Party) against any matured obligation owed by the relevant Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If such obligations are in different currencies, the relevant Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of such set-off.

24. CHANGES TO PARTIES

24.1 Successors

This Deed shall be binding upon and enure to the benefit of each party hereto and its and/or any subsequent successors and permitted assigns and transferees. Without prejudice to the foregoing, this Deed shall remain in effect despite any amalgamation or merger (however effected) relating to the Collateral Agent; and references to the Collateral Agent herein shall be deemed to include any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of the Collateral Agent under this Deed or to which, under such laws, those rights and obligations have been transferred.

24.2 **No Assignment or Transfer by Chargor**

The Chargor may not assign or transfer any or all of its rights (if any) and/or obligations under this Deed.

24.3 **Assignment and Transfer by Collateral Agent to Successor**

The Collateral Agent may, without the consent of the Chargor:

24.3.1 assign all or any of its rights under this Deed; and

24.3.2 transfer all or any of its obligations (if any) under this Deed,

to any successor Collateral Agent in accordance with the provisions of the Finance Documents, and the Chargor shall, upon the request of the Collateral Agent, enter into such documentation as the Collateral Agent may require to give effect to any such assignment or transfer. Upon such assignment and transfer taking effect, the successor Collateral Agent shall be and be deemed to be acting as collateral agent and trustee for the Secured Parties for the purposes of this Deed and in place of the former Collateral Agent.

24.4 **Assignment by other Secured Parties**

Each Secured Party (other than the Collateral Agent) may assign all or any of its rights under this Deed (whether direct or indirect) to any person. The Chargor irrevocably and unconditionally confirms that:

24.4.1 it consents to any assignment or transfer by any Secured Party of its rights and/or obligations made in accordance with the provisions of the Finance Documents;

24.4.2 it shall continue to be bound by the terms of this Deed, notwithstanding any such assignment or transfer; and

24.4.3 the assignee or transferee of such Secured Party shall acquire an interest in this Deed upon such assignment or transfer taking effect.

25. **AMENDMENTS AND WAIVERS**

Any provision of this Deed may be amended or waived only by agreement in writing between the Chargor and the Collateral Agent.

26. **NOTICES**

26.1 **Communications in writing**

Each communication to be made by a party hereto to the other party hereto under or in connection with this Deed shall be made in writing and, unless otherwise stated, shall be made by email, fax or letter.

26.2 **Addresses**

The email address, address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party hereto for any communication or document to be made or delivered under or in connection with this Deed is that identified with its signature below, or any substitute address, fax number, or department or officer as that party may notify to the other party by not less than five (5) Business Days' notice.

26.3 **Delivery**

Any communication or document made or delivered by one party hereto to the other party hereto under or in connection with this Deed will only be effective:

26.3.1 if by way of email, only when received in legible form by at least one of the relevant email addresses of the person(s) to whom the communication is made;;

26.3.2 if by way of fax, when received in legible form; or

26.3.3 if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of the address details of such other party provided under Clause 26.2 (*Addresses*), if addressed to that department or officer, provided that any communication or document to be made or delivered to the Collateral Agent will be effective only when actually received by the Collateral Agent and then only if it is expressly marked for the attention of the department or officer identified with the Collateral Agent's signature below (or any substitute department or officer as the Collateral Agent shall specify for this purpose).

26.4 **Language**

Any notice given under or in connection with this Deed must be in English. All other documents provided under or in connection with this Deed must be:

26.4.1 in English; or

26.4.2 if not in English, and if so required by the Collateral Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

27. **COUNTERPARTS**

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

28. GOVERNING LAW

This Deed shall be governed by, construed and shall take effect in accordance with the laws of the British Virgin Islands.

29. JURISDICTION

29.1 British Virgin Islands Courts

The courts of the British Virgin Islands have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of, or connected with this Deed (including a dispute regarding the existence, validity or termination of this Deed or the consequences of its nullity).

29.2 Convenient Forum

The parties hereto agree that the courts of the British Virgin Islands are the most appropriate and convenient courts to settle Disputes between them and, accordingly, that they will not argue to the contrary.

29.3 Exclusive Jurisdiction

This Clause 29 (*Jurisdiction*) is for the benefit of the Secured Parties only. As a result and notwithstanding Clause 29.1 (*British Virgin Islands Courts*), nothing herein shall prevent the Collateral Agent or any Secured Party from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law any Secured Party may take concurrent proceedings in any number of jurisdictions.

29.4 Waiver of immunity

The Chargor irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

29.4.1 suit;

29.4.2 jurisdiction of any court;

29.4.3 relief by way of injunction or order for specific performance or recovery of property;

29.4.4 attachment of its assets (whether before or after judgment); and

29.4.5 execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

29.5 **Appointment of Process Agent**

29.5.1 The Chargor agrees that the process by which any proceedings in the British Virgin Islands are begun may be served on it by being delivered to the process agent referred to below.

29.5.2 Without prejudice to any other mode of service allowed under any relevant law, the Chargor:

(a) irrevocably appoints the Company as its agent for service of process in relation to any proceedings before the British Virgin Islands courts in connection with this Deed and confirms that such agent for service of process has duly accepted such appointment; and

(b) agrees that failure by the process agent to notify the Chargor of the process will not invalidate the proceedings concerned.

29.5.3 If the appointment of the person mentioned in Clause 29.5.2 ceases to be effective, the Chargor shall immediately appoint another person in the British Virgin Islands to accept service of process on its behalf. If the Chargor fails to do so, the Collateral Agent shall be entitled to appoint such a person by notice to the Chargor. Nothing contained herein shall restrict the right to serve process in any other manner allowed by law.

29.6 **Liability in relation to shares**

Nothing in this Deed shall be construed as placing on the Collateral Agent any liability whatsoever in respect of any calls, instalments or other payments relating to any of the Charged Property or any rights, shares or other securities accruing, offered or arising as aforesaid, and the Chargor shall indemnify the Collateral Agent in respect of all calls, instalments or other payments relating to any of the Charged Property owned by it and to any rights, shares and other securities accruing, offered or arising as aforesaid in respect of any of the applicable Charged Property.

29.7 **Incorporation of terms**

The Chargor and the Collateral Agent agree and acknowledge that all rights, protections, indemnities (including any currency indemnity), disclaimers and limitations of liability applicable to the Collateral Agent as set out in the Intercreditor Agreement shall apply *mutatis mutandis* as if set out in full herein. In the event of any inconsistency between the provisions contained herein and the Intercreditor Agreement in relation to such rights, protections, indemnities (including any currency indemnity), disclaimers and limitations of liability, those provisions which are more beneficial to the Collateral Agent shall prevail.

IN WITNESS WHEREOF this Deed has been signed on behalf of the Collateral Agent and executed as a deed by the Chargor and is intended to be and is hereby delivered by it as a deed on the date specified above.

SCHEDULE 1
PARTICULARS OF SHARES

Company	Registered and beneficial owner	Shares (ordinary shares in the issued share capital of the Company)	Representative share certificate no(s)
Pioneer Getter Limited	GCL NEW ENERGY HOLDINGS LIMITED 協鑫新能源控股有限公司	1	2

SCHEDULE 2
FORM OF SHARE TRANSFER

PIONEER GETTER LIMITED ("Company")

SHARE TRANSFER FORM

We, [**name of Chargor**] (the "**Transferor**"), for good and valuable consideration received by us from [*leave blank*]

(the "**Transferee**"), do hereby:

1. sell, transfer and assign to the Transferee [*leave blank*]

   share(s) (the "**Shares**") standing in our name in the register of the Company to hold unto the Transferee, his executors, administrators and assigns, subject to the several conditions on which we held the same at the time of execution of this Share Transfer Form; and

2. consent that our name remains on the register of members of the Company until such time as the Company enters the Transferee's name in the register of members of the Company.

And we, as Transferee, do hereby agree to take the Shares subject to the same conditions.

As Witness Our Hands

Signed by the Transferor on)
in the presence of:)

_____
Witness

Signed by the Transferee on)
in the presence of:)

_____
Witness

SCHEDULE 3
FORM OF LETTER OF RESIGNATION

To: The Board of Directors
PIONEER GETTER LIMITED (the "**Company**")
Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands

Date: [*to be left blank*]

Dear Sirs,

Resignation

I hereby tender my unconditional and irrevocable resignation as a director of the Company with effect from the date of this letter. I confirm that:

1. I have no claims whatsoever against the Company or any of its subsidiaries or associated companies (if any) on any account (whether for loss of office, for accrued remuneration or for fees or otherwise howsoever); and

2. there is no outstanding agreement or arrangement with the Company or any of its subsidiaries or associated companies (if any) under which the Company or any of such subsidiaries or associated companies has or would have any obligation to me whether now or in the future or under which I would derive any benefit.

This letter is governed by and shall be construed in accordance with the laws of the British Virgin Islands.

IN WITNESS WHEREOF this deed has been executed the day and year above written.

EXECUTED AS A DEED by)
[**name of relevant director**])
in the presence of)

L.S

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
_____
_____
Occupation of witness: _____

SCHEDULE 4
FORM OF WRITTEN RESOLUTIONS

PIONEER GETTER LIMITED (the "Company")

WRITTEN RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY

Dated: [*to be left blank*]

IT IS RESOLVED THAT:

1. each of the following transfers of the shares in the Company be approved and that, upon the delivery to any director of the Company of a duly completed share transfer form in respect of any of the following transfers, the name of the relevant transferee be entered forthwith in the register of members of the Company in respect of the relevant shares so transferred and that new share certificates in respect of such shares be issued forthwith to such transferee in accordance with the Articles of Association of the Company:

   [*to be left blank*]

2. each of the following persons be appointed as an additional director of the Company with immediate effect:

   [*to be left blank*]

3. the resignation of the following persons as directors of the Company be accepted with immediate effect:

   [*to be left blank*]

4. the above changes in directorships of the Company be notified to the registered agent of the Company in the British Virgin Islands as soon as shall be practicable and that the registered agent be instructed to update the register of directors of the Company accordingly.

[*all the directors of the Company to state their names and sign*]

SCHEDULE 5
FORM OF LETTER OF UNDERTAKING AND AUTHORISATION

To: **Madison Pacific Trust Limited** as Collateral Agent (including its successors, assigns and transferees)

Dear Sirs,

Deed of Share Charge dated [ ] by [name of Chargor] in favour of [name of Collateral Agent] as Collateral Agent (as amended from time to time, the "Deed")

Terms and expressions defined in or construed for the purposes of the Deed shall have the same meaning herein.

I hereby unconditionally and irrevocably:

1. undertake to procure, to the extent of my powers as a director of PIONEER GETTER LIMITED (the "**Company**"), that any or all of the shares in the Company which are charged to you pursuant to the Deed shall upon your request be promptly registered in the name of yourself or (at your request) any person(s) whom you may nominate;

2. authorise each of you and any other person(s) authorised by you severally to complete, date and put into effect:

   (a) the attached letter of resignation signed by me;

   (b) the attached written resolutions of the board of directors of the Company signed by me; and

   (c) any other document signed by me and delivered pursuant to Clause 4.2 (*Delivery of Documents of Title*) of the Deed (including the blank share transfer forms),

   at any time after the security constituted by the Deed shall have become enforceable in accordance with its terms as you consider fit in your absolute discretion.

This letter is governed by and shall be construed in accordance with the laws of the British Virgin Islands.

Dated:

IN WITNESS WHEREOF this deed has been executed the day and year above written.

EXECUTED AS A DEED by)
[**name of relevant director**])
in the presence of)

L.S

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
Occupation of witness: _____

SCHEDULE 6
FORM OF IRREVOCABLE PROXY AND POWER OF ATTORNEY

We, [*Name of the Chargor], as a shareholder of the Company, hereby makes, constitutes and appoints _____ (the "**Attorney**") as the true and lawful attorney and proxy of the undersigned with full power to appoint a nominee or nominees to act hereunder from time to time and to vote any existing or further shares in the Company which may have been or may from time to time be issued and/or registered in our name (the "**Shares**") at all general meetings of shareholders of the Company with the same force and effect as the undersigned might or could do and to requisition and convene a meeting or meetings of the shareholders of the Company for the purpose of appointing or confirming the appointment of new directors of the Company and/or such other matters as may in the opinion of the Attorney be necessary or desirable for the purpose of implementing the Share Charge referred to below and the undersigned hereby ratifies and confirms all that the said Attorney or its nominee or nominees shall do or cause to be done by virtue hereof.

This power and proxy is given to secure a proprietary interest of the donee of the power and is irrevocable and shall remain irrevocable as long as the Share Charge dated _____ between [*Name of the Chargor] as chargor and [*Name of the Collateral Agent] as collateral agent (the "**Share Charge**") is in force and any person dealing with the Attorney may rely on a written statement by the Attorney to the effect that this power of attorney is valid and has not been revoked as conclusive evidence of that fact and any transaction between any such person and the Attorney after notice of revocation has been given to the Attorney shall be valid to the extent that any such person deals with the Attorney in bona fide belief, based on such written statement, that the Attorney's power is valid and has not been revoked.

IN WITNESS whereof this instrument has been duly executed this [ ] as a deed and is intended to be and is hereby delivered by it as a deed on the date specified above.

EXECUTED AS A DEED and delivered on the date first written above by [*name of authorised signatory], duly authorised signatory for and on behalf of

GCL NEW ENERGY HOLDINGS LIMITED

_____
Duly Authorised Signatory

Name:

(協鑫新能源控股有限公司))
)
) Title:

in the presence of:

Signature of Witness

Name:

Address:

EXECUTION

The Chargor

EXECUTED AS A DEED and	)
delivered on the date first written above	)
by **[*name of director]**, director for	)
and on behalf of	)
GCL New Energy Holdings Limited	)
(協鑫新能源控股有限公司)	)

.....
Signature of director

.....
Name of director (block letters)

in the presence of:

_____
Signature of Witness

Name: _____

Address: _____

Address:

Attention:

Telephone:

Facsimile:

Email:

The Collateral Agent

SIGNED for and on behalf of)
MADISON PACIFIC TRUST LIMITED)
)
)

By: .....

Name: .....

Title: .....

Address: 54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Attention: David Naphtali / Holly Yuen

Facsimile: +852 2599 9501

Email: agent@madisonpac.com

with any original document to be delivered to:

Madison Pacific

Address: 2 Shenton Way, #11-01 SGX Centre 1, Singapore 068804

Attention: Kenny Low / Jerome Lye

DATED _____

PIONEER GETTER LIMITED
as the Chargor

in favour of

MADISON PACIFIC TRUST LIMITED
as the Collateral Agent

SHARE CHARGE

CONTENTS

THIS DEED OF SHARE CHARGE is made on _____ (this "**Deed**")

BY

(1) **PIONEER GETTER LIMITED**, a business company incorporated under the laws of the British Virgin Islands with limited liability, with company number 1820442 and its registered office at Palm Grove House, P.O. Box 438, Road Town, Tortola VG1110, British Virgin Islands (the "**Chargor**");

in favour of

(2) **MADISON PACIFIC TRUST LIMITED**, a company incorporated under the laws of Hong Kong with limited liability, with company number 1619851and its office at 54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as collateral agent and trustee for the Secured Parties (the "**Collateral Agent**", which expression shall include its successors, assigns and transferees).

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined in this Deed or unless the context otherwise requires, terms and expressions defined in or construed for the purposes of the Intercreditor Agreement shall bear the same meanings when used herein. In addition:

"**Authorisation**" means:

(a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or

(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

"**Charged Property**" means the Shares, the Derivative Assets and the Related Rights in relation thereto, and all other assets and/or undertaking of the Chargor which from time to time are the subject of the Security created or expressed to be created in favour of the Collateral Agent by or pursuant to this Deed.

"**Collateral Rights**" means all rights, powers and remedies of the Collateral Agent provided by or pursuant to this Deed or by law.

"**Company**" means GCL New Energy Management Limited, a company incorporated under the laws of Hong Kong with limited liability, with company number 1506804 and its registered office at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong as at the date of this Deed.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Collateral Agent.

"**Derivative Assets**" includes:

(a) allotments, rights, money or property arising at any time in relation to any of the Shares by way of conversion, exchange, redemption, bonus, preference, option or otherwise;

(b) Dividends, distributions, interest and other income paid or payable in relation to any of the Shares; and

(c) stock, shares and securities offered in addition to or in substitution for any of the Shares.

"**Dividends**" means all dividends, distributions, interest or other income paid or payable to the Chargor now or in the future under or by virtue of any of the Relevant Agreements, together with the full benefit of all rights and remedies relating thereto including, but not limited to, all claims for damages and other remedies for non-payment of the same and all proceeds and forms of remittance in respect of the same and all rights and proceeds of the exercise of rights of set-off.

"**Event of Default**" has the meaning given to it in the Intercreditor Agreement.

"**Finance Documents**" has the meaning given to it in the Intercreditor Agreement.

"**Governmental Agency**" means any government or any governmental agency, semigovernmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China.

"**Intercreditor Agreement**" means the intercreditor agreement dated on or about the date of this Deed, and entered into between, amongst others, the Issuer as company, the entities therein as subsidiary guarantor pledgors, The Bank of New York Mellon, London Branch as notes trustee, and Madison Pacific Trust Limited as collateral agent.

"**Issuer**" means GCL New Energy Holdings Limited (協鑫新能源控股有限公司).

"**Legal Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court;

(b) the limitation of enforcement by laws relating to insolvency, reorganisation, penalties and other laws generally affecting the rights of creditors;

(c) the time barring of claims under applicable statutes of limitation (or equivalent legislation) of any Relevant Jurisdiction;

(d) the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void;

(e) defences of set-off or counterclaim; and

(f) similar principles, rights and remedies under the laws of any Relevant Jurisdiction.

"**Obligors**" means, collectively, the Issuer, the Subsidiary Guarantors, and the Subsidiary Guarantor Pledgors.

"**Original Shares**" means the shares in the issued share capital of the Company legally and beneficially owned by the Chargor as at the date of this Deed, the particulars of which are set out in Schedule 1 (*Particulars of Shares*).

"**Receiver**" means a receiver or receiver and manager of the whole or any part of the Charged Property and that term will include any appointee under a joint and/or several appointment and any substituted receiver or receiver and manager.

"**Related Rights**" means, in relation to any asset:

(a) the proceeds of sale of any part of that asset;

(b) all rights under any licence, agreement for sale, lease or other disposal in respect of that asset;

(c) all rights, powers, benefits, claims, contracts, warranties, remedies, Security, guarantees, indemnities and/or covenants for title in respect of that asset; and

(d) any moneys and proceeds paid or payable in respect of that asset,

(in each case) from time to time.

"**Relevant Agreements**" means collectively, any joint venture agreement, partnership agreement, shareholders' agreement, constitutional documents of the Company or other document relating to the Chargor's shareholding (including the Shares), equity interest or investment in the Company.

"**Relevant Jurisdiction**" means, in respect of the Chargor:

(a) its jurisdiction of incorporation;

(b) any jurisdiction where any asset subject to or intended to be subject to the Security to be created by it pursuant to this Deed is situated; and

(c) any jurisdiction where it conducts its business.

"**Secured Obligations**" has the meaning given to it in the Intercreditor Agreement.

"**Secured Parties**" has the meaning given to it in the Intercreditor Agreement.

"**Security**" means a mortgage, charge, pledge, lien, assignment, hypothecation or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Shares**" means the Original Shares and all other shares in the share capital of the Company held by, to the order or on behalf of the Chargor from time to time while any Secured Obligations are outstanding.

1.2 **Construction**

In this Deed:

1.2.1 any reference to the "**Chargor**, any "**Obligor**", the **Company**", the "**Collateral Agent**" or any or all of the "**Secured Parties**" shall be construed so as to include its or their (and any subsequent) successors and any permitted assigns and transferees;

1.2.2 any reference to "**assets**" includes present and future properties, revenues and rights of every description;

1.2.3 any reference to the "**Intercreditor Agreement**", any "**Finance Document**" or any other agreement or instrument shall be a reference to the Intercreditor Agreement, that Finance Document or that other agreement or instrument as amended, novated, supplemented, extended (whether of maturity or otherwise), replaced or restated (in each case however fundamental and of whatsoever nature, and whether or not more onerous) from time to time;

1.2.4 any reference to "**including**" shall be construed as "including without limitation" (and cognate expressions shall be construed similarly);

1.2.5 any reference to "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

1.2.6 any reference to a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

1.2.7 any reference to the male gender shall include the female gender and neutral gender and vice versa;

1.2.8 any reference to a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

1.2.9 "**Charged Property**", "**Derivative Assets**", "**Dividends**", "**Original Shares**", "**Related Rights**", "**Secured Obligations**" or "**Shares**" shall be deemed to include a reference to any part of them or it;

1.2.10 "**variation**" includes any variation, amendment, accession, novation, restatement, modification, assignment, transfer, supplement, extension, deletion or replacement however effected and "**vary**" and "**varied**" shall be construed accordingly;

1.2.11 "**writing**" includes facsimile transmission legibly received except in relation to any certificate, notice or other document which is expressly required by this Deed to be signed and "**written**" has a corresponding meaning;

1.2.12 a provision of law is a reference to that provision as amended or re-enacted;

1.2.13 a time of day is a reference to Hong Kong time;

1.2.14 unless this Deed expressly provides to the contrary, an obligation of the Chargor under this Deed which is not a payment obligation remains in force for so long as the Secured Obligations have not been unconditionally and irrevocably paid in full or any Secured Party is under any further actual or contingent liability to make an advance or provide other financial accommodation to any person under any Finance Document; and

1.2.15 save where the context otherwise requires, references in this Deed to any Clause or Schedule shall be to a clause or schedule contained in this Deed.

1.3 **Third party rights**

1.3.1 Unless expressly provided to the contrary in this Deed, a person who is not a party has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) (the "**Third Parties Ordinance**") to enforce or to enjoy the benefit of any term of this Deed.

1.3.2 Notwithstanding any term of this Deed, the consent of any person who is not a party is not required to rescind or vary this Deed at any time.

1.3.3 Any Receiver or Delegate or may, subject to this Clause 1.3 and the Third Parties Ordinance, rely on any Clause of this Deed which expressly confers rights on it.

2. PAYMENT OF SECURED OBLIGATIONS

2.1 Covenant to Pay

2.1.1 The Chargor (as primary obligor and not merely as surety) hereby covenants with the Collateral Agent as collateral agent and trustee for the Secured Parties that it shall on demand of the Collateral Agent pay or discharge the Secured Obligations when due at the times and in the manner provided in the relevant Finance Documents.

2.1.2 The covenants contained in this Clause 2.1 and the Security created by this Deed shall not extend to or include any liability or sum which would otherwise cause any such covenant or Security to be unlawful or prohibited by any applicable law.

2.1.3 The making of one demand shall not preclude the Collateral Agent from making any further demands.

2.1.4 A certificate of the Collateral Agent executed by a duly authorised officer of the Collateral Agent setting forth the amount of any Secured Obligations due

from the Chargor shall be conclusive evidence of such amount against the Chargor in the absence of fraud or manifest error.

2.1.5 Any third party dealing with the Collateral Agent or any Receiver shall not be concerned to see or enquire as to the validity of any demand under this Deed.

3. CHARGE

3.1 Fixed Charge

3.1.1 The Chargor hereby charges as legal and beneficial owner in favour of the Collateral Agent (for the benefit of the Secured Parties), as continuing security for the payment and discharge of the Secured Obligations, by way of first fixed charge:

(a) the Original Shares and all Related Rights in relation thereto;

(b) all Shares in which the Chargor may in the future acquire any interest (legal or equitable) and all Related Rights in relation thereto;

(c) all Derivative Assets of a capital nature now or in the future accruing to the Chargor (whether at law or in equity) or offered to it at any time in respect of the Shares; and

(d) all Derivative Assets of an income nature now or in the future accruing to the Chargor (whether at law or in equity) or offered to it at any time in respect of the Shares.

3.1.2 To the extent that, in respect of any of the Charged Property, Clause 3.1.1 does not have the effect of creating or acknowledging a first priority fixed Security in favour of the Collateral Agent (for the benefit of the Secured Parties), the Security created or acknowledged by Clause 3.1.1 shall take effect as such type of Security as shall be required by the law applicable to the creation of a Security in such Charged Property for the purpose of conferring on the Collateral Agent a first priority Security in such Charged Property.

4. PERFECTION OF SECURITY

4.1 Perfection

4.1.1 The Chargor shall (at its own cost), immediately after execution of this Deed:

(a) create and maintain a register of charges (the "**Register of Charges**") of the Chargor in accordance with section 162 of the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands (the "**BVI BC Act**") to the extent this has not already been done;

(b) enter particulars as required by the BVI BC Act of the Security created pursuant to this Deed in the Register of Charges and immediately after entry of such particulars has been made, provide the Collateral Agent with a certified true copy of the updated Register of Charges; and

(c) effect registration, or assist the Collateral Agent in effecting registration, of this Deed with the Registrar of Corporate Affairs of the British Virgin Islands (the "**Registrar of Corporate Affairs**") pursuant to section 163 of the BVI BC Act by making the required filing, or assisting the Collateral Agent in making the required filing, in the approved form with the Registrar of Corporate Affairs and (if applicable) provide confirmation in writing to the Collateral Agent that such filing has been made.

4.1.2 The Chargor shall, immediately on receipt, deliver or procure to be delivered to the Collateral Agent, the certificate of registration of charge issued by the Registrar of Corporate Affairs evidencing that the requirements of Part VIII of the BVI BC Act as to registration have been complied with and the filed stamped copy of the application containing the relevant particulars of charge.

4.2 **Delivery of Documents of Title**

The Chargor shall:

4.2.1 on the date of this Deed, deposit with the Collateral Agent (or procure the deposit with the Collateral Agent of) the following:

(a) all originals of valid and duly issued share certificates or other documents of title to the Original Shares;

(b) original undated share transfer forms, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 2 (*Form of Share Transfer*), with the sections relating to the consideration and the name and details of the transferees left blank;

(c) original undated bought and sold notes, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 3 (*Form of Bought and Sold Notes*), with the sections relating to the consideration and the name and details of the transferees left blank;

(d) [*Reserved*];

(e) an original undated letter of resignation duly executed by each director of the Company, in substantially the form set out in Schedule 4 (*Form of Letter of Resignation*);

(f) an original undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company, in substantially the form set out in Schedule 5 (*Form of Written Resolutions*);

(g) a letter of undertaking and authorisation duly executed and dated by each director of the Company, in substantially the form set out in Schedule 6 (*Form of Letter of Undertaking and Authorisation*), authorising the Collateral Agent to complete and date the documents set out in paragraph (b), (c), (e), (f) and (h);

(h) an original irrevocable proxy and power of attorney in respect of such Shares, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 7 (*Form of Irrevocable Proxy and Power of Attorney*);

(i) certified true copies of the register of directors and register of members of the Company (to the extent not already provided to the Collateral Agent); and

(j) such other documents as the Collateral Agent may require for the purposes of perfecting its title to the Charged Property or for the purpose of vesting the same in itself, its nominee or any purchaser or presenting the same for registration at any time (if it has notified the Chargor accordingly).

4.2.2 immediately upon any acquisition of any Charged Property and/or upon any Charged Property becoming subject to Security hereunder and/or the accrual, issue or coming into existence of any stocks, shares, warrants or other securities in respect of or derived from any Charged Property, in each case after the date of this Deed, notify the Collateral Agent of that occurrence and immediately deliver to the Collateral Agent:

(a) originals of all valid and duly issued share certificates and other documents of title representing such items;

(b) original undated share transfer forms or, as the case may be, other appropriate instruments of transfer in respect of such items duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 2 (*Form of Share Transfer*) (if applicable) or in such other form as the Collateral Agent shall request acting reasonably and any other document necessary or conducive to enable the Collateral Agent to register such Charged Property in its name or in the name of its nominee(s) or to effect a valid transfer of any such Charged Property;

(c) original undated bought and sold notes in respect of such items duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 3 (*Form of Bought and Sold Notes*); and

(d) [*Reserved*],

unless already delivered pursuant to this Clause 4.2;

4.2.3 immediately upon any change in any director of the Company after the date of this Deed, deliver to the Collateral Agent:

(a) (in the case of a new director) an original undated letter of resignation duly executed by such director of the Company in substantially the form set out in Schedule 4 (*Form of Letter of Resignation*);

(b) an original of the undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company

in substantially the form set out in Schedule 5 (*Form of Written Resolutions*);

(c) (in the case of a new director) original of a letter of undertaking and authorisation duly executed by each director of the Company in substantially the form set out in Schedule 6 (*Form of Letter of Undertaking and Authorisation*);

(d) a replacement of any of the documents signed by the replaced director(s) delivered under this Clause 4.2; and

4.2.4 subject to the other provisions of this Deed, the Chargor shall (and, if applicable, shall procure that its nominee(s) will):

(a) at the request of the Collateral Agent, immediately upon the completion of any transfer of the Charged Property to the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s), procure the immediate registration of such transfer in the book of the Company and the entry of the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s) in the register of members of the Company as the holder(s) of such Charged Property; and

(b) in respect of any Charged Property which become subject to this Deed after the date of this Deed, at the request of the Collateral Agent, immediately upon the completion of any transfer of such Charged Property to the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s), procure the immediate registration of such transfer in the book of the Company and the entry of the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s) in the register of members of the Company as the holder(s) of such Charged Property.

4.3 Retention of documents

The Collateral Agent shall be entitled to continue to hold any document delivered to it pursuant to Clause 4.2 (*Delivery of Documents of Title*) until the Charged Property is released and if, for any reason, it releases any such document to the Chargor before such time, it may by notice to the Chargor require that such document be redelivered to it and the Chargor shall promptly comply with that requirement or procure that it is complied with.

5. FURTHER ASSURANCE

5.1 Further Assurance: General

The Chargor shall promptly at its own cost do all such acts and/or execute all such documents (including without limitation assignments, transfers, mortgages, charges, notices and instructions) as the Collateral Agent may reasonably specify (and in such form as the Collateral Agent may reasonably require in favour of the Collateral Agent or its nominee(s)):

5.1.1 to perfect the Security created or intended to be created in respect of the Charged Property (which may include, without limitation, the execution by the Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, any part of the Charged Property);

5.1.2 to confer on the Collateral Agent Security over any property and assets of the Chargor located in any jurisdiction outside Hong Kong equivalent or similar to the Security intended to be conferred by or pursuant to this Deed;

5.1.3 to facilitate the realisation of the Charged Property subject to the Security conferred or intended to be conferred by this Deed or the exercise of any rights, powers and remedies of the Collateral Agent, the Secured Parties, any Receiver, administrator or nominee, including executing any transfer, conveyance, charge, assignment or assurance of all or any of the Charged Property which are the subject of the Security constituted by this Deed, making any registration and giving any notice, order or instructions; and/or

5.1.4 to exercise any of the rights or powers attaching to any of the Charged Property conferred on the Collateral Agent by this Deed, any Finance Documents or by law.

5.2 **Necessary Action**

The Chargor shall from time to time take all such action (whether or not requested to do so by the Collateral Agent) as is or shall be available to it (including without limitation obtaining and/or effecting all Authorisations and making all filings and registrations and apply for relief against forfeiture) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Collateral Agent by or pursuant to this Deed.

5.3 **Implied Covenants for Title**

The obligations of the Chargor under this Deed shall be in addition to any covenants for title deemed to be included in this Deed under applicable law.

6. NEGATIVE PLEDGE AND DISPOSALS

6.1 **Negative Pledge**

The Chargor undertakes that it shall not, at any time during the subsistence of this Deed, create, or agree or attempt to create or permit to subsist any Security or any trust over all or any part of the Charged Property, except for the Security constituted by this Deed.

6.2 **No Disposal of Interests**

The Chargor undertakes that, during the subsistence of this Deed, it shall not, and shall not agree to, sell, assign, transfer or otherwise dispose of any Charged Property, except pursuant to this Deed or any other Finance Document.

6.3 **Preservation of assets**

The Chargor shall not do or permit to be done any act or thing which might jeopardise the rights of the Collateral Agent in the Charged Property or which might adversely affect or diminish the value of the Charged Property.

6.4 **Other negative undertakings**

The Chargor undertakes that it shall not, at any time during the subsistence of this Deed:

6.4.1 without the prior written consent of the Collateral Agent, permit the Company's constitutional documents (including its articles of association) to be amended in a manner which is reasonably likely to have an adverse effect on the Security constituted by this Deed or the interests of the Secured Parties;

6.4.2 waive, release, settle, compromise, abandon or set-off any claim or the liability of any person in respect of the Dividends, or do or omit to do any other act or thing whereby the recovery in full of the Dividends as and when they become payable may be impeded (provided that such Dividends shall only be paid or become payable, and shall be deposited and/or applied, in accordance with the provisions and requirements of the other Finance Documents);

6.4.3 cause or permit any of the Charged Property to be consolidated, sub-divided or converted or the other capital of the Company to be re-organised, exchanged or repaid;

6.4.4 permit the appointment or removal of any director of the Company, unless the obligations under Clause 4.2.3 are complied; or

6.4.5 permit the issue by the Company of any shares, stock or securities or (except pursuant to this Deed) the transfer of any shares, stock or securities issued by the Company, unless otherwise permitted under the terms of any Finance Document and the obligations under Clause 4.2.2 are complied).

7. **OPERATIONS BEFORE AND AFTER EVENTS OF DEFAULT**

7.1 **Dividends**

7.1.1 The Chargor shall, at all times prior to the occurrence of an Event of Default, be entitled to retain any Dividends received or recovered by it in cash in respect of any or all of the Charged Property.

7.1.2 After the occurrence of an Event of Default which is continuing, the Chargor shall promptly pay over and deliver to the Collateral Agent for application in accordance with this Deed (and the Collateral Agent may apply in accordance with this Deed and the Intercreditor Agreement) any and all Dividends, distributions, interest and/or other monies received and/or recovered in respect of all or any part of the Charged Property.

7.1.3 Any and all Dividends and/or distributions, recovered or paid/delivered to the order of the Chargor (other than in cash) in respect of any or all of the Charged Property shall be held by the Chargor subject to the Security constituted by this Deed, provided that if such receipt or recovery is made after the occurrence of an Event of Default which is continuing, the Chargor shall promptly deliver such Dividends, distributions, interest and/or other monies to the Collateral Agent for application in accordance with this Deed and the Intercreditor Agreement.

7.2 **Operation: Before Event of Default**

Prior to the occurrence of an Event of Default, the Chargor shall be entitled to exercise all voting rights in relation to any or all of the Shares **provided that** the Chargor shall not exercise such voting rights in any manner that could give rise to, or otherwise permit or agree to, any

7.2.1 variation of the rights attaching to or conferred by any of the Shares;

7.2.2 liability on the part of the Collateral Agent or any other Secured Party; or

7.2.3 increase in the issued share capital, registered capital or equity interest of any company, corporation or entity whose shares/securities/equity interests are charged or subject to Security under this Deed.

7.3 **Operation: After Event of Default**

The Collateral Agent may, upon and/or after the occurrence of an Event of Default which is continuing (in the name of the Chargor or otherwise and without any further consent or authority from the Chargor):

7.3.1 exercise (or refrain from exercising) any voting rights in respect of the Charged Property;

7.3.2 apply all dividends, distributions, interest and other monies arising from all or any of the Charged Property in accordance with Clause 12 (*Application of Monies*);

7.3.3 transfer all or any of the Charged Property into the name of such nominee(s) of the Collateral Agent as it shall think fit; and

7.3.4 exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Charged Property, including without limitation the right, in relation to any company, corporation or entity whose shares, equity interests or other securities are included in the Charged Property or any part thereof, to concur or participate in:

(a) the reconstruction, amalgamation, sale or other disposal of such company, corporation or entity or any of its assets or undertaking (including without limitation the exchange, conversion or reissue of any shares, equity interests or securities as a consequence thereof);

(b) the release, modification or variation of any rights or liabilities attaching to such shares, equity interests or securities; and

(c) the exercise, renunciation or assignment of any right to subscribe for any shares, equity interests or securities,

in each case in such manner and on such terms as the Collateral Agent may think fit, and the proceeds of any such action shall form part of the Charged Property and may be applied by the Collateral Agent in accordance with Clause 12 (*Application of Monies*).

7.4 **Payment of Calls**

The Chargor shall pay when due all calls or other payments which may be or become due in respect of any of the Charged Property, and in any case of default by the Chargor in such payment, the Collateral Agent may, if it thinks fit, make such payment on behalf of the Chargor in which case any sums paid by the Collateral Agent shall be reimbursed by the Chargor to the Collateral Agent on demand.

7.5 **Exercise of Rights**

The Chargor shall not exercise any of its rights and powers in relation to any of the Charged Property in any manner which, in the opinion of the Collateral Agent, would prejudice the value of, or the ability of the Collateral Agent to realise, the Security created by this Deed.

7.6 **Other positive undertakings**

The Chargor undertakes that it shall, at any time during the subsistence of this Deed:

7.6.1 subject to the Security constituted pursuant to this Deed, remain the sole legal and beneficial owner of the Charged Property;

7.6.2 procure that the Charged Property at all times represent the entire issued share capital of the Company;

7.6.3 at any time after this Deed has become enforceable, account to the Collateral Agent, promptly following receipt, for all monies received in respect of the Charged Property and, pending payment of such monies to the Collateral Agent, hold such monies on trust for the Collateral Agent;

7.6.4 forward to the Collateral Agent at the same time as they are received, copies of all documents which are dispatched by the Company to its shareholders generally (or any class of them) (in their capacity as such); and

7.6.5 take such action as the Collateral Agent may direct in respect of any proposed compromise, arrangement, capital re-organisation, conversion, exchange, repayment or takeover offer affecting any of the Charged Property or any proposal to vary or abrogate any rights attaching to any Charged Property.

8. ENFORCEMENT OF SECURITY

8.1 Enforcement

At any time after this Deed has become enforceable, the Collateral Agent may, without notice to the Chargor or prior authorisation from any court, in its absolute discretion:

8.1.1 date and complete the undated documents delivered to the Collateral Agent pursuant to Clause 4.2 (*Delivery of Documents of Title*);

8.1.2 enforce all or any part of such Security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold or dispose of all or any part of the Charged Property; and

8.1.3 whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by this Deed on any Receiver or otherwise conferred by law on mortgagees and/or Receivers.

8.2 No Liability as Mortgagee in Possession

Neither the Collateral Agent nor any Receiver shall be liable to account as a mortgagee in possession in respect of all or any part of the Charged Property or be liable for any loss upon realisation or for any neglect, default or omission in connection with the Charged Property to which a mortgagee or a mortgagee in possession might otherwise be liable. If and whenever the Collateral Agent or any of its nominees enters into possession of any Charged Property, it shall be entitled at any time at its discretion to go out of possession.

8.3 Wide Construction

The enforcement powers conferred on the Collateral Agent under this Deed shall be construed in the widest possible sense and all parties to this Deed intend that the Collateral Agent shall have as wide and flexible a range of enforcement powers as may be conferred (or, if not expressly conferred, as is not restricted) by any applicable law.

8.4 Collateral Agent's Liability

The Collateral Agent shall have no liability or responsibility to the Chargor arising out of the exercise or non-exercise of the powers conferred on it by this Deed.

8.5 No duty of enquiry

The Collateral Agent need not enquire as to the sufficiency of any sums received by it in respect of any debt or claim or make any claim or take any other action to collect in or enforce them.

8.6 No requirement of notice period

The Collateral Agent is not required to give any prior notice of non-payment or Event of Default to the Chargor before enforcing the Security, and there is no minimum

period for which the Secured Obligations must remain due and unpaid before the Security can be enforced.

9. POWERS OF SALE

9.1 Extension of Powers

The power of sale or other disposal conferred on the Collateral Agent and on any Receiver by this Deed shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Deed, provided that such power shall not be exercisable until the Security constituted by this Deed has become enforceable in accordance with Clause 8.1 (*Enforcement*).

9.2 Restrictions

Any restrictions imposed by law on the power of sale or on the consolidation of Security (including without limitation any restriction under paragraph 11 of the Fourth Schedule to the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong) shall be excluded to the fullest extent permitted by law.

10. APPOINTMENT OF RECEIVER

10.1 Appointment and Removal

At any time after:

10.1.1 the occurrence of an Event of Default which is continuing; or

10.1.2 a request has been made by the Chargor to the Collateral Agent for the appointment of a Receiver or an administrator over its Charged Property,

this Deed shall become enforceable and notwithstanding the terms of any other agreement between the Chargor and the Collateral Agent, the Collateral Agent may by deed or otherwise (acting through an authorised officer of the Collateral Agent), without prior notice to the Chargor:

(a) appoint one or more persons to be a Receiver of the whole or any part of the Charged Property;

(b) appoint two or more Receivers of separate parts of the Charged Property;

(c) remove (so far as it is lawfully able) any Receiver so appointed; and/or

(d) appoint another person(s) as an additional or replacement Receiver(s).

10.2 Capacity of Receivers

Each person appointed to be a Receiver pursuant to Clause 10.1 (*Appointment and Removal*) shall be:

10.2.1 entitled to act individually or together with any other person appointed or substituted as Receiver;

10.2.2 for all purposes deemed to be the agent of the Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Collateral Agent; and

10.2.3 entitled to remuneration for his services at a rate to be fixed by the Collateral Agent from time to time.

10.3 **Statutory Powers of Appointment**

The powers of appointment of a Receiver herein contained shall be in addition to all statutory and other powers of appointment of the Collateral Agent under applicable law and such powers shall remain exercisable from time to time by the Collateral Agent in respect of all or any part of the Charged Property. \

10.4 **Receiver as Agent of Chargor**

The Receiver shall be the agent of the Chargor which shall be responsible for his acts and defaults and liable on any contracts made, entered into or adopted by the Receiver. The Collateral Agent shall not be responsible for supervising or monitoring or liable for the Receiver's acts, omissions, negligence or default, nor be liable on contracts entered into or adopted by the Receiver.

11. **POWERS OF RECEIVER**

11.1 **Powers of Receiver**

Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have and be entitled to exercise, in relation to the Charged Property (and any assets of the Chargor which, when got in, would be Charged Property) or that part thereof in respect of which he was appointed, and as varied and extended by the provisions of this Deed (in the name of or on behalf of the Chargor or in his own name and, in each case, at the cost of the Chargor):

11.1.1 all the powers conferred by the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong on mortgagors and on mortgagees in possession and on receivers appointed under that Ordinance (as if the Charged Property constituted property that is subject to that Ordinance and as if such Receiver were appointed under that Ordinance), free from any limitation under paragraph 11 of the Fourth Schedule to that Ordinance;

11.1.2 all the powers and rights of an absolute owner and power to do or omit to do anything which the Chargor itself could do or omit to do; and

11.1.3 the power to do all things (including without limitation bringing or defending proceedings in the name or on behalf of the Chargor) which seem to the Receiver to be incidental or conducive to (a) any of the functions, powers, authorities or discretions conferred on or vested in him or (b) the exercise of

any Collateral Rights (including without limitation realisation of all or any part of the Charged Property) or (c) bringing to his hands any assets of the Chargor forming, or which, when got in, would be part of the Charged Property.

11.2 **Additional Powers of Receiver**

In addition to and without prejudice to the generality of the foregoing and in addition to those powers conferred by law, every Receiver shall (subject to any limitations or restrictions expressed in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have the following powers in relation to the Charged Property (and any assets of the Chargor which, when got in, would be part of the Charged Property) in respect of which it was appointed (and every reference in this Clause 11.2 to the "**Charged Property**" shall be read as a reference to that part of the Charged Property in respect of which such Receiver was appointed):

11.2.1 Take Possession

power to enter upon, take immediate possession of, collect and get in the Charged Property including without limitation dividends and other income whether accrued before or after the date of its appointment, and power to exercise all voting and other rights attaching to the Charged Property;

11.2.2 Proceedings and Claims

power to bring, prosecute, enforce, defend and abandon applications, claims, disputes, actions, suits and proceedings in connection with all or any part of the Charged Property or this Deed in the name of the Chargor or in his own name and to submit to arbitration, negotiate, compromise and settle any such applications, claims, disputes, actions, suits or proceedings the power to make any arrangement or compromise with any Secured Party or others as it shall think fit;

11.2.3 Carry on Business

power to carry on and manage, or concur in the carrying on and management of or to appoint a manager of, the whole or any part of the Charged Property or any business relating thereto in such manner as it shall in his absolute discretion think fit and power to raise or borrow money and grant Security therefor over all and any part of the Charged Property;

11.2.4 Deal with Charged Property

power, in relation to the Charged Property and each and every part thereof, to sell, transfer, convey, dispose of or concur in any of the foregoing by the Chargor or any other receiver or manager of the Chargor (including without limitation to or in favour of the Collateral Agent or any of the other Secured Parties) in such manner and generally on such terms as it thinks fit;

11.2.5 Redemption of Security

power to redeem, discharge or compromise any Security whether or not having

priority to the Security constituted by this Deed or any part of it;

11.2.6 Covenants, Guarantees and Indemnities

power to enter into bonds, covenants, guarantees, commitments, indemnities and other obligations or liabilities as it shall think fit, to make all payments needed to effect, maintain or satisfy such obligations or liabilities and to use the company seal of the Chargor; and

11.2.7 Exercise of Powers in Chargor's Name

power to exercise any or all of the above powers on behalf of and in the name of the Chargor (notwithstanding any winding-up or dissolution of the Chargor) or on his own behalf.

11.2.8 Additional Powers

power to:

(a) appoint a solicitor or accountant or other professionally qualified person to assist him in the performance of his functions;

(b) require payment of all outstanding amounts payable by the Chargor in relation to the Charged Property;

(c) rank and claim in the bankruptcy, insolvency, sequestration, judicial management or liquidation of any person indebted to the Chargor and to receive dividends, and to accede to trust deeds for the creditors of any such person;

(d) present or defend a petition for the winding up of the Chargor;

(e) pay the proper administrative charges of any Secured Party in respect of time spent by its agents and employees in dealing with matters raised by the Receiver or relating to the receivership of the Chargor;

(f) do all such other acts and things as may be considered by the Receiver to be incidental or conducive to any of the above matters or powers or otherwise incidental or conducive to the preservation, improvement or realisation of the relevant Charged Property; and

(g) make any payment which is necessary or incidental to the performance of his functions.

11.3 **Terms of Disposition**

In making any sale or other disposal of all or any part of the Charged Property or any acquisition in the exercise of their respective powers (including without limitation a disposal by a Receiver to any subsidiary of the Chargor), a Receiver or the Collateral Agent may accept or dispose of as, and by way of consideration for, such sale or other disposal or acquisition, cash, shares, loan capital or other obligations, including without limitation consideration fluctuating according to or dependent upon profit or

turnover and consideration the amount whereof is to be determined by a third party. Any such consideration may, if thought expedient by the Receiver or the Collateral Agent, be nil or may be payable or receivable in a lump sum or by instalments. Any contract for any such sale, disposal or acquisition by the Receiver or the Collateral Agent may contain conditions excluding or restricting the personal liability of the Receiver or the Collateral Agent.

12. APPLICATION OF MONIES

12.1 Order of Application

Save as otherwise expressly provided in this Deed, all monies received or recovered by the Collateral Agent or any Receiver pursuant to this Deed or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and subject to Clause 12.2 (*Suspense Account*)) be applied:

12.1.1 first, in the payment of the costs, charges and expenses incurred and payments made by any Receiver and/or the Collateral Agent, the payment of his remuneration and the discharge of any liabilities incurred by such Receiver and/or the Collateral Agent in, or incidental to, the exercise of any of his powers; and

12.1.2 then in accordance with Section 6 (*Application of Proceeds of Collateral*) of the Intercreditor Agreement.

12.2 Suspense Account

All monies received, recovered or realised by the Collateral Agent or any Receiver under this Deed or the powers conferred by it (including the proceeds of any conversion of currency) may in the discretion of the Collateral Agent or any Receiver be credited to and held in any suspense or impersonal account pending their application from time to time in or towards the discharge of any of the Secured Obligations in accordance with Clause 12.1 (*Order of Application*).

12.3 Application by Chargor

Until all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full, the Collateral Agent may refrain from applying or enforcing any other moneys, Security or rights held by it in respect of the Secured Obligations or may apply and enforce such moneys, Security or rights in such manner and in such order as it shall decide in its unfettered discretion. Any application under this Clause 12 shall override any application or appropriation by the Chargor.

13. RECEIPT AND PROTECTION OF PURCHASERS

13.1 Receipt and Consideration

The receipt of the Collateral Agent or any Receiver shall be conclusive discharge to a purchaser of any part of the Charged Property from the Collateral Agent or such Receiver and in making any sale or disposal of any part of the Charged Property or making any acquisition, the Collateral Agent or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

13.2 **Protection of Purchasers**

No purchaser or other person dealing with the Collateral Agent or any Receiver shall be bound to inquire whether the right of the Collateral Agent or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Collateral Agent or such Receiver in such dealings. The protection given to purchasers from a mortgagee in sections 52 and 55 of the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong shall apply *mutatis mutandis* to purchaser(s) and other person(s) dealing with the Collateral Agent or any Receiver.

14. POWER OF ATTORNEY

14.1 **Appointment and Powers**

The Chargor by way of security and to more fully secure the performance of its obligations under this Deed hereby irrevocably appoints the Collateral Agent (whether or not a Receiver has been appointed) and any Receiver severally to be its attorney (with full power to appoint substitutes and to delegate) and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things which the Collateral Agent or such Receiver may consider to be necessary for:

14.1.1 carrying out any obligation imposed on the Chargor by this Deed or any other agreement binding on the Chargor to which the Collateral Agent is party (including without limitation the execution and delivery of any deeds, charges, assignments or other Security and any transfers of the Charged Property or any part thereof); and

14.1.2 enabling the Collateral Agent and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Deed or by law (including, without limitation, upon or after the occurrence of an Event of Default which is continuing, the exercise of any right of a legal or beneficial owner of the Charged Property or any part thereof).

14.2 **Ratification**

The Chargor shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of his powers.

14.3 **Sums recoverable**

All sums expended by the Collateral Agent, any nominee and/or any Receiver under this Clause 14 shall be recoverable from the Chargor in accordance with Clause 20.

15. REPRESENTATIONS

15.1 **Representations**

15.1.1 The Chargor, on the date of this Deed, represents and warrants to the Collateral Agent that:

(a) it is a company with limited liability, duly incorporated and validly existing under the laws of the British Virgin Islands;

(b) subject to the Legal Reservations:

(i) each of the obligations expressed to be assumed by it in this Deed are legal, valid, binding and enforceable obligations; and

(ii) (without limiting the generality of paragraph (a) above), this Deed creates the Security which it purports to create and such Security are valid and effective;

(c) the entry into and performance by it of, and the transactions contemplated by, this Deed do not and will not:

(i) conflict with any law or regulation applicable to it;

(ii) conflict with its constitutional documents; or

(iii) conflict with any agreement or instrument binding upon it or any of its assets;

(d) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed;

(e) no limit on its powers will be exceeded as a result of the grant of Security contemplated by this Deed;

(f) subject to the Legal Reservations, all Authorisations required or desirable:

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed; and

(ii) to make this Deed admissible in evidence in its Relevant Jurisdiction;

have been obtained or effected and are in full force and effect;

(g) subject to the Legal Reservations:

(i) the choice of the laws of Hong Kong as the governing law of this Deed will be recognised and enforced in its Relevant Jurisdiction;

(ii) any judgment obtained in the courts of Hong Kong in relation to this Deed will be recognised and enforced in its Relevant Jurisdiction;

(h) it is, and will be, the sole legal and beneficial owner of the Charged Property (subject to the Security constituted pursuant to this Deed);

(i) it has not sold or otherwise disposed of, or created, granted or permitted to subsist any Security over, all or any of its right, title and interest in the Charged Property (other than the Security constituted pursuant to this Deed and other than as expressly permitted under this Deed);

(j) (as at the date of this Deed) the particulars of the Shares as set out in Schedule 1 (*Particulars of Shares*) are accurate in all respects and represent all the issued shares of the Company as at the date of this Deed;

(k) the Shares have been duly authorised and validly issued by the Company and are fully paid up and there are no monies or liabilities payable or outstanding in relation to any of the Shares;

(l) it has not received notice of any adverse claim by any person in respect of the ownership of, or interest in, its Charged Property, other than the Security created by it pursuant to this Deed;

(m) there are no options or other agreements or arrangements outstanding which call for the sale, transfer, issue, allotment, conversion, redemption or repayment of or accord to any person the right (whether exercisable now or in the future and whether contingent or not) to call for the sale, transfer, issue, allotment, conversion, redemption, or repayment, in respect of any Shares;

(n) other than the Company's articles of association, there are no documents or arrangements in force governing the relationship between the shareholders of the Company, the management of the Company or the issue or ownership of shares in the Company;

(o) the Shares are fully transferable on the books of the Company and no consents or approvals are required in order to register a transfer of any of the Shares and there are no provisions in the articles of association of the Company, the Relevant Agreements or any other agreement or document, which restrict or inhibit (whether absolutely, partly, under a discretionary power or otherwise) the creation of Security over the Charged Property or the transfer of the Charged Property in relation to the enforcement of the Security created by or under this Deed; and

(p) it legally and beneficially owns all of the Charged Property, free and clear of all Security, except for any Security constituted hereby.

15.2 **Repetition**

Each of the representations and warranties set out in Clause 15.1 (except sub-Clause 15.1.1(j)) above shall be deemed to be repeated by the Chargor on each day after the date of this Deed for so long as any Secured Obligations are outstanding, in each case by reference to the facts and circumstances existing at the date on which such representation or warranty is deemed to be made or repeated.

16. EFFECTIVENESS OF SECURITY

16.1 Continuing Security

The Security created by or pursuant to this Deed shall remain in full force and effect as a continuing security for the Secured Obligations unless and until discharged in writing by the Collateral Agent following the full and valid payment or discharge of the Secured Obligations pursuant to the Finance Documents, notwithstanding the death, insolvency or liquidation or any incapacity or change in the constitution or status of the Chargor or any other Obligor, or any other person or any intermediate payment or settlement of accounts or other matters whatsoever. No part of the Security from time to time intended to be constituted by this Deed will be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations except pursuant to the Finance Documents.

16.2 Cumulative Rights

The Security created by this Deed and the Collateral Rights shall be cumulative, in addition to and independent of every other Security which the Collateral Agent or any or all of the Secured Parties may at any time hold for any or all of the Secured Obligations or any rights, powers and remedies provided by law. No prior security held by the Collateral Agent (whether in its capacity as trustee or otherwise) or any or all of the Secured Parties over the whole or any part of the Charged Property shall merge into the security constituted by this Deed.

16.3 Chargor's Obligations

None of the obligations of the Chargor under this Deed or the Collateral Rights shall be affected by an act, omission, matter, thing or event which, but for this Clause 16.3, would reduce, release or prejudice any of its obligations under this Deed including (without limitation and whether or not known to it or any Secured Party):

16.3.1 the winding-up, dissolution, administration, reorganisation, death, insolvency, incapacity or bankruptcy of any Obligor or any other person or any change in its status, function, control or ownership;

16.3.2 any of the obligations of any Obligor or any other person under any Finance Document, or under any other Security relating to any Finance Document being or becoming illegal, invalid, unenforceable or ineffective in any respect;

16.3.3 any time, waiver or consent granted to, or composition with, any Obligor or other person;

16.3.4 the release of any Obligor or any other person under the terms of any composition or arrangement;

16.3.5 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;

16.3.6 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Obligor or any other person;

16.3.7 any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or Security or of the Secured Obligations;

16.3.8 any variation of the terms of the trust upon which the Collateral Agent holds any Security created under the Finance Documents;

16.3.9 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security;

16.3.10 any insolvency or similar proceedings;

16.3.11 any claims or set-off right that the Chargor may have;

16.3.12 any law, regulation or decree or order of any jurisdiction affecting any Obligor; or

16.3.13 any Finance Document not being executed by or binding against any Obligor or any other party.

16.4 **Chargor Intent**

Without prejudice to the generality of Clause 16.3 (*Chargor's Obligations*), the Chargor expressly confirms that it intends that the Security created under this Deed, and the Collateral Rights, shall extend from time to time to any (however fundamental and of whatsoever nature, and whether or not more onerous) variation, increase, extension or addition of or to any of the Finance Documents and/or any amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

16.5 **Remedies and Waivers**

No failure on the part of the Collateral Agent to exercise, or any delay on its part in exercising, any Collateral Right shall operate as a waiver thereof or constitute an election to affirm this Deed. No election by the Collateral Agent to affirm this Deed shall be effective unless it is in writing. No single or partial exercise of any Collateral Right shall preclude any further or other exercise of that or any other Collateral Right.

16.6 **No Liability**

None of the Collateral Agent, its nominee(s) or any Receiver shall be liable by reason of (a) taking any action in accordance with this Deed or (b) any neglect or default in

connection with all or any part of the Charged Property or (c) taking possession of or realising all or any part of the Charged Property, except in the case of gross negligence or wilful default upon its part (as finally judicially determined).

16.7 **Partial Invalidity**

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Deed under such laws nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the Security intended to be created by or pursuant to this Deed is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of that Security.

16.8 **No Prior Demand**

16.8.1 The Chargor waives any right it may have of first requiring the Collateral Agent (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before enforcing this Deed. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary,

16.8.2 The Collateral Agent shall not be obliged to make any demand of or enforce any rights or claim against any Obligor or any other person, to take any action or obtain judgment in any court against any Obligor or any other person or to make or file any proof or claim in a liquidation, bankruptcy or insolvency of any Obligor or any other person or to enforce or seek to enforce any other Security in respect of any or all of the Secured Obligations before exercising any Collateral Right.

16.9 **Deferral of rights**

Until the time when (a) all Secured Obligations have been irrevocably discharged in full, (b) all amounts which may be or become payable by any or all of the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and (c) no Secured Party is under any further obligation (whether actual or contingent) to provide any further advance or financial accommodation to any Obligor under any Finance Document, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under this Deed:

16.9.1 to be indemnified by any Obligor;

16.9.2 to claim any contribution from any guarantor of any Obligor's obligations under any or all of the Finance Documents;

16.9.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or Security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;

16.9.4 to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Obligor has given a guarantee, undertaking or indemnity under any Finance Document;

16.9.5 to exercise any right of set-off against any Obligor; and/or

16.9.6 to claim or prove as a creditor of any Obligor in competition with the Collateral Agent.

If the Chargor receives any benefit, payment or distribution in relation to such rights, it shall hold that benefit, payment or distribution to the extent necessary to enable the Secured Obligations to be repaid in full on trust for the Collateral Agent (for the benefit of the Secured Parties) and shall promptly pay or transfer the same to the Collateral Agent or as the Collateral Agent may direct for application in accordance with the Finance Documents.

16.10 **Settlement conditional**

Any settlement, discharge or release hereunder in relation to the Chargor or all or any part of the Charged Property shall be conditional upon no Security or payment by any or all of the Obligors to, or recovery from any or all of the Obligors by, any or all of the Secured Parties being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws of general application or any similar event or for any other reason and shall in the event of any such avoidance or reduction or similar event be void.

17. RELEASE OF SECURITY

17.1 Discharge of Security

Except for the release of the Security in connection with a disposition of the Shares of the Company in accordance with the Finance Documents, upon the time when (a) all Secured Obligations have been irrevocably and unconditionally discharged in full, (b) all amounts which may be or become payable by any or all of the Obligors under or in connection with the Finance Documents have been irrevocably and unconditionally paid in full and (c) no Secured Party is under any further obligation (whether actual or contingent) to provide any further advance or financial accommodation to any Obligor under any Finance Document, the Collateral Agent shall (acting on the instructions of the Secured Parties), at the request (with reasonable notice) and cost of the Chargor, release and discharge the Security constituted by this Deed and procure the reassignment to the Chargor of the property and assets assigned to the Collateral Agent pursuant to this Deed (to the extent not otherwise sold, assigned or otherwise disposed of or applied in accordance with this Deed), in each case subject to Clause 17.2 (*Avoidance of Payments*) and 16.10 (*Settlement conditional*) and without recourse to, or any representation or warranty by, the Collateral Agent or any of its nominees.

17.2 Avoidance of Payments

If the Collateral Agent considers that any amount paid or credited to or recovered by any Secured Party by or from any Obligor is capable of being avoided or reduced by

virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Chargor under this Deed and the Security constituted by this Deed shall continue and such amount shall not be considered to have been irrevocably paid.

18. SUBSEQUENT AND PRIOR SECURITY INTERESTS

18.1 Subsequent security interests

If the Collateral Agent (acting in its capacity as Collateral Agent or trustee or otherwise) or any of the other Secured Parties at any time receives or is deemed to have received notice of any subsequent Security or other interest affecting all or any part of the Charged Property or any assignment or transfer of the Charged Property which is prohibited by the terms of this Deed or any other Finance Document, all payments thereafter by or on behalf of any or all of the Obligors to the Collateral Agent (whether in its capacity as Collateral Agent or trustee or otherwise) or any of the other Secured Parties shall be treated as having been credited to a new account of the Collateral Agent or, as the case may be, that other Secured Party and not as having been applied in reduction of the Secured Obligations as at the time when (or at any time after) the Collateral Agent or any other Secured Party received such notice of such subsequent Security or other interest or such assignment or transfer.

18.2 Prior security interests

In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking Security or upon the exercise by the Collateral Agent or any Receiver of any power of sale under this Deed or any Collateral Right, the Collateral Agent may redeem any prior ranking Security over or affecting any Charged Property or procure the transfer of any such prior ranking Security to itself. The Collateral Agent may settle and agree the accounts of the beneficiary of any such prior Security and any accounts so settled and agreed will be conclusive and binding on the Chargor. All principal, interest, costs, charges, expenses and/or other amounts relating to and/or incidental to any such redemption or transfer shall be paid by the Chargor to the Collateral Agent upon demand.

19. CURRENCY CONVERSION AND INDEMNITY

19.1 Currency Conversion

For the purpose of or pending the discharge of any of the Secured Obligations the Collateral Agent may convert any money received, recovered or realised or subject to application by it under this Deed from one currency to another, as the Collateral Agent may think fit, and any such conversion shall be effected at the Collateral Agent's spot rate of exchange (or, if no such spot rate of exchange is quoted by the Collateral Agent, such other rate of exchange as may be available to the Collateral Agent) for the time being for obtaining such other currency with such first-mentioned currency.

19.2 Currency Indemnity

If any sum (a "**Sum**") owing by the Chargor under this Deed or any order or judgment given or made in relation to this Deed has to be converted from the currency (the

"**First Currency**") in which such Sum is payable into another currency (the "**Second Currency**") for the purpose of:

19.2.1 making or filing a claim or proof against the Chargor;

19.2.2 obtaining an order or judgment in any court or other tribunal;

19.2.3 enforcing any order or judgment given or made in relation to this Deed; or

19.2.4 applying the Sum in satisfaction of any of the Secured Obligations,

the Chargor shall indemnify the Collateral Agent from and against any loss suffered or incurred as a result of any discrepancy between (a) the rate of exchange used for such purpose to convert such Sum from the First Currency into the Second Currency and (b) the rate or rates of exchange available to the Collateral Agent at the time of such receipt or recovery of such Sum.

20. COSTS, EXPENSES AND INDEMNITY

20.1 Costs and expenses

The Chargor shall, within seven (7) Business Days on demand of the Collateral Agent, reimburse the Collateral Agent on a full indemnity basis for all costs and expenses (including legal fees and expenses and any value added tax) incurred by the Collateral Agent in connection with (a) the execution of this Deed or otherwise in relation to this Deed, (b) the perfection or enforcement of the Security constituted by this Deed and/or (c) the exercise of any Collateral Right.

20.2 Stamp taxes

The Chargor shall pay all stamp, registration and other Taxes to which this Deed, the Security contemplated in this Deed and/or any judgment given in connection with this Deed is, or at any time may be, subject and shall, from time to time, indemnify the Collateral Agent on demand against any liabilities, costs, claims and/or expenses resulting from any failure to pay or delay in paying any such Tax.

20.3 Indemnity

The Chargor shall, notwithstanding any release or discharge of all or any part of the Security constituted by this Deed, on demand of the Collateral Agent, indemnify the Collateral Agent and each other Secured Party (through the Collateral Agent), their respective directors, officers, employees, Delegates, agents, attorneys and any Receiver and any Delegate (each an "**Indemnified Party**") against any action, proceeding, claims, losses, liabilities, costs, fees, attorney' fees and expenses which it may sustain as a consequence of any breach by the Chargor of the provisions of this Deed, the exercise or purported exercise of any of the rights and powers conferred on any of them by this Deed or otherwise relating to the Charged Property or any part thereof, including but not limited to:

20.3.1 the perfection, preservation, protection, enforcement, realisation or exercise, or attempted perfection, preservation, protection, enforcement, realisation or

exercise, of any Security created, or any powers conferred, by this Deed or by law;

20.3.2 the exchange by the Chargor of any share certificate(s) or other documents of title in respect of the Secured Assets;

20.3.3 any Charged Property being deemed not to be freely transferable or deliverable or to be defective,

and, for the avoidance of doubt, each of the indemnities in this paragraph shall survive discharge of the Secured Obligations, termination of this Deed and the resignation or replacement of the Collateral Agent.

20.4 **Indemnity separate**

Each indemnity in this Deed shall:

20.4.1 constitute a separate and independent obligation from the other obligations in this Deed, the other Security Documents and Intercreditor Agreement;

20.4.2 give rise to a separate and independent cause of action;

20.4.3 apply irrespective of any indulgence granted by any person;

20.4.4 continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any Secured Obligation or any other judgment or order; and

20.4.5 apply whether or not any claim under it relates to any matter disclosed by the Chargor or otherwise known to the Collateral Agent.

21. PAYMENTS FREE OF DEDUCTION

21.1 Tax gross-up

All payments to be made to the Collateral Agent under this Deed shall be made free and clear of and without deduction for or on account of Tax unless the Chargor is required to make such payment subject to the deduction or withholding of Tax, in which case the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to Tax such deduction or withholding has been made receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

21.2 No set-off or counterclaim

All payments to be made by the Chargor under this Deed shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

22. DISCRETION AND DELEGATION

22.1 Discretion

Any liberty or power which may be exercised or any determination which may be made under this Deed by the Collateral Agent or any Receiver may, subject to the terms and conditions of the Finance Documents, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

22.2 Delegation

Each of the Collateral Agent and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Deed (including without limitation the power of attorney under Clause 14 (*Power of Attorney*)) on such terms and conditions as it shall see fit which delegation shall not preclude any subsequent exercise, any subsequent delegation or any revocation of such power, authority or discretion by the Collateral Agent or any Receiver.

23. SET-OFF

Each Secured Party may set off any matured obligation due from the Chargor under any or all of the Finance Documents (to the extent beneficially owned by that Secured Party) against any matured obligation owed by the relevant Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If such obligations are in different currencies, the relevant Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of such set-off.

24. CHANGES TO PARTIES

24.1 Successors

This Deed shall be binding upon and enure to the benefit of each party hereto and its and/or any subsequent successors and permitted assigns and transferees. Without prejudice to the foregoing, this Deed shall remain in effect despite any amalgamation or merger (however effected) relating to the Collateral Agent; and references to the Collateral Agent herein shall be deemed to include any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of the Collateral Agent under this Deed or to which, under such laws, those rights and obligations have been transferred.

24.2 No Assignment or Transfer by Chargor

The Chargor may not assign or transfer any or all of its rights (if any) and/or obligations under this Deed.

24.3 Assignment and Transfer by Collateral Agent to Successor

The Collateral Agent may, without the consent of the Chargor:

24.3.1 assign all or any of its rights under this Deed; and

24.3.2 transfer all or any of its obligations (if any) under this Deed,

to any successor Collateral Agent in accordance with the provisions of the Finance Documents, and the Chargor shall, upon the request of the Collateral Agent, enter into such documentation as the Collateral Agent may require to give effect to any such assignment or transfer. Upon such assignment and transfer taking effect, the successor Collateral Agent shall be and be deemed to be acting as collateral agent and trustee for the Secured Parties for the purposes of this Deed and in place of the former Collateral Agent.

24.4 Assignment by other Secured Parties

Each Secured Party (other than the Collateral Agent) may assign all or any of its rights under this Deed (whether direct or indirect) to any person. The Chargor irrevocably and unconditionally confirms that:

24.4.1 it consents to any assignment or transfer by any Secured Party of its rights and/or obligations made in accordance with the provisions of the Finance Documents;

24.4.2 it shall continue to be bound by the terms of this Deed, notwithstanding any such assignment or transfer; and

24.4.3 the assignee or transferee of such Secured Party shall acquire an interest in this Deed upon such assignment or transfer taking effect.

25. AMENDMENTS AND WAIVERS

Any provision of this Deed may be amended or waived only by agreement in writing between the Chargor and the Collateral Agent.

26. NOTICES

26.1 Communications in writing

Each communication to be made by a party hereto to the other party hereto under or in connection with this Deed shall be made in writing and, unless otherwise stated, shall be made by email, fax or letter.

26.2 Addresses

The email address, address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party hereto for any communication or document to be made or delivered under or in connection with this Deed is that identified with its signature below, or any substitute address, fax number, or department or officer as that party may notify to the other party by not less than five (5) Business Days' notice.

26.3 Delivery

Any communication or document made or delivered by one party hereto to the other party hereto under or in connection with this Deed will only be effective:

26.3.1 if by way of email, only when received in legible form by at least one of the relevant email addresses of the person(s) to whom the communication is made;;

26.3.2 if by way of fax, when received in legible form; or

26.3.3 if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of the address details of such other party provided under Clause 26.2 (*Addresses*), if addressed to that department or officer, provided that any communication or document to be made or delivered to the Collateral Agent will be effective only when actually received by the Collateral Agent and then only if it is expressly marked for the attention of the department or officer identified with the Collateral Agent's signature below (or any substitute department or officer as the Collateral Agent shall specify for this purpose).

26.4 **Language**

Any notice given under or in connection with this Deed must be in English. All other documents provided under or in connection with this Deed must be:

26.4.1 in English; or

26.4.2 if not in English, and if so required by the Collateral Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

27. COUNTERPARTS

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

28. GOVERNING LAW

This Deed shall be governed by, construed and shall take effect in accordance with the laws of Hong Kong.

29. JURISDICTION

29.1 **Hong Kong Courts**

The courts of Hong Kong have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of, or connected with this Deed (including a dispute regarding the existence, validity or termination of this Deed or the consequences of its nullity).

29.2 **Convenient Forum**

The parties hereto agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes between them and, accordingly, that they will not argue to the contrary.

29.3 **Exclusive Jurisdiction**

This Clause 29 (*Jurisdiction*) is for the benefit of the Secured Parties only. As a result and notwithstanding Clause 29.1 (*Hong Kong Courts*), nothing herein shall prevent the Collateral Agent or any Secured Party from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law any Secured Party may take concurrent proceedings in any number of jurisdictions.

29.4 **Waiver of immunity**

The Chargor irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

29.4.1 suit;

29.4.2 jurisdiction of any court;

29.4.3 relief by way of injunction or order for specific performance or recovery of property;

29.4.4 attachment of its assets (whether before or after judgment); and

29.4.5 execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

29.5 **Liability in relation to shares**

Nothing in this Deed shall be construed as placing on the Collateral Agent any liability whatsoever in respect of any calls, instalments or other payments relating to any of the Charged Property or any rights, shares or other securities accruing, offered or arising as aforesaid, and the Chargor shall indemnify the Collateral Agent in respect of all calls, instalments or other payments relating to any of the Charged Property owned by it and to any rights, shares and other securities accruing, offered or arising as aforesaid in respect of any of the applicable Charged Property.

29.6 **Incorporation of terms**

The Chargor and the Collateral Agent agree and acknowledge that all rights, protections, indemnities (including any currency indemnity), disclaimers and limitations of liability applicable to the Collateral Agent as set out in the Intercreditor Agreement shall apply *mutatis mutandis* as if set out in full herein. In the event of any inconsistency between the provisions contained herein and the Intercreditor Agreement in relation to such rights, protections, indemnities (including any currency

indemnity), disclaimers and limitations of liability, those provisions which are more beneficial to the Collateral Agent shall prevail.

IN WITNESS WHEREOF this Deed has been signed on behalf of the Collateral Agent and executed as a deed by the Chargor and is intended to be and is hereby delivered by it as a deed on the date specified above.

SCHEDULE 1
PARTICULARS OF SHARES

Company	Registered and beneficial owner	Shares (ordinary shares in the issued share capital of the Company)	Representative share certificate no(s)
GCL New Energy Management Limited	Pioneer Getter Limited	1	0002

SCHEDULE 2
FORM OF SHARE TRANSFER

[*name of Company*] ("Company")

SHARE TRANSFER FORM

We, [**name of Chargor**] (the "**Transferor**"), for good and valuable consideration received by us from [*leave blank*]

(the "**Transferee**"), do hereby:

1. transfer to the Transferee [*leave blank*]

   share(s) (the "**Shares**") standing in our name in the register of the Company to hold unto the Transferee, his executors, administrators and assigns, subject to the several conditions on which we held the same at the time of execution of this Share Transfer Form; and

2. consent that our name remains on the register of members of the Company until such time as the Company enters the Transferee's name in the register of members of the Company.

And we, as Transferee, do hereby agree to take the Shares subject to the same conditions.

As Witness Our Hands

Signed by the Transferor on)
in the presence of:)

_____
Witness

Signed by the Transferee on)
in the presence of:)

_____
Witness

SCHEDULE 3
FORM OF BOUGHT AND SOLD NOTES

SOLD NOTE

Transferee _____

Address _____

Occupation _____

Name of company in which the share(s) to be transferred –

[*Name of Company]

Number of share(s) _____

Consideration received _____

Transferor _____

for and on behalf of
[*name of Chargor]
Dated:

BOUGHT NOTE

Transferor [*name of Chargor]

Address _____

Occupation _____

Name of company in which the share(s) to be transferred –

[*Name of Company]

Number of share(s) _____

Consideration paid _____

Transferee _____

Dated:

SCHEDULE 4
FORM OF LETTER OF RESIGNATION

To: The Board of Directors
[name of Company] (the "**Company**")
[*address of registered office of Company*]

Date: [*to be left blank*]

Dear Sirs,

Resignation

I hereby tender my unconditional and irrevocable resignation as a director of the Company with effect from the date of this letter. I confirm that:

1. I have no claims whatsoever against the Company or any of its subsidiaries or associated companies (if any) on any account (whether for loss of office, for accrued remuneration or for fees or otherwise howsoever); and

2. there is no outstanding agreement or arrangement with the Company or any of its subsidiaries or associated companies (if any) under which the Company or any of such subsidiaries or associated companies has or would have any obligation to me whether now or in the future or under which I would derive any benefit.

This letter is governed by and shall be construed in accordance with the laws of Hong Kong.

IN WITNESS WHEREOF this deed has been executed the day and year above written.

SIGNED, SEALED and **DELIVERED**)
as a **DEED** by)
[**name of relevant director**])
in the presence of)

L.S

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
_____
_____
Occupation of witness: _____

SCHEDULE 5
FORM OF WRITTEN RESOLUTIONS

[name of Company] (the "Company")

WRITTEN RESOLUTIONS OF THE BOARD OF DIRECTORS OF [*name of Company*]

Dated: [*to be left blank*]

IT IS RESOLVED THAT:

1. each of the following transfers of the shares in the Company be approved and that, upon the delivery to any director of the Company of a duly completed instrument of transfer in respect of any of the following transfers, the name of the relevant transferee be entered forthwith in the register of members of the Company in respect of the relevant shares so transferred and that new share certificates in respect of such shares be issued forthwith to such transferee in accordance with the Articles of Association of the Company:

   [*to be left blank*]

2. each of the following persons be appointed as an additional director of the Company with immediate effect:

   [*to be left blank*]

3. the resignation of the following persons as directors of the Company be accepted with immediate effect:

   [*to be left blank*]

4. the above changes in directorships of the Company be notified to each relevant registry as soon as shall be practicable and that any director or the secretary of the Company be authorised to sign and deliver any relevant return in connection therewith.

[*all the directors of the Company to state their names and sign*]

SCHEDULE 6
FORM OF LETTER OF UNDERTAKING AND AUTHORISATION

To: **Madison Pacific Trust Limited** as Collateral Agent (including its successors, assigns and transferees)

Dear Sirs,

Deed of Share Charge dated [ ] by [name of Chargor] in favour of [name of Collateral Agent] as Collateral Agent (as amended from time to time, the "Deed")

Terms and expressions defined in or construed for the purposes of the Deed shall have the same meaning herein.

I hereby unconditionally and irrevocably:

1. undertake to procure, to the extent of my powers as a director of [*name of Company*] (the "**Company**"), that any or all of the shares in the Company which are charged to you pursuant to the Deed shall upon your request be promptly registered in the name of yourself or (at your request) any person(s) whom you may nominate;

2. authorise each of you and any other person(s) authorised by you severally to complete, date and put into effect:

   (a) the attached letter of resignation signed by me;

   (b) the attached written resolutions of the board of directors of the Company signed by me; and

   (c) any other document signed by me and delivered pursuant to Clause 4.2 (*Delivery of Documents of Title*) of the Deed (including the blank share transfer forms and bought and sold notes),

   at any time after the security constituted by the Deed shall have become enforceable in accordance with its terms as you consider fit in your absolute discretion.

This letter is governed by and shall be construed in accordance with the laws of Hong Kong.

Dated:

IN WITNESS WHEREOF this deed has been executed the day and year above written.

SIGNED, SEALED and **DELIVERED**)
as a **DEED** by)
[**name of relevant director**])
in the presence of)

L.S

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
Occupation of witness: _____

SCHEDULE 7
FORM OF IRREVOCABLE PROXY AND POWER OF ATTORNEY

We, [*Name of the Chargor], as a shareholder of the Company, hereby makes, constitutes and appoints _____ (the "**Attorney**") as the true and lawful attorney and proxy of the undersigned with full power to appoint a nominee or nominees to act hereunder from time to time and to vote any existing or further shares in the Company which may have been or may from time to time be issued and/or registered in our name (the "**Shares**") at all general meetings of shareholders or stockholders of the Company with the same force and effect as the undersigned might or could do and to requisition and convene a meeting or meetings of the shareholders of the Company for the purpose of appointing or confirming the appointment of new directors of the Company and/or such other matters as may in the opinion of the Attorney be necessary or desirable for the purpose of implementing the Share Charge referred to below and the undersigned hereby ratifies and confirms all that the said Attorney or its nominee or nominees shall do or cause to be done by virtue hereof.

This power and proxy is given to secure a proprietary interest of the donee of the power and is irrevocable and shall remain irrevocable as long as the share charge dated _____ between [*Name of the Chargor] as chargor and [*Name of the Collateral Agent] as collateral agent (the "**Share Charge**") is in force and any person dealing with the Attorney may rely on a written statement by the Attorney to the effect that this power of attorney is valid and has not been revoked as conclusive evidence of that fact and any transaction between any such person and the Attorney after notice of revocation has been given to the Attorney shall be valid to the extent that any such person deals with the Attorney in bona fide belief, based on such written statement, that the Attorney's power is valid and has not been revoked.

IN WITNESS whereof this instrument has been duly executed this [ ] as a deed and is intended to be and is hereby delivered by it as a deed on the date specified above.

The **Common Seal** of)
[name of chargor]) [please affix seal]
was affixed hereto)

in the presence of:

_____

Name: [*Name of the person authorised to attest, title*]

EXECUTION

The Chargor

[*in the case where the Chargor which has a company seal*]

The **Common Seal** of)
PIONEER GETTER LIMITED) [please affix seal]
was affixed hereto)
in the presence of:

_____
Name: [*Name of the person authorised to attest, title*]

OR

[*in the case where the Chargor does not have any company seal*]

EXECUTED as a **DEED** and)
delivered on the date first written) L.S
above by [**Name of Authorised Signatory**],)
authorised signatory for)
PIONEER GETTER LIMITED)

in the presence of

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
_____
_____
Occupation of witness: _____

Address:

Attention:

Telephone:

Facsimile:

Email:

The Collateral Agent

SIGNED for and on behalf of)
MADISON PACIFIC TRUST LIMITED)
)
)
)

By: .....

Name: .....

Title: .....

Address: 54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Attention: David Naphtali / Holly Yuen

Facsimile: +852 2599 9501

Email: agent@madisonpac.com

DATED _____

PIONEER GETTER LIMITED
as the Chargor

in favour of

MADISON PACIFIC TRUST LIMITED
as the Collateral Agent

SHARE CHARGE

CONTENTS

THIS DEED OF SHARE CHARGE is made on _____ (this "**Deed**")

BY

(1) **PIONEER GETTER LIMITED**, a business company incorporated under the laws of the British Virgin Islands with limited liability, with company number 1820442 and its registered office at Palm Grove House, P.O. Box 438, Road Town, Tortola VG1110, British Virgin Islands (the "**Chargor**");

in favour of

(2) **MADISON PACIFIC TRUST LIMITED**, a company incorporated under the laws of Hong Kong with limited liability, with company number 1619851and its office at 54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as collateral agent and trustee for the Secured Parties (the "**Collateral Agent**", which expression shall include its successors, assigns and transferees).

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined in this Deed or unless the context otherwise requires, terms and expressions defined in or construed for the purposes of the Intercreditor Agreement shall bear the same meanings when used herein. In addition:

"**Authorisation**" means:

(a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or

(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

"**Charged Property**" means the Shares, the Derivative Assets and the Related Rights in relation thereto, and all other assets and/or undertaking of the Chargor which from time to time are the subject of the Security created or expressed to be created in favour of the Collateral Agent by or pursuant to this Deed.

"**Collateral Rights**" means all rights, powers and remedies of the Collateral Agent provided by or pursuant to this Deed or by law.

"**Company**" means GCL New Energy Development Limited, a company incorporated under the laws of Hong Kong with limited liability, with company number 2095447 and its registered office at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong as at the date of this Deed.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Collateral Agent.

"**Derivative Assets**" includes:

(a) allotments, rights, money or property arising at any time in relation to any of the Shares by way of conversion, exchange, redemption, bonus, preference, option or otherwise;

(b) Dividends, distributions, interest and other income paid or payable in relation to any of the Shares; and

(c) stock, shares and securities offered in addition to or in substitution for any of the Shares.

"**Dividends**" means all dividends, distributions, interest or other income paid or payable to the Chargor now or in the future under or by virtue of any of the Relevant Agreements, together with the full benefit of all rights and remedies relating thereto including, but not limited to, all claims for damages and other remedies for non-payment of the same and all proceeds and forms of remittance in respect of the same and all rights and proceeds of the exercise of rights of set-off.

"**Event of Default**" has the meaning given to it in the Intercreditor Agreement.

"**Finance Documents**" has the meaning given to it in the Intercreditor Agreement.

"**Governmental Agency**" means any government or any governmental agency, semigovernmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China.

"**Intercreditor Agreement**" means the intercreditor agreement dated on or about the date of this Deed, and entered into between, amongst others, the Issuer as company, the entities therein as subsidiary guarantor pledgors, The Bank of New York Mellon, London Branch as notes trustee, and Madison Pacific Trust Limited as collateral agent.

"**Issuer**" means GCL New Energy Holdings Limited (協鑫新能源控股有限公司).

"**Legal Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court;

(b) the limitation of enforcement by laws relating to insolvency, reorganisation, penalties and other laws generally affecting the rights of creditors;

(c) the time barring of claims under applicable statutes of limitation (or equivalent legislation) of any Relevant Jurisdiction;

(d) the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void;

(e) defences of set-off or counterclaim; and

(f) similar principles, rights and remedies under the laws of any Relevant Jurisdiction.

"**Obligors**" means, collectively, the Issuer, the Subsidiary Guarantors, and the Subsidiary Guarantor Pledgors.

"**Original Shares**" means the shares in the issued share capital of the Company legally and beneficially owned by the Chargor as at the date of this Deed, the particulars of which are set out in Schedule 1 (*Particulars of Shares*).

"**Receiver**" means a receiver or receiver and manager of the whole or any part of the Charged Property and that term will include any appointee under a joint and/or several appointment and any substituted receiver or receiver and manager.

"**Related Rights**" means, in relation to any asset:

(a) the proceeds of sale of any part of that asset;

(b) all rights under any licence, agreement for sale, lease or other disposal in respect of that asset;

(c) all rights, powers, benefits, claims, contracts, warranties, remedies, Security, guarantees, indemnities and/or covenants for title in respect of that asset; and

(d) any moneys and proceeds paid or payable in respect of that asset,

(in each case) from time to time.

"**Relevant Agreements**" means collectively, any joint venture agreement, partnership agreement, shareholders' agreement, constitutional documents of the Company or other document relating to the Chargor's shareholding (including the Shares), equity interest or investment in the Company.

"**Relevant Jurisdiction**" means, in respect of the Chargor:

(a) its jurisdiction of incorporation;

(b) any jurisdiction where any asset subject to or intended to be subject to the Security to be created by it pursuant to this Deed is situated; and

(c) any jurisdiction where it conducts its business.

"**Secured Obligations**" has the meaning given to it in the Intercreditor Agreement.

"**Secured Parties**" has the meaning given to it in the Intercreditor Agreement.

"**Security**" means a mortgage, charge, pledge, lien, assignment, hypothecation or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Shares**" means the Original Shares and all other shares in the share capital of the Company held by, to the order or on behalf of the Chargor from time to time while any Secured Obligations are outstanding.

1.2 **Construction**

In this Deed:

1.2.1 any reference to the "**Chargor**, any "**Obligor**", the **Company**", the "**Collateral Agent**" or any or all of the "**Secured Parties**" shall be construed so as to include its or their (and any subsequent) successors and any permitted assigns and transferees;

1.2.2 any reference to "**assets**" includes present and future properties, revenues and rights of every description;

1.2.3 any reference to the "**Intercreditor Agreement**", any "**Finance Document**" or any other agreement or instrument shall be a reference to the Intercreditor Agreement, that Finance Document or that other agreement or instrument as amended, novated, supplemented, extended (whether of maturity or otherwise), replaced or restated (in each case however fundamental and of whatsoever nature, and whether or not more onerous) from time to time;

1.2.4 any reference to "**including**" shall be construed as "including without limitation" (and cognate expressions shall be construed similarly);

1.2.5 any reference to "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

1.2.6 any reference to a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

1.2.7 any reference to the male gender shall include the female gender and neutral gender and vice versa;

1.2.8 any reference to a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

1.2.9 "**Charged Property**", "**Derivative Assets**", "**Dividends**", "**Original Shares**", "**Related Rights**", "**Secured Obligations**" or "**Shares**" shall be deemed to include a reference to any part of them or it;

1.2.10 "**variation**" includes any variation, amendment, accession, novation, restatement, modification, assignment, transfer, supplement, extension, deletion or replacement however effected and "**vary**" and "**varied**" shall be construed accordingly;

1.2.11 "**writing**" includes facsimile transmission legibly received except in relation to any certificate, notice or other document which is expressly required by this Deed to be signed and "**written**" has a corresponding meaning;

1.2.12 a provision of law is a reference to that provision as amended or re-enacted;

1.2.13 a time of day is a reference to Hong Kong time;

1.2.14 unless this Deed expressly provides to the contrary, an obligation of the Chargor under this Deed which is not a payment obligation remains in force for so long as the Secured Obligations have not been unconditionally and irrevocably paid in full or any Secured Party is under any further actual or contingent liability to make an advance or provide other financial accommodation to any person under any Finance Document; and

1.2.15 save where the context otherwise requires, references in this Deed to any Clause or Schedule shall be to a clause or schedule contained in this Deed.

1.3 **Third party rights**

1.3.1 Unless expressly provided to the contrary in this Deed, a person who is not a party has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) (the "**Third Parties Ordinance**") to enforce or to enjoy the benefit of any term of this Deed.

1.3.2 Notwithstanding any term of this Deed, the consent of any person who is not a party is not required to rescind or vary this Deed at any time.

1.3.3 Any Receiver or Delegate or may, subject to this Clause 1.3 and the Third Parties Ordinance, rely on any Clause of this Deed which expressly confers rights on it.

2. PAYMENT OF SECURED OBLIGATIONS

2.1 Covenant to Pay

2.1.1 The Chargor (as primary obligor and not merely as surety) hereby covenants with the Collateral Agent as collateral agent and trustee for the Secured Parties that it shall on demand of the Collateral Agent pay or discharge the Secured Obligations when due at the times and in the manner provided in the relevant Finance Documents.

2.1.2 The covenants contained in this Clause 2.1 and the Security created by this Deed shall not extend to or include any liability or sum which would otherwise cause any such covenant or Security to be unlawful or prohibited by any applicable law.

2.1.3 The making of one demand shall not preclude the Collateral Agent from making any further demands.

2.1.4 A certificate of the Collateral Agent executed by a duly authorised officer of the Collateral Agent setting forth the amount of any Secured Obligations due

from the Chargor shall be conclusive evidence of such amount against the Chargor in the absence of fraud or manifest error.

2.1.5 Any third party dealing with the Collateral Agent or any Receiver shall not be concerned to see or enquire as to the validity of any demand under this Deed.

3. CHARGE

3.1 Fixed Charge

3.1.1 The Chargor hereby charges as legal and beneficial owner in favour of the Collateral Agent (for the benefit of the Secured Parties), as continuing security for the payment and discharge of the Secured Obligations, by way of first fixed charge:

(a) the Original Shares and all Related Rights in relation thereto;

(b) all Shares in which the Chargor may in the future acquire any interest (legal or equitable) and all Related Rights in relation thereto;

(c) all Derivative Assets of a capital nature now or in the future accruing to the Chargor (whether at law or in equity) or offered to it at any time in respect of the Shares; and

(d) all Derivative Assets of an income nature now or in the future accruing to the Chargor (whether at law or in equity) or offered to it at any time in respect of the Shares.

3.1.2 To the extent that, in respect of any of the Charged Property, Clause 3.1.1 does not have the effect of creating or acknowledging a first priority fixed Security in favour of the Collateral Agent (for the benefit of the Secured Parties), the Security created or acknowledged by Clause 3.1.1 shall take effect as such type of Security as shall be required by the law applicable to the creation of a Security in such Charged Property for the purpose of conferring on the Collateral Agent a first priority Security in such Charged Property.

4. PERFECTION OF SECURITY

4.1 Perfection

4.1.1 The Chargor shall (at its own cost), immediately after execution of this Deed:

(a) create and maintain a register of charges (the "**Register of Charges**") of the Chargor in accordance with section 162 of the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands (the "**BVI BC Act**") to the extent this has not already been done;

(b) enter particulars as required by the BVI BC Act of the Security created pursuant to this Deed in the Register of Charges and immediately after entry of such particulars has been made, provide the Collateral Agent with a certified true copy of the updated Register of Charges; and

(c) effect registration, or assist the Collateral Agent in effecting registration, of this Deed with the Registrar of Corporate Affairs of the British Virgin Islands (the "**Registrar of Corporate Affairs**") pursuant to section 163 of the BVI BC Act by making the required filing, or assisting the Collateral Agent in making the required filing, in the approved form with the Registrar of Corporate Affairs and (if applicable) provide confirmation in writing to the Collateral Agent that such filing has been made.

4.1.2 The Chargor shall, immediately on receipt, deliver or procure to be delivered to the Collateral Agent, the certificate of registration of charge issued by the Registrar of Corporate Affairs evidencing that the requirements of Part VIII of the BVI BC Act as to registration have been complied with and the filed stamped copy of the application containing the relevant particulars of charge.

4.2 **Delivery of Documents of Title**

The Chargor shall:

4.2.1 on the date of this Deed, deposit with the Collateral Agent (or procure the deposit with the Collateral Agent of) the following:

(a) all originals of valid and duly issued share certificates or other documents of title to the Original Shares;

(b) original undated share transfer forms, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 2 (*Form of Share Transfer*), with the sections relating to the consideration and the name and details of the transferees left blank;

(c) original undated bought and sold notes, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 3 (*Form of Bought and Sold Notes*), with the sections relating to the consideration and the name and details of the transferees left blank;

(d) [*Reserved*];

(e) an original undated letter of resignation duly executed by each director of the Company, in substantially the form set out in Schedule 4 (*Form of Letter of Resignation*);

(f) an original undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company, in substantially the form set out in Schedule 5 (*Form of Written Resolutions*);

(g) a letter of undertaking and authorisation duly executed and dated by each director of the Company, in substantially the form set out in Schedule 6 (*Form of Letter of Undertaking and Authorisation*), authorising the Collateral Agent to complete and date the documents set out in paragraph (b), (c), (e), (f) and (h);

(h) an original irrevocable proxy and power of attorney in respect of such Shares, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 7 (*Form of Irrevocable Proxy and Power of Attorney*);

(i) certified true copies of the register of directors and register of members of the Company (to the extent not already provided to the Collateral Agent); and

(j) such other documents as the Collateral Agent may require for the purposes of perfecting its title to the Charged Property or for the purpose of vesting the same in itself, its nominee or any purchaser or presenting the same for registration at any time (if it has notified the Chargor accordingly).

4.2.2 immediately upon any acquisition of any Charged Property and/or upon any Charged Property becoming subject to Security hereunder and/or the accrual, issue or coming into existence of any stocks, shares, warrants or other securities in respect of or derived from any Charged Property, in each case after the date of this Deed, notify the Collateral Agent of that occurrence and immediately deliver to the Collateral Agent:

(a) originals of all valid and duly issued share certificates and other documents of title representing such items;

(b) original undated share transfer forms or, as the case may be, other appropriate instruments of transfer in respect of such items duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 2 (*Form of Share Transfer*) (if applicable) or in such other form as the Collateral Agent shall request acting reasonably and any other document necessary or conducive to enable the Collateral Agent to register such Charged Property in its name or in the name of its nominee(s) or to effect a valid transfer of any such Charged Property;

(c) original undated bought and sold notes in respect of such items duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 3 (*Form of Bought and Sold Notes*); and

(d) [*Reserved*],

unless already delivered pursuant to this Clause 4.2;

4.2.3 immediately upon any change in any director of the Company after the date of this Deed, deliver to the Collateral Agent:

(a) (in the case of a new director) an original undated letter of resignation duly executed by such director of the Company in substantially the form set out in Schedule 4 (*Form of Letter of Resignation*);

(b) an original of the undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company

in substantially the form set out in Schedule 5 (*Form of Written Resolutions*);

(c) (in the case of a new director) original of a letter of undertaking and authorisation duly executed by each director of the Company in substantially the form set out in Schedule 6 (*Form of Letter of Undertaking and Authorisation*);

(d) a replacement of any of the documents signed by the replaced director(s) delivered under this Clause 4.2; and

4.2.4 subject to the other provisions of this Deed, the Chargor shall (and, if applicable, shall procure that its nominee(s) will):

(a) at the request of the Collateral Agent, immediately upon the completion of any transfer of the Charged Property to the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s), procure the immediate registration of such transfer in the book of the Company and the entry of the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s) in the register of members of the Company as the holder(s) of such Charged Property; and

(b) in respect of any Charged Property which become subject to this Deed after the date of this Deed, at the request of the Collateral Agent, immediately upon the completion of any transfer of such Charged Property to the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s), procure the immediate registration of such transfer in the book of the Company and the entry of the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s) in the register of members of the Company as the holder(s) of such Charged Property.

4.3 Retention of documents

The Collateral Agent shall be entitled to continue to hold any document delivered to it pursuant to Clause 4.2 (*Delivery of Documents of Title*) until the Charged Property is released and if, for any reason, it releases any such document to the Chargor before such time, it may by notice to the Chargor require that such document be redelivered to it and the Chargor shall promptly comply with that requirement or procure that it is complied with.

5. FURTHER ASSURANCE

5.1 Further Assurance: General

The Chargor shall promptly at its own cost do all such acts and/or execute all such documents (including without limitation assignments, transfers, mortgages, charges, notices and instructions) as the Collateral Agent may reasonably specify (and in such form as the Collateral Agent may reasonably require in favour of the Collateral Agent or its nominee(s)):

5.1.1 to perfect the Security created or intended to be created in respect of the Charged Property (which may include, without limitation, the execution by the Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, any part of the Charged Property);

5.1.2 to confer on the Collateral Agent Security over any property and assets of the Chargor located in any jurisdiction outside Hong Kong equivalent or similar to the Security intended to be conferred by or pursuant to this Deed;

5.1.3 to facilitate the realisation of the Charged Property subject to the Security conferred or intended to be conferred by this Deed or the exercise of any rights, powers and remedies of the Collateral Agent, the Secured Parties, any Receiver, administrator or nominee, including executing any transfer, conveyance, charge, assignment or assurance of all or any of the Charged Property which are the subject of the Security constituted by this Deed, making any registration and giving any notice, order or instructions; and/or

5.1.4 to exercise any of the rights or powers attaching to any of the Charged Property conferred on the Collateral Agent by this Deed, any Finance Documents or by law.

5.2 **Necessary Action**

The Chargor shall from time to time take all such action (whether or not requested to do so by the Collateral Agent) as is or shall be available to it (including without limitation obtaining and/or effecting all Authorisations and making all filings and registrations and apply for relief against forfeiture) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Collateral Agent by or pursuant to this Deed.

5.3 **Implied Covenants for Title**

The obligations of the Chargor under this Deed shall be in addition to any covenants for title deemed to be included in this Deed under applicable law.

6. NEGATIVE PLEDGE AND DISPOSALS

6.1 **Negative Pledge**

The Chargor undertakes that it shall not, at any time during the subsistence of this Deed, create, or agree or attempt to create or permit to subsist any Security or any trust over all or any part of the Charged Property, except for the Security constituted by this Deed.

6.2 **No Disposal of Interests**

The Chargor undertakes that, during the subsistence of this Deed, it shall not, and shall not agree to, sell, assign, transfer or otherwise dispose of any Charged Property, except pursuant to this Deed or any other Finance Document.

6.3 **Preservation of assets**

The Chargor shall not do or permit to be done any act or thing which might jeopardise the rights of the Collateral Agent in the Charged Property or which might adversely affect or diminish the value of the Charged Property.

6.4 **Other negative undertakings**

The Chargor undertakes that it shall not, at any time during the subsistence of this Deed:

6.4.1 without the prior written consent of the Collateral Agent, permit the Company's constitutional documents (including its articles of association) to be amended in a manner which is reasonably likely to have an adverse effect on the Security constituted by this Deed or the interests of the Secured Parties;

6.4.2 waive, release, settle, compromise, abandon or set-off any claim or the liability of any person in respect of the Dividends, or do or omit to do any other act or thing whereby the recovery in full of the Dividends as and when they become payable may be impeded (provided that such Dividends shall only be paid or become payable, and shall be deposited and/or applied, in accordance with the provisions and requirements of the other Finance Documents);

6.4.3 cause or permit any of the Charged Property to be consolidated, sub-divided or converted or the other capital of the Company to be re-organised, exchanged or repaid;

6.4.4 permit the appointment or removal of any director of the Company, unless the obligations under Clause 4.2.3 are complied; or

6.4.5 permit the issue by the Company of any shares, stock or securities or (except pursuant to this Deed) the transfer of any shares, stock or securities issued by the Company, unless otherwise permitted under the terms of any Finance Document and the obligations under Clause 4.2.2 are complied).

7. **OPERATIONS BEFORE AND AFTER EVENTS OF DEFAULT**

7.1 **Dividends**

7.1.1 The Chargor shall, at all times prior to the occurrence of an Event of Default, be entitled to retain any Dividends received or recovered by it in cash in respect of any or all of the Charged Property.

7.1.2 After the occurrence of an Event of Default which is continuing, the Chargor shall promptly pay over and deliver to the Collateral Agent for application in accordance with this Deed (and the Collateral Agent may apply in accordance with this Deed and the Intercreditor Agreement) any and all Dividends, distributions, interest and/or other monies received and/or recovered in respect of all or any part of the Charged Property.

7.1.3 Any and all Dividends and/or distributions, recovered or paid/delivered to the order of the Chargor (other than in cash) in respect of any or all of the Charged Property shall be held by the Chargor subject to the Security constituted by this Deed, provided that if such receipt or recovery is made after the occurrence of an Event of Default which is continuing, the Chargor shall promptly deliver such Dividends, distributions, interest and/or other monies to the Collateral Agent for application in accordance with this Deed and the Intercreditor Agreement.

7.2 **Operation: Before Event of Default**

Prior to the occurrence of an Event of Default, the Chargor shall be entitled to exercise all voting rights in relation to any or all of the Shares **provided that** the Chargor shall not exercise such voting rights in any manner that could give rise to, or otherwise permit or agree to, any

7.2.1 variation of the rights attaching to or conferred by any of the Shares;

7.2.2 liability on the part of the Collateral Agent or any other Secured Party; or

7.2.3 increase in the issued share capital, registered capital or equity interest of any company, corporation or entity whose shares/securities/equity interests are charged or subject to Security under this Deed.

7.3 **Operation: After Event of Default**

The Collateral Agent may, upon and/or after the occurrence of an Event of Default which is continuing (in the name of the Chargor or otherwise and without any further consent or authority from the Chargor):

7.3.1 exercise (or refrain from exercising) any voting rights in respect of the Charged Property;

7.3.2 apply all dividends, distributions, interest and other monies arising from all or any of the Charged Property in accordance with Clause 12 (*Application of Monies*);

7.3.3 transfer all or any of the Charged Property into the name of such nominee(s) of the Collateral Agent as it shall think fit; and

7.3.4 exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Charged Property, including without limitation the right, in relation to any company, corporation or entity whose shares, equity interests or other securities are included in the Charged Property or any part thereof, to concur or participate in:

(a) the reconstruction, amalgamation, sale or other disposal of such company, corporation or entity or any of its assets or undertaking (including without limitation the exchange, conversion or reissue of any shares, equity interests or securities as a consequence thereof);

(b) the release, modification or variation of any rights or liabilities attaching to such shares, equity interests or securities; and

(c) the exercise, renunciation or assignment of any right to subscribe for any shares, equity interests or securities,

in each case in such manner and on such terms as the Collateral Agent may think fit, and the proceeds of any such action shall form part of the Charged Property and may be applied by the Collateral Agent in accordance with Clause 12 (*Application of Monies*).

7.4 **Payment of Calls**

The Chargor shall pay when due all calls or other payments which may be or become due in respect of any of the Charged Property, and in any case of default by the Chargor in such payment, the Collateral Agent may, if it thinks fit, make such payment on behalf of the Chargor in which case any sums paid by the Collateral Agent shall be reimbursed by the Chargor to the Collateral Agent on demand.

7.5 **Exercise of Rights**

The Chargor shall not exercise any of its rights and powers in relation to any of the Charged Property in any manner which, in the opinion of the Collateral Agent, would prejudice the value of, or the ability of the Collateral Agent to realise, the Security created by this Deed.

7.6 **Other positive undertakings**

The Chargor undertakes that it shall, at any time during the subsistence of this Deed:

7.6.1 subject to the Security constituted pursuant to this Deed, remain the sole legal and beneficial owner of the Charged Property;

7.6.2 procure that the Charged Property at all times represent the entire issued share capital of the Company;

7.6.3 at any time after this Deed has become enforceable, account to the Collateral Agent, promptly following receipt, for all monies received in respect of the Charged Property and, pending payment of such monies to the Collateral Agent, hold such monies on trust for the Collateral Agent;

7.6.4 forward to the Collateral Agent at the same time as they are received, copies of all documents which are dispatched by the Company to its shareholders generally (or any class of them) (in their capacity as such); and

7.6.5 take such action as the Collateral Agent may direct in respect of any proposed compromise, arrangement, capital re-organisation, conversion, exchange, repayment or takeover offer affecting any of the Charged Property or any proposal to vary or abrogate any rights attaching to any Charged Property.

8. ENFORCEMENT OF SECURITY

8.1 Enforcement

At any time after this Deed has become enforceable, the Collateral Agent may, without notice to the Chargor or prior authorisation from any court, in its absolute discretion:

8.1.1 date and complete the undated documents delivered to the Collateral Agent pursuant to Clause 4.2 (*Delivery of Documents of Title*);

8.1.2 enforce all or any part of such Security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold or dispose of all or any part of the Charged Property; and

8.1.3 whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by this Deed on any Receiver or otherwise conferred by law on mortgagees and/or Receivers.

8.2 No Liability as Mortgagee in Possession

Neither the Collateral Agent nor any Receiver shall be liable to account as a mortgagee in possession in respect of all or any part of the Charged Property or be liable for any loss upon realisation or for any neglect, default or omission in connection with the Charged Property to which a mortgagee or a mortgagee in possession might otherwise be liable. If and whenever the Collateral Agent or any of its nominees enters into possession of any Charged Property, it shall be entitled at any time at its discretion to go out of possession.

8.3 Wide Construction

The enforcement powers conferred on the Collateral Agent under this Deed shall be construed in the widest possible sense and all parties to this Deed intend that the Collateral Agent shall have as wide and flexible a range of enforcement powers as may be conferred (or, if not expressly conferred, as is not restricted) by any applicable law.

8.4 Collateral Agent's Liability

The Collateral Agent shall have no liability or responsibility to the Chargor arising out of the exercise or non-exercise of the powers conferred on it by this Deed.

8.5 No duty of enquiry

The Collateral Agent need not enquire as to the sufficiency of any sums received by it in respect of any debt or claim or make any claim or take any other action to collect in or enforce them.

8.6 No requirement of notice period

The Collateral Agent is not required to give any prior notice of non-payment or Event of Default to the Chargor before enforcing the Security, and there is no minimum

period for which the Secured Obligations must remain due and unpaid before the Security can be enforced.

9. POWERS OF SALE

9.1 Extension of Powers

The power of sale or other disposal conferred on the Collateral Agent and on any Receiver by this Deed shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Deed, provided that such power shall not be exercisable until the Security constituted by this Deed has become enforceable in accordance with Clause 8.1 (*Enforcement*).

9.2 Restrictions

Any restrictions imposed by law on the power of sale or on the consolidation of Security (including without limitation any restriction under paragraph 11 of the Fourth Schedule to the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong) shall be excluded to the fullest extent permitted by law.

10. APPOINTMENT OF RECEIVER

10.1 Appointment and Removal

At any time after:

10.1.1 the occurrence of an Event of Default which is continuing; or

10.1.2 a request has been made by the Chargor to the Collateral Agent for the appointment of a Receiver or an administrator over its Charged Property,

this Deed shall become enforceable and notwithstanding the terms of any other agreement between the Chargor and the Collateral Agent, the Collateral Agent may by deed or otherwise (acting through an authorised officer of the Collateral Agent), without prior notice to the Chargor:

(a) appoint one or more persons to be a Receiver of the whole or any part of the Charged Property;

(b) appoint two or more Receivers of separate parts of the Charged Property;

(c) remove (so far as it is lawfully able) any Receiver so appointed; and/or

(d) appoint another person(s) as an additional or replacement Receiver(s).

10.2 Capacity of Receivers

Each person appointed to be a Receiver pursuant to Clause 10.1 (*Appointment and Removal*) shall be:

10.2.1 entitled to act individually or together with any other person appointed or substituted as Receiver;

10.2.2 for all purposes deemed to be the agent of the Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Collateral Agent; and

10.2.3 entitled to remuneration for his services at a rate to be fixed by the Collateral Agent from time to time.

10.3 **Statutory Powers of Appointment**

The powers of appointment of a Receiver herein contained shall be in addition to all statutory and other powers of appointment of the Collateral Agent under applicable law and such powers shall remain exercisable from time to time by the Collateral Agent in respect of all or any part of the Charged Property. \

10.4 **Receiver as Agent of Chargor**

The Receiver shall be the agent of the Chargor which shall be responsible for his acts and defaults and liable on any contracts made, entered into or adopted by the Receiver. The Collateral Agent shall not be responsible for supervising or monitoring or liable for the Receiver's acts, omissions, negligence or default, nor be liable on contracts entered into or adopted by the Receiver.

11. **POWERS OF RECEIVER**

11.1 **Powers of Receiver**

Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have and be entitled to exercise, in relation to the Charged Property (and any assets of the Chargor which, when got in, would be Charged Property) or that part thereof in respect of which he was appointed, and as varied and extended by the provisions of this Deed (in the name of or on behalf of the Chargor or in his own name and, in each case, at the cost of the Chargor):

11.1.1 all the powers conferred by the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong on mortgagors and on mortgagees in possession and on receivers appointed under that Ordinance (as if the Charged Property constituted property that is subject to that Ordinance and as if such Receiver were appointed under that Ordinance), free from any limitation under paragraph 11 of the Fourth Schedule to that Ordinance;

11.1.2 all the powers and rights of an absolute owner and power to do or omit to do anything which the Chargor itself could do or omit to do; and

11.1.3 the power to do all things (including without limitation bringing or defending proceedings in the name or on behalf of the Chargor) which seem to the Receiver to be incidental or conducive to (a) any of the functions, powers, authorities or discretions conferred on or vested in him or (b) the exercise of

any Collateral Rights (including without limitation realisation of all or any part of the Charged Property) or (c) bringing to his hands any assets of the Chargor forming, or which, when got in, would be part of the Charged Property.

11.2 **Additional Powers of Receiver**

In addition to and without prejudice to the generality of the foregoing and in addition to those powers conferred by law, every Receiver shall (subject to any limitations or restrictions expressed in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have the following powers in relation to the Charged Property (and any assets of the Chargor which, when got in, would be part of the Charged Property) in respect of which it was appointed (and every reference in this Clause 11.2 to the "**Charged Property**" shall be read as a reference to that part of the Charged Property in respect of which such Receiver was appointed):

11.2.1 Take Possession

power to enter upon, take immediate possession of, collect and get in the Charged Property including without limitation dividends and other income whether accrued before or after the date of its appointment, and power to exercise all voting and other rights attaching to the Charged Property;

11.2.2 Proceedings and Claims

power to bring, prosecute, enforce, defend and abandon applications, claims, disputes, actions, suits and proceedings in connection with all or any part of the Charged Property or this Deed in the name of the Chargor or in his own name and to submit to arbitration, negotiate, compromise and settle any such applications, claims, disputes, actions, suits or proceedings the power to make any arrangement or compromise with any Secured Party or others as it shall think fit;

11.2.3 Carry on Business

power to carry on and manage, or concur in the carrying on and management of or to appoint a manager of, the whole or any part of the Charged Property or any business relating thereto in such manner as it shall in his absolute discretion think fit and power to raise or borrow money and grant Security therefor over all and any part of the Charged Property;

11.2.4 Deal with Charged Property

power, in relation to the Charged Property and each and every part thereof, to sell, transfer, convey, dispose of or concur in any of the foregoing by the Chargor or any other receiver or manager of the Chargor (including without limitation to or in favour of the Collateral Agent or any of the other Secured Parties) in such manner and generally on such terms as it thinks fit;

11.2.5 Redemption of Security

power to redeem, discharge or compromise any Security whether or not having

priority to the Security constituted by this Deed or any part of it;

11.2.6 Covenants, Guarantees and Indemnities

power to enter into bonds, covenants, guarantees, commitments, indemnities and other obligations or liabilities as it shall think fit, to make all payments needed to effect, maintain or satisfy such obligations or liabilities and to use the company seal of the Chargor; and

11.2.7 Exercise of Powers in Chargor's Name

power to exercise any or all of the above powers on behalf of and in the name of the Chargor (notwithstanding any winding-up or dissolution of the Chargor) or on his own behalf.

11.2.8 Additional Powers

power to:

(a) appoint a solicitor or accountant or other professionally qualified person to assist him in the performance of his functions;

(b) require payment of all outstanding amounts payable by the Chargor in relation to the Charged Property;

(c) rank and claim in the bankruptcy, insolvency, sequestration, judicial management or liquidation of any person indebted to the Chargor and to receive dividends, and to accede to trust deeds for the creditors of any such person;

(d) present or defend a petition for the winding up of the Chargor;

(e) pay the proper administrative charges of any Secured Party in respect of time spent by its agents and employees in dealing with matters raised by the Receiver or relating to the receivership of the Chargor;

(f) do all such other acts and things as may be considered by the Receiver to be incidental or conducive to any of the above matters or powers or otherwise incidental or conducive to the preservation, improvement or realisation of the relevant Charged Property; and

(g) make any payment which is necessary or incidental to the performance of his functions.

11.3 **Terms of Disposition**

In making any sale or other disposal of all or any part of the Charged Property or any acquisition in the exercise of their respective powers (including without limitation a disposal by a Receiver to any subsidiary of the Chargor), a Receiver or the Collateral Agent may accept or dispose of as, and by way of consideration for, such sale or other disposal or acquisition, cash, shares, loan capital or other obligations, including without limitation consideration fluctuating according to or dependent upon profit or

turnover and consideration the amount whereof is to be determined by a third party. Any such consideration may, if thought expedient by the Receiver or the Collateral Agent, be nil or may be payable or receivable in a lump sum or by instalments. Any contract for any such sale, disposal or acquisition by the Receiver or the Collateral Agent may contain conditions excluding or restricting the personal liability of the Receiver or the Collateral Agent.

12. APPLICATION OF MONIES

12.1 Order of Application

Save as otherwise expressly provided in this Deed, all monies received or recovered by the Collateral Agent or any Receiver pursuant to this Deed or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and subject to Clause 12.2 (*Suspense Account*)) be applied:

12.1.1 first, in the payment of the costs, charges and expenses incurred and payments made by any Receiver and/or the Collateral Agent, the payment of his remuneration and the discharge of any liabilities incurred by such Receiver and/or the Collateral Agent in, or incidental to, the exercise of any of his powers; and

12.1.2 then in accordance with Section 6 (*Application of Proceeds of Collateral*) of the Intercreditor Agreement.

12.2 Suspense Account

All monies received, recovered or realised by the Collateral Agent or any Receiver under this Deed or the powers conferred by it (including the proceeds of any conversion of currency) may in the discretion of the Collateral Agent or any Receiver be credited to and held in any suspense or impersonal account pending their application from time to time in or towards the discharge of any of the Secured Obligations in accordance with Clause 12.1 (*Order of Application*).

12.3 Application by Chargor

Until all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full, the Collateral Agent may refrain from applying or enforcing any other moneys, Security or rights held by it in respect of the Secured Obligations or may apply and enforce such moneys, Security or rights in such manner and in such order as it shall decide in its unfettered discretion. Any application under this Clause 12 shall override any application or appropriation by the Chargor.

13. RECEIPT AND PROTECTION OF PURCHASERS

13.1 Receipt and Consideration

The receipt of the Collateral Agent or any Receiver shall be conclusive discharge to a purchaser of any part of the Charged Property from the Collateral Agent or such Receiver and in making any sale or disposal of any part of the Charged Property or making any acquisition, the Collateral Agent or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

13.2 **Protection of Purchasers**

No purchaser or other person dealing with the Collateral Agent or any Receiver shall be bound to inquire whether the right of the Collateral Agent or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Collateral Agent or such Receiver in such dealings. The protection given to purchasers from a mortgagee in sections 52 and 55 of the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong shall apply *mutatis mutandis* to purchaser(s) and other person(s) dealing with the Collateral Agent or any Receiver.

14. POWER OF ATTORNEY

14.1 **Appointment and Powers**

The Chargor by way of security and to more fully secure the performance of its obligations under this Deed hereby irrevocably appoints the Collateral Agent (whether or not a Receiver has been appointed) and any Receiver severally to be its attorney (with full power to appoint substitutes and to delegate) and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things which the Collateral Agent or such Receiver may consider to be necessary for:

14.1.1 carrying out any obligation imposed on the Chargor by this Deed or any other agreement binding on the Chargor to which the Collateral Agent is party (including without limitation the execution and delivery of any deeds, charges, assignments or other Security and any transfers of the Charged Property or any part thereof); and

14.1.2 enabling the Collateral Agent and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Deed or by law (including, without limitation, upon or after the occurrence of an Event of Default which is continuing, the exercise of any right of a legal or beneficial owner of the Charged Property or any part thereof).

14.2 **Ratification**

The Chargor shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of his powers.

14.3 **Sums recoverable**

All sums expended by the Collateral Agent, any nominee and/or any Receiver under this Clause 14 shall be recoverable from the Chargor in accordance with Clause 20.

15. REPRESENTATIONS

15.1 **Representations**

15.1.1 The Chargor, on the date of this Deed, represents and warrants to the Collateral Agent that:

(a) it is a company with limited liability, duly incorporated and validly existing under the laws of the British Virgin Islands;

(b) subject to the Legal Reservations:

(i) each of the obligations expressed to be assumed by it in this Deed are legal, valid, binding and enforceable obligations; and

(ii) (without limiting the generality of paragraph (a) above), this Deed creates the Security which it purports to create and such Security are valid and effective;

(c) the entry into and performance by it of, and the transactions contemplated by, this Deed do not and will not:

(i) conflict with any law or regulation applicable to it;

(ii) conflict with its constitutional documents; or

(iii) conflict with any agreement or instrument binding upon it or any of its assets;

(d) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed;

(e) no limit on its powers will be exceeded as a result of the grant of Security contemplated by this Deed;

(f) subject to the Legal Reservations, all Authorisations required or desirable:

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed; and

(ii) to make this Deed admissible in evidence in its Relevant Jurisdiction;

have been obtained or effected and are in full force and effect;

(g) subject to the Legal Reservations:

(i) the choice of the laws of Hong Kong as the governing law of this Deed will be recognised and enforced in its Relevant Jurisdiction;

(ii) any judgment obtained in the courts of Hong Kong in relation to this Deed will be recognised and enforced in its Relevant Jurisdiction;

(h) it is, and will be, the sole legal and beneficial owner of the Charged Property (subject to the Security constituted pursuant to this Deed);

(i) it has not sold or otherwise disposed of, or created, granted or permitted to subsist any Security over, all or any of its right, title and interest in the Charged Property (other than the Security constituted pursuant to this Deed and other than as expressly permitted under this Deed);

(j) (as at the date of this Deed) the particulars of the Shares as set out in Schedule 1 (*Particulars of Shares*) are accurate in all respects and represent all the issued shares of the Company as at the date of this Deed;

(k) the Shares have been duly authorised and validly issued by the Company and are fully paid up and there are no monies or liabilities payable or outstanding in relation to any of the Shares;

(l) it has not received notice of any adverse claim by any person in respect of the ownership of, or interest in, its Charged Property, other than the Security created by it pursuant to this Deed;

(m) there are no options or other agreements or arrangements outstanding which call for the sale, transfer, issue, allotment, conversion, redemption or repayment of or accord to any person the right (whether exercisable now or in the future and whether contingent or not) to call for the sale, transfer, issue, allotment, conversion, redemption, or repayment, in respect of any Shares;

(n) other than the Company's articles of association, there are no documents or arrangements in force governing the relationship between the shareholders of the Company, the management of the Company or the issue or ownership of shares in the Company;

(o) the Shares are fully transferable on the books of the Company and no consents or approvals are required in order to register a transfer of any of the Shares and there are no provisions in the articles of association of the Company, the Relevant Agreements or any other agreement or document, which restrict or inhibit (whether absolutely, partly, under a discretionary power or otherwise) the creation of Security over the Charged Property or the transfer of the Charged Property in relation to the enforcement of the Security created by or under this Deed; and

(p) it legally and beneficially owns all of the Charged Property, free and clear of all Security, except for any Security constituted hereby.

15.2 **Repetition**

Each of the representations and warranties set out in Clause 15.1 (except sub-Clause 15.1.1(j)) above shall be deemed to be repeated by the Chargor on each day after the date of this Deed for so long as any Secured Obligations are outstanding, in each case by reference to the facts and circumstances existing at the date on which such representation or warranty is deemed to be made or repeated.

16. EFFECTIVENESS OF SECURITY

16.1 Continuing Security

The Security created by or pursuant to this Deed shall remain in full force and effect as a continuing security for the Secured Obligations unless and until discharged in writing by the Collateral Agent following the full and valid payment or discharge of the Secured Obligations pursuant to the Finance Documents, notwithstanding the death, insolvency or liquidation or any incapacity or change in the constitution or status of the Chargor or any other Obligor, or any other person or any intermediate payment or settlement of accounts or other matters whatsoever. No part of the Security from time to time intended to be constituted by this Deed will be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations except pursuant to the Finance Documents.

16.2 Cumulative Rights

The Security created by this Deed and the Collateral Rights shall be cumulative, in addition to and independent of every other Security which the Collateral Agent or any or all of the Secured Parties may at any time hold for any or all of the Secured Obligations or any rights, powers and remedies provided by law. No prior security held by the Collateral Agent (whether in its capacity as trustee or otherwise) or any or all of the Secured Parties over the whole or any part of the Charged Property shall merge into the security constituted by this Deed.

16.3 Chargor's Obligations

None of the obligations of the Chargor under this Deed or the Collateral Rights shall be affected by an act, omission, matter, thing or event which, but for this Clause 16.3, would reduce, release or prejudice any of its obligations under this Deed including (without limitation and whether or not known to it or any Secured Party):

16.3.1 the winding-up, dissolution, administration, reorganisation, death, insolvency, incapacity or bankruptcy of any Obligor or any other person or any change in its status, function, control or ownership;

16.3.2 any of the obligations of any Obligor or any other person under any Finance Document, or under any other Security relating to any Finance Document being or becoming illegal, invalid, unenforceable or ineffective in any respect;

16.3.3 any time, waiver or consent granted to, or composition with, any Obligor or other person;

16.3.4 the release of any Obligor or any other person under the terms of any composition or arrangement;

16.3.5 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;

16.3.6 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Obligor or any other person;

16.3.7 any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or Security or of the Secured Obligations;

16.3.8 any variation of the terms of the trust upon which the Collateral Agent holds any Security created under the Finance Documents;

16.3.9 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security;

16.3.10 any insolvency or similar proceedings;

16.3.11 any claims or set-off right that the Chargor may have;

16.3.12 any law, regulation or decree or order of any jurisdiction affecting any Obligor; or

16.3.13 any Finance Document not being executed by or binding against any Obligor or any other party.

16.4 **Chargor Intent**

Without prejudice to the generality of Clause 16.3 (*Chargor's Obligations*), the Chargor expressly confirms that it intends that the Security created under this Deed, and the Collateral Rights, shall extend from time to time to any (however fundamental and of whatsoever nature, and whether or not more onerous) variation, increase, extension or addition of or to any of the Finance Documents and/or any amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

16.5 **Remedies and Waivers**

No failure on the part of the Collateral Agent to exercise, or any delay on its part in exercising, any Collateral Right shall operate as a waiver thereof or constitute an election to affirm this Deed. No election by the Collateral Agent to affirm this Deed shall be effective unless it is in writing. No single or partial exercise of any Collateral Right shall preclude any further or other exercise of that or any other Collateral Right.

16.6 **No Liability**

None of the Collateral Agent, its nominee(s) or any Receiver shall be liable by reason of (a) taking any action in accordance with this Deed or (b) any neglect or default in

connection with all or any part of the Charged Property or (c) taking possession of or realising all or any part of the Charged Property, except in the case of gross negligence or wilful default upon its part (as finally judicially determined).

16.7 **Partial Invalidity**

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Deed under such laws nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the Security intended to be created by or pursuant to this Deed is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of that Security.

16.8 **No Prior Demand**

16.8.1 The Chargor waives any right it may have of first requiring the Collateral Agent (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before enforcing this Deed. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary,

16.8.2 The Collateral Agent shall not be obliged to make any demand of or enforce any rights or claim against any Obligor or any other person, to take any action or obtain judgment in any court against any Obligor or any other person or to make or file any proof or claim in a liquidation, bankruptcy or insolvency of any Obligor or any other person or to enforce or seek to enforce any other Security in respect of any or all of the Secured Obligations before exercising any Collateral Right.

16.9 **Deferral of rights**

Until the time when (a) all Secured Obligations have been irrevocably discharged in full, (b) all amounts which may be or become payable by any or all of the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and (c) no Secured Party is under any further obligation (whether actual or contingent) to provide any further advance or financial accommodation to any Obligor under any Finance Document, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under this Deed:

16.9.1 to be indemnified by any Obligor;

16.9.2 to claim any contribution from any guarantor of any Obligor's obligations under any or all of the Finance Documents;

16.9.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or Security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;

16.9.4 to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Obligor has given a guarantee, undertaking or indemnity under any Finance Document;

16.9.5 to exercise any right of set-off against any Obligor; and/or

16.9.6 to claim or prove as a creditor of any Obligor in competition with the Collateral Agent.

If the Chargor receives any benefit, payment or distribution in relation to such rights, it shall hold that benefit, payment or distribution to the extent necessary to enable the Secured Obligations to be repaid in full on trust for the Collateral Agent (for the benefit of the Secured Parties) and shall promptly pay or transfer the same to the Collateral Agent or as the Collateral Agent may direct for application in accordance with the Finance Documents.

16.10 **Settlement conditional**

Any settlement, discharge or release hereunder in relation to the Chargor or all or any part of the Charged Property shall be conditional upon no Security or payment by any or all of the Obligors to, or recovery from any or all of the Obligors by, any or all of the Secured Parties being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws of general application or any similar event or for any other reason and shall in the event of any such avoidance or reduction or similar event be void.

17. RELEASE OF SECURITY

17.1 Discharge of Security

Except for the release of the Security in connection with a disposition of the Shares of the Company in accordance with the Finance Documents, upon the time when (a) all Secured Obligations have been irrevocably and unconditionally discharged in full, (b) all amounts which may be or become payable by any or all of the Obligors under or in connection with the Finance Documents have been irrevocably and unconditionally paid in full and (c) no Secured Party is under any further obligation (whether actual or contingent) to provide any further advance or financial accommodation to any Obligor under any Finance Document, the Collateral Agent shall (acting on the instructions of the Secured Parties), at the request (with reasonable notice) and cost of the Chargor, release and discharge the Security constituted by this Deed and procure the reassignment to the Chargor of the property and assets assigned to the Collateral Agent pursuant to this Deed (to the extent not otherwise sold, assigned or otherwise disposed of or applied in accordance with this Deed), in each case subject to Clause 17.2 (*Avoidance of Payments*) and 16.10 (*Settlement conditional*) and without recourse to, or any representation or warranty by, the Collateral Agent or any of its nominees.

17.2 Avoidance of Payments

If the Collateral Agent considers that any amount paid or credited to or recovered by any Secured Party by or from any Obligor is capable of being avoided or reduced by

virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Chargor under this Deed and the Security constituted by this Deed shall continue and such amount shall not be considered to have been irrevocably paid.

18. SUBSEQUENT AND PRIOR SECURITY INTERESTS

18.1 Subsequent security interests

If the Collateral Agent (acting in its capacity as Collateral Agent or trustee or otherwise) or any of the other Secured Parties at any time receives or is deemed to have received notice of any subsequent Security or other interest affecting all or any part of the Charged Property or any assignment or transfer of the Charged Property which is prohibited by the terms of this Deed or any other Finance Document, all payments thereafter by or on behalf of any or all of the Obligors to the Collateral Agent (whether in its capacity as Collateral Agent or trustee or otherwise) or any of the other Secured Parties shall be treated as having been credited to a new account of the Collateral Agent or, as the case may be, that other Secured Party and not as having been applied in reduction of the Secured Obligations as at the time when (or at any time after) the Collateral Agent or any other Secured Party received such notice of such subsequent Security or other interest or such assignment or transfer.

18.2 Prior security interests

In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking Security or upon the exercise by the Collateral Agent or any Receiver of any power of sale under this Deed or any Collateral Right, the Collateral Agent may redeem any prior ranking Security over or affecting any Charged Property or procure the transfer of any such prior ranking Security to itself. The Collateral Agent may settle and agree the accounts of the beneficiary of any such prior Security and any accounts so settled and agreed will be conclusive and binding on the Chargor. All principal, interest, costs, charges, expenses and/or other amounts relating to and/or incidental to any such redemption or transfer shall be paid by the Chargor to the Collateral Agent upon demand.

19. CURRENCY CONVERSION AND INDEMNITY

19.1 Currency Conversion

For the purpose of or pending the discharge of any of the Secured Obligations the Collateral Agent may convert any money received, recovered or realised or subject to application by it under this Deed from one currency to another, as the Collateral Agent may think fit, and any such conversion shall be effected at the Collateral Agent's spot rate of exchange (or, if no such spot rate of exchange is quoted by the Collateral Agent, such other rate of exchange as may be available to the Collateral Agent) for the time being for obtaining such other currency with such first-mentioned currency.

19.2 Currency Indemnity

If any sum (a "**Sum**") owing by the Chargor under this Deed or any order or judgment given or made in relation to this Deed has to be converted from the currency (the

"**First Currency**") in which such Sum is payable into another currency (the "**Second Currency**") for the purpose of:

19.2.1 making or filing a claim or proof against the Chargor;

19.2.2 obtaining an order or judgment in any court or other tribunal;

19.2.3 enforcing any order or judgment given or made in relation to this Deed; or

19.2.4 applying the Sum in satisfaction of any of the Secured Obligations,

the Chargor shall indemnify the Collateral Agent from and against any loss suffered or incurred as a result of any discrepancy between (a) the rate of exchange used for such purpose to convert such Sum from the First Currency into the Second Currency and (b) the rate or rates of exchange available to the Collateral Agent at the time of such receipt or recovery of such Sum.

20. COSTS, EXPENSES AND INDEMNITY

20.1 Costs and expenses

The Chargor shall, within seven (7) Business Days on demand of the Collateral Agent, reimburse the Collateral Agent on a full indemnity basis for all costs and expenses (including legal fees and expenses and any value added tax) incurred by the Collateral Agent in connection with (a) the execution of this Deed or otherwise in relation to this Deed, (b) the perfection or enforcement of the Security constituted by this Deed and/or (c) the exercise of any Collateral Right.

20.2 Stamp taxes

The Chargor shall pay all stamp, registration and other Taxes to which this Deed, the Security contemplated in this Deed and/or any judgment given in connection with this Deed is, or at any time may be, subject and shall, from time to time, indemnify the Collateral Agent on demand against any liabilities, costs, claims and/or expenses resulting from any failure to pay or delay in paying any such Tax.

20.3 Indemnity

The Chargor shall, notwithstanding any release or discharge of all or any part of the Security constituted by this Deed, on demand of the Collateral Agent, indemnify the Collateral Agent and each other Secured Party (through the Collateral Agent), their respective directors, officers, employees, Delegates, agents, attorneys and any Receiver and any Delegate (each an "**Indemnified Party**") against any action, proceeding, claims, losses, liabilities, costs, fees, attorney' fees and expenses which it may sustain as a consequence of any breach by the Chargor of the provisions of this Deed, the exercise or purported exercise of any of the rights and powers conferred on any of them by this Deed or otherwise relating to the Charged Property or any part thereof, including but not limited to:

20.3.1 the perfection, preservation, protection, enforcement, realisation or exercise, or attempted perfection, preservation, protection, enforcement, realisation or

exercise, of any Security created, or any powers conferred, by this Deed or by law;

20.3.2 the exchange by the Chargor of any share certificate(s) or other documents of title in respect of the Secured Assets;

20.3.3 any Charged Property being deemed not to be freely transferable or deliverable or to be defective,

and, for the avoidance of doubt, each of the indemnities in this paragraph shall survive discharge of the Secured Obligations, termination of this Deed and the resignation or replacement of the Collateral Agent.

20.4 **Indemnity separate**

Each indemnity in this Deed shall:

20.4.1 constitute a separate and independent obligation from the other obligations in this Deed, the other Security Documents and Intercreditor Agreement;

20.4.2 give rise to a separate and independent cause of action;

20.4.3 apply irrespective of any indulgence granted by any person;

20.4.4 continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any Secured Obligation or any other judgment or order; and

20.4.5 apply whether or not any claim under it relates to any matter disclosed by the Chargor or otherwise known to the Collateral Agent.

21. PAYMENTS FREE OF DEDUCTION

21.1 Tax gross-up

All payments to be made to the Collateral Agent under this Deed shall be made free and clear of and without deduction for or on account of Tax unless the Chargor is required to make such payment subject to the deduction or withholding of Tax, in which case the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to Tax such deduction or withholding has been made receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

21.2 No set-off or counterclaim

All payments to be made by the Chargor under this Deed shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

22. DISCRETION AND DELEGATION

22.1 Discretion

Any liberty or power which may be exercised or any determination which may be made under this Deed by the Collateral Agent or any Receiver may, subject to the terms and conditions of the Finance Documents, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

22.2 Delegation

Each of the Collateral Agent and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Deed (including without limitation the power of attorney under Clause 14 (*Power of Attorney*)) on such terms and conditions as it shall see fit which delegation shall not preclude any subsequent exercise, any subsequent delegation or any revocation of such power, authority or discretion by the Collateral Agent or any Receiver.

23. SET-OFF

Each Secured Party may set off any matured obligation due from the Chargor under any or all of the Finance Documents (to the extent beneficially owned by that Secured Party) against any matured obligation owed by the relevant Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If such obligations are in different currencies, the relevant Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of such set-off.

24. CHANGES TO PARTIES

24.1 Successors

This Deed shall be binding upon and enure to the benefit of each party hereto and its and/or any subsequent successors and permitted assigns and transferees. Without prejudice to the foregoing, this Deed shall remain in effect despite any amalgamation or merger (however effected) relating to the Collateral Agent; and references to the Collateral Agent herein shall be deemed to include any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of the Collateral Agent under this Deed or to which, under such laws, those rights and obligations have been transferred.

24.2 No Assignment or Transfer by Chargor

The Chargor may not assign or transfer any or all of its rights (if any) and/or obligations under this Deed.

24.3 Assignment and Transfer by Collateral Agent to Successor

The Collateral Agent may, without the consent of the Chargor:

24.3.1 assign all or any of its rights under this Deed; and

24.3.2 transfer all or any of its obligations (if any) under this Deed,

to any successor Collateral Agent in accordance with the provisions of the Finance Documents, and the Chargor shall, upon the request of the Collateral Agent, enter into such documentation as the Collateral Agent may require to give effect to any such assignment or transfer. Upon such assignment and transfer taking effect, the successor Collateral Agent shall be and be deemed to be acting as collateral agent and trustee for the Secured Parties for the purposes of this Deed and in place of the former Collateral Agent.

24.4 Assignment by other Secured Parties

Each Secured Party (other than the Collateral Agent) may assign all or any of its rights under this Deed (whether direct or indirect) to any person. The Chargor irrevocably and unconditionally confirms that:

24.4.1 it consents to any assignment or transfer by any Secured Party of its rights and/or obligations made in accordance with the provisions of the Finance Documents;

24.4.2 it shall continue to be bound by the terms of this Deed, notwithstanding any such assignment or transfer; and

24.4.3 the assignee or transferee of such Secured Party shall acquire an interest in this Deed upon such assignment or transfer taking effect.

25. AMENDMENTS AND WAIVERS

Any provision of this Deed may be amended or waived only by agreement in writing between the Chargor and the Collateral Agent.

26. NOTICES

26.1 Communications in writing

Each communication to be made by a party hereto to the other party hereto under or in connection with this Deed shall be made in writing and, unless otherwise stated, shall be made by email, fax or letter.

26.2 Addresses

The email address, address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party hereto for any communication or document to be made or delivered under or in connection with this Deed is that identified with its signature below, or any substitute address, fax number, or department or officer as that party may notify to the other party by not less than five (5) Business Days' notice.

26.3 Delivery

Any communication or document made or delivered by one party hereto to the other party hereto under or in connection with this Deed will only be effective:

26.3.1 if by way of email, only when received in legible form by at least one of the relevant email addresses of the person(s) to whom the communication is made;;

26.3.2 if by way of fax, when received in legible form; or

26.3.3 if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of the address details of such other party provided under Clause 26.2 (*Addresses*), if addressed to that department or officer, provided that any communication or document to be made or delivered to the Collateral Agent will be effective only when actually received by the Collateral Agent and then only if it is expressly marked for the attention of the department or officer identified with the Collateral Agent's signature below (or any substitute department or officer as the Collateral Agent shall specify for this purpose).

26.4 **Language**

Any notice given under or in connection with this Deed must be in English. All other documents provided under or in connection with this Deed must be:

26.4.1 in English; or

26.4.2 if not in English, and if so required by the Collateral Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

27. COUNTERPARTS

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

28. GOVERNING LAW

This Deed shall be governed by, construed and shall take effect in accordance with the laws of Hong Kong.

29. JURISDICTION

29.1 **Hong Kong Courts**

The courts of Hong Kong have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of, or connected with this Deed (including a dispute regarding the existence, validity or termination of this Deed or the consequences of its nullity).

29.2 **Convenient Forum**

The parties hereto agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes between them and, accordingly, that they will not argue to the contrary.

29.3 **Exclusive Jurisdiction**

This Clause 29 (*Jurisdiction*) is for the benefit of the Secured Parties only. As a result and notwithstanding Clause 29.1 (*Hong Kong Courts*), nothing herein shall prevent the Collateral Agent or any Secured Party from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law any Secured Party may take concurrent proceedings in any number of jurisdictions.

29.4 **Waiver of immunity**

The Chargor irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

29.4.1 suit;

29.4.2 jurisdiction of any court;

29.4.3 relief by way of injunction or order for specific performance or recovery of property;

29.4.4 attachment of its assets (whether before or after judgment); and

29.4.5 execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

29.5 **Liability in relation to shares**

Nothing in this Deed shall be construed as placing on the Collateral Agent any liability whatsoever in respect of any calls, instalments or other payments relating to any of the Charged Property or any rights, shares or other securities accruing, offered or arising as aforesaid, and the Chargor shall indemnify the Collateral Agent in respect of all calls, instalments or other payments relating to any of the Charged Property owned by it and to any rights, shares and other securities accruing, offered or arising as aforesaid in respect of any of the applicable Charged Property.

29.6 **Incorporation of terms**

The Chargor and the Collateral Agent agree and acknowledge that all rights, protections, indemnities (including any currency indemnity), disclaimers and limitations of liability applicable to the Collateral Agent as set out in the Intercreditor Agreement shall apply *mutatis mutandis* as if set out in full herein. In the event of any inconsistency between the provisions contained herein and the Intercreditor Agreement in relation to such rights, protections, indemnities (including any currency

indemnity), disclaimers and limitations of liability, those provisions which are more beneficial to the Collateral Agent shall prevail.

IN WITNESS WHEREOF this Deed has been signed on behalf of the Collateral Agent and executed as a deed by the Chargor and is intended to be and is hereby delivered by it as a deed on the date specified above.

SCHEDULE 1
PARTICULARS OF SHARES

Company	Registered and beneficial owner	Shares (ordinary shares in the issued share capital of the Company)	Representative share certificate no(s)
GCL New Energy Development Limited	Pioneer Getter Limited	1	2

SCHEDULE 2
FORM OF SHARE TRANSFER

[*name of Company*] ("Company")

SHARE TRANSFER FORM

We, [**name of Chargor**] (the "**Transferor**"), for good and valuable consideration received by us from [*leave blank*]

(the "**Transferee**"), do hereby:

1. transfer to the Transferee [*leave blank*]

   share(s) (the "**Shares**") standing in our name in the register of the Company to hold unto the Transferee, his executors, administrators and assigns, subject to the several conditions on which we held the same at the time of execution of this Share Transfer Form; and

2. consent that our name remains on the register of members of the Company until such time as the Company enters the Transferee's name in the register of members of the Company.

And we, as Transferee, do hereby agree to take the Shares subject to the same conditions.

As Witness Our Hands

Signed by the Transferor on)
in the presence of:)

_____
Witness

Signed by the Transferee on)
in the presence of:)

_____
Witness

SCHEDULE 3
FORM OF BOUGHT AND SOLD NOTES

SOLD NOTE

Transferee _____

Address _____

Occupation _____

Name of company in which the share(s) to be transferred –

[*Name of Company]

Number of share(s) _____

Consideration received _____

Transferor _____

for and on behalf of
[*name of Chargor]
Dated:

BOUGHT NOTE

Transferor [*name of Chargor]

Address _____

Occupation _____

Name of company in which the share(s) to be transferred –

[*Name of Company]

Number of share(s) _____

Consideration paid _____

Transferee _____

Dated:

SCHEDULE 4
FORM OF LETTER OF RESIGNATION

To: The Board of Directors
[name of Company] (the "**Company**")
[*address of registered office of Company*]

Date: [*to be left blank*]

Dear Sirs,

Resignation

I hereby tender my unconditional and irrevocable resignation as a director of the Company with effect from the date of this letter. I confirm that:

1. I have no claims whatsoever against the Company or any of its subsidiaries or associated companies (if any) on any account (whether for loss of office, for accrued remuneration or for fees or otherwise howsoever); and

2. there is no outstanding agreement or arrangement with the Company or any of its subsidiaries or associated companies (if any) under which the Company or any of such subsidiaries or associated companies has or would have any obligation to me whether now or in the future or under which I would derive any benefit.

This letter is governed by and shall be construed in accordance with the laws of Hong Kong.

IN WITNESS WHEREOF this deed has been executed the day and year above written.

SIGNED, SEALED and **DELIVERED**)
as a **DEED** by)
[**name of relevant director**])
in the presence of)

L.S

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
_____
_____
Occupation of witness: _____

SCHEDULE 5
FORM OF WRITTEN RESOLUTIONS

[name of Company] (the "Company")

WRITTEN RESOLUTIONS OF THE BOARD OF DIRECTORS OF [*name of Company*]

Dated: [*to be left blank*]

IT IS RESOLVED THAT:

1. each of the following transfers of the shares in the Company be approved and that, upon the delivery to any director of the Company of a duly completed instrument of transfer in respect of any of the following transfers, the name of the relevant transferee be entered forthwith in the register of members of the Company in respect of the relevant shares so transferred and that new share certificates in respect of such shares be issued forthwith to such transferee in accordance with the Articles of Association of the Company:

   [*to be left blank*]

2. each of the following persons be appointed as an additional director of the Company with immediate effect:

   [*to be left blank*]

3. the resignation of the following persons as directors of the Company be accepted with immediate effect:

   [*to be left blank*]

4. the above changes in directorships of the Company be notified to each relevant registry as soon as shall be practicable and that any director or the secretary of the Company be authorised to sign and deliver any relevant return in connection therewith.

[*all the directors of the Company to state their names and sign*]

SCHEDULE 6
FORM OF LETTER OF UNDERTAKING AND AUTHORISATION

To: **Madison Pacific Trust Limited** as Collateral Agent (including its successors, assigns and transferees)

Dear Sirs,

Deed of Share Charge dated [ ] by [name of Chargor] in favour of [name of Collateral Agent] as Collateral Agent (as amended from time to time, the "Deed")

Terms and expressions defined in or construed for the purposes of the Deed shall have the same meaning herein.

I hereby unconditionally and irrevocably:

1. undertake to procure, to the extent of my powers as a director of [*name of Company*] (the "**Company**"), that any or all of the shares in the Company which are charged to you pursuant to the Deed shall upon your request be promptly registered in the name of yourself or (at your request) any person(s) whom you may nominate;

2. authorise each of you and any other person(s) authorised by you severally to complete, date and put into effect:

   (a) the attached letter of resignation signed by me;

   (b) the attached written resolutions of the board of directors of the Company signed by me; and

   (c) any other document signed by me and delivered pursuant to Clause 4.2 (*Delivery of Documents of Title*) of the Deed (including the blank share transfer forms and bought and sold notes),

   at any time after the security constituted by the Deed shall have become enforceable in accordance with its terms as you consider fit in your absolute discretion.

This letter is governed by and shall be construed in accordance with the laws of Hong Kong.

Dated:

IN WITNESS WHEREOF this deed has been executed the day and year above written.

SIGNED, SEALED and **DELIVERED**)
as a **DEED** by)
[**name of relevant director**])
in the presence of)

L.S

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
Occupation of witness: _____

SCHEDULE 7
FORM OF IRREVOCABLE PROXY AND POWER OF ATTORNEY

We, [*Name of the Chargor], as a shareholder of the Company, hereby makes, constitutes and appoints _____ (the "**Attorney**") as the true and lawful attorney and proxy of the undersigned with full power to appoint a nominee or nominees to act hereunder from time to time and to vote any existing or further shares in the Company which may have been or may from time to time be issued and/or registered in our name (the "**Shares**") at all general meetings of shareholders or stockholders of the Company with the same force and effect as the undersigned might or could do and to requisition and convene a meeting or meetings of the shareholders of the Company for the purpose of appointing or confirming the appointment of new directors of the Company and/or such other matters as may in the opinion of the Attorney be necessary or desirable for the purpose of implementing the Share Charge referred to below and the undersigned hereby ratifies and confirms all that the said Attorney or its nominee or nominees shall do or cause to be done by virtue hereof.

This power and proxy is given to secure a proprietary interest of the donee of the power and is irrevocable and shall remain irrevocable as long as the share charge dated _____ between [*Name of the Chargor] as chargor and [*Name of the Collateral Agent] as collateral agent (the "**Share Charge**") is in force and any person dealing with the Attorney may rely on a written statement by the Attorney to the effect that this power of attorney is valid and has not been revoked as conclusive evidence of that fact and any transaction between any such person and the Attorney after notice of revocation has been given to the Attorney shall be valid to the extent that any such person deals with the Attorney in bona fide belief, based on such written statement, that the Attorney's power is valid and has not been revoked.

IN WITNESS whereof this instrument has been duly executed this [ ] as a deed and is intended to be and is hereby delivered by it as a deed on the date specified above.

The **Common Seal** of	)	
[name of chargor]	)	[please affix seal]
was affixed hereto	)	

in the presence of:

_____

Name: [*Name of the person authorised to attest, title*]

EXECUTION

The Chargor

[*in the case where the Chargor which has a company seal*]

The **Common Seal** of)
PIONEER GETTER LIMITED) [please affix seal]
was affixed hereto)
in the presence of:

_____
Name: [*Name of the person authorised to attest, title*]

OR

[*in the case where the Chargor does not have any company seal*]

EXECUTED as a **DEED** and)
delivered on the date first written) L.S
above by [**Name of Authorised Signatory**],)
authorised signatory for)
PIONEER GETTER LIMITED)

in the presence of

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
_____
_____
Occupation of witness: _____

Address:

Attention:

Telephone:

Facsimile:

Email:

The Collateral Agent

SIGNED for and on behalf of)
MADISON PACIFIC TRUST LIMITED)
)
)
)

By: .....

Name: .....

Title: .....

Address: 54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Attention: David Naphtali / Holly Yuen

Facsimile: +852 2599 9501

Email: agent@madisonpac.com

DATED _____

PIONEER GETTER LIMITED
as the Chargor

in favour of

MADISON PACIFIC TRUST LIMITED
as the Collateral Agent

SHARE CHARGE

CONTENTS

THIS DEED OF SHARE CHARGE is made on _____ (this "**Deed**")

BY

(1) **PIONEER GETTER LIMITED**, a business company incorporated under the laws of the British Virgin Islands with limited liability, with company number 1820442 and its registered office at Palm Grove House, P.O. Box 438, Road Town, Tortola VG1110, British Virgin Islands (the "**Chargor**");

in favour of

(2) **MADISON PACIFIC TRUST LIMITED**, a company incorporated under the laws of Hong Kong with limited liability, with company number 1619851and its office at 54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as collateral agent and trustee for the Secured Parties (the "**Collateral Agent**", which expression shall include its successors, assigns and transferees).

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined in this Deed or unless the context otherwise requires, terms and expressions defined in or construed for the purposes of the Intercreditor Agreement shall bear the same meanings when used herein. In addition:

"**Authorisation**" means:

(a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or

(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

"**Charged Property**" means the Shares, the Derivative Assets and the Related Rights in relation thereto, and all other assets and/or undertaking of the Chargor which from time to time are the subject of the Security created or expressed to be created in favour of the Collateral Agent by or pursuant to this Deed.

"**Collateral Rights**" means all rights, powers and remedies of the Collateral Agent provided by or pursuant to this Deed or by law.

"**Company**" means GCL New Energy International Limited, a company incorporated under the laws of Hong Kong with limited liability, with company number 2104546 and its registered office at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong as at the date of this Deed.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Collateral Agent.

"**Derivative Assets**" includes:

(a) allotments, rights, money or property arising at any time in relation to any of the Shares by way of conversion, exchange, redemption, bonus, preference, option or otherwise;

(b) Dividends, distributions, interest and other income paid or payable in relation to any of the Shares; and

(c) stock, shares and securities offered in addition to or in substitution for any of the Shares.

"**Dividends**" means all dividends, distributions, interest or other income paid or payable to the Chargor now or in the future under or by virtue of any of the Relevant Agreements, together with the full benefit of all rights and remedies relating thereto including, but not limited to, all claims for damages and other remedies for non-payment of the same and all proceeds and forms of remittance in respect of the same and all rights and proceeds of the exercise of rights of set-off.

"**Event of Default**" has the meaning given to it in the Intercreditor Agreement.

"**Finance Documents**" has the meaning given to it in the Intercreditor Agreement.

"**Governmental Agency**" means any government or any governmental agency, semigovernmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China.

"**Intercreditor Agreement**" means the intercreditor agreement dated on or about the date of this Deed, and entered into between, amongst others, the Issuer as company, the entities therein as subsidiary guarantor pledgors, The Bank of New York Mellon, London Branch as notes trustee, and Madison Pacific Trust Limited as collateral agent.

"**Issuer**" means GCL New Energy Holdings Limited (協鑫新能源控股有限公司).

"**Legal Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court;

(b) the limitation of enforcement by laws relating to insolvency, reorganisation, penalties and other laws generally affecting the rights of creditors;

(c) the time barring of claims under applicable statutes of limitation (or equivalent legislation) of any Relevant Jurisdiction;

(d) the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void;

(e) defences of set-off or counterclaim; and

(f) similar principles, rights and remedies under the laws of any Relevant Jurisdiction.

"**Obligors**" means, collectively, the Issuer, the Subsidiary Guarantors, and the Subsidiary Guarantor Pledgors.

"**Original Shares**" means the shares in the issued share capital of the Company legally and beneficially owned by the Chargor as at the date of this Deed, the particulars of which are set out in Schedule 1 (*Particulars of Shares*).

"**Receiver**" means a receiver or receiver and manager of the whole or any part of the Charged Property and that term will include any appointee under a joint and/or several appointment and any substituted receiver or receiver and manager.

"**Related Rights**" means, in relation to any asset:

(a) the proceeds of sale of any part of that asset;

(b) all rights under any licence, agreement for sale, lease or other disposal in respect of that asset;

(c) all rights, powers, benefits, claims, contracts, warranties, remedies, Security, guarantees, indemnities and/or covenants for title in respect of that asset; and

(d) any moneys and proceeds paid or payable in respect of that asset,

(in each case) from time to time.

"**Relevant Agreements**" means collectively, any joint venture agreement, partnership agreement, shareholders' agreement, constitutional documents of the Company or other document relating to the Chargor's shareholding (including the Shares), equity interest or investment in the Company.

"**Relevant Jurisdiction**" means, in respect of the Chargor:

(a) its jurisdiction of incorporation;

(b) any jurisdiction where any asset subject to or intended to be subject to the Security to be created by it pursuant to this Deed is situated; and

(c) any jurisdiction where it conducts its business.

"**Secured Obligations**" has the meaning given to it in the Intercreditor Agreement.

"**Secured Parties**" has the meaning given to it in the Intercreditor Agreement.

"**Security**" means a mortgage, charge, pledge, lien, assignment, hypothecation or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Shares**" means the Original Shares and all other shares in the share capital of the Company held by, to the order or on behalf of the Chargor from time to time while any Secured Obligations are outstanding.

1.2 **Construction**

In this Deed:

1.2.1 any reference to the "**Chargor**, any "**Obligor**", the **Company**", the "**Collateral Agent**" or any or all of the "**Secured Parties**" shall be construed so as to include its or their (and any subsequent) successors and any permitted assigns and transferees;

1.2.2 any reference to "**assets**" includes present and future properties, revenues and rights of every description;

1.2.3 any reference to the "**Intercreditor Agreement**", any "**Finance Document**" or any other agreement or instrument shall be a reference to the Intercreditor Agreement, that Finance Document or that other agreement or instrument as amended, novated, supplemented, extended (whether of maturity or otherwise), replaced or restated (in each case however fundamental and of whatsoever nature, and whether or not more onerous) from time to time;

1.2.4 any reference to "**including**" shall be construed as "including without limitation" (and cognate expressions shall be construed similarly);

1.2.5 any reference to "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

1.2.6 any reference to a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

1.2.7 any reference to the male gender shall include the female gender and neutral gender and vice versa;

1.2.8 any reference to a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

1.2.9 "**Charged Property**", "**Derivative Assets**", "**Dividends**", "**Original Shares**", "**Related Rights**", "**Secured Obligations**" or "**Shares**" shall be deemed to include a reference to any part of them or it;

1.2.10 "**variation**" includes any variation, amendment, accession, novation, restatement, modification, assignment, transfer, supplement, extension, deletion or replacement however effected and "**vary**" and "**varied**" shall be construed accordingly;

1.2.11 "**writing**" includes facsimile transmission legibly received except in relation to any certificate, notice or other document which is expressly required by this Deed to be signed and "**written**" has a corresponding meaning;

1.2.12 a provision of law is a reference to that provision as amended or re-enacted;

1.2.13 a time of day is a reference to Hong Kong time;

1.2.14 unless this Deed expressly provides to the contrary, an obligation of the Chargor under this Deed which is not a payment obligation remains in force for so long as the Secured Obligations have not been unconditionally and irrevocably paid in full or any Secured Party is under any further actual or contingent liability to make an advance or provide other financial accommodation to any person under any Finance Document; and

1.2.15 save where the context otherwise requires, references in this Deed to any Clause or Schedule shall be to a clause or schedule contained in this Deed.

1.3 **Third party rights**

1.3.1 Unless expressly provided to the contrary in this Deed, a person who is not a party has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) (the "**Third Parties Ordinance**") to enforce or to enjoy the benefit of any term of this Deed.

1.3.2 Notwithstanding any term of this Deed, the consent of any person who is not a party is not required to rescind or vary this Deed at any time.

1.3.3 Any Receiver or Delegate or may, subject to this Clause 1.3 and the Third Parties Ordinance, rely on any Clause of this Deed which expressly confers rights on it.

2. PAYMENT OF SECURED OBLIGATIONS

2.1 Covenant to Pay

2.1.1 The Chargor (as primary obligor and not merely as surety) hereby covenants with the Collateral Agent as collateral agent and trustee for the Secured Parties that it shall on demand of the Collateral Agent pay or discharge the Secured Obligations when due at the times and in the manner provided in the relevant Finance Documents.

2.1.2 The covenants contained in this Clause 2.1 and the Security created by this Deed shall not extend to or include any liability or sum which would otherwise cause any such covenant or Security to be unlawful or prohibited by any applicable law.

2.1.3 The making of one demand shall not preclude the Collateral Agent from making any further demands.

2.1.4 A certificate of the Collateral Agent executed by a duly authorised officer of the Collateral Agent setting forth the amount of any Secured Obligations due

from the Chargor shall be conclusive evidence of such amount against the Chargor in the absence of fraud or manifest error.

2.1.5 Any third party dealing with the Collateral Agent or any Receiver shall not be concerned to see or enquire as to the validity of any demand under this Deed.

3. CHARGE

3.1 Fixed Charge

3.1.1 The Chargor hereby charges as legal and beneficial owner in favour of the Collateral Agent (for the benefit of the Secured Parties), as continuing security for the payment and discharge of the Secured Obligations, by way of first fixed charge:

(a) the Original Shares and all Related Rights in relation thereto;

(b) all Shares in which the Chargor may in the future acquire any interest (legal or equitable) and all Related Rights in relation thereto;

(c) all Derivative Assets of a capital nature now or in the future accruing to the Chargor (whether at law or in equity) or offered to it at any time in respect of the Shares; and

(d) all Derivative Assets of an income nature now or in the future accruing to the Chargor (whether at law or in equity) or offered to it at any time in respect of the Shares.

3.1.2 To the extent that, in respect of any of the Charged Property, Clause 3.1.1 does not have the effect of creating or acknowledging a first priority fixed Security in favour of the Collateral Agent (for the benefit of the Secured Parties), the Security created or acknowledged by Clause 3.1.1 shall take effect as such type of Security as shall be required by the law applicable to the creation of a Security in such Charged Property for the purpose of conferring on the Collateral Agent a first priority Security in such Charged Property.

4. PERFECTION OF SECURITY

4.1 Perfection

4.1.1 The Chargor shall (at its own cost), immediately after execution of this Deed:

(a) create and maintain a register of charges (the "**Register of Charges**") of the Chargor in accordance with section 162 of the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands (the "**BVI BC Act**") to the extent this has not already been done;

(b) enter particulars as required by the BVI BC Act of the Security created pursuant to this Deed in the Register of Charges and immediately after entry of such particulars has been made, provide the Collateral Agent with a certified true copy of the updated Register of Charges; and

(c) effect registration, or assist the Collateral Agent in effecting registration, of this Deed with the Registrar of Corporate Affairs of the British Virgin Islands (the "**Registrar of Corporate Affairs**") pursuant to section 163 of the BVI BC Act by making the required filing, or assisting the Collateral Agent in making the required filing, in the approved form with the Registrar of Corporate Affairs and (if applicable) provide confirmation in writing to the Collateral Agent that such filing has been made.

4.1.2 The Chargor shall, immediately on receipt, deliver or procure to be delivered to the Collateral Agent, the certificate of registration of charge issued by the Registrar of Corporate Affairs evidencing that the requirements of Part VIII of the BVI BC Act as to registration have been complied with and the filed stamped copy of the application containing the relevant particulars of charge.

4.2 **Delivery of Documents of Title**

The Chargor shall:

4.2.1 on the date of this Deed, deposit with the Collateral Agent (or procure the deposit with the Collateral Agent of) the following:

(a) all originals of valid and duly issued share certificates or other documents of title to the Original Shares;

(b) original undated share transfer forms, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 2 (*Form of Share Transfer*), with the sections relating to the consideration and the name and details of the transferees left blank;

(c) original undated bought and sold notes, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 3 (*Form of Bought and Sold Notes*), with the sections relating to the consideration and the name and details of the transferees left blank;

(d) [*Reserved*];

(e) an original undated letter of resignation duly executed by each director of the Company, in substantially the form set out in Schedule 4 (*Form of Letter of Resignation*);

(f) an original undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company, in substantially the form set out in Schedule 5 (*Form of Written Resolutions*);

(g) a letter of undertaking and authorisation duly executed and dated by each director of the Company, in substantially the form set out in Schedule 6 (*Form of Letter of Undertaking and Authorisation*), authorising the Collateral Agent to complete and date the documents set out in paragraph (b), (c), (e), (f) and (h);

(h) an original irrevocable proxy and power of attorney in respect of such Shares, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 7 (*Form of Irrevocable Proxy and Power of Attorney*);

(i) certified true copies of the register of directors and register of members of the Company (to the extent not already provided to the Collateral Agent); and

(j) such other documents as the Collateral Agent may require for the purposes of perfecting its title to the Charged Property or for the purpose of vesting the same in itself, its nominee or any purchaser or presenting the same for registration at any time (if it has notified the Chargor accordingly).

4.2.2 immediately upon any acquisition of any Charged Property and/or upon any Charged Property becoming subject to Security hereunder and/or the accrual, issue or coming into existence of any stocks, shares, warrants or other securities in respect of or derived from any Charged Property, in each case after the date of this Deed, notify the Collateral Agent of that occurrence and immediately deliver to the Collateral Agent:

(a) originals of all valid and duly issued share certificates and other documents of title representing such items;

(b) original undated share transfer forms or, as the case may be, other appropriate instruments of transfer in respect of such items duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 2 (*Form of Share Transfer*) (if applicable) or in such other form as the Collateral Agent shall request acting reasonably and any other document necessary or conducive to enable the Collateral Agent to register such Charged Property in its name or in the name of its nominee(s) or to effect a valid transfer of any such Charged Property;

(c) original undated bought and sold notes in respect of such items duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 3 (*Form of Bought and Sold Notes*); and

(d) [*Reserved*],

unless already delivered pursuant to this Clause 4.2;

4.2.3 immediately upon any change in any director of the Company after the date of this Deed, deliver to the Collateral Agent:

(a) (in the case of a new director) an original undated letter of resignation duly executed by such director of the Company in substantially the form set out in Schedule 4 (*Form of Letter of Resignation*);

(b) an original of the undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company

in substantially the form set out in Schedule 5 (*Form of Written Resolutions*);

(c) (in the case of a new director) original of a letter of undertaking and authorisation duly executed by each director of the Company in substantially the form set out in Schedule 6 (*Form of Letter of Undertaking and Authorisation*);

(d) a replacement of any of the documents signed by the replaced director(s) delivered under this Clause 4.2; and

4.2.4 subject to the other provisions of this Deed, the Chargor shall (and, if applicable, shall procure that its nominee(s) will):

(a) at the request of the Collateral Agent, immediately upon the completion of any transfer of the Charged Property to the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s), procure the immediate registration of such transfer in the book of the Company and the entry of the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s) in the register of members of the Company as the holder(s) of such Charged Property; and

(b) in respect of any Charged Property which become subject to this Deed after the date of this Deed, at the request of the Collateral Agent, immediately upon the completion of any transfer of such Charged Property to the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s), procure the immediate registration of such transfer in the book of the Company and the entry of the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s) in the register of members of the Company as the holder(s) of such Charged Property.

4.3 Retention of documents

The Collateral Agent shall be entitled to continue to hold any document delivered to it pursuant to Clause 4.2 (*Delivery of Documents of Title*) until the Charged Property is released and if, for any reason, it releases any such document to the Chargor before such time, it may by notice to the Chargor require that such document be redelivered to it and the Chargor shall promptly comply with that requirement or procure that it is complied with.

5. FURTHER ASSURANCE

5.1 Further Assurance: General

The Chargor shall promptly at its own cost do all such acts and/or execute all such documents (including without limitation assignments, transfers, mortgages, charges, notices and instructions) as the Collateral Agent may reasonably specify (and in such form as the Collateral Agent may reasonably require in favour of the Collateral Agent or its nominee(s)):

5.1.1 to perfect the Security created or intended to be created in respect of the Charged Property (which may include, without limitation, the execution by the Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, any part of the Charged Property);

5.1.2 to confer on the Collateral Agent Security over any property and assets of the Chargor located in any jurisdiction outside Hong Kong equivalent or similar to the Security intended to be conferred by or pursuant to this Deed;

5.1.3 to facilitate the realisation of the Charged Property subject to the Security conferred or intended to be conferred by this Deed or the exercise of any rights, powers and remedies of the Collateral Agent, the Secured Parties, any Receiver, administrator or nominee, including executing any transfer, conveyance, charge, assignment or assurance of all or any of the Charged Property which are the subject of the Security constituted by this Deed, making any registration and giving any notice, order or instructions; and/or

5.1.4 to exercise any of the rights or powers attaching to any of the Charged Property conferred on the Collateral Agent by this Deed, any Finance Documents or by law.

5.2 **Necessary Action**

The Chargor shall from time to time take all such action (whether or not requested to do so by the Collateral Agent) as is or shall be available to it (including without limitation obtaining and/or effecting all Authorisations and making all filings and registrations and apply for relief against forfeiture) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Collateral Agent by or pursuant to this Deed.

5.3 **Implied Covenants for Title**

The obligations of the Chargor under this Deed shall be in addition to any covenants for title deemed to be included in this Deed under applicable law.

6. NEGATIVE PLEDGE AND DISPOSALS

6.1 **Negative Pledge**

The Chargor undertakes that it shall not, at any time during the subsistence of this Deed, create, or agree or attempt to create or permit to subsist any Security or any trust over all or any part of the Charged Property, except for the Security constituted by this Deed.

6.2 **No Disposal of Interests**

The Chargor undertakes that, during the subsistence of this Deed, it shall not, and shall not agree to, sell, assign, transfer or otherwise dispose of any Charged Property, except pursuant to this Deed or any other Finance Document.

6.3 **Preservation of assets**

The Chargor shall not do or permit to be done any act or thing which might jeopardise the rights of the Collateral Agent in the Charged Property or which might adversely affect or diminish the value of the Charged Property.

6.4 **Other negative undertakings**

The Chargor undertakes that it shall not, at any time during the subsistence of this Deed:

6.4.1 without the prior written consent of the Collateral Agent, permit the Company's constitutional documents (including its articles of association) to be amended in a manner which is reasonably likely to have an adverse effect on the Security constituted by this Deed or the interests of the Secured Parties;

6.4.2 waive, release, settle, compromise, abandon or set-off any claim or the liability of any person in respect of the Dividends, or do or omit to do any other act or thing whereby the recovery in full of the Dividends as and when they become payable may be impeded (provided that such Dividends shall only be paid or become payable, and shall be deposited and/or applied, in accordance with the provisions and requirements of the other Finance Documents);

6.4.3 cause or permit any of the Charged Property to be consolidated, sub-divided or converted or the other capital of the Company to be re-organised, exchanged or repaid;

6.4.4 permit the appointment or removal of any director of the Company, unless the obligations under Clause 4.2.3 are complied; or

6.4.5 permit the issue by the Company of any shares, stock or securities or (except pursuant to this Deed) the transfer of any shares, stock or securities issued by the Company, unless otherwise permitted under the terms of any Finance Document and the obligations under Clause 4.2.2 are complied).

7. **OPERATIONS BEFORE AND AFTER EVENTS OF DEFAULT**

7.1 **Dividends**

7.1.1 The Chargor shall, at all times prior to the occurrence of an Event of Default, be entitled to retain any Dividends received or recovered by it in cash in respect of any or all of the Charged Property.

7.1.2 After the occurrence of an Event of Default which is continuing, the Chargor shall promptly pay over and deliver to the Collateral Agent for application in accordance with this Deed (and the Collateral Agent may apply in accordance with this Deed and the Intercreditor Agreement) any and all Dividends, distributions, interest and/or other monies received and/or recovered in respect of all or any part of the Charged Property.

7.1.3 Any and all Dividends and/or distributions, recovered or paid/delivered to the order of the Chargor (other than in cash) in respect of any or all of the Charged Property shall be held by the Chargor subject to the Security constituted by this Deed, provided that if such receipt or recovery is made after the occurrence of an Event of Default which is continuing, the Chargor shall promptly deliver such Dividends, distributions, interest and/or other monies to the Collateral Agent for application in accordance with this Deed and the Intercreditor Agreement.

7.2 **Operation: Before Event of Default**

Prior to the occurrence of an Event of Default, the Chargor shall be entitled to exercise all voting rights in relation to any or all of the Shares **provided that** the Chargor shall not exercise such voting rights in any manner that could give rise to, or otherwise permit or agree to, any

7.2.1 variation of the rights attaching to or conferred by any of the Shares;

7.2.2 liability on the part of the Collateral Agent or any other Secured Party; or

7.2.3 increase in the issued share capital, registered capital or equity interest of any company, corporation or entity whose shares/securities/equity interests are charged or subject to Security under this Deed.

7.3 **Operation: After Event of Default**

The Collateral Agent may, upon and/or after the occurrence of an Event of Default which is continuing (in the name of the Chargor or otherwise and without any further consent or authority from the Chargor):

7.3.1 exercise (or refrain from exercising) any voting rights in respect of the Charged Property;

7.3.2 apply all dividends, distributions, interest and other monies arising from all or any of the Charged Property in accordance with Clause 12 (*Application of Monies*);

7.3.3 transfer all or any of the Charged Property into the name of such nominee(s) of the Collateral Agent as it shall think fit; and

7.3.4 exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Charged Property, including without limitation the right, in relation to any company, corporation or entity whose shares, equity interests or other securities are included in the Charged Property or any part thereof, to concur or participate in:

(a) the reconstruction, amalgamation, sale or other disposal of such company, corporation or entity or any of its assets or undertaking (including without limitation the exchange, conversion or reissue of any shares, equity interests or securities as a consequence thereof);

(b) the release, modification or variation of any rights or liabilities attaching to such shares, equity interests or securities; and

(c) the exercise, renunciation or assignment of any right to subscribe for any shares, equity interests or securities,

in each case in such manner and on such terms as the Collateral Agent may think fit, and the proceeds of any such action shall form part of the Charged Property and may be applied by the Collateral Agent in accordance with Clause 12 (*Application of Monies*).

7.4 **Payment of Calls**

The Chargor shall pay when due all calls or other payments which may be or become due in respect of any of the Charged Property, and in any case of default by the Chargor in such payment, the Collateral Agent may, if it thinks fit, make such payment on behalf of the Chargor in which case any sums paid by the Collateral Agent shall be reimbursed by the Chargor to the Collateral Agent on demand.

7.5 **Exercise of Rights**

The Chargor shall not exercise any of its rights and powers in relation to any of the Charged Property in any manner which, in the opinion of the Collateral Agent, would prejudice the value of, or the ability of the Collateral Agent to realise, the Security created by this Deed.

7.6 **Other positive undertakings**

The Chargor undertakes that it shall, at any time during the subsistence of this Deed:

7.6.1 subject to the Security constituted pursuant to this Deed, remain the sole legal and beneficial owner of the Charged Property;

7.6.2 procure that the Charged Property at all times represent the entire issued share capital of the Company;

7.6.3 at any time after this Deed has become enforceable, account to the Collateral Agent, promptly following receipt, for all monies received in respect of the Charged Property and, pending payment of such monies to the Collateral Agent, hold such monies on trust for the Collateral Agent;

7.6.4 forward to the Collateral Agent at the same time as they are received, copies of all documents which are dispatched by the Company to its shareholders generally (or any class of them) (in their capacity as such); and

7.6.5 take such action as the Collateral Agent may direct in respect of any proposed compromise, arrangement, capital re-organisation, conversion, exchange, repayment or takeover offer affecting any of the Charged Property or any proposal to vary or abrogate any rights attaching to any Charged Property.

8. ENFORCEMENT OF SECURITY

8.1 Enforcement

At any time after this Deed has become enforceable, the Collateral Agent may, without notice to the Chargor or prior authorisation from any court, in its absolute discretion:

8.1.1 date and complete the undated documents delivered to the Collateral Agent pursuant to Clause 4.2 (*Delivery of Documents of Title*);

8.1.2 enforce all or any part of such Security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold or dispose of all or any part of the Charged Property; and

8.1.3 whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by this Deed on any Receiver or otherwise conferred by law on mortgagees and/or Receivers.

8.2 No Liability as Mortgagee in Possession

Neither the Collateral Agent nor any Receiver shall be liable to account as a mortgagee in possession in respect of all or any part of the Charged Property or be liable for any loss upon realisation or for any neglect, default or omission in connection with the Charged Property to which a mortgagee or a mortgagee in possession might otherwise be liable. If and whenever the Collateral Agent or any of its nominees enters into possession of any Charged Property, it shall be entitled at any time at its discretion to go out of possession.

8.3 Wide Construction

The enforcement powers conferred on the Collateral Agent under this Deed shall be construed in the widest possible sense and all parties to this Deed intend that the Collateral Agent shall have as wide and flexible a range of enforcement powers as may be conferred (or, if not expressly conferred, as is not restricted) by any applicable law.

8.4 Collateral Agent's Liability

The Collateral Agent shall have no liability or responsibility to the Chargor arising out of the exercise or non-exercise of the powers conferred on it by this Deed.

8.5 No duty of enquiry

The Collateral Agent need not enquire as to the sufficiency of any sums received by it in respect of any debt or claim or make any claim or take any other action to collect in or enforce them.

8.6 No requirement of notice period

The Collateral Agent is not required to give any prior notice of non-payment or Event of Default to the Chargor before enforcing the Security, and there is no minimum

period for which the Secured Obligations must remain due and unpaid before the Security can be enforced.

9. POWERS OF SALE

9.1 Extension of Powers

The power of sale or other disposal conferred on the Collateral Agent and on any Receiver by this Deed shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Deed, provided that such power shall not be exercisable until the Security constituted by this Deed has become enforceable in accordance with Clause 8.1 (*Enforcement*).

9.2 Restrictions

Any restrictions imposed by law on the power of sale or on the consolidation of Security (including without limitation any restriction under paragraph 11 of the Fourth Schedule to the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong) shall be excluded to the fullest extent permitted by law.

10. APPOINTMENT OF RECEIVER

10.1 Appointment and Removal

At any time after:

10.1.1 the occurrence of an Event of Default which is continuing; or

10.1.2 a request has been made by the Chargor to the Collateral Agent for the appointment of a Receiver or an administrator over its Charged Property,

this Deed shall become enforceable and notwithstanding the terms of any other agreement between the Chargor and the Collateral Agent, the Collateral Agent may by deed or otherwise (acting through an authorised officer of the Collateral Agent), without prior notice to the Chargor:

(a) appoint one or more persons to be a Receiver of the whole or any part of the Charged Property;

(b) appoint two or more Receivers of separate parts of the Charged Property;

(c) remove (so far as it is lawfully able) any Receiver so appointed; and/or

(d) appoint another person(s) as an additional or replacement Receiver(s).

10.2 Capacity of Receivers

Each person appointed to be a Receiver pursuant to Clause 10.1 (*Appointment and Removal*) shall be:

10.2.1 entitled to act individually or together with any other person appointed or substituted as Receiver;

10.2.2 for all purposes deemed to be the agent of the Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Collateral Agent; and

10.2.3 entitled to remuneration for his services at a rate to be fixed by the Collateral Agent from time to time.

10.3 **Statutory Powers of Appointment**

The powers of appointment of a Receiver herein contained shall be in addition to all statutory and other powers of appointment of the Collateral Agent under applicable law and such powers shall remain exercisable from time to time by the Collateral Agent in respect of all or any part of the Charged Property. \

10.4 **Receiver as Agent of Chargor**

The Receiver shall be the agent of the Chargor which shall be responsible for his acts and defaults and liable on any contracts made, entered into or adopted by the Receiver. The Collateral Agent shall not be responsible for supervising or monitoring or liable for the Receiver's acts, omissions, negligence or default, nor be liable on contracts entered into or adopted by the Receiver.

11. **POWERS OF RECEIVER**

11.1 **Powers of Receiver**

Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have and be entitled to exercise, in relation to the Charged Property (and any assets of the Chargor which, when got in, would be Charged Property) or that part thereof in respect of which he was appointed, and as varied and extended by the provisions of this Deed (in the name of or on behalf of the Chargor or in his own name and, in each case, at the cost of the Chargor):

11.1.1 all the powers conferred by the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong on mortgagors and on mortgagees in possession and on receivers appointed under that Ordinance (as if the Charged Property constituted property that is subject to that Ordinance and as if such Receiver were appointed under that Ordinance), free from any limitation under paragraph 11 of the Fourth Schedule to that Ordinance;

11.1.2 all the powers and rights of an absolute owner and power to do or omit to do anything which the Chargor itself could do or omit to do; and

11.1.3 the power to do all things (including without limitation bringing or defending proceedings in the name or on behalf of the Chargor) which seem to the Receiver to be incidental or conducive to (a) any of the functions, powers, authorities or discretions conferred on or vested in him or (b) the exercise of

any Collateral Rights (including without limitation realisation of all or any part of the Charged Property) or (c) bringing to his hands any assets of the Chargor forming, or which, when got in, would be part of the Charged Property.

11.2 **Additional Powers of Receiver**

In addition to and without prejudice to the generality of the foregoing and in addition to those powers conferred by law, every Receiver shall (subject to any limitations or restrictions expressed in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have the following powers in relation to the Charged Property (and any assets of the Chargor which, when got in, would be part of the Charged Property) in respect of which it was appointed (and every reference in this Clause 11.2 to the "**Charged Property**" shall be read as a reference to that part of the Charged Property in respect of which such Receiver was appointed):

11.2.1 Take Possession

power to enter upon, take immediate possession of, collect and get in the Charged Property including without limitation dividends and other income whether accrued before or after the date of its appointment, and power to exercise all voting and other rights attaching to the Charged Property;

11.2.2 Proceedings and Claims

power to bring, prosecute, enforce, defend and abandon applications, claims, disputes, actions, suits and proceedings in connection with all or any part of the Charged Property or this Deed in the name of the Chargor or in his own name and to submit to arbitration, negotiate, compromise and settle any such applications, claims, disputes, actions, suits or proceedings the power to make any arrangement or compromise with any Secured Party or others as it shall think fit;

11.2.3 Carry on Business

power to carry on and manage, or concur in the carrying on and management of or to appoint a manager of, the whole or any part of the Charged Property or any business relating thereto in such manner as it shall in his absolute discretion think fit and power to raise or borrow money and grant Security therefor over all and any part of the Charged Property;

11.2.4 Deal with Charged Property

power, in relation to the Charged Property and each and every part thereof, to sell, transfer, convey, dispose of or concur in any of the foregoing by the Chargor or any other receiver or manager of the Chargor (including without limitation to or in favour of the Collateral Agent or any of the other Secured Parties) in such manner and generally on such terms as it thinks fit;

11.2.5 Redemption of Security

power to redeem, discharge or compromise any Security whether or not having

priority to the Security constituted by this Deed or any part of it;

11.2.6 Covenants, Guarantees and Indemnities

power to enter into bonds, covenants, guarantees, commitments, indemnities and other obligations or liabilities as it shall think fit, to make all payments needed to effect, maintain or satisfy such obligations or liabilities and to use the company seal of the Chargor; and

11.2.7 Exercise of Powers in Chargor's Name

power to exercise any or all of the above powers on behalf of and in the name of the Chargor (notwithstanding any winding-up or dissolution of the Chargor) or on his own behalf.

11.2.8 Additional Powers

power to:

(a) appoint a solicitor or accountant or other professionally qualified person to assist him in the performance of his functions;

(b) require payment of all outstanding amounts payable by the Chargor in relation to the Charged Property;

(c) rank and claim in the bankruptcy, insolvency, sequestration, judicial management or liquidation of any person indebted to the Chargor and to receive dividends, and to accede to trust deeds for the creditors of any such person;

(d) present or defend a petition for the winding up of the Chargor;

(e) pay the proper administrative charges of any Secured Party in respect of time spent by its agents and employees in dealing with matters raised by the Receiver or relating to the receivership of the Chargor;

(f) do all such other acts and things as may be considered by the Receiver to be incidental or conducive to any of the above matters or powers or otherwise incidental or conducive to the preservation, improvement or realisation of the relevant Charged Property; and

(g) make any payment which is necessary or incidental to the performance of his functions.

11.3 **Terms of Disposition**

In making any sale or other disposal of all or any part of the Charged Property or any acquisition in the exercise of their respective powers (including without limitation a disposal by a Receiver to any subsidiary of the Chargor), a Receiver or the Collateral Agent may accept or dispose of as, and by way of consideration for, such sale or other disposal or acquisition, cash, shares, loan capital or other obligations, including without limitation consideration fluctuating according to or dependent upon profit or

turnover and consideration the amount whereof is to be determined by a third party. Any such consideration may, if thought expedient by the Receiver or the Collateral Agent, be nil or may be payable or receivable in a lump sum or by instalments. Any contract for any such sale, disposal or acquisition by the Receiver or the Collateral Agent may contain conditions excluding or restricting the personal liability of the Receiver or the Collateral Agent.

12. APPLICATION OF MONIES

12.1 Order of Application

Save as otherwise expressly provided in this Deed, all monies received or recovered by the Collateral Agent or any Receiver pursuant to this Deed or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and subject to Clause 12.2 (*Suspense Account*)) be applied:

12.1.1 first, in the payment of the costs, charges and expenses incurred and payments made by any Receiver and/or the Collateral Agent, the payment of his remuneration and the discharge of any liabilities incurred by such Receiver and/or the Collateral Agent in, or incidental to, the exercise of any of his powers; and

12.1.2 then in accordance with Section 6 (*Application of Proceeds of Collateral*) of the Intercreditor Agreement.

12.2 Suspense Account

All monies received, recovered or realised by the Collateral Agent or any Receiver under this Deed or the powers conferred by it (including the proceeds of any conversion of currency) may in the discretion of the Collateral Agent or any Receiver be credited to and held in any suspense or impersonal account pending their application from time to time in or towards the discharge of any of the Secured Obligations in accordance with Clause 12.1 (*Order of Application*).

12.3 Application by Chargor

Until all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full, the Collateral Agent may refrain from applying or enforcing any other moneys, Security or rights held by it in respect of the Secured Obligations or may apply and enforce such moneys, Security or rights in such manner and in such order as it shall decide in its unfettered discretion. Any application under this Clause 12 shall override any application or appropriation by the Chargor.

13. RECEIPT AND PROTECTION OF PURCHASERS

13.1 Receipt and Consideration

The receipt of the Collateral Agent or any Receiver shall be conclusive discharge to a purchaser of any part of the Charged Property from the Collateral Agent or such Receiver and in making any sale or disposal of any part of the Charged Property or making any acquisition, the Collateral Agent or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

13.2 **Protection of Purchasers**

No purchaser or other person dealing with the Collateral Agent or any Receiver shall be bound to inquire whether the right of the Collateral Agent or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Collateral Agent or such Receiver in such dealings. The protection given to purchasers from a mortgagee in sections 52 and 55 of the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong shall apply *mutatis mutandis* to purchaser(s) and other person(s) dealing with the Collateral Agent or any Receiver.

14. POWER OF ATTORNEY

14.1 **Appointment and Powers**

The Chargor by way of security and to more fully secure the performance of its obligations under this Deed hereby irrevocably appoints the Collateral Agent (whether or not a Receiver has been appointed) and any Receiver severally to be its attorney (with full power to appoint substitutes and to delegate) and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things which the Collateral Agent or such Receiver may consider to be necessary for:

14.1.1 carrying out any obligation imposed on the Chargor by this Deed or any other agreement binding on the Chargor to which the Collateral Agent is party (including without limitation the execution and delivery of any deeds, charges, assignments or other Security and any transfers of the Charged Property or any part thereof); and

14.1.2 enabling the Collateral Agent and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Deed or by law (including, without limitation, upon or after the occurrence of an Event of Default which is continuing, the exercise of any right of a legal or beneficial owner of the Charged Property or any part thereof).

14.2 **Ratification**

The Chargor shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of his powers.

14.3 **Sums recoverable**

All sums expended by the Collateral Agent, any nominee and/or any Receiver under this Clause 14 shall be recoverable from the Chargor in accordance with Clause 20.

15. REPRESENTATIONS

15.1 **Representations**

15.1.1 The Chargor, on the date of this Deed, represents and warrants to the Collateral Agent that:

(a) it is a company with limited liability, duly incorporated and validly existing under the laws of the British Virgin Islands;

(b) subject to the Legal Reservations:

(i) each of the obligations expressed to be assumed by it in this Deed are legal, valid, binding and enforceable obligations; and

(ii) (without limiting the generality of paragraph (a) above), this Deed creates the Security which it purports to create and such Security are valid and effective;

(c) the entry into and performance by it of, and the transactions contemplated by, this Deed do not and will not:

(i) conflict with any law or regulation applicable to it;

(ii) conflict with its constitutional documents; or

(iii) conflict with any agreement or instrument binding upon it or any of its assets;

(d) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed;

(e) no limit on its powers will be exceeded as a result of the grant of Security contemplated by this Deed;

(f) subject to the Legal Reservations, all Authorisations required or desirable:

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed; and

(ii) to make this Deed admissible in evidence in its Relevant Jurisdiction;

have been obtained or effected and are in full force and effect;

(g) subject to the Legal Reservations:

(i) the choice of the laws of Hong Kong as the governing law of this Deed will be recognised and enforced in its Relevant Jurisdiction;

(ii) any judgment obtained in the courts of Hong Kong in relation to this Deed will be recognised and enforced in its Relevant Jurisdiction;

(h) it is, and will be, the sole legal and beneficial owner of the Charged Property (subject to the Security constituted pursuant to this Deed);

(i) it has not sold or otherwise disposed of, or created, granted or permitted to subsist any Security over, all or any of its right, title and interest in the Charged Property (other than the Security constituted pursuant to this Deed and other than as expressly permitted under this Deed);

(j) (as at the date of this Deed) the particulars of the Shares as set out in Schedule 1 (*Particulars of Shares*) are accurate in all respects and represent all the issued shares of the Company as at the date of this Deed;

(k) the Shares have been duly authorised and validly issued by the Company and are fully paid up and there are no monies or liabilities payable or outstanding in relation to any of the Shares;

(l) it has not received notice of any adverse claim by any person in respect of the ownership of, or interest in, its Charged Property, other than the Security created by it pursuant to this Deed;

(m) there are no options or other agreements or arrangements outstanding which call for the sale, transfer, issue, allotment, conversion, redemption or repayment of or accord to any person the right (whether exercisable now or in the future and whether contingent or not) to call for the sale, transfer, issue, allotment, conversion, redemption, or repayment, in respect of any Shares;

(n) other than the Company's articles of association, there are no documents or arrangements in force governing the relationship between the shareholders of the Company, the management of the Company or the issue or ownership of shares in the Company;

(o) the Shares are fully transferable on the books of the Company and no consents or approvals are required in order to register a transfer of any of the Shares and there are no provisions in the articles of association of the Company, the Relevant Agreements or any other agreement or document, which restrict or inhibit (whether absolutely, partly, under a discretionary power or otherwise) the creation of Security over the Charged Property or the transfer of the Charged Property in relation to the enforcement of the Security created by or under this Deed; and

(p) it legally and beneficially owns all of the Charged Property, free and clear of all Security, except for any Security constituted hereby.

15.2 **Repetition**

Each of the representations and warranties set out in Clause 15.1 (except sub-Clause 15.1.1(j)) above shall be deemed to be repeated by the Chargor on each day after the date of this Deed for so long as any Secured Obligations are outstanding, in each case by reference to the facts and circumstances existing at the date on which such representation or warranty is deemed to be made or repeated.

16. EFFECTIVENESS OF SECURITY

16.1 Continuing Security

The Security created by or pursuant to this Deed shall remain in full force and effect as a continuing security for the Secured Obligations unless and until discharged in writing by the Collateral Agent following the full and valid payment or discharge of the Secured Obligations pursuant to the Finance Documents, notwithstanding the death, insolvency or liquidation or any incapacity or change in the constitution or status of the Chargor or any other Obligor, or any other person or any intermediate payment or settlement of accounts or other matters whatsoever. No part of the Security from time to time intended to be constituted by this Deed will be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations except pursuant to the Finance Documents.

16.2 Cumulative Rights

The Security created by this Deed and the Collateral Rights shall be cumulative, in addition to and independent of every other Security which the Collateral Agent or any or all of the Secured Parties may at any time hold for any or all of the Secured Obligations or any rights, powers and remedies provided by law. No prior security held by the Collateral Agent (whether in its capacity as trustee or otherwise) or any or all of the Secured Parties over the whole or any part of the Charged Property shall merge into the security constituted by this Deed.

16.3 Chargor's Obligations

None of the obligations of the Chargor under this Deed or the Collateral Rights shall be affected by an act, omission, matter, thing or event which, but for this Clause 16.3, would reduce, release or prejudice any of its obligations under this Deed including (without limitation and whether or not known to it or any Secured Party):

16.3.1 the winding-up, dissolution, administration, reorganisation, death, insolvency, incapacity or bankruptcy of any Obligor or any other person or any change in its status, function, control or ownership;

16.3.2 any of the obligations of any Obligor or any other person under any Finance Document, or under any other Security relating to any Finance Document being or becoming illegal, invalid, unenforceable or ineffective in any respect;

16.3.3 any time, waiver or consent granted to, or composition with, any Obligor or other person;

16.3.4 the release of any Obligor or any other person under the terms of any composition or arrangement;

16.3.5 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;

16.3.6 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Obligor or any other person;

16.3.7 any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or Security or of the Secured Obligations;

16.3.8 any variation of the terms of the trust upon which the Collateral Agent holds any Security created under the Finance Documents;

16.3.9 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security;

16.3.10 any insolvency or similar proceedings;

16.3.11 any claims or set-off right that the Chargor may have;

16.3.12 any law, regulation or decree or order of any jurisdiction affecting any Obligor; or

16.3.13 any Finance Document not being executed by or binding against any Obligor or any other party.

16.4 **Chargor Intent**

Without prejudice to the generality of Clause 16.3 (*Chargor's Obligations*), the Chargor expressly confirms that it intends that the Security created under this Deed, and the Collateral Rights, shall extend from time to time to any (however fundamental and of whatsoever nature, and whether or not more onerous) variation, increase, extension or addition of or to any of the Finance Documents and/or any amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

16.5 **Remedies and Waivers**

No failure on the part of the Collateral Agent to exercise, or any delay on its part in exercising, any Collateral Right shall operate as a waiver thereof or constitute an election to affirm this Deed. No election by the Collateral Agent to affirm this Deed shall be effective unless it is in writing. No single or partial exercise of any Collateral Right shall preclude any further or other exercise of that or any other Collateral Right.

16.6 **No Liability**

None of the Collateral Agent, its nominee(s) or any Receiver shall be liable by reason of (a) taking any action in accordance with this Deed or (b) any neglect or default in

connection with all or any part of the Charged Property or (c) taking possession of or realising all or any part of the Charged Property, except in the case of gross negligence or wilful default upon its part (as finally judicially determined).

16.7 **Partial Invalidity**

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Deed under such laws nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the Security intended to be created by or pursuant to this Deed is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of that Security.

16.8 **No Prior Demand**

16.8.1 The Chargor waives any right it may have of first requiring the Collateral Agent (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before enforcing this Deed. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary,

16.8.2 The Collateral Agent shall not be obliged to make any demand of or enforce any rights or claim against any Obligor or any other person, to take any action or obtain judgment in any court against any Obligor or any other person or to make or file any proof or claim in a liquidation, bankruptcy or insolvency of any Obligor or any other person or to enforce or seek to enforce any other Security in respect of any or all of the Secured Obligations before exercising any Collateral Right.

16.9 **Deferral of rights**

Until the time when (a) all Secured Obligations have been irrevocably discharged in full, (b) all amounts which may be or become payable by any or all of the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and (c) no Secured Party is under any further obligation (whether actual or contingent) to provide any further advance or financial accommodation to any Obligor under any Finance Document, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under this Deed:

16.9.1 to be indemnified by any Obligor;

16.9.2 to claim any contribution from any guarantor of any Obligor's obligations under any or all of the Finance Documents;

16.9.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or Security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;

16.9.4 to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Obligor has given a guarantee, undertaking or indemnity under any Finance Document;

16.9.5 to exercise any right of set-off against any Obligor; and/or

16.9.6 to claim or prove as a creditor of any Obligor in competition with the Collateral Agent.

If the Chargor receives any benefit, payment or distribution in relation to such rights, it shall hold that benefit, payment or distribution to the extent necessary to enable the Secured Obligations to be repaid in full on trust for the Collateral Agent (for the benefit of the Secured Parties) and shall promptly pay or transfer the same to the Collateral Agent or as the Collateral Agent may direct for application in accordance with the Finance Documents.

16.10 **Settlement conditional**

Any settlement, discharge or release hereunder in relation to the Chargor or all or any part of the Charged Property shall be conditional upon no Security or payment by any or all of the Obligors to, or recovery from any or all of the Obligors by, any or all of the Secured Parties being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws of general application or any similar event or for any other reason and shall in the event of any such avoidance or reduction or similar event be void.

17. RELEASE OF SECURITY

17.1 Discharge of Security

Except for the release of the Security in connection with a disposition of the Shares of the Company in accordance with the Finance Documents, upon the time when (a) all Secured Obligations have been irrevocably and unconditionally discharged in full, (b) all amounts which may be or become payable by any or all of the Obligors under or in connection with the Finance Documents have been irrevocably and unconditionally paid in full and (c) no Secured Party is under any further obligation (whether actual or contingent) to provide any further advance or financial accommodation to any Obligor under any Finance Document, the Collateral Agent shall (acting on the instructions of the Secured Parties), at the request (with reasonable notice) and cost of the Chargor, release and discharge the Security constituted by this Deed and procure the reassignment to the Chargor of the property and assets assigned to the Collateral Agent pursuant to this Deed (to the extent not otherwise sold, assigned or otherwise disposed of or applied in accordance with this Deed), in each case subject to Clause 17.2 (*Avoidance of Payments*) and 16.10 (*Settlement conditional*) and without recourse to, or any representation or warranty by, the Collateral Agent or any of its nominees.

17.2 Avoidance of Payments

If the Collateral Agent considers that any amount paid or credited to or recovered by any Secured Party by or from any Obligor is capable of being avoided or reduced by

virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Chargor under this Deed and the Security constituted by this Deed shall continue and such amount shall not be considered to have been irrevocably paid.

18. SUBSEQUENT AND PRIOR SECURITY INTERESTS

18.1 Subsequent security interests

If the Collateral Agent (acting in its capacity as Collateral Agent or trustee or otherwise) or any of the other Secured Parties at any time receives or is deemed to have received notice of any subsequent Security or other interest affecting all or any part of the Charged Property or any assignment or transfer of the Charged Property which is prohibited by the terms of this Deed or any other Finance Document, all payments thereafter by or on behalf of any or all of the Obligors to the Collateral Agent (whether in its capacity as Collateral Agent or trustee or otherwise) or any of the other Secured Parties shall be treated as having been credited to a new account of the Collateral Agent or, as the case may be, that other Secured Party and not as having been applied in reduction of the Secured Obligations as at the time when (or at any time after) the Collateral Agent or any other Secured Party received such notice of such subsequent Security or other interest or such assignment or transfer.

18.2 Prior security interests

In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking Security or upon the exercise by the Collateral Agent or any Receiver of any power of sale under this Deed or any Collateral Right, the Collateral Agent may redeem any prior ranking Security over or affecting any Charged Property or procure the transfer of any such prior ranking Security to itself. The Collateral Agent may settle and agree the accounts of the beneficiary of any such prior Security and any accounts so settled and agreed will be conclusive and binding on the Chargor. All principal, interest, costs, charges, expenses and/or other amounts relating to and/or incidental to any such redemption or transfer shall be paid by the Chargor to the Collateral Agent upon demand.

19. CURRENCY CONVERSION AND INDEMNITY

19.1 Currency Conversion

For the purpose of or pending the discharge of any of the Secured Obligations the Collateral Agent may convert any money received, recovered or realised or subject to application by it under this Deed from one currency to another, as the Collateral Agent may think fit, and any such conversion shall be effected at the Collateral Agent's spot rate of exchange (or, if no such spot rate of exchange is quoted by the Collateral Agent, such other rate of exchange as may be available to the Collateral Agent) for the time being for obtaining such other currency with such first-mentioned currency.

19.2 Currency Indemnity

If any sum (a "**Sum**") owing by the Chargor under this Deed or any order or judgment given or made in relation to this Deed has to be converted from the currency (the

"**First Currency**") in which such Sum is payable into another currency (the "**Second Currency**") for the purpose of:

19.2.1 making or filing a claim or proof against the Chargor;

19.2.2 obtaining an order or judgment in any court or other tribunal;

19.2.3 enforcing any order or judgment given or made in relation to this Deed; or

19.2.4 applying the Sum in satisfaction of any of the Secured Obligations,

the Chargor shall indemnify the Collateral Agent from and against any loss suffered or incurred as a result of any discrepancy between (a) the rate of exchange used for such purpose to convert such Sum from the First Currency into the Second Currency and (b) the rate or rates of exchange available to the Collateral Agent at the time of such receipt or recovery of such Sum.

20. COSTS, EXPENSES AND INDEMNITY

20.1 Costs and expenses

The Chargor shall, within seven (7) Business Days on demand of the Collateral Agent, reimburse the Collateral Agent on a full indemnity basis for all costs and expenses (including legal fees and expenses and any value added tax) incurred by the Collateral Agent in connection with (a) the execution of this Deed or otherwise in relation to this Deed, (b) the perfection or enforcement of the Security constituted by this Deed and/or (c) the exercise of any Collateral Right.

20.2 Stamp taxes

The Chargor shall pay all stamp, registration and other Taxes to which this Deed, the Security contemplated in this Deed and/or any judgment given in connection with this Deed is, or at any time may be, subject and shall, from time to time, indemnify the Collateral Agent on demand against any liabilities, costs, claims and/or expenses resulting from any failure to pay or delay in paying any such Tax.

20.3 Indemnity

The Chargor shall, notwithstanding any release or discharge of all or any part of the Security constituted by this Deed, on demand of the Collateral Agent, indemnify the Collateral Agent and each other Secured Party (through the Collateral Agent), their respective directors, officers, employees, Delegates, agents, attorneys and any Receiver and any Delegate (each an "**Indemnified Party**") against any action, proceeding, claims, losses, liabilities, costs, fees, attorney' fees and expenses which it may sustain as a consequence of any breach by the Chargor of the provisions of this Deed, the exercise or purported exercise of any of the rights and powers conferred on any of them by this Deed or otherwise relating to the Charged Property or any part thereof, including but not limited to:

20.3.1 the perfection, preservation, protection, enforcement, realisation or exercise, or attempted perfection, preservation, protection, enforcement, realisation or

exercise, of any Security created, or any powers conferred, by this Deed or by law;

20.3.2 the exchange by the Chargor of any share certificate(s) or other documents of title in respect of the Secured Assets;

20.3.3 any Charged Property being deemed not to be freely transferable or deliverable or to be defective,

and, for the avoidance of doubt, each of the indemnities in this paragraph shall survive discharge of the Secured Obligations, termination of this Deed and the resignation or replacement of the Collateral Agent.

20.4 **Indemnity separate**

Each indemnity in this Deed shall:

20.4.1 constitute a separate and independent obligation from the other obligations in this Deed, the other Security Documents and Intercreditor Agreement;

20.4.2 give rise to a separate and independent cause of action;

20.4.3 apply irrespective of any indulgence granted by any person;

20.4.4 continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any Secured Obligation or any other judgment or order; and

20.4.5 apply whether or not any claim under it relates to any matter disclosed by the Chargor or otherwise known to the Collateral Agent.

21. PAYMENTS FREE OF DEDUCTION

21.1 Tax gross-up

All payments to be made to the Collateral Agent under this Deed shall be made free and clear of and without deduction for or on account of Tax unless the Chargor is required to make such payment subject to the deduction or withholding of Tax, in which case the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to Tax such deduction or withholding has been made receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

21.2 No set-off or counterclaim

All payments to be made by the Chargor under this Deed shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

22. DISCRETION AND DELEGATION

22.1 Discretion

Any liberty or power which may be exercised or any determination which may be made under this Deed by the Collateral Agent or any Receiver may, subject to the terms and conditions of the Finance Documents, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

22.2 Delegation

Each of the Collateral Agent and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Deed (including without limitation the power of attorney under Clause 14 (*Power of Attorney*)) on such terms and conditions as it shall see fit which delegation shall not preclude any subsequent exercise, any subsequent delegation or any revocation of such power, authority or discretion by the Collateral Agent or any Receiver.

23. SET-OFF

Each Secured Party may set off any matured obligation due from the Chargor under any or all of the Finance Documents (to the extent beneficially owned by that Secured Party) against any matured obligation owed by the relevant Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If such obligations are in different currencies, the relevant Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of such set-off.

24. CHANGES TO PARTIES

24.1 Successors

This Deed shall be binding upon and enure to the benefit of each party hereto and its and/or any subsequent successors and permitted assigns and transferees. Without prejudice to the foregoing, this Deed shall remain in effect despite any amalgamation or merger (however effected) relating to the Collateral Agent; and references to the Collateral Agent herein shall be deemed to include any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of the Collateral Agent under this Deed or to which, under such laws, those rights and obligations have been transferred.

24.2 No Assignment or Transfer by Chargor

The Chargor may not assign or transfer any or all of its rights (if any) and/or obligations under this Deed.

24.3 Assignment and Transfer by Collateral Agent to Successor

The Collateral Agent may, without the consent of the Chargor:

24.3.1 assign all or any of its rights under this Deed; and

24.3.2 transfer all or any of its obligations (if any) under this Deed,

to any successor Collateral Agent in accordance with the provisions of the Finance Documents, and the Chargor shall, upon the request of the Collateral Agent, enter into such documentation as the Collateral Agent may require to give effect to any such assignment or transfer. Upon such assignment and transfer taking effect, the successor Collateral Agent shall be and be deemed to be acting as collateral agent and trustee for the Secured Parties for the purposes of this Deed and in place of the former Collateral Agent.

24.4 Assignment by other Secured Parties

Each Secured Party (other than the Collateral Agent) may assign all or any of its rights under this Deed (whether direct or indirect) to any person. The Chargor irrevocably and unconditionally confirms that:

24.4.1 it consents to any assignment or transfer by any Secured Party of its rights and/or obligations made in accordance with the provisions of the Finance Documents;

24.4.2 it shall continue to be bound by the terms of this Deed, notwithstanding any such assignment or transfer; and

24.4.3 the assignee or transferee of such Secured Party shall acquire an interest in this Deed upon such assignment or transfer taking effect.

25. AMENDMENTS AND WAIVERS

Any provision of this Deed may be amended or waived only by agreement in writing between the Chargor and the Collateral Agent.

26. NOTICES

26.1 Communications in writing

Each communication to be made by a party hereto to the other party hereto under or in connection with this Deed shall be made in writing and, unless otherwise stated, shall be made by email, fax or letter.

26.2 Addresses

The email address, address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party hereto for any communication or document to be made or delivered under or in connection with this Deed is that identified with its signature below, or any substitute address, fax number, or department or officer as that party may notify to the other party by not less than five (5) Business Days' notice.

26.3 Delivery

Any communication or document made or delivered by one party hereto to the other party hereto under or in connection with this Deed will only be effective:

26.3.1 if by way of email, only when received in legible form by at least one of the relevant email addresses of the person(s) to whom the communication is made;;

26.3.2 if by way of fax, when received in legible form; or

26.3.3 if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of the address details of such other party provided under Clause 26.2 (*Addresses*), if addressed to that department or officer, provided that any communication or document to be made or delivered to the Collateral Agent will be effective only when actually received by the Collateral Agent and then only if it is expressly marked for the attention of the department or officer identified with the Collateral Agent's signature below (or any substitute department or officer as the Collateral Agent shall specify for this purpose).

26.4 **Language**

Any notice given under or in connection with this Deed must be in English. All other documents provided under or in connection with this Deed must be:

26.4.1 in English; or

26.4.2 if not in English, and if so required by the Collateral Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

27. COUNTERPARTS

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

28. GOVERNING LAW

This Deed shall be governed by, construed and shall take effect in accordance with the laws of Hong Kong.

29. JURISDICTION

29.1 **Hong Kong Courts**

The courts of Hong Kong have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of, or connected with this Deed (including a dispute regarding the existence, validity or termination of this Deed or the consequences of its nullity).

29.2 **Convenient Forum**

The parties hereto agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes between them and, accordingly, that they will not argue to the contrary.

29.3 **Exclusive Jurisdiction**

This Clause 29 (*Jurisdiction*) is for the benefit of the Secured Parties only. As a result and notwithstanding Clause 29.1 (*Hong Kong Courts*), nothing herein shall prevent the Collateral Agent or any Secured Party from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law any Secured Party may take concurrent proceedings in any number of jurisdictions.

29.4 **Waiver of immunity**

The Chargor irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

29.4.1 suit;

29.4.2 jurisdiction of any court;

29.4.3 relief by way of injunction or order for specific performance or recovery of property;

29.4.4 attachment of its assets (whether before or after judgment); and

29.4.5 execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

29.5 **Liability in relation to shares**

Nothing in this Deed shall be construed as placing on the Collateral Agent any liability whatsoever in respect of any calls, instalments or other payments relating to any of the Charged Property or any rights, shares or other securities accruing, offered or arising as aforesaid, and the Chargor shall indemnify the Collateral Agent in respect of all calls, instalments or other payments relating to any of the Charged Property owned by it and to any rights, shares and other securities accruing, offered or arising as aforesaid in respect of any of the applicable Charged Property.

29.6 **Incorporation of terms**

The Chargor and the Collateral Agent agree and acknowledge that all rights, protections, indemnities (including any currency indemnity), disclaimers and limitations of liability applicable to the Collateral Agent as set out in the Intercreditor Agreement shall apply *mutatis mutandis* as if set out in full herein. In the event of any inconsistency between the provisions contained herein and the Intercreditor Agreement in relation to such rights, protections, indemnities (including any currency

indemnity), disclaimers and limitations of liability, those provisions which are more beneficial to the Collateral Agent shall prevail.

IN WITNESS WHEREOF this Deed has been signed on behalf of the Collateral Agent and executed as a deed by the Chargor and is intended to be and is hereby delivered by it as a deed on the date specified above.

SCHEDULE 1
PARTICULARS OF SHARES

Company	Registered and beneficial owner	Shares (ordinary shares in the issued share capital of the Company)	Representative share certificate no(s)
GCL New Energy International Limited	Pioneer Getter Limited	1	2

SCHEDULE 2
FORM OF SHARE TRANSFER

[*name of Company*] ("Company")

SHARE TRANSFER FORM

We, [**name of Chargor**] (the "**Transferor**"), for good and valuable consideration received by us from [*leave blank*]

(the "**Transferee**"), do hereby:

1. transfer to the Transferee [*leave blank*]

   share(s) (the "**Shares**") standing in our name in the register of the Company to hold unto the Transferee, his executors, administrators and assigns, subject to the several conditions on which we held the same at the time of execution of this Share Transfer Form; and

2. consent that our name remains on the register of members of the Company until such time as the Company enters the Transferee's name in the register of members of the Company.

And we, as Transferee, do hereby agree to take the Shares subject to the same conditions.

As Witness Our Hands

Signed by the Transferor on)
in the presence of:)

_____
Witness

Signed by the Transferee on)
in the presence of:)

_____
Witness

SCHEDULE 3
FORM OF BOUGHT AND SOLD NOTES

SOLD NOTE

Transferee _____

Address _____

Occupation _____

Name of company in which the share(s) to be transferred –

[*Name of Company]

Number of share(s) _____

Consideration received _____

Transferor _____

for and on behalf of
[*name of Chargor]
Dated:

BOUGHT NOTE

Transferor [*name of Chargor]

Address _____

Occupation _____

Name of company in which the share(s) to be transferred –

[*Name of Company]

Number of share(s) _____

Consideration paid _____

Transferee _____

Dated:

SCHEDULE 4
FORM OF LETTER OF RESIGNATION

To: The Board of Directors
[name of Company] (the "**Company**")
[*address of registered office of Company*]

Date: [*to be left blank*]

Dear Sirs,

Resignation

I hereby tender my unconditional and irrevocable resignation as a director of the Company with effect from the date of this letter. I confirm that:

1. I have no claims whatsoever against the Company or any of its subsidiaries or associated companies (if any) on any account (whether for loss of office, for accrued remuneration or for fees or otherwise howsoever); and

2. there is no outstanding agreement or arrangement with the Company or any of its subsidiaries or associated companies (if any) under which the Company or any of such subsidiaries or associated companies has or would have any obligation to me whether now or in the future or under which I would derive any benefit.

This letter is governed by and shall be construed in accordance with the laws of Hong Kong.

IN WITNESS WHEREOF this deed has been executed the day and year above written.

SIGNED, SEALED and **DELIVERED**)
as a **DEED** by)
[**name of relevant director**])
in the presence of)

L.S

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
_____
_____
Occupation of witness: _____

SCHEDULE 5
FORM OF WRITTEN RESOLUTIONS

[name of Company] (the "Company")

WRITTEN RESOLUTIONS OF THE BOARD OF DIRECTORS OF [*name of Company*]

Dated: [*to be left blank*]

IT IS RESOLVED THAT:

1. each of the following transfers of the shares in the Company be approved and that, upon the delivery to any director of the Company of a duly completed instrument of transfer in respect of any of the following transfers, the name of the relevant transferee be entered forthwith in the register of members of the Company in respect of the relevant shares so transferred and that new share certificates in respect of such shares be issued forthwith to such transferee in accordance with the Articles of Association of the Company:

   [*to be left blank*]

2. each of the following persons be appointed as an additional director of the Company with immediate effect:

   [*to be left blank*]

3. the resignation of the following persons as directors of the Company be accepted with immediate effect:

   [*to be left blank*]

4. the above changes in directorships of the Company be notified to each relevant registry as soon as shall be practicable and that any director or the secretary of the Company be authorised to sign and deliver any relevant return in connection therewith.

[*all the directors of the Company to state their names and sign*]

SCHEDULE 6
FORM OF LETTER OF UNDERTAKING AND AUTHORISATION

To: **Madison Pacific Trust Limited** as Collateral Agent (including its successors, assigns and transferees)

Dear Sirs,

Deed of Share Charge dated [ ] by [name of Chargor] in favour of [name of Collateral Agent] as Collateral Agent (as amended from time to time, the "Deed")

Terms and expressions defined in or construed for the purposes of the Deed shall have the same meaning herein.

I hereby unconditionally and irrevocably:

1. undertake to procure, to the extent of my powers as a director of [*name of Company*] (the "**Company**"), that any or all of the shares in the Company which are charged to you pursuant to the Deed shall upon your request be promptly registered in the name of yourself or (at your request) any person(s) whom you may nominate;

2. authorise each of you and any other person(s) authorised by you severally to complete, date and put into effect:

   (a) the attached letter of resignation signed by me;

   (b) the attached written resolutions of the board of directors of the Company signed by me; and

   (c) any other document signed by me and delivered pursuant to Clause 4.2 (*Delivery of Documents of Title*) of the Deed (including the blank share transfer forms and bought and sold notes),

   at any time after the security constituted by the Deed shall have become enforceable in accordance with its terms as you consider fit in your absolute discretion.

This letter is governed by and shall be construed in accordance with the laws of Hong Kong.

Dated:

IN WITNESS WHEREOF this deed has been executed the day and year above written.

SIGNED, SEALED and **DELIVERED**)
as a **DEED** by)
[**name of relevant director**])
in the presence of)

L.S

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
Occupation of witness: _____

SCHEDULE 7
FORM OF IRREVOCABLE PROXY AND POWER OF ATTORNEY

We, [*Name of the Chargor], as a shareholder of the Company, hereby makes, constitutes and appoints _____ (the "**Attorney**") as the true and lawful attorney and proxy of the undersigned with full power to appoint a nominee or nominees to act hereunder from time to time and to vote any existing or further shares in the Company which may have been or may from time to time be issued and/or registered in our name (the "**Shares**") at all general meetings of shareholders or stockholders of the Company with the same force and effect as the undersigned might or could do and to requisition and convene a meeting or meetings of the shareholders of the Company for the purpose of appointing or confirming the appointment of new directors of the Company and/or such other matters as may in the opinion of the Attorney be necessary or desirable for the purpose of implementing the Share Charge referred to below and the undersigned hereby ratifies and confirms all that the said Attorney or its nominee or nominees shall do or cause to be done by virtue hereof.

This power and proxy is given to secure a proprietary interest of the donee of the power and is irrevocable and shall remain irrevocable as long as the share charge dated _____ between [*Name of the Chargor] as chargor and [*Name of the Collateral Agent] as collateral agent (the "**Share Charge**") is in force and any person dealing with the Attorney may rely on a written statement by the Attorney to the effect that this power of attorney is valid and has not been revoked as conclusive evidence of that fact and any transaction between any such person and the Attorney after notice of revocation has been given to the Attorney shall be valid to the extent that any such person deals with the Attorney in bona fide belief, based on such written statement, that the Attorney's power is valid and has not been revoked.

IN WITNESS whereof this instrument has been duly executed this [ ] as a deed and is intended to be and is hereby delivered by it as a deed on the date specified above.

The **Common Seal** of	)	
[name of chargor]	)	[please affix seal]
was affixed hereto	)	

in the presence of:

_____

Name: [*Name of the person authorised to attest, title*]

EXECUTION

The Chargor

[*in the case where the Chargor which has a company seal*]

The **Common Seal** of)
PIONEER GETTER LIMITED) [please affix seal]
was affixed hereto)
in the presence of:

_____
Name: [*Name of the person authorised to attest, title*]

OR

[*in the case where the Chargor does not have any company seal*]

EXECUTED as a **DEED** and)
delivered on the date first written) L.S
above by [**Name of Authorised Signatory**],)
authorised signatory for)
PIONEER GETTER LIMITED)

in the presence of

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
_____
_____
Occupation of witness: _____

Address:

Attention:

Telephone:

Facsimile:

Email:

The Collateral Agent

SIGNED for and on behalf of)
MADISON PACIFIC TRUST LIMITED)
)
)
)

By: .....

Name: .....

Title: .....

Address: 54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Attention: David Naphtali / Holly Yuen

Facsimile: +852 2599 9501

Email: agent@madisonpac.com

DATED _____

GCL NEW ENERGY MANAGEMENT LIMITED
as the Chargor

in favour of

MADISON PACIFIC TRUST LIMITED
as the Collateral Agent

SHARE CHARGE

CONTENTS

THIS DEED OF SHARE CHARGE is made on _____ (this "**Deed**")

BY

(1) **GCL NEW ENERGY MANAGEMENT LIMITED**, a company incorporated under the laws of Hong Kong with limited liability, with company number 1506804 and its registered office at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (the "**Chargor**");

in favour of

(2) **MADISON PACIFIC TRUST LIMITED**, a company incorporated under the laws of Hong Kong with limited liability, with company number 1619851 and its office at 54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as collateral agent and trustee for the Secured Parties (the "**Collateral Agent**", which expression shall include its successors, assigns and transferees).

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined in this Deed or unless the context otherwise requires, terms and expressions defined in or construed for the purposes of the Intercreditor Agreement shall bear the same meanings when used herein. In addition:

"**Authorisation**" means:

(a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or

(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

"**Charged Property**" means the Shares, the Derivative Assets and the Related Rights in relation thereto, and all other assets and/or undertaking of the Chargor which from time to time are the subject of the Security created or expressed to be created in favour of the Collateral Agent by or pursuant to this Deed.

"**Collateral Rights**" means all rights, powers and remedies of the Collateral Agent provided by or pursuant to this Deed or by law.

"**Company**" means GCL New Energy Trading Limited, a company incorporated under the laws of Hong Kong with limited liability, with company number 2061101 and its registered office at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong as at the date of this Deed.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Collateral Agent.

"**Derivative Assets**" includes:

(a) allotments, rights, money or property arising at any time in relation to any of the Shares by way of conversion, exchange, redemption, bonus, preference, option or otherwise;

(b) Dividends, distributions, interest and other income paid or payable in relation to any of the Shares; and

(c) stock, shares and securities offered in addition to or in substitution for any of the Shares.

"**Dividends**" means all dividends, distributions, interest or other income paid or payable to the Chargor now or in the future under or by virtue of any of the Relevant Agreements, together with the full benefit of all rights and remedies relating thereto including, but not limited to, all claims for damages and other remedies for non-payment of the same and all proceeds and forms of remittance in respect of the same and all rights and proceeds of the exercise of rights of set-off.

"**Event of Default**" has the meaning given to it in the Intercreditor Agreement.

"**Finance Documents**" has the meaning given to it in the Intercreditor Agreement.

"**Governmental Agency**" means any government or any governmental agency, semigovernmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China.

"**Intercreditor Agreement**" means the intercreditor agreement dated on or about the date of this Deed, and entered into between, amongst others, the Issuer as company, the entities therein as subsidiary guarantor pledgors, The Bank of New York Mellon, London Branch as notes trustee, and Madison Pacific Trust Limited as collateral agent.

"**Issuer**" means GCL New Energy Holdings Limited (協鑫新能源控股有限公司).

"**Legal Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court;

(b) the limitation of enforcement by laws relating to insolvency, reorganisation, penalties and other laws generally affecting the rights of creditors;

(c) the time barring of claims under applicable statutes of limitation (or equivalent legislation) of any Relevant Jurisdiction;

(d) the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void;

(e) defences of set-off or counterclaim; and

(f) similar principles, rights and remedies under the laws of any Relevant Jurisdiction.

"**Obligors**" means, collectively, the Issuer, the Subsidiary Guarantors, and the Subsidiary Guarantor Pledgors.

"**Original Shares**" means the shares in the issued share capital of the Company legally and beneficially owned by the Chargor as at the date of this Deed, the particulars of which are set out in Schedule 1 (*Particulars of Shares*).

"**Receiver**" means a receiver or receiver and manager of the whole or any part of the Charged Property and that term will include any appointee under a joint and/or several appointment and any substituted receiver or receiver and manager.

"**Related Rights**" means, in relation to any asset:

(a) the proceeds of sale of any part of that asset;

(b) all rights under any licence, agreement for sale, lease or other disposal in respect of that asset;

(c) all rights, powers, benefits, claims, contracts, warranties, remedies, Security, guarantees, indemnities and/or covenants for title in respect of that asset; and

(d) any moneys and proceeds paid or payable in respect of that asset,

(in each case) from time to time.

"**Relevant Agreements**" means collectively, any joint venture agreement, partnership agreement, shareholders' agreement, constitutional documents of the Company or other document relating to the Chargor's shareholding (including the Shares), equity interest or investment in the Company.

"**Relevant Jurisdiction**" means, in respect of the Chargor:

(a) its jurisdiction of incorporation;

(b) any jurisdiction where any asset subject to or intended to be subject to the Security to be created by it pursuant to this Deed is situated; and

(c) any jurisdiction where it conducts its business.

"**Secured Obligations**" has the meaning given to it in the Intercreditor Agreement.

"**Secured Parties**" has the meaning given to it in the Intercreditor Agreement.

"**Security**" means a mortgage, charge, pledge, lien, assignment, hypothecation or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Shares**" means the Original Shares and all other shares in the share capital of the Company held by, to the order or on behalf of the Chargor from time to time while any Secured Obligations are outstanding.

1.2 **Construction**

In this Deed:

1.2.1 any reference to the "**Chargor**, any "**Obligor**", the **Company**", the "**Collateral Agent**" or any or all of the "**Secured Parties**" shall be construed so as to include its or their (and any subsequent) successors and any permitted assigns and transferees;

1.2.2 any reference to "**assets**" includes present and future properties, revenues and rights of every description;

1.2.3 any reference to the "**Intercreditor Agreement**", any "**Finance Document**" or any other agreement or instrument shall be a reference to the Intercreditor Agreement, that Finance Document or that other agreement or instrument as amended, novated, supplemented, extended (whether of maturity or otherwise), replaced or restated (in each case however fundamental and of whatsoever nature, and whether or not more onerous) from time to time;

1.2.4 any reference to "**including**" shall be construed as "including without limitation" (and cognate expressions shall be construed similarly);

1.2.5 any reference to "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

1.2.6 any reference to a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

1.2.7 any reference to the male gender shall include the female gender and neutral gender and vice versa;

1.2.8 any reference to a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

1.2.9 "**Charged Property**", "**Derivative Assets**", "**Dividends**", "**Original Shares**", "**Related Rights**", "**Secured Obligations**" or "**Shares**" shall be deemed to include a reference to any part of them or it;

1.2.10 "**variation**" includes any variation, amendment, accession, novation, restatement, modification, assignment, transfer, supplement, extension, deletion or replacement however effected and "**vary**" and "**varied**" shall be construed accordingly;

1.2.11 "**writing**" includes facsimile transmission legibly received except in relation to any certificate, notice or other document which is expressly required by this Deed to be signed and "**written**" has a corresponding meaning;

1.2.12 a provision of law is a reference to that provision as amended or re-enacted;

1.2.13 a time of day is a reference to Hong Kong time;

1.2.14 unless this Deed expressly provides to the contrary, an obligation of the Chargor under this Deed which is not a payment obligation remains in force for so long as the Secured Obligations have not been unconditionally and irrevocably paid in full or any Secured Party is under any further actual or contingent liability to make an advance or provide other financial accommodation to any person under any Finance Document; and

1.2.15 save where the context otherwise requires, references in this Deed to any Clause or Schedule shall be to a clause or schedule contained in this Deed.

1.3 **Third party rights**

1.3.1 Unless expressly provided to the contrary in this Deed, a person who is not a party has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) (the "**Third Parties Ordinance**") to enforce or to enjoy the benefit of any term of this Deed.

1.3.2 Notwithstanding any term of this Deed, the consent of any person who is not a party is not required to rescind or vary this Deed at any time.

1.3.3 Any Receiver or Delegate or may, subject to this Clause 1.3 and the Third Parties Ordinance, rely on any Clause of this Deed which expressly confers rights on it.

2. PAYMENT OF SECURED OBLIGATIONS

2.1 Covenant to Pay

2.1.1 The Chargor (as primary obligor and not merely as surety) hereby covenants with the Collateral Agent as collateral agent and trustee for the Secured Parties that it shall on demand of the Collateral Agent pay or discharge the Secured Obligations when due at the times and in the manner provided in the relevant Finance Documents.

2.1.2 The covenants contained in this Clause 2.1 and the Security created by this Deed shall not extend to or include any liability or sum which would otherwise cause any such covenant or Security to be unlawful or prohibited by any applicable law.

2.1.3 The making of one demand shall not preclude the Collateral Agent from making any further demands.

2.1.4 A certificate of the Collateral Agent executed by a duly authorised officer of the Collateral Agent setting forth the amount of any Secured Obligations due

from the Chargor shall be conclusive evidence of such amount against the Chargor in the absence of fraud or manifest error.

2.1.5 Any third party dealing with the Collateral Agent or any Receiver shall not be concerned to see or enquire as to the validity of any demand under this Deed.

3. CHARGE

3.1 Fixed Charge

3.1.1 The Chargor hereby charges as legal and beneficial owner in favour of the Collateral Agent (for the benefit of the Secured Parties), as continuing security for the payment and discharge of the Secured Obligations, by way of first fixed charge:

(a) the Original Shares and all Related Rights in relation thereto;

(b) all Shares in which the Chargor may in the future acquire any interest (legal or equitable) and all Related Rights in relation thereto;

(c) all Derivative Assets of a capital nature now or in the future accruing to the Chargor (whether at law or in equity) or offered to it at any time in respect of the Shares; and

(d) all Derivative Assets of an income nature now or in the future accruing to the Chargor (whether at law or in equity) or offered to it at any time in respect of the Shares.

3.1.2 To the extent that, in respect of any of the Charged Property, Clause 3.1.1 does not have the effect of creating or acknowledging a first priority fixed Security in favour of the Collateral Agent (for the benefit of the Secured Parties), the Security created or acknowledged by Clause 3.1.1 shall take effect as such type of Security as shall be required by the law applicable to the creation of a Security in such Charged Property for the purpose of conferring on the Collateral Agent a first priority Security in such Charged Property.

4. PERFECTION OF SECURITY

4.1 Perfection

4.1.1 The Chargor shall submit this Deed for registration (or assist the Hong Kong counsel to the Collateral Agent to submit this Deed for registration) pursuant to the requirements of the Companies Ordinance (Cap 622 of the Laws of Hong Kong) ("**Companies Ordinance**") forthwith upon execution hereof (and in any event within one month of the date of execution hereof).

4.1.2 The Chargor shall (at its own cost):

(a) on the date of this Deed, create and maintain or continue to maintain a register of charges (the "**Register of Charges**") to the extent this has not already been done in accordance with the laws of Hong Kong (including the Companies Ordinance);

(b) promptly after execution of this Deed, enter particulars as required by the laws of Hong Kong (including the Companies Ordinance) of the Security created pursuant to this Deed in the Register of Charges and within five (5) Business Days after entry of such has been made, provide the Collateral Agent with a certified true copy of the updated Register of Charges.

4.2 **Delivery of Documents of Title**

The Chargor shall:

4.2.1 on the date of this Deed, deposit with the Collateral Agent (or procure the deposit with the Collateral Agent of) the following:

(a) all originals of valid and duly issued share certificates or other documents of title to the Original Shares;

(b) original undated share transfer forms, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 2 (*Form of Share Transfer*), with the sections relating to the consideration and the name and details of the transferees left blank;

(c) original undated bought and sold notes, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 3 (*Form of Bought and Sold Notes*), with the sections relating to the consideration and the name and details of the transferees left blank;

(d) [*Reserved*];

(e) an original undated letter of resignation duly executed by each director of the Company, in substantially the form set out in Schedule 4 (*Form of Letter of Resignation*);

(f) an original undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company, in substantially the form set out in Schedule 5 (*Form of Written Resolutions*);

(g) a letter of undertaking and authorisation duly executed and dated by each director of the Company, in substantially the form set out in Schedule 6 (*Form of Letter of Undertaking and Authorisation*), authorising the Collateral Agent to complete and date the documents set out in paragraph (b), (c), (e), (f) and (h);

(h) an original irrevocable proxy and power of attorney in respect of such Shares, duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 7 (*Form of Irrevocable Proxy and Power of Attorney*);

(i) certified true copies of the register of directors and register of members of the Company (to the extent not already provided to the Collateral Agent); and

(j) such other documents as the Collateral Agent may require for the purposes of perfecting its title to the Charged Property or for the purpose of vesting the same in itself, its nominee or any purchaser or presenting the same for registration at any time (if it has notified the Chargor accordingly).

4.2.2 immediately upon any acquisition of any Charged Property and/or upon any Charged Property becoming subject to Security hereunder and/or the accrual, issue or coming into existence of any stocks, shares, warrants or other securities in respect of or derived from any Charged Property, in each case after the date of this Deed, notify the Collateral Agent of that occurrence and immediately deliver to the Collateral Agent:

(a) originals of all valid and duly issued share certificates and other documents of title representing such items;

(b) original undated share transfer forms or, as the case may be, other appropriate instruments of transfer in respect of such items duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 2 (*Form of Share Transfer*) (if applicable) or in such other form as the Collateral Agent shall request acting reasonably and any other document necessary or conducive to enable the Collateral Agent to register such Charged Property in its name or in the name of its nominee(s) or to effect a valid transfer of any such Charged Property;

(c) original undated bought and sold notes in respect of such items duly executed in blank by or on behalf of the Chargor, in substantially the form set out in Schedule 3 (*Form of Bought and Sold Notes*); and

(d) [*Reserved*],

unless already delivered pursuant to this Clause 4.2;

4.2.3 immediately upon any change in any director of the Company after the date of this Deed, deliver to the Collateral Agent:

(a) (in the case of a new director) an original undated letter of resignation duly executed by such director of the Company in substantially the form set out in Schedule 4 (*Form of Letter of Resignation*);

(b) an original of the undated written resolutions of the board of directors of the Company duly executed by all of the directors of the Company in substantially the form set out in Schedule 5 (*Form of Written Resolutions*);

(c) (in the case of a new director) original of a letter of undertaking and authorisation duly executed by each director of the Company in substantially the form set out in Schedule 6 (*Form of Letter of Undertaking and Authorisation*);

(d) a replacement of any of the documents signed by the replaced director(s) delivered under this Clause 4.2; and

4.2.4 subject to the other provisions of this Deed, the Chargor shall (and, if applicable, shall procure that its nominee(s) will):

(a) at the request of the Collateral Agent, immediately upon the completion of any transfer of the Charged Property to the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s), procure the immediate registration of such transfer in the book of the Company and the entry of the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s) in the register of members of the Company as the holder(s) of such Charged Property; and

(b) in respect of any Charged Property which become subject to this Deed after the date of this Deed, at the request of the Collateral Agent, immediately upon the completion of any transfer of such Charged Property to the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s), procure the immediate registration of such transfer in the book of the Company and the entry of the Collateral Agent (for the benefit of the Secured Parties) and/or its nominee(s) in the register of members of the Company as the holder(s) of such Charged Property.

4.3 Retention of documents

The Collateral Agent shall be entitled to continue to hold any document delivered to it pursuant to Clause 4.2 (*Delivery of Documents of Title*) until the Charged Property is released and if, for any reason, it releases any such document to the Chargor before such time, it may by notice to the Chargor require that such document be redelivered to it and the Chargor shall promptly comply with that requirement or procure that it is complied with.

5. FURTHER ASSURANCE

5.1 Further Assurance: General

The Chargor shall promptly at its own cost do all such acts and/or execute all such documents (including without limitation assignments, transfers, mortgages, charges, notices and instructions) as the Collateral Agent may reasonably specify (and in such form as the Collateral Agent may reasonably require in favour of the Collateral Agent or its nominee(s)):

5.1.1 to perfect the Security created or intended to be created in respect of the Charged Property (which may include, without limitation, the execution by the Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, any part of the Charged Property);

5.1.2 to confer on the Collateral Agent Security over any property and assets of the Chargor located in any jurisdiction outside Hong Kong equivalent or similar to the Security intended to be conferred by or pursuant to this Deed;

5.1.3 to facilitate the realisation of the Charged Property subject to the Security conferred or intended to be conferred by this Deed or the exercise of any rights, powers and remedies of the Collateral Agent, the Secured Parties, any Receiver, administrator or nominee, including executing any transfer, conveyance, charge, assignment or assurance of all or any of the Charged Property which are the subject of the Security constituted by this Deed, making any registration and giving any notice, order or instructions; and/or

5.1.4 to exercise any of the rights or powers attaching to any of the Charged Property conferred on the Collateral Agent by this Deed, any Finance Documents or by law.

5.2 **Necessary Action**

The Chargor shall from time to time take all such action (whether or not requested to do so by the Collateral Agent) as is or shall be available to it (including without limitation obtaining and/or effecting all Authorisations and making all filings and registrations and apply for relief against forfeiture) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Collateral Agent by or pursuant to this Deed.

5.3 **Implied Covenants for Title**

The obligations of the Chargor under this Deed shall be in addition to any covenants for title deemed to be included in this Deed under applicable law.

6. NEGATIVE PLEDGE AND DISPOSALS

6.1 **Negative Pledge**

The Chargor undertakes that it shall not, at any time during the subsistence of this Deed, create, or agree or attempt to create or permit to subsist any Security or any trust over all or any part of the Charged Property, except for the Security constituted by this Deed.

6.2 **No Disposal of Interests**

The Chargor undertakes that, during the subsistence of this Deed, it shall not, and shall not agree to, sell, assign, transfer or otherwise dispose of any Charged Property, except pursuant to this Deed or any other Finance Document.

6.3 **Preservation of assets**

The Chargor shall not do or permit to be done any act or thing which might jeopardise the rights of the Collateral Agent in the Charged Property or which might adversely affect or diminish the value of the Charged Property.

6.4 **Other negative undertakings**

The Chargor undertakes that it shall not, at any time during the subsistence of this Deed:

6.4.1 without the prior written consent of the Collateral Agent, permit the Company's constitutional documents (including its articles of association) to be amended in a manner which is reasonably likely to have an adverse effect on the Security constituted by this Deed or the interests of the Secured Parties;

6.4.2 waive, release, settle, compromise, abandon or set-off any claim or the liability of any person in respect of the Dividends, or do or omit to do any other act or thing whereby the recovery in full of the Dividends as and when they become payable may be impeded (provided that such Dividends shall only be paid or become payable, and shall be deposited and/or applied, in accordance with the provisions and requirements of the other Finance Documents);

6.4.3 cause or permit any of the Charged Property to be consolidated, sub-divided or converted or the other capital of the Company to be re-organised, exchanged or repaid;

6.4.4 permit the appointment or removal of any director of the Company, unless the obligations under Clause 4.2.3 are complied; or

6.4.5 permit the issue by the Company of any shares, stock or securities or (except pursuant to this Deed) the transfer of any shares, stock or securities issued by the Company, unless otherwise permitted under the terms of any Finance Document and the obligations under Clause 4.2.2 are complied).

7. OPERATIONS BEFORE AND AFTER EVENTS OF DEFAULT

7.1 Dividends

7.1.1 The Chargor shall, at all times prior to the occurrence of an Event of Default, be entitled to retain any Dividends received or recovered by it in cash in respect of any or all of the Charged Property.

7.1.2 After the occurrence of an Event of Default which is continuing, the Chargor shall promptly pay over and deliver to the Collateral Agent for application in accordance with this Deed (and the Collateral Agent may apply in accordance with this Deed and the Intercreditor Agreement) any and all Dividends, distributions, interest and/or other monies received and/or recovered in respect of all or any part of the Charged Property.

7.1.3 Any and all Dividends and/or distributions, recovered or paid/delivered to the order of the Chargor (other than in cash) in respect of any or all of the Charged Property shall be held by the Chargor subject to the Security constituted by this Deed, provided that if such receipt or recovery is made after the occurrence of an Event of Default which is continuing, the Chargor shall promptly deliver such Dividends, distributions, interest and/or other monies to the Collateral Agent for application in accordance with this Deed and the Intercreditor Agreement.

7.2 **Operation: Before Event of Default**

Prior to the occurrence of an Event of Default, the Chargor shall be entitled to exercise all voting rights in relation to any or all of the Shares **provided that** the Chargor shall not exercise such voting rights in any manner that could give rise to, or otherwise permit or agree to, any

7.2.1 variation of the rights attaching to or conferred by any of the Shares;

7.2.2 liability on the part of the Collateral Agent or any other Secured Party; or

7.2.3 increase in the issued share capital, registered capital or equity interest of any company, corporation or entity whose shares/securities/equity interests are charged or subject to Security under this Deed.

7.3 **Operation: After Event of Default**

The Collateral Agent may, upon and/or after the occurrence of an Event of Default which is continuing (in the name of the Chargor or otherwise and without any further consent or authority from the Chargor):

7.3.1 exercise (or refrain from exercising) any voting rights in respect of the Charged Property;

7.3.2 apply all dividends, distributions, interest and other monies arising from all or any of the Charged Property in accordance with Clause 12 (*Application of Monies*);

7.3.3 transfer all or any of the Charged Property into the name of such nominee(s) of the Collateral Agent as it shall think fit; and

7.3.4 exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Charged Property, including without limitation the right, in relation to any company, corporation or entity whose shares, equity interests or other securities are included in the Charged Property or any part thereof, to concur or participate in:

(a) the reconstruction, amalgamation, sale or other disposal of such company, corporation or entity or any of its assets or undertaking (including without limitation the exchange, conversion or reissue of any shares, equity interests or securities as a consequence thereof);

(b) the release, modification or variation of any rights or liabilities attaching to such shares, equity interests or securities; and

(c) the exercise, renunciation or assignment of any right to subscribe for any shares, equity interests or securities,

in each case in such manner and on such terms as the Collateral Agent may think fit, and the proceeds of any such action shall form part of the Charged Property and may be applied by the Collateral Agent in accordance with Clause 12 (*Application of Monies*).

7.4 **Payment of Calls**

The Chargor shall pay when due all calls or other payments which may be or become due in respect of any of the Charged Property, and in any case of default by the Chargor in such payment, the Collateral Agent may, if it thinks fit, make such payment on behalf of the Chargor in which case any sums paid by the Collateral Agent shall be reimbursed by the Chargor to the Collateral Agent on demand.

7.5 **Exercise of Rights**

The Chargor shall not exercise any of its rights and powers in relation to any of the Charged Property in any manner which, in the opinion of the Collateral Agent, would prejudice the value of, or the ability of the Collateral Agent to realise, the Security created by this Deed.

7.6 **Other positive undertakings**

The Chargor undertakes that it shall, at any time during the subsistence of this Deed:

7.6.1 subject to the Security constituted pursuant to this Deed, remain the sole legal and beneficial owner of the Charged Property;

7.6.2 procure that the Charged Property at all times represent the entire issued share capital of the Company;

7.6.3 at any time after this Deed has become enforceable, account to the Collateral Agent, promptly following receipt, for all monies received in respect of the Charged Property and, pending payment of such monies to the Collateral Agent, hold such monies on trust for the Collateral Agent;

7.6.4 forward to the Collateral Agent at the same time as they are received, copies of all documents which are dispatched by the Company to its shareholders generally (or any class of them) (in their capacity as such); and

7.6.5 take such action as the Collateral Agent may direct in respect of any proposed compromise, arrangement, capital re-organisation, conversion, exchange, repayment or takeover offer affecting any of the Charged Property or any proposal to vary or abrogate any rights attaching to any Charged Property.

8. **ENFORCEMENT OF SECURITY**

8.1 **Enforcement**

At any time after this Deed has become enforceable, the Collateral Agent may, without notice to the Chargor or prior authorisation from any court, in its absolute discretion:

8.1.1 date and complete the undated documents delivered to the Collateral Agent pursuant to Clause 4.2 (*Delivery of Documents of Title*);

8.1.2 enforce all or any part of such Security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold or dispose of all or any part of the Charged Property; and

8.1.3 whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by this Deed on any Receiver or otherwise conferred by law on mortgagees and/or Receivers.

8.2 **No Liability as Mortgagee in Possession**

Neither the Collateral Agent nor any Receiver shall be liable to account as a mortgagee in possession in respect of all or any part of the Charged Property or be liable for any loss upon realisation or for any neglect, default or omission in connection with the Charged Property to which a mortgagee or a mortgagee in possession might otherwise be liable. If and whenever the Collateral Agent or any of its nominees enters into possession of any Charged Property, it shall be entitled at any time at its discretion to go out of possession.

8.3 **Wide Construction**

The enforcement powers conferred on the Collateral Agent under this Deed shall be construed in the widest possible sense and all parties to this Deed intend that the Collateral Agent shall have as wide and flexible a range of enforcement powers as may be conferred (or, if not expressly conferred, as is not restricted) by any applicable law.

8.4 **Collateral Agent's Liability**

The Collateral Agent shall have no liability or responsibility to the Chargor arising out of the exercise or non-exercise of the powers conferred on it by this Deed.

8.5 **No duty of enquiry**

The Collateral Agent need not enquire as to the sufficiency of any sums received by it in respect of any debt or claim or make any claim or take any other action to collect in or enforce them.

8.6 **No requirement of notice period**

The Collateral Agent is not required to give any prior notice of non-payment or Event of Default to the Chargor before enforcing the Security, and there is no minimum period for which the Secured Obligations must remain due and unpaid before the Security can be enforced.

9. **POWERS OF SALE**

9.1 **Extension of Powers**

The power of sale or other disposal conferred on the Collateral Agent and on any Receiver by this Deed shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Deed, provided that such power

shall not be exercisable until the Security constituted by this Deed has become enforceable in accordance with Clause 8.1 (*Enforcement*).

9.2 **Restrictions**

Any restrictions imposed by law on the power of sale or on the consolidation of Security (including without limitation any restriction under paragraph 11 of the Fourth Schedule to the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong) shall be excluded to the fullest extent permitted by law.

10. APPOINTMENT OF RECEIVER

10.1 **Appointment and Removal**

At any time after:

10.1.1 the occurrence of an Event of Default which is continuing; or

10.1.2 a request has been made by the Chargor to the Collateral Agent for the appointment of a Receiver or an administrator over its Charged Property,

this Deed shall become enforceable and notwithstanding the terms of any other agreement between the Chargor and the Collateral Agent, the Collateral Agent may by deed or otherwise (acting through an authorised officer of the Collateral Agent), without prior notice to the Chargor:

(a) appoint one or more persons to be a Receiver of the whole or any part of the Charged Property;

(b) appoint two or more Receivers of separate parts of the Charged Property;

(c) remove (so far as it is lawfully able) any Receiver so appointed; and/or

(d) appoint another person(s) as an additional or replacement Receiver(s).

10.2 **Capacity of Receivers**

Each person appointed to be a Receiver pursuant to Clause 10.1 (*Appointment and Removal*) shall be:

10.2.1 entitled to act individually or together with any other person appointed or substituted as Receiver;

10.2.2 for all purposes deemed to be the agent of the Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Collateral Agent; and

10.2.3 entitled to remuneration for his services at a rate to be fixed by the Collateral Agent from time to time.

10.3 **Statutory Powers of Appointment**

The powers of appointment of a Receiver herein contained shall be in addition to all statutory and other powers of appointment of the Collateral Agent under applicable law and such powers shall remain exercisable from time to time by the Collateral Agent in respect of all or any part of the Charged Property. \

10.4 **Receiver as Agent of Chargor**

The Receiver shall be the agent of the Chargor which shall be responsible for his acts and defaults and liable on any contracts made, entered into or adopted by the Receiver. The Collateral Agent shall not be responsible for supervising or monitoring or liable for the Receiver's acts, omissions, negligence or default, nor be liable on contracts entered into or adopted by the Receiver.

11. **POWERS OF RECEIVER**

11.1 **Powers of Receiver**

Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have and be entitled to exercise, in relation to the Charged Property (and any assets of the Chargor which, when got in, would be Charged Property) or that part thereof in respect of which he was appointed, and as varied and extended by the provisions of this Deed (in the name of or on behalf of the Chargor or in his own name and, in each case, at the cost of the Chargor):

11.1.1 all the powers conferred by the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong on mortgagors and on mortgagees in possession and on receivers appointed under that Ordinance (as if the Charged Property constituted property that is subject to that Ordinance and as if such Receiver were appointed under that Ordinance), free from any limitation under paragraph 11 of the Fourth Schedule to that Ordinance;

11.1.2 all the powers and rights of an absolute owner and power to do or omit to do anything which the Chargor itself could do or omit to do; and

11.1.3 the power to do all things (including without limitation bringing or defending proceedings in the name or on behalf of the Chargor) which seem to the Receiver to be incidental or conducive to (a) any of the functions, powers, authorities or discretions conferred on or vested in him or (b) the exercise of any Collateral Rights (including without limitation realisation of all or any part of the Charged Property) or (c) bringing to his hands any assets of the Chargor forming, or which, when got in, would be part of the Charged Property.

11.2 **Additional Powers of Receiver**

In addition to and without prejudice to the generality of the foregoing and in addition to those powers conferred by law, every Receiver shall (subject to any limitations or restrictions expressed in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have the following powers in relation to the

Charged Property (and any assets of the Chargor which, when got in, would be part of the Charged Property) in respect of which it was appointed (and every reference in this Clause 11.2 to the "**Charged Property**" shall be read as a reference to that part of the Charged Property in respect of which such Receiver was appointed):

11.2.1 Take Possession

power to enter upon, take immediate possession of, collect and get in the Charged Property including without limitation dividends and other income whether accrued before or after the date of its appointment, and power to exercise all voting and other rights attaching to the Charged Property;

11.2.2 Proceedings and Claims

power to bring, prosecute, enforce, defend and abandon applications, claims, disputes, actions, suits and proceedings in connection with all or any part of the Charged Property or this Deed in the name of the Chargor or in his own name and to submit to arbitration, negotiate, compromise and settle any such applications, claims, disputes, actions, suits or proceedings the power to make any arrangement or compromise with any Secured Party or others as it shall think fit;

11.2.3 Carry on Business

power to carry on and manage, or concur in the carrying on and management of or to appoint a manager of, the whole or any part of the Charged Property or any business relating thereto in such manner as it shall in his absolute discretion think fit and power to raise or borrow money and grant Security therefor over all and any part of the Charged Property;

11.2.4 Deal with Charged Property

power, in relation to the Charged Property and each and every part thereof, to sell, transfer, convey, dispose of or concur in any of the foregoing by the Chargor or any other receiver or manager of the Chargor (including without limitation to or in favour of the Collateral Agent or any of the other Secured Parties) in such manner and generally on such terms as it thinks fit;

11.2.5 Redemption of Security

power to redeem, discharge or compromise any Security whether or not having priority to the Security constituted by this Deed or any part of it;

11.2.6 Covenants, Guarantees and Indemnities

power to enter into bonds, covenants, guarantees, commitments, indemnities and other obligations or liabilities as it shall think fit, to make all payments needed to effect, maintain or satisfy such obligations or liabilities and to use the company seal of the Chargor; and

11.2.7 Exercise of Powers in Chargor's Name

power to exercise any or all of the above powers on behalf of and in the name of the Chargor (notwithstanding any winding-up or dissolution of the Chargor) or on his own behalf.

11.2.8 Additional Powers

power to:

(a) appoint a solicitor or accountant or other professionally qualified person to assist him in the performance of his functions;

(b) require payment of all outstanding amounts payable by the Chargor in relation to the Charged Property;

(c) rank and claim in the bankruptcy, insolvency, sequestration, judicial management or liquidation of any person indebted to the Chargor and to receive dividends, and to accede to trust deeds for the creditors of any such person;

(d) present or defend a petition for the winding up of the Chargor;

(e) pay the proper administrative charges of any Secured Party in respect of time spent by its agents and employees in dealing with matters raised by the Receiver or relating to the receivership of the Chargor;

(f) do all such other acts and things as may be considered by the Receiver to be incidental or conducive to any of the above matters or powers or otherwise incidental or conducive to the preservation, improvement or realisation of the relevant Charged Property; and

(g) make any payment which is necessary or incidental to the performance of his functions.

11.3 **Terms of Disposition**

In making any sale or other disposal of all or any part of the Charged Property or any acquisition in the exercise of their respective powers (including without limitation a disposal by a Receiver to any subsidiary of the Chargor), a Receiver or the Collateral Agent may accept or dispose of as, and by way of consideration for, such sale or other disposal or acquisition, cash, shares, loan capital or other obligations, including without limitation consideration fluctuating according to or dependent upon profit or turnover and consideration the amount whereof is to be determined by a third party. Any such consideration may, if thought expedient by the Receiver or the Collateral Agent, be nil or may be payable or receivable in a lump sum or by instalments. Any contract for any such sale, disposal or acquisition by the Receiver or the Collateral Agent may contain conditions excluding or restricting the personal liability of the Receiver or the Collateral Agent.

12. APPLICATION OF MONIES

12.1 Order of Application

Save as otherwise expressly provided in this Deed, all monies received or recovered by the Collateral Agent or any Receiver pursuant to this Deed or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and subject to Clause 12.2 (*Suspense Account*)) be applied:

12.1.1 first, in the payment of the costs, charges and expenses incurred and payments made by any Receiver and/or the Collateral Agent, the payment of his remuneration and the discharge of any liabilities incurred by such Receiver and/or the Collateral Agent in, or incidental to, the exercise of any of his powers; and

12.1.2 then in accordance with Section 6 (*Application of Proceeds of Collateral*) of the Intercreditor Agreement.

12.2 Suspense Account

All monies received, recovered or realised by the Collateral Agent or any Receiver under this Deed or the powers conferred by it (including the proceeds of any conversion of currency) may in the discretion of the Collateral Agent or any Receiver be credited to and held in any suspense or impersonal account pending their application from time to time in or towards the discharge of any of the Secured Obligations in accordance with Clause 12.1 (*Order of Application*).

12.3 Application by Chargor

Until all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full, the Collateral Agent may refrain from applying or enforcing any other moneys, Security or rights held by it in respect of the Secured Obligations or may apply and enforce such moneys, Security or rights in such manner and in such order as it shall decide in its unfettered discretion. Any application under this Clause 12 shall override any application or appropriation by the Chargor.

13. RECEIPT AND PROTECTION OF PURCHASERS

13.1 Receipt and Consideration

The receipt of the Collateral Agent or any Receiver shall be conclusive discharge to a purchaser of any part of the Charged Property from the Collateral Agent or such Receiver and in making any sale or disposal of any part of the Charged Property or making any acquisition, the Collateral Agent or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

13.2 Protection of Purchasers

No purchaser or other person dealing with the Collateral Agent or any Receiver shall be bound to inquire whether the right of the Collateral Agent or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Collateral Agent or such Receiver in such

dealings. The protection given to purchasers from a mortgagee in sections 52 and 55 of the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong shall apply *mutatis mutandis* to purchaser(s) and other person(s) dealing with the Collateral Agent or any Receiver.

14. POWER OF ATTORNEY

14.1 Appointment and Powers

The Chargor by way of security and to more fully secure the performance of its obligations under this Deed hereby irrevocably appoints the Collateral Agent (whether or not a Receiver has been appointed) and any Receiver severally to be its attorney (with full power to appoint substitutes and to delegate) and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things which the Collateral Agent or such Receiver may consider to be necessary for:

14.1.1 carrying out any obligation imposed on the Chargor by this Deed or any other agreement binding on the Chargor to which the Collateral Agent is party (including without limitation the execution and delivery of any deeds, charges, assignments or other Security and any transfers of the Charged Property or any part thereof); and

14.1.2 enabling the Collateral Agent and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Deed or by law (including, without limitation, upon or after the occurrence of an Event of Default which is continuing, the exercise of any right of a legal or beneficial owner of the Charged Property or any part thereof).

14.2 Ratification

The Chargor shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of his powers.

14.3 Sums recoverable

All sums expended by the Collateral Agent, any nominee and/or any Receiver under this Clause 14 shall be recoverable from the Chargor in accordance with Clause 20.

15. REPRESENTATIONS

15.1 Representations

15.1.1 The Chargor, on the date of this Deed, represents and warrants to the Collateral Agent that:

(a) it is a company with limited liability, duly incorporated and validly existing under the laws of Hong Kong;

(b) subject to the Legal Reservations:

(i) each of the obligations expressed to be assumed by it in this Deed are legal, valid, binding and enforceable obligations; and

(ii) (without limiting the generality of paragraph (a) above), this Deed creates the Security which it purports to create and such Security are valid and effective;

(c) the entry into and performance by it of, and the transactions contemplated by, this Deed do not and will not:

(i) conflict with any law or regulation applicable to it;

(ii) conflict with its constitutional documents; or

(iii) conflict with any agreement or instrument binding upon it or any of its assets;

(d) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed;

(e) no limit on its powers will be exceeded as a result of the grant of Security contemplated by this Deed;

(f) subject to the Legal Reservations, all Authorisations required or desirable:

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed; and

(ii) to make this Deed admissible in evidence in its Relevant Jurisdiction;

have been obtained or effected and are in full force and effect;

(g) subject to the Legal Reservations:

(i) the choice of the laws of Hong Kong as the governing law of this Deed will be recognised and enforced in its Relevant Jurisdiction;

(ii) any judgment obtained in the courts of Hong Kong in relation to this Deed will be recognised and enforced in its Relevant Jurisdiction;

(h) it is, and will be, the sole legal and beneficial owner of the Charged Property (subject to the Security constituted pursuant to this Deed);

(i) it has not sold or otherwise disposed of, or created, granted or permitted to subsist any Security over, all or any of its right, title and interest in the Charged Property (other than the Security constituted

pursuant to this Deed and other than as expressly permitted under this Deed);

(j) (as at the date of this Deed) the particulars of the Shares as set out in Schedule 1 (*Particulars of Shares*) are accurate in all respects and represent all the issued shares of the Company as at the date of this Deed;

(k) the Shares have been duly authorised and validly issued by the Company and are fully paid up and there are no monies or liabilities payable or outstanding in relation to any of the Shares;

(l) it has not received notice of any adverse claim by any person in respect of the ownership of, or interest in, its Charged Property, other than the Security created by it pursuant to this Deed;

(m) there are no options or other agreements or arrangements outstanding which call for the sale, transfer, issue, allotment, conversion, redemption or repayment of or accord to any person the right (whether exercisable now or in the future and whether contingent or not) to call for the sale, transfer, issue, allotment, conversion, redemption, or repayment, in respect of any Shares;

(n) other than the Company's articles of association, there are no documents or arrangements in force governing the relationship between the shareholders of the Company, the management of the Company or the issue or ownership of shares in the Company;

(o) the Shares are fully transferable on the books of the Company and no consents or approvals are required in order to register a transfer of any of the Shares and there are no provisions in the articles of association of the Company, the Relevant Agreements or any other agreement or document, which restrict or inhibit (whether absolutely, partly, under a discretionary power or otherwise) the creation of Security over the Charged Property or the transfer of the Charged Property in relation to the enforcement of the Security created by or under this Deed; and

(p) it legally and beneficially owns all of the Charged Property, free and clear of all Security, except for any Security constituted hereby.

15.2 **Repetition**

Each of the representations and warranties set out in Clause 15.1 (except sub-Clause 15.1.1(j)) above shall be deemed to be repeated by the Chargor on each day after the date of this Deed for so long as any Secured Obligations are outstanding, in each case by reference to the facts and circumstances existing at the date on which such representation or warranty is deemed to be made or repeated.

16. EFFECTIVENESS OF SECURITY

16.1 Continuing Security

The Security created by or pursuant to this Deed shall remain in full force and effect as a continuing security for the Secured Obligations unless and until discharged in writing by the Collateral Agent following the full and valid payment or discharge of the Secured Obligations pursuant to the Finance Documents, notwithstanding the death, insolvency or liquidation or any incapacity or change in the constitution or status of the Chargor or any other Obligor, or any other person or any intermediate payment or settlement of accounts or other matters whatsoever. No part of the Security from time to time intended to be constituted by this Deed will be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations except pursuant to the Finance Documents.

16.2 Cumulative Rights

The Security created by this Deed and the Collateral Rights shall be cumulative, in addition to and independent of every other Security which the Collateral Agent or any or all of the Secured Parties may at any time hold for any or all of the Secured Obligations or any rights, powers and remedies provided by law. No prior security held by the Collateral Agent (whether in its capacity as trustee or otherwise) or any or all of the Secured Parties over the whole or any part of the Charged Property shall merge into the security constituted by this Deed.

16.3 Chargor's Obligations

None of the obligations of the Chargor under this Deed or the Collateral Rights shall be affected by an act, omission, matter, thing or event which, but for this Clause 16.3, would reduce, release or prejudice any of its obligations under this Deed including (without limitation and whether or not known to it or any Secured Party):

16.3.1 the winding-up, dissolution, administration, reorganisation, death, insolvency, incapacity or bankruptcy of any Obligor or any other person or any change in its status, function, control or ownership;

16.3.2 any of the obligations of any Obligor or any other person under any Finance Document, or under any other Security relating to any Finance Document being or becoming illegal, invalid, unenforceable or ineffective in any respect;

16.3.3 any time, waiver or consent granted to, or composition with, any Obligor or other person;

16.3.4 the release of any Obligor or any other person under the terms of any composition or arrangement;

16.3.5 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;

16.3.6 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Obligor or any other person;

16.3.7 any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or Security or of the Secured Obligations;

16.3.8 any variation of the terms of the trust upon which the Collateral Agent holds any Security created under the Finance Documents;

16.3.9 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security;

16.3.10 any insolvency or similar proceedings;

16.3.11 any claims or set-off right that the Chargor may have;

16.3.12 any law, regulation or decree or order of any jurisdiction affecting any Obligor; or

16.3.13 any Finance Document not being executed by or binding against any Obligor or any other party.

16.4 **Chargor Intent**

Without prejudice to the generality of Clause 16.3 (*Chargor's Obligations*), the Chargor expressly confirms that it intends that the Security created under this Deed, and the Collateral Rights, shall extend from time to time to any (however fundamental and of whatsoever nature, and whether or not more onerous) variation, increase, extension or addition of or to any of the Finance Documents and/or any amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

16.5 **Remedies and Waivers**

No failure on the part of the Collateral Agent to exercise, or any delay on its part in exercising, any Collateral Right shall operate as a waiver thereof or constitute an election to affirm this Deed. No election by the Collateral Agent to affirm this Deed shall be effective unless it is in writing. No single or partial exercise of any Collateral Right shall preclude any further or other exercise of that or any other Collateral Right.

16.6 **No Liability**

None of the Collateral Agent, its nominee(s) or any Receiver shall be liable by reason of (a) taking any action in accordance with this Deed or (b) any neglect or default in

connection with all or any part of the Charged Property or (c) taking possession of or realising all or any part of the Charged Property, except in the case of gross negligence or wilful default upon its part (as finally judicially determined).

16.7 **Partial Invalidity**

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Deed under such laws nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the Security intended to be created by or pursuant to this Deed is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of that Security.

16.8 **No Prior Demand**

16.8.1 The Chargor waives any right it may have of first requiring the Collateral Agent (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before enforcing this Deed. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary,

16.8.2 The Collateral Agent shall not be obliged to make any demand of or enforce any rights or claim against any Obligor or any other person, to take any action or obtain judgment in any court against any Obligor or any other person or to make or file any proof or claim in a liquidation, bankruptcy or insolvency of any Obligor or any other person or to enforce or seek to enforce any other Security in respect of any or all of the Secured Obligations before exercising any Collateral Right.

16.9 **Deferral of rights**

Until the time when (a) all Secured Obligations have been irrevocably discharged in full, (b) all amounts which may be or become payable by any or all of the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and (c) no Secured Party is under any further obligation (whether actual or contingent) to provide any further advance or financial accommodation to any Obligor under any Finance Document, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under this Deed:

16.9.1 to be indemnified by any Obligor;

16.9.2 to claim any contribution from any guarantor of any Obligor's obligations under any or all of the Finance Documents;

16.9.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or Security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;

16.9.4 to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Obligor has given a guarantee, undertaking or indemnity under any Finance Document;

16.9.5 to exercise any right of set-off against any Obligor; and/or

16.9.6 to claim or prove as a creditor of any Obligor in competition with the Collateral Agent.

If the Chargor receives any benefit, payment or distribution in relation to such rights, it shall hold that benefit, payment or distribution to the extent necessary to enable the Secured Obligations to be repaid in full on trust for the Collateral Agent (for the benefit of the Secured Parties) and shall promptly pay or transfer the same to the Collateral Agent or as the Collateral Agent may direct for application in accordance with the Finance Documents.

16.10 **Settlement conditional**

Any settlement, discharge or release hereunder in relation to the Chargor or all or any part of the Charged Property shall be conditional upon no Security or payment by any or all of the Obligors to, or recovery from any or all of the Obligors by, any or all of the Secured Parties being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws of general application or any similar event or for any other reason and shall in the event of any such avoidance or reduction or similar event be void.

17. RELEASE OF SECURITY

17.1 Discharge of Security

Except for the release of the Security in connection with a disposition of the Shares of the Company in accordance with the Finance Documents, upon the time when (a) all Secured Obligations have been irrevocably and unconditionally discharged in full, (b) all amounts which may be or become payable by any or all of the Obligors under or in connection with the Finance Documents have been irrevocably and unconditionally paid in full and (c) no Secured Party is under any further obligation (whether actual or contingent) to provide any further advance or financial accommodation to any Obligor under any Finance Document, the Collateral Agent shall (acting on the instructions of the Secured Parties), at the request (with reasonable notice) and cost of the Chargor, release and discharge the Security constituted by this Deed and procure the reassignment to the Chargor of the property and assets assigned to the Collateral Agent pursuant to this Deed (to the extent not otherwise sold, assigned or otherwise disposed of or applied in accordance with this Deed), in each case subject to Clause 17.2 (*Avoidance of Payments*) and 16.10 (*Settlement conditional*) and without recourse to, or any representation or warranty by, the Collateral Agent or any of its nominees.

17.2 Avoidance of Payments

If the Collateral Agent considers that any amount paid or credited to or recovered by any Secured Party by or from any Obligor is capable of being avoided or reduced by

virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Chargor under this Deed and the Security constituted by this Deed shall continue and such amount shall not be considered to have been irrevocably paid.

18. SUBSEQUENT AND PRIOR SECURITY INTERESTS

18.1 Subsequent security interests

If the Collateral Agent (acting in its capacity as Collateral Agent or trustee or otherwise) or any of the other Secured Parties at any time receives or is deemed to have received notice of any subsequent Security or other interest affecting all or any part of the Charged Property or any assignment or transfer of the Charged Property which is prohibited by the terms of this Deed or any other Finance Document, all payments thereafter by or on behalf of any or all of the Obligors to the Collateral Agent (whether in its capacity as Collateral Agent or trustee or otherwise) or any of the other Secured Parties shall be treated as having been credited to a new account of the Collateral Agent or, as the case may be, that other Secured Party and not as having been applied in reduction of the Secured Obligations as at the time when (or at any time after) the Collateral Agent or any other Secured Party received such notice of such subsequent Security or other interest or such assignment or transfer.

18.2 Prior security interests

In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking Security or upon the exercise by the Collateral Agent or any Receiver of any power of sale under this Deed or any Collateral Right, the Collateral Agent may redeem any prior ranking Security over or affecting any Charged Property or procure the transfer of any such prior ranking Security to itself. The Collateral Agent may settle and agree the accounts of the beneficiary of any such prior Security and any accounts so settled and agreed will be conclusive and binding on the Chargor. All principal, interest, costs, charges, expenses and/or other amounts relating to and/or incidental to any such redemption or transfer shall be paid by the Chargor to the Collateral Agent upon demand.

19. CURRENCY CONVERSION AND INDEMNITY

19.1 Currency Conversion

For the purpose of or pending the discharge of any of the Secured Obligations the Collateral Agent may convert any money received, recovered or realised or subject to application by it under this Deed from one currency to another, as the Collateral Agent may think fit, and any such conversion shall be effected at the Collateral Agent's spot rate of exchange (or, if no such spot rate of exchange is quoted by the Collateral Agent, such other rate of exchange as may be available to the Collateral Agent) for the time being for obtaining such other currency with such first-mentioned currency.

19.2 Currency Indemnity

If any sum (a "**Sum**") owing by the Chargor under this Deed or any order or judgment given or made in relation to this Deed has to be converted from the currency (the

"**First Currency**") in which such Sum is payable into another currency (the "**Second Currency**") for the purpose of:

19.2.1 making or filing a claim or proof against the Chargor;

19.2.2 obtaining an order or judgment in any court or other tribunal;

19.2.3 enforcing any order or judgment given or made in relation to this Deed; or

19.2.4 applying the Sum in satisfaction of any of the Secured Obligations,

the Chargor shall indemnify the Collateral Agent from and against any loss suffered or incurred as a result of any discrepancy between (a) the rate of exchange used for such purpose to convert such Sum from the First Currency into the Second Currency and (b) the rate or rates of exchange available to the Collateral Agent at the time of such receipt or recovery of such Sum.

20. COSTS, EXPENSES AND INDEMNITY

20.1 Costs and expenses

The Chargor shall, within seven (7) Business Days on demand of the Collateral Agent, reimburse the Collateral Agent on a full indemnity basis for all costs and expenses (including legal fees and expenses and any value added tax) incurred by the Collateral Agent in connection with (a) the execution of this Deed or otherwise in relation to this Deed, (b) the perfection or enforcement of the Security constituted by this Deed and/or (c) the exercise of any Collateral Right.

20.2 Stamp taxes

The Chargor shall pay all stamp, registration and other Taxes to which this Deed, the Security contemplated in this Deed and/or any judgment given in connection with this Deed is, or at any time may be, subject and shall, from time to time, indemnify the Collateral Agent on demand against any liabilities, costs, claims and/or expenses resulting from any failure to pay or delay in paying any such Tax.

20.3 Indemnity

The Chargor shall, notwithstanding any release or discharge of all or any part of the Security constituted by this Deed, on demand of the Collateral Agent, indemnify the Collateral Agent and each other Secured Party (through the Collateral Agent), their respective directors, officers, employees, Delegates, agents, attorneys and any Receiver and any Delegate (each an "**Indemnified Party**") against any action, proceeding, claims, losses, liabilities, costs, fees, attorney' fees and expenses which it may sustain as a consequence of any breach by the Chargor of the provisions of this Deed, the exercise or purported exercise of any of the rights and powers conferred on any of them by this Deed or otherwise relating to the Charged Property or any part thereof, including but not limited to:

20.3.1 the perfection, preservation, protection, enforcement, realisation or exercise, or attempted perfection, preservation, protection, enforcement, realisation or

exercise, of any Security created, or any powers conferred, by this Deed or by law;

20.3.2 the exchange by the Chargor of any share certificate(s) or other documents of title in respect of the Secured Assets;

20.3.3 any Charged Property being deemed not to be freely transferable or deliverable or to be defective,

and, for the avoidance of doubt, each of the indemnities in this paragraph shall survive discharge of the Secured Obligations, termination of this Deed and the resignation or replacement of the Collateral Agent.

20.4 **Indemnity separate**

Each indemnity in this Deed shall:

20.4.1 constitute a separate and independent obligation from the other obligations in this Deed, the other Security Documents and Intercreditor Agreement;

20.4.2 give rise to a separate and independent cause of action;

20.4.3 apply irrespective of any indulgence granted by any person;

20.4.4 continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any Secured Obligation or any other judgment or order; and

20.4.5 apply whether or not any claim under it relates to any matter disclosed by the Chargor or otherwise known to the Collateral Agent.

21. PAYMENTS FREE OF DEDUCTION

21.1 Tax gross-up

All payments to be made to the Collateral Agent under this Deed shall be made free and clear of and without deduction for or on account of Tax unless the Chargor is required to make such payment subject to the deduction or withholding of Tax, in which case the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to Tax such deduction or withholding has been made receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

21.2 No set-off or counterclaim

All payments to be made by the Chargor under this Deed shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

22. DISCRETION AND DELEGATION

22.1 Discretion

Any liberty or power which may be exercised or any determination which may be made under this Deed by the Collateral Agent or any Receiver may, subject to the terms and conditions of the Finance Documents, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

22.2 Delegation

Each of the Collateral Agent and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Deed (including without limitation the power of attorney under Clause 14 (*Power of Attorney*)) on such terms and conditions as it shall see fit which delegation shall not preclude any subsequent exercise, any subsequent delegation or any revocation of such power, authority or discretion by the Collateral Agent or any Receiver.

23. SET-OFF

Each Secured Party may set off any matured obligation due from the Chargor under any or all of the Finance Documents (to the extent beneficially owned by that Secured Party) against any matured obligation owed by the relevant Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If such obligations are in different currencies, the relevant Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of such set-off.

24. CHANGES TO PARTIES

24.1 Successors

This Deed shall be binding upon and enure to the benefit of each party hereto and its and/or any subsequent successors and permitted assigns and transferees. Without prejudice to the foregoing, this Deed shall remain in effect despite any amalgamation or merger (however effected) relating to the Collateral Agent; and references to the Collateral Agent herein shall be deemed to include any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of the Collateral Agent under this Deed or to which, under such laws, those rights and obligations have been transferred.

24.2 No Assignment or Transfer by Chargor

The Chargor may not assign or transfer any or all of its rights (if any) and/or obligations under this Deed.

24.3 Assignment and Transfer by Collateral Agent to Successor

The Collateral Agent may, without the consent of the Chargor:

24.3.1 assign all or any of its rights under this Deed; and

24.3.2 transfer all or any of its obligations (if any) under this Deed,

to any successor Collateral Agent in accordance with the provisions of the Finance Documents, and the Chargor shall, upon the request of the Collateral Agent, enter into such documentation as the Collateral Agent may require to give effect to any such assignment or transfer. Upon such assignment and transfer taking effect, the successor Collateral Agent shall be and be deemed to be acting as collateral agent and trustee for the Secured Parties for the purposes of this Deed and in place of the former Collateral Agent.

24.4 Assignment by other Secured Parties

Each Secured Party (other than the Collateral Agent) may assign all or any of its rights under this Deed (whether direct or indirect) to any person. The Chargor irrevocably and unconditionally confirms that:

24.4.1 it consents to any assignment or transfer by any Secured Party of its rights and/or obligations made in accordance with the provisions of the Finance Documents;

24.4.2 it shall continue to be bound by the terms of this Deed, notwithstanding any such assignment or transfer; and

24.4.3 the assignee or transferee of such Secured Party shall acquire an interest in this Deed upon such assignment or transfer taking effect.

25. AMENDMENTS AND WAIVERS

Any provision of this Deed may be amended or waived only by agreement in writing between the Chargor and the Collateral Agent.

26. NOTICES

26.1 Communications in writing

Each communication to be made by a party hereto to the other party hereto under or in connection with this Deed shall be made in writing and, unless otherwise stated, shall be made by email, fax or letter.

26.2 Addresses

The email address, address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party hereto for any communication or document to be made or delivered under or in connection with this Deed is that identified with its signature below, or any substitute address, fax number, or department or officer as that party may notify to the other party by not less than five (5) Business Days' notice.

26.3 Delivery

Any communication or document made or delivered by one party hereto to the other party hereto under or in connection with this Deed will only be effective:

26.3.1 if by way of email, only when received in legible form by at least one of the relevant email addresses of the person(s) to whom the communication is made;;

26.3.2 if by way of fax, when received in legible form; or

26.3.3 if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of the address details of such other party provided under Clause 26.2 (*Addresses*), if addressed to that department or officer, provided that any communication or document to be made or delivered to the Collateral Agent will be effective only when actually received by the Collateral Agent and then only if it is expressly marked for the attention of the department or officer identified with the Collateral Agent's signature below (or any substitute department or officer as the Collateral Agent shall specify for this purpose).

26.4 **Language**

Any notice given under or in connection with this Deed must be in English. All other documents provided under or in connection with this Deed must be:

26.4.1 in English; or

26.4.2 if not in English, and if so required by the Collateral Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

27. COUNTERPARTS

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

28. GOVERNING LAW

This Deed shall be governed by, construed and shall take effect in accordance with the laws of Hong Kong.

29. JURISDICTION

29.1 **Hong Kong Courts**

The courts of Hong Kong have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of, or connected with this Deed (including a dispute regarding the existence, validity or termination of this Deed or the consequences of its nullity).

29.2 **Convenient Forum**

The parties hereto agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes between them and, accordingly, that they will not argue to the contrary.

29.3 **Exclusive Jurisdiction**

This Clause 29 (*Jurisdiction*) is for the benefit of the Secured Parties only. As a result and notwithstanding Clause 29.1 (*Hong Kong Courts*), nothing herein shall prevent the Collateral Agent or any Secured Party from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law any Secured Party may take concurrent proceedings in any number of jurisdictions.

29.4 **Waiver of immunity**

The Chargor irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

29.4.1 suit;

29.4.2 jurisdiction of any court;

29.4.3 relief by way of injunction or order for specific performance or recovery of property;

29.4.4 attachment of its assets (whether before or after judgment); and

29.4.5 execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

29.5 **Liability in relation to shares**

Nothing in this Deed shall be construed as placing on the Collateral Agent any liability whatsoever in respect of any calls, instalments or other payments relating to any of the Charged Property or any rights, shares or other securities accruing, offered or arising as aforesaid, and the Chargor shall indemnify the Collateral Agent in respect of all calls, instalments or other payments relating to any of the Charged Property owned by it and to any rights, shares and other securities accruing, offered or arising as aforesaid in respect of any of the applicable Charged Property.

29.6 **Incorporation of terms**

The Chargor and the Collateral Agent agree and acknowledge that all rights, protections, indemnities (including any currency indemnity), disclaimers and limitations of liability applicable to the Collateral Agent as set out in the Intercreditor Agreement shall apply *mutatis mutandis* as if set out in full herein. In the event of any inconsistency between the provisions contained herein and the Intercreditor Agreement in relation to such rights, protections, indemnities (including any currency

indemnity), disclaimers and limitations of liability, those provisions which are more beneficial to the Collateral Agent shall prevail.

IN WITNESS WHEREOF this Deed has been signed on behalf of the Collateral Agent and executed as a deed by the Chargor and is intended to be and is hereby delivered by it as a deed on the date specified above.

SCHEDULE 1
PARTICULARS OF SHARES

Company	Registered and beneficial owner	Shares (ordinary shares in the issued share capital of the Company)	Representative share certificate no(s)
GCL New Energy Trading Limited	GCL New Energy Management Limited	1	0002

SCHEDULE 2
FORM OF SHARE TRANSFER

[*name of Company*] ("Company")

SHARE TRANSFER FORM

We, [**name of Chargor**] (the "**Transferor**"), for good and valuable consideration received by us from [*leave blank*]

(the "**Transferee**"), do hereby:

1. transfer to the Transferee [*leave blank*]

   share(s) (the "**Shares**") standing in our name in the register of the Company to hold unto the Transferee, his executors, administrators and assigns, subject to the several conditions on which we held the same at the time of execution of this Share Transfer Form; and

2. consent that our name remains on the register of members of the Company until such time as the Company enters the Transferee's name in the register of members of the Company.

And we, as Transferee, do hereby agree to take the Shares subject to the same conditions.

As Witness Our Hands

Signed by the Transferor on)
in the presence of:)

_____
Witness

Signed by the Transferee on)
in the presence of:)

_____
Witness

SCHEDULE 3
FORM OF BOUGHT AND SOLD NOTES

SOLD NOTE

Transferee _____

Address _____

Occupation _____

Name of company in which the share(s) to be transferred –

[*Name of Company]

Number of share(s) _____

Consideration received _____

Transferor _____

for and on behalf of
[*name of Chargor]
Dated:

BOUGHT NOTE

Transferor [*name of Chargor]

Address _____

Occupation _____

Name of company in which the share(s) to be transferred –

[*Name of Company]

Number of share(s) _____

Consideration paid _____

Transferee _____

Dated:

SCHEDULE 4
FORM OF LETTER OF RESIGNATION

To: The Board of Directors
[name of Company] (the "**Company**")
[*address of registered office of Company*]

Date: [*to be left blank*]

Dear Sirs,

Resignation

I hereby tender my unconditional and irrevocable resignation as a director of the Company with effect from the date of this letter. I confirm that:

1. I have no claims whatsoever against the Company or any of its subsidiaries or associated companies (if any) on any account (whether for loss of office, for accrued remuneration or for fees or otherwise howsoever); and

2. there is no outstanding agreement or arrangement with the Company or any of its subsidiaries or associated companies (if any) under which the Company or any of such subsidiaries or associated companies has or would have any obligation to me whether now or in the future or under which I would derive any benefit.

This letter is governed by and shall be construed in accordance with the laws of Hong Kong.

IN WITNESS WHEREOF this deed has been executed the day and year above written.

SIGNED, SEALED and **DELIVERED**)
as a **DEED** by)
[**name of relevant director**])
in the presence of)

L.S

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
_____
_____
Occupation of witness: _____

SCHEDULE 5
FORM OF WRITTEN RESOLUTIONS

[name of Company] (the "Company")

WRITTEN RESOLUTIONS OF THE BOARD OF DIRECTORS OF [*name of Company*]

Dated: [*to be left blank*]

IT IS RESOLVED THAT:

1. each of the following transfers of the shares in the Company be approved and that, upon the delivery to any director of the Company of a duly completed instrument of transfer in respect of any of the following transfers, the name of the relevant transferee be entered forthwith in the register of members of the Company in respect of the relevant shares so transferred and that new share certificates in respect of such shares be issued forthwith to such transferee in accordance with the Articles of Association of the Company:

   [*to be left blank*]

2. each of the following persons be appointed as an additional director of the Company with immediate effect:

   [*to be left blank*]

3. the resignation of the following persons as directors of the Company be accepted with immediate effect:

   [*to be left blank*]

4. the above changes in directorships of the Company be notified to each relevant registry as soon as shall be practicable and that any director or the secretary of the Company be authorised to sign and deliver any relevant return in connection therewith.

[*all the directors of the Company to state their names and sign*]

SCHEDULE 6
FORM OF LETTER OF UNDERTAKING AND AUTHORISATION

To: **Madison Pacific Trust Limited** as Collateral Agent (including its successors, assigns and transferees)

Dear Sirs,

Deed of Share Charge dated [ ] by [name of Chargor] in favour of [name of Collateral Agent] as Collateral Agent (as amended from time to time, the "Deed")

Terms and expressions defined in or construed for the purposes of the Deed shall have the same meaning herein.

I hereby unconditionally and irrevocably:

1. undertake to procure, to the extent of my powers as a director of [*name of Company*] (the "**Company**"), that any or all of the shares in the Company which are charged to you pursuant to the Deed shall upon your request be promptly registered in the name of yourself or (at your request) any person(s) whom you may nominate;

2. authorise each of you and any other person(s) authorised by you severally to complete, date and put into effect:

   (a) the attached letter of resignation signed by me;

   (b) the attached written resolutions of the board of directors of the Company signed by me; and

   (c) any other document signed by me and delivered pursuant to Clause 4.2 (*Delivery of Documents of Title*) of the Deed (including the blank share transfer forms and bought and sold notes),

   at any time after the security constituted by the Deed shall have become enforceable in accordance with its terms as you consider fit in your absolute discretion.

This letter is governed by and shall be construed in accordance with the laws of Hong Kong.

Dated:

IN WITNESS WHEREOF this deed has been executed the day and year above written.

SIGNED, SEALED and **DELIVERED**)
as a **DEED** by)
[**name of relevant director**])
in the presence of)

L.S

Signature of witness: _____
Name of witness: _____
Title: _____
Address of witness: _____
Occupation of witness: _____

SCHEDULE 7
FORM OF IRREVOCABLE PROXY AND POWER OF ATTORNEY

We, [*Name of the Chargor], as a shareholder of the Company, hereby makes, constitutes and appoints _____ (the "**Attorney**") as the true and lawful attorney and proxy of the undersigned with full power to appoint a nominee or nominees to act hereunder from time to time and to vote any existing or further shares in the Company which may have been or may from time to time be issued and/or registered in our name (the "**Shares**") at all general meetings of shareholders or stockholders of the Company with the same force and effect as the undersigned might or could do and to requisition and convene a meeting or meetings of the shareholders of the Company for the purpose of appointing or confirming the appointment of new directors of the Company and/or such other matters as may in the opinion of the Attorney be necessary or desirable for the purpose of implementing the Share Charge referred to below and the undersigned hereby ratifies and confirms all that the said Attorney or its nominee or nominees shall do or cause to be done by virtue hereof.

This power and proxy is given to secure a proprietary interest of the donee of the power and is irrevocable and shall remain irrevocable as long as the share charge dated _____ between [*Name of the Chargor] as chargor and [*Name of the Collateral Agent] as collateral agent (the "**Share Charge**") is in force and any person dealing with the Attorney may rely on a written statement by the Attorney to the effect that this power of attorney is valid and has not been revoked as conclusive evidence of that fact and any transaction between any such person and the Attorney after notice of revocation has been given to the Attorney shall be valid to the extent that any such person deals with the Attorney in bona fide belief, based on such written statement, that the Attorney's power is valid and has not been revoked.

IN WITNESS whereof this instrument has been duly executed this [ ] as a deed and is intended to be and is hereby delivered by it as a deed on the date specified above.

THE COMMON SEAL of)

[name of Chargor])

was hereunto affixed)

in the presence of:)

_____

Director

_____

Director

EXECUTION

The Chargor

EXECUTED AS A DEED by affixing the common seal of **GCL New Energy Management Limited** in the presence of:	))))))

.....

Signature of director

.....

Name of director (block letters)

Address:

Attention:

Telephone:

Facsimile:

Email:

The Collateral Agent

SIGNED for and on behalf of)
MADISON PACIFIC TRUST LIMITED)
)
)
)

By: .....

Name: .....

Title: .....

Address: 54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Attention: David Naphtali / Holly Yuen

Facsimile: +852 2599 9501

Email: agent@madisonpac.com

PLEDGE AGREEMENT

made by

GCL NEW ENERGY INTERNATIONAL LIMITED,

as the Pledgor

to

MADISON PACIFIC TRUST LIMITED,

as Collateral Agent

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PLEDGE AGREEMENT

This PLEDGE AGREEMENT (this "Agreement"), is entered into, as of the date specified in the "In Witness Whereof" clause on the Pledgor's signature page hereto, among GCL NEW ENERGY INTERNATIONAL LIMITED, a Hong Kong limited liability company with company registration number 2104546 (the "Pledgor") and MADISON PACIFIC TRUST LIMITED, in its capacity as collateral agent for the Secured Parties (together with its successors and assigns in such capacity, the "Collateral Agent").

W I T N E S S E T H:

WHEREAS, GCL New Energy Holdings Limited (the "Company") has entered into the Indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "Indenture"), as the issuer, with, the Subsidiary Guarantors party thereto and The Bank of New York Mellon, London Branch, as trustee (together with its successors and assigns in such capacity, the "Trustee"), which provides for the issuance of US$[●] aggregate principal amount of the Company's 10.00% Senior Notes due 2024 (collectively, the "Notes");

WHEREAS, the Company, the Pledgor, the Collateral Agent, the Trustee, and other Persons party thereto have entered into the Intercreditor Agreement dated as of the date hereof (as amended, modified or supplemented from time to time, the "Intercreditor Agreement"), to appoint the Collateral Agent as the Secured Parties' collateral agent to receive, maintain, administer, enforce and distribute the Collateral and to set forth certain provisions relating to the Secured Parties' respective rights in the Collateral;

WHEREAS, the Company may from time to time be obligated to various Secured Parties in respect of the Financing Documents;

WHEREAS, under the Indenture, the Company and the Subsidiary Guarantors (as defined in the Indenture) are permitted to incur Permitted Pari Passu Secured Indebtedness (as defined in the Intercreditor Agreement) that shares the Collateral equally and ratably with the holders of the Notes subject to, among other things, the conditions set out in the Indenture;

WHEREAS, the Pledgor owns all of the shares in GCL New Energy, Inc. (the "Pledged Company"), a Subsidiary of the Company, and will benefit from the issuance of the Notes by the Company; and

WHEREAS, pursuant to Section 10.01 of the Indenture, it is required that the Pledgor shall grant the Liens provided for in, this Agreement.

A G R E E M E N T

NOW THEREFORE, to induce the Trustee to enter into the Indenture and the Holders to accept the Notes and the Subsidiary Guarantees and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor hereby agrees with the Collateral Agent as follows:

SECTION 1. Definitions. For all purposes of this Agreement, capitalized terms not otherwise defined herein shall have the meanings set forth in the Intercreditor Agreement and all terms defined in Article 8 or 9 of the Uniform Commercial Code (the "**UCC**") as in effect from time to time in the State of New York which are used in this Agreement shall have the meaning specified in such Articles.

The rules of construction set forth in Section 1.4 of the Intercreditor Agreement are hereby incorporated by reference herein, mutatis mutandis, as if fully set forth herein.

In addition, the following terms shall have the meanings herein specified:

"Agreement" shall have the meaning provided in the Preamble.

"Assigned Organizational Documents" shall have the meaning provided in Section 2(a).

"Collateral" shall have the meaning provided in Section 2.

"Collateral Agent" shall have the meaning provided in the Preamble.

"Controlling Representative" shall have the meaning assigned to such term in the Intercreditor Agreement.

"DC UCC" shall mean the Uniform Commercial Code of Washington, D.C. in effect from time to time.

"Event of Default" shall have the meaning assigned to such term in the Intercreditor Agreement.

"Federal Securities Law" shall have the meaning provided in Section 9(f).

"Final Discharge Date" shall mean the date on which all Secured Obligations have been irrevocably and unconditionally paid, released and discharged in full.

"Financing Documents" shall have the meaning assigned to the term "Finance Documents" in the Intercreditor Agreement.

"Financing Statement" shall have the meaning provided in Section 4(f).

"Governmental Authority" shall mean any government or any governmental agency, semi-governmental or judicial entity or authority (including any stock exchange or any self-regulatory organization established under statute).

"Governmental Authorization" shall mean any license, consent, permit, confirmation, registration, recordation, approval, authorization, report, submission or waiver from, or any filing with, any relevant Governmental Authority.

"Hong Kong" shall mean the Hong Kong Special Administrative Region of the People's Republic of China.

"Indenture" shall have the meaning provided in the recitals.

"Intercreditor Agreement" shall have the meaning provided in the recitals.

"Material Adverse Effect" shall mean the material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company or any Subsidiary Guarantor to perform its obligations under the Financing Documents.

"Pledged Equity Interests" shall have the meaning provided in Section 2(a).

"Pledgor" shall have the meaning provided in the Preamble.

"Pledged Company" shall have the meaning provided in the recitals.

"Secured Parties" shall have the meaning assigned to such term in the Intercreditor Agreement.

"Secured Obligations" shall have the meaning assigned to such term in the Intercreditor Agreement.

"Security Documents" shall have the meaning assigned to such term in the Intercreditor Agreement.

SECTION 2. Pledge and Security Interest. The Pledgor hereby pledges and grants to the Collateral Agent for the benefit of the Secured Parties a security interest in and to, all of the Pledgor's presently owned or hereafter acquired right, title and interest in and to the following (the "Collateral"):

(a) The shares in the Pledged Company identified in Annex 1 next to the name of the Pledgor and all other membership interests or shares of Capital Stock of whatever class of the Pledged Company, now or hereafter owned by the Pledgor, and all certificates representing the same (if any) (collectively, the "Pledged Equity Interests"), and all rights and benefits of the Pledgor under the organizational documents of the Pledged Company (including, without limitation, the Bylaws of the Pledged Company dated as of 22 July, 2015 and the certificate of incorporation of the Pledged Company dated as of 25 May, 2015) (as they may be amended, amended and restated, restated, replaced, supplemented or otherwise modified from time to time, the "Assigned Organizational Documents") including, without limitation, (i) all of the Pledgor's interest in the Capital Stock of the Pledged Company, and all rights of the Pledgor as a shareholder and all rights to receive distributions, cash, instruments and other property from time to time receivable or otherwise distributable in respect of such Pledged Equity Interests or pursuant to the Assigned Organizational Documents, (ii) all other payments due or to become due to the Pledgor in respect of such Pledged Equity Interests or the Assigned Organizational Documents including but not limited to all rights of the Pledgor to receive proceeds of any insurance, indemnity, warranty or guaranty due to or with respect to such Pledged Equity Interests or the Assigned Organizational Documents, (iii) all claims of the Pledgor for damages arising out of or for breach of or default under the Assigned Organizational Documents, (iv) the right of the Pledgor to terminate the Assigned Organizational Documents, to perform and exercise consensual

or voting rights thereunder, including but not limited to the right, if any, to manage the affairs of the Pledged Company, to make determinations, to exercise any election or option or to give or receive any notice, consent, amendment, waiver or approval, and the right, if any, to compel performance and otherwise exercise all remedies thereunder and (v) all rights of the Pledgor as a shareholder of the Pledged Company, to all property and assets of the Pledged Company (whether real property, inventory, equipment, contract rights, accounts, receivables, general intangibles, securities, instruments, chattel paper, documents, choses in action or otherwise); and

(b) to the extent not included in the foregoing, all proceeds of any and all of the foregoing Collateral (including, without limitation, proceeds that constitute property of the types described above).

The Pledgor agrees that this Agreement, the security interest granted pursuant to this Agreement and all rights, remedies, powers and privileges provided to the Collateral Agent under this Agreement are in addition to and not in any way affected or limited by any other security now or at any time held by the Collateral Agent to secure payment and performance of the Secured Obligations.

SECTION 3. Security for Secured Obligations. The Collateral secures the prompt and complete payment and performance of the Secured Obligations.

SECTION 4. Representations and Warranties. The Pledgor represents and warrants to the Collateral Agent (on behalf of the Secured Parties) that:

(a) Existence. The Pledgor: (i) is duly organized, incorporated or formed, validly existing and in good standing (to the extent such concept exists under applicable law) under the laws of its jurisdiction of organization or incorporation, (ii) has all requisite corporate power and authority necessary to grant the security interests pursuant hereto and execute, deliver and perform its obligations under this Agreement and to consummate each of the transactions contemplated hereby and (iii) is qualified to do business and is in good standing in every jurisdiction where its assets are located and wherever necessary to carry out its business and operations, except in jurisdictions where the failure to be so qualified or in good standing has not had, and could not be reasonably expected to have, a Material Adverse Effect.

(b) Title. The Pledgor is the legal and beneficial owner of and has good title to the Collateral free and clear of all Liens, except for the Lien pursuant to this Agreement and the Permitted Liens. The Pledgor has not authorised the filing of any financing statement or other instrument similar covering all or any part of the Collateral in any recording office, except such as may have been filed in favor of the Collateral Agent relating to this Agreement.

(c) No Breach. The execution, delivery and performance by the Pledgor of this Agreement and the performance of its obligations hereunder do not (i) violate its articles of organization or other organizational documents of the Pledgor, (ii) violate any provision of any applicable law, except to the extent such violation could not reasonably be expected to have a Material Adverse Effect, (iii) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Pledgor is a party or by which it or its properties may be bound or affected, except to the extent any such

breach or default could not reasonably be expected to have a Material Adverse Effect or (iv) result in the creation or imposition of any Lien on the Collateral (other than the Lien pursuant to this Agreement) upon or with respect to any of the properties now owned or hereafter acquired by the Pledgor.

(d) Organizational Action. The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of the Pledgor. This Agreement has been duly executed and delivered by the Pledgor and is in full force and effect. This Agreement constitutes a legal, valid and binding obligation of the Pledgor, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer or fraudulent conveyance, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) Valid Security. The Liens granted to the Collateral Agent pursuant to this Agreement with respect to the Collateral will, upon the filing of the Financing Statement with the Recorder of Deeds of Washington, D.C. constitute perfected security interests in such rights, title or interest as Pledgor has in the Collateral.

(f) Financing Statement; Etc. The UCC-1 financing statement which names the Pledgor as debtor and the Collateral Agent as secured party and describes the Collateral (the "Financing Statement") is in a form to be presented for filing under the Uniform Commercial Code as in effect in Washington, D.C., and upon such filing, the security interest granted hereunder will be a first priority (subject only to Permitted Liens) perfected security interest under the DC UCC, and no further filings or other actions are necessary to perfect such security interest. The Pledgor has delivered all certificates or instruments evidencing the Pledged Equity Interests to the Collateral Agent (if any), accompanied by duly executed instruments of transfer or assignment in blank.

(g) Authorizations and Perfection. No consent of any other Person and no Governmental Authorization or other action by, or notice to or filing with, any Governmental Authority is required for (i) the execution, delivery or performance by the Pledgor of this Agreement, except to the extent that the failure to obtain, maintain, make or provide any such consent, Governmental Authorization, other action, filing or notice could not reasonably be expected to have a Material Adverse Effect, (ii) the pledge and assignment by the Pledgor of the Collateral pursuant to this Agreement, (iii) the validity, perfection or maintenance of the security interest created hereby, except for the filing of the Financing Statement and continuation statements in respect thereof or (iv) the exercise by the Collateral Agent of the voting or other rights provided for in this Agreement or the remedies in respect of such Collateral pursuant to this Agreement or as provided by law, except for those which have been duly obtained, made or provided, and as may be required in connection with any disposition of any portion of the Collateral (x) by laws affecting the offering and sale of securities generally, (y) by laws regulating the ownership or transfer of public utilities or electric utilities or their assets or of assets similar to the Collateral or (z) pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and any applicable foreign competition laws.

(h) Names; Changes in Circumstances. The full and correct legal name, type of organization or company, jurisdiction of organization or incorporation, location (as defined in Section 9-307 of the UCC) and the organizational identification number (if any) of the Pledgor as of the date hereof are correctly set forth in Annex 2. The Pledgor has not (i) within the period of four months prior to the date hereof, changed its location (as defined in the UCC), (ii) except as specified in Annex 2, heretofore changed its name, or (iii) except as specified in Annex 3, heretofore become a "new debtor" (as defined in Section 9-102(a)(56) of the UCC) with respect to a currently effective security agreement previously entered into by any other Person.

(i) Pledged Interests. As of the date hereof (i) the Pledged Equity Interests identified in Annex 1 as owned by the Pledgor constitute all of the issued and outstanding shares in the Pledged Company legally and beneficially owned by the Pledgor (whether or not registered in the name of the Pledgor); (ii) except as set forth in Annex 1, there are no other issued and outstanding Pledged Equity Interests in the Pledged Company; (iii) all of the Pledged Equity Interests identified in Annex 1 are in certificated form and the Pledged Equity Interests are a "certificated security" within the meaning of Section 8-102(a) of the UCC; (iv) all of the Pledged Equity Interests identified in Annex 1 are a "security" as such term is defined in Article 8 of the UCC; and (v) all of the Pledged Equity Interests have been duly and validly issued and are fully paid and nonassessable.

(j) Options, Restrictions, Etc. There are no outstanding agreements, options and contracts to sell all or any portion of the Collateral, and no part of the Collateral is subject to the terms of any agreement restricting the sale or transfer of such Collateral, except for this Agreement and the Assigned Organizational Documents.

SECTION 5. Covenants. The Pledgor covenants and agrees that:

(a) Books and Records. The Pledgor shall:

(i) keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records in such manner as the Collateral Agent may reasonably require in order to reflect the security interests granted by this Agreement; and

(ii) permit representatives of the Collateral Agent, at any reasonable time and from time to time upon reasonable prior notice, and at the direction of the Trustee, to examine and make copies of and abstracts from its books and records pertaining to the Collateral; provided that, so long as no Default or Event of Default shall have occurred and be continuing, any such examination in excess of one such examination in any fiscal year shall be at the expense of the Collateral Agent.

(b) Performance of the Assigned Organizational Documents. The Pledgor shall not, without the consent of the Collateral Agent, (i) cancel or terminate the Assigned Organizational Documents or consent to or accept any cancellation or termination thereof, or (ii) amend or otherwise modify the Assigned Organizational Documents in any manner that is reasonably likely to have an adverse effect on (x) the interests of the Secured Parties or (y) the Lien created hereunder.

(c) Certificated Securities. The Pledgor shall cause any certificate representing any Pledged Equity Interest to (i) constitute a "Security", as defined in Article 8 of the UCC and (ii) be delivered to the Collateral Agent and duly endorsed in blank or accompanied by such instruments of assignment and transfer, in each case, on the date hereof.

(d) Disposition of Collateral. The Pledgor shall not transfer, sell, assign (by operation of law or otherwise) or otherwise dispose of any of the Collateral, other than (i) the pledge, hypothecation and security interest created pursuant to this Agreement and (ii) any transfer, sale, assignment or disposition that are permitted under, and conducted in compliance with, the terms of the Finance Documents then in effect.

(e) Liens. The Pledgor will not create, incur, assume or suffer to exist any Lien upon any Collateral (other than the Lien pursuant to this Agreement and Permitted Liens).

SECTION 6. Continued Perfection of Security Interest.

(a) The Pledgor agrees that from time to time the Pledgor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary, or that the Collateral Agent may request (acting reasonably), in order to perfect and protect the pledge, hypothecation and security interest (and the priority of such security interest) granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Pledgor shall (i) submit this Agreement for registration (or assist the Hong Kong counsel to the Collateral Agent to submit this Agreement for registration) pursuant to the requirements of the Companies Ordinance (Cap 622 of the Laws of Hong Kong) (the "Companies Ordinance") forthwith upon execution hereof (and in any event within one month of the date of execution hereof) and (ii) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary, or as the Collateral Agent may reasonably request, in order to perfect and preserve the pledge, hypothecation and relative priorities of the security interest granted or purported to be granted hereby.

(b) The Pledgor hereby authorizes, the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral. Notwithstanding the foregoing, nothing herein shall require the Collateral Agent to file financing statements or continuation statements, or be responsible for maintaining the security interests purported to be created as described herein and such responsibility shall be solely that of the Pledgor.

(c) Without prejudice to the foregoing, the Pledgor shall:

(i) on the date of this Agreement, create and maintain or continue to maintain a register of charges (the "Register of Charges") to the extent this has not already been done in accordance with the laws of Hong Kong including the Companies Ordinance; and

(ii) promptly after execution of this Agreement, enter particulars as required by the laws of Hong Kong including the Companies Ordinance of

the security interest created pursuant to this Agreement in the Register of Charges and within five (5) Business Days after entry of such has been made, provide the Collateral Agent with a certified true copy of the updated Register of Charges.

SECTION 7. Pledgor's Rights.

(a) Voting Rights. Unless an Event of Default shall have occurred and be continuing, the Pledgor shall be entitled to exercise all voting and other rights with respect to the Collateral.

(b) Distributions. All distributions paid or payable in respect of the Pledged Equity Interests may be paid to and retained by the Pledgor to the extent not prohibited by the Intercreditor Agreement or (if applicable) any other Financing Document. During the continuance of any Event of Default, any and all distributions paid or payable in respect of the Pledged Equity Interests (whether paid in cash, securities or other property) shall be, and shall be forthwith delivered to the Collateral Agent to hold as Collateral and shall, if received by the Pledgor, be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of the Pledgor and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary endorsement).

SECTION 8. Obligations of the Pledgor and Rights of Collateral Agent. Anything herein to the contrary notwithstanding, (a) the Pledgor shall remain liable under the Assigned Organizational Documents to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent of any of the rights hereunder shall not release the Pledgor from any of its duties or obligations under the Assigned Organizational Documents and (c) neither the Collateral Agent nor any other Secured Party shall have any obligation or liability under the Assigned Organizational Documents by reason of this Agreement, nor shall the Collateral Agent or any other Secured Party be obligated to perform any of the obligations or duties of the Pledgor thereunder or to take any action to collect or enforce any claim assigned hereunder, unless the Collateral Agent has agreed in writing to be so obligated.

If the Pledgor fails to perform any agreement contained herein and an Event of Default has occurred due to the Pledgor's failure and is continuing, the Collateral Agent may itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by the Pledgor per Section 12.

The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, and the duties set forth in the UCC, the Collateral Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent shall not be required to expend or risk any of its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Collateral Agent may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against the costs,

expenses and liabilities which might be incurred by it in performing such duty or exercising such right or power.

SECTION 9. Remedies of Collateral Agent. At any time after an Event of Default occurs and is continuing, the Collateral Agent has the right to do any or all of the following:

(a) The Collateral Agent may exercise any and all rights and remedies of the Pledgor under or in connection with any Assigned Organizational Documents, the Pledged Equity Interests or otherwise in respect of the Collateral, including, without limitation, any and all rights of the Pledgor to demand or otherwise require payment of any amount under, or performance of any provision of, any Assigned Organizational Documents and all rights of the Pledgor to control the operations of the Pledged Company. In addition, the Collateral Agent may cure any default by the Pledgor under any Assigned Organizational Documents.

(b) The Collateral Agent shall have the right in its discretion to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Collateral.

(c) All rights of the Pledgor to exercise or refrain from exercising the voting and other consensual rights which it would otherwise be entitled to exercise shall cease, and all such rights shall thereupon become vested in the Collateral Agent who shall thereupon, so long as the Event of Default is continuing, have the sole right to exercise or refrain from exercising in a reasonable manner such voting and other consensual rights in aid of foreclosure or other enforcement of its security interest in the Collateral.

(d) The Collateral Agent may (i) notify the Pledged Company to make payment and performance due to the Pledgor under the Assigned Organizational Documents to the Collateral Agent, (ii) extend the time of payment and performance of, or compromise or settle for cash, credit or otherwise, and upon any terms and conditions, the obligations of the Pledgor under the Assigned Organizational Documents, (iii) file any claims, commence, maintain, settle or discontinue any actions, suits or other proceedings deemed by the Collateral Agent in its sole discretion necessary or advisable for the purpose of collecting upon the Collateral or enforcing the Assigned Organizational Documents, and (iv) execute any instrument and do all other things deemed necessary and proper by the Collateral Agent in its sole discretion to protect and preserve and permit the Collateral Agent to realize upon the Collateral and the other rights contemplated thereby.

(e) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC and all other rights provided for by applicable law, and may also, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. The Pledgor agrees that, to the extent notice of sale shall be required by law, at least 10 days' written notice, in a manner provided in Section 15, to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale

having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(f) In view of the position of the Pledgor in relation to the Collateral, or because of other current or future circumstances, questions may arise under the Securities Act of 1933, as now or hereafter in effect, or any similar statute hereafter enacted analogous in purpose or effect (such act and any such similar statute as from time to time in effect being called the "Federal Securities Laws") with respect to any disposition of the Collateral permitted hereunder. The Pledgor understands that compliance with the Federal Securities Laws might very strictly limit the course of conduct of the Collateral Agent if the Collateral Agent were to attempt to dispose of all or any part of the Collateral, and might also limit the extent to which or the manner in which any subsequent transferee of any Collateral could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Collateral Agent in any attempt to dispose of all or part of the Collateral under applicable blue sky or other state securities laws or similar laws analogous in purpose or effect. The Pledgor recognizes that in light of the foregoing restrictions and limitations the Collateral Agent may, with respect to any sale of Collateral, to the extent commercially reasonable, limit the purchasers to those who will agree, among other things, to acquire Collateral for their own account, for investment, and not with a view to the distribution or resale thereof. The Pledgor acknowledges and agrees that, in light of the foregoing restrictions and limitations, the Collateral Agent, in a commercially reasonable manner, (i) may proceed to make such a sale whether or not a registration statement for the purpose of registering the Collateral or part thereof shall have been filed under the Federal Securities Laws and (ii) may approach and negotiate with a single possible purchaser to effect such sale. The Pledgor acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, neither the Collateral Agent nor any other Secured Party shall incur any responsibility or liability for selling all or any part of the Collateral at a price that the Collateral Agent, in a commercially reasonable manner, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a higher price might have been realized if the sale were deferred until after registration as aforesaid or if more than a single purchaser were approached. The provisions of this paragraph will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed the price at which the Collateral Agent sells. The Pledgor agrees that sales made pursuant to this paragraph are made in a commercially reasonable manner.

(g) All payments made under or in connection with the Assigned Organizational Documents, the Pledged Equity Interests, or otherwise in respect of the Collateral (including, without limitation, proceeds from the enforcement of rights and remedies) and received by the Collateral Agent may, in the discretion of the Collateral Agent and to the extent permitted by applicable law, be held by the Collateral Agent as collateral for the Secured Obligations, and then or as soon thereafter as is reasonably practicable applied in whole or in part by the Collateral Agent in accordance with Section 6 of the Intercreditor Agreement.

SECTION 10. Collateral Agent Appointed Attorney-in-Fact. The Pledgor hereby irrevocably appoints the Collateral Agent as the Pledgor's proxy and attorney-in-fact, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise,

upon the occurrence of and during the continuance of an Event of Default, to take any and all actions authorized or permitted to be taken by the Collateral Agent, in the Collateral Agent's discretion, under this Agreement or by law, including but not limited to the power to:

(a) take any action and execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement;

(b) ask for, demand, collect, sue for, recover, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;

(c) receive, indorse, and collect any drafts or other instruments, documents and chattel paper in connection therewith; and

(d) file any claims or take any action or institute any proceedings which the Collateral Agent may deem to be necessary or desirable for the collection of any of the Collateral or to enforce compliance with the terms and conditions of the Assigned Organizational Documents.

SECTION 11. Enforcement of Liens. Subject to the terms of the Intercreditor Agreement, after an Event of Default has occurred and is continuing and the Controlling Representative so directs the Collateral Agent in accordance with, and subject to the rights of the Collateral Agent set forth in, the Intercreditor Agreement, the Collateral Agent will act, or decline to act, as directed by the Controlling Representative, in the exercise and enforcement of the Collateral Agent's interests, rights, powers and remedies in respect of the Collateral or under the Security Documents or applicable law and, following the initiation of such exercise of remedies, the Collateral Agent will act, or decline to act, with respect to the manner of such exercise of remedies as directed by the Controlling Representative. After an Event of Default has occurred and is continuing then, unless the Collateral Agent has been directed to the contrary by the Controlling Representative , the Collateral Agent in any event may (but will not be obligated to) take all lawful and commercially reasonable actions permitted under the Security Documents that it may deem necessary or advisable to protect or preserve its interest in the Collateral subject thereto and the interests, rights, powers and remedies granted or available to it under, pursuant to or in connection with the Security Documents.

SECTION 12. Indemnity and Expense. The Pledgor agrees to pay any and all out-of-pocket expenses (including, without limitation, the fees and expenses of legal counsel) relating to the enforcement of the Collateral Agent's rights hereunder in the event the Pledgor disputes its obligations under this Agreement and it is finally determined (whether through settlement, arbitration or adjudication, including the exhaustion of all permitted appeals), that the Collateral Agent is entitled to receive payment or performance of a portion of or all of any disputed obligations.

SECTION 13. Security Interest Absolute. Until terminated in accordance with Section 16, the obligations of the Pledgor under this Agreement shall be absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation: (a) any renewal, extension, amendment or modification

of, or addition or supplement to or deletion from any Financing Document or any other instrument or agreement referred to therein, or any assignment or transfer of any thereof, (b) any waiver, consent, extension, indulgence or other action or inaction under or in respect of any such instrument or agreement or this Agreement or any exercise or non-exercise of any right, remedy, power or privilege under or in respect of this Agreement or any other Financing Document, (c) any furnishing of any additional security (including, without limitation, any assets, whether now owned or hereafter acquired, upon which a Lien is created or granted from time to time pursuant to the other Security Documents) to the Collateral Agent or any acceptance thereof or any sale, exchange, release, surrender or realization of or upon any security by the Collateral Agent or (d) any invalidity, irregularity or unenforceability of all or part of the Secured Obligations or of any security therefor.

SECTION 14. Amendments; Etc. The terms of this Agreement may be amended, supplemented, waived or otherwise modified only by an instrument in writing duly executed by the Pledgor and the Collateral Agent. Any such amendment, supplement, waiver or modification shall be binding upon the Collateral Agent and each Secured Party and the Pledgor. Any waiver shall be effective only in the specific instance and for the specified purpose for which it was given.

SECTION 15. Notices. All notices, requests and demands to or upon the Collateral Agent or the Pledgor hereunder shall be effected in the manner provided for in Section 8.1 of the Intercreditor Agreement.

SECTION 16. Continuing Assignment; Pledge and Security Interest; Release. This Agreement shall create a continuing pledge, assignment of, hypothecation of and security interest in the Collateral and, other than the release of the Collateral in connection with a disposition of the Capital Stock of the Pledged Company in accordance with the terms of the Finance Documents then in effect, shall (a) remain in full force and effect until the Final Discharge Date irrespective of whether any petition is filed by or against the Pledgor or the Pledged Company for liquidation or reorganization, the Pledgor or the Pledged Company become insolvent or make an assignment for the benefit of creditors, or a receiver or trustee is appointed for all or any significant part of a Pledgor's or the Pledged Company's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made, and in the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned and (b) inure to the benefit of, and be enforceable by, the Collateral Agent, the other Secured Parties and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (b), any Secured Party may assign or otherwise transfer all or any portion of its rights in the Secured Obligations to the extent and in the manner provided in the Financing Documents, and such assignee shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party herein or otherwise. Upon the Final Discharge Date, the security interest granted hereby shall automatically terminate and all rights to the Collateral shall revert to the Pledgor. Upon any such termination, the Collateral Agent will, at the expense of the Pledgor,

promptly execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request in writing to evidence such termination.

SECTION 17. Severability. In case any provision in or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 18. Table of Contents and Headings. The Table of Contents and headings of the Sections of this Agreement have been inserted for convenience of reference only, are not to be considered a part of this Agreement and in no way modify or restrict any of the terms and provisions of this Agreement.

SECTION 19. Governing Law; Jurisdiction; Etc

(a) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) Submission to Jurisdiction. (i) Each party hereto hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of any U.S. Federal or New York State court located in the Borough of Manhattan, the City of New York, New York, in connection with any suit, action or proceeding arising out of or relating to this Agreement or any transaction contemplated hereby or thereby. Each party hereto irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. To the extent that the Pledgor has or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from any legal process with respect to itself or its property, the Pledgor, irrevocably waives such immunity in respect of its obligations hereunder. The Pledgor agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the Pledgor, and, to the extent permitted by applicable law, may be enforced in any court to the jurisdiction of which the Pledgor is subject by a suit upon such judgment or in any manner provided by law, provided that service of process is effected upon the Pledgor in the manner specified in the following subsection or as otherwise permitted by applicable law.

(ii) As long as any of the Secured Obligations remain outstanding, the Pledgor shall at all times have an authorized agent in the City of New York, upon whom process may be served in any legal action or proceeding arising out of or relating to this Agreement. Service of process upon such agent and written notice of such service mailed or delivered to the Pledgor shall to the fullest extent permitted by applicable law be deemed in every respect effective service of process upon the Pledgor in any such legal action or proceeding. The Pledgor hereby appoints Law Debenture Corporate Services Inc. as its agent for such purpose and covenants and agrees that service of process in any suit, action or proceeding may be made upon it at the office of such agent at Suite 403,801 2nd Avenue, New York, NY 10017. The Pledgor shall at all times have an agent for the above purposes in the City of New York. The Pledgor hereby agrees to take

any and all action as may be necessary to maintain the designation and appointment of an agent in full force and effect until all Secured Obligations are discharged in full.

(iii) The Pledgor hereby irrevocably waives, to the fullest extent permitted by applicable law, any requirement or other provision of law, rule, regulation or practice which requires or otherwise establishes as a condition to the institution, prosecution or completion of any suit, action or proceeding (including appeals) arising out of or relating to this Agreement, the posting of any bond or the furnishing, directly or indirectly, of any other security.

(c) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 20. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all the counterparts together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement and signature pages for all purposes.

SECTION 21. Applicability of other Financing Documents. In amplification of, and notwithstanding any other provisions of this Agreement, in connection with its obligations and protections hereunder, the Collateral Agent has all of the rights, powers, privileges, exculpations, protections and indemnities as provided to it in the other Financing Documents.

SECTION 22. No Discretion. Notwithstanding anything else to the contrary herein, whenever reference is made in this Agreement to any discretionary action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Collateral Agent or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction, reasonable satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Collateral Agent, it is understood that in all cases the Collateral Agent shall be fully justified in failing or refusing to take any such action under this Agreement if it shall not have received such written instruction, advice or concurrence of Controlling Representative, as the Collateral Agent deems appropriate. This provision is intended solely for the benefit of the Collateral Agent and its successors and permitted assigns and is not

intended to and will not entitle the other parties hereto to any defense, claim or counterclaim, or confer any rights or benefits on any party hereto.

SECTION 23. No Personal Liability. The provisions of Section 12.12 of the Indenture are hereby incorporated by reference and shall apply to this Agreement, mutatis mutandis, as if fully set forth herein.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto and shall be effective as of the date on which it is countersigned and delivered by the Collateral Agent as set forth on the signature page of the Collateral Agent.

PLEDGOR:

GCL NEW ENERGY INTERNATIONAL LIMITED

By: _____
Name:
Title: Director

COLLATERAL AGENT:

MADISON PACIFIC TRUST LIMITED,
as Collateral Agent

By: _____
Name:
Title:
Date:

ANNEX 1

Pledged Equity Interests

Name of Pledgor	Name of Pledged Company	Nature of Interest	Percentage Interest	Quantity	Certificate No.
GCL NEW ENERGY INTERNATIONAL LIMITED	GCL NEW ENERGY, INC.	Common Stock	100%	one million	001

ANNEX 2

Jurisdictions of Organization and Chief Executive Offices

Legal Name	Jurisdiction and Type of Organization	Organizational Identification No.	Chief Executive Office
GCL NEW ENERGY INTERNATIONAL LIMITED	HONG KONG LIMITED LIABILITY COMPANY	2104546	UNIT 1707A, LEVEL 17, INTERNATIONAL COMMERCE CENTRE 1 AUSTIN ROAD WEST, KOWLOON, HONG KONG

ANNEX 3

New Debtor Events

None.

PLEDGE AGREEMENT

made by

GCL NEW ENERGY, INC.,

as the Pledgor

to

MADISON PACIFIC TRUST LIMITED,

as Collateral Agent

TABLE OF CONTENTS

PLEDGE AGREEMENT

This PLEDGE AGREEMENT (this "Agreement"), is entered into, as of the date specified in the "In Witness Whereof" clause on the Pledgor's signature page hereto, among GCL NEW ENERGY, INC., a Delaware corporation (the "Pledgor") and MADISON PACIFIC TRUST LIMITED, in its capacity as collateral agent for the Secured Parties (together with its successors and assigns in such capacity, the "Collateral Agent").

W I T N E S S E T H:

WHEREAS, GCL New Energy Holdings Limited (the "Company") has entered into the Indenture, dated as of [●], 2021 (as amended, modified or supplemented from time to time, the "Indenture"), as the issuer, with, the Subsidiary Guarantors party thereto and The Bank of New York Mellon, London Branch, as trustee (together with its successors and assigns in such capacity, the "Trustee"), which provides for the issuance of US$[●] aggregate principal amount of the Company's 10.00% Senior Notes due 2024 (collectively, the "Notes");

WHEREAS, the Company, the Pledgor, the Collateral Agent, the Trustee, and other Persons party thereto have entered into the Intercreditor Agreement dated as of the date hereof (as amended, modified or supplemented from time to time, the "Intercreditor Agreement"), to appoint the Collateral Agent as the Secured Parties' collateral agent to receive, maintain, administer, enforce and distribute the Collateral and to set forth certain provisions relating to the Secured Parties' respective rights in the Collateral;

WHEREAS, the Company may from time to time be obligated to various Secured Parties in respect of the Financing Documents;

WHEREAS, under the Indenture, the Company and the Subsidiary Guarantors (as defined in the Indenture) are permitted to incur Permitted Pari Passu Secured Indebtedness (as defined in the Intercreditor Agreement) that shares the Collateral equally and ratably with the holders of the Notes subject to, among other things, the conditions set out in the Indenture;

WHEREAS, the Pledgor owns all of the membership interests in GCL New Energy NC Holdings, LLC (the "Pledged Company"), a Subsidiary of the Company, and will benefit from the issuance of the Notes by the Company; and

WHEREAS, pursuant to Section 10.01 of the Indenture, it is required that the Pledgor shall grant the Liens provided for in, this Agreement.

A G R E E M E N T

NOW THEREFORE, to induce the Trustee to enter into the Indenture and the Holders to accept the Notes and the Subsidiary Guarantees and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor hereby agrees with the Collateral Agent as follows:

SECTION 1. Definitions. For all purposes of this Agreement, capitalized terms not otherwise defined herein shall have the meanings set forth in the Intercreditor Agreement

and all terms defined in Article 8 or 9 of the Uniform Commercial Code (the "**UCC**") as in effect from time to time in the State of New York which are used in this Agreement shall have the meaning specified in such Articles.

The rules of construction set forth in Section 1.4 of the Intercreditor Agreement are hereby incorporated by reference herein, mutatis mutandis, as if fully set forth herein.

In addition, the following terms shall have the meanings herein specified:

"Agreement" shall have the meaning provided in the Preamble.

"Assigned Organizational Documents" shall have the meaning provided in Section 2(a).

"Collateral" shall have the meaning provided in Section 2.

"Collateral Agent" shall have the meaning provided in the Preamble.

"Controlling Representative" shall have the meaning assigned to such term in the Intercreditor Agreement.

"Delaware UCC" shall mean the Uniform Commercial Code of the State of Delaware in effect from time to time.

"Event of Default" shall have the meaning assigned to such term in the Intercreditor Agreement.

"Federal Securities Law" shall have the meaning provided in Section 9(f).

"Final Discharge Date" shall mean the date on which all Secured Obligations have been irrevocably and unconditionally paid, released and discharged in full.

"Financing Documents" shall have the meaning assigned to the term "Finance Documents" in the Intercreditor Agreement.

"Financing Statement" shall have the meaning provided in Section 4(f).

"Governmental Authority" shall mean any government or any governmental agency, semi-governmental or judicial entity or authority (including any stock exchange or any self-regulatory organization established under statute).

"Governmental Authorization" shall mean any license, consent, permit, confirmation, registration, recordation, approval, authorization, report, submission or waiver from, or any filing with, any relevant Governmental Authority.

"Indenture" shall have the meaning provided in the recitals.

"Intercreditor Agreement" shall have the meaning provided in the recitals.

"Material Adverse Effect" shall mean the material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company or any Subsidiary Guarantor to perform its obligations under the Financing Documents.

"Pledged Equity Interests" shall have the meaning provided in Section 2(a).

"Pledgor" shall have the meaning provided in the Preamble.

"Pledged Company" shall have the meaning provided in the recitals.

"Secured Parties" shall have the meaning assigned to such term in the Intercreditor Agreement.

"Secured Obligations" shall have the meaning assigned to such term in the Intercreditor Agreement.

"Security Documents" shall have the meaning assigned to such term in the Intercreditor Agreement.

SECTION 2. Pledge and Security Interest. The Pledgor hereby pledges and grants to the Collateral Agent for the benefit of the Secured Parties a security interest in and to, all of the Pledgor's presently owned or hereafter acquired right, title and interest in and to the following (the "Collateral"):

(a) The membership interests in the Pledged Company identified in Annex 1 next to the name of the Pledgor and all other membership interests or shares of Capital Stock of whatever class of the Pledged Company, now or hereafter owned by the Pledgor, and all certificates representing the same (if any) (collectively, the "Pledged Equity Interests"), and all rights and benefits of the Pledgor under the organizational documents of the Pledged Company (including, without limitation, the Limited Liability Company Agreement of the Pledged Company dated as of 3 August 2016 and the certificate of incorporation of the Pledged Company dated as of 13 May, 2014) (as they may be amended, amended and restated, restated, replaced, supplemented or otherwise modified from time to time, the "Assigned Organizational Documents") including, without limitation, (i) all of the Pledgor's interest in the Capital Stock of the Pledged Company, and all rights of the Pledgor as a member and all rights to receive distributions, cash, instruments and other property from time to time receivable or otherwise distributable in respect of such Pledged Equity Interests or pursuant to the Assigned Organizational Documents, (ii) all other payments due or to become due to the Pledgor in respect of such Pledged Equity Interests or the Assigned Organizational Documents including but not limited to all rights of the Pledgor to receive proceeds of any insurance, indemnity, warranty or guaranty due to or with respect to such Pledged Equity Interests or the Assigned Organizational Documents, (iii) all claims of the Pledgor for damages arising out of or for breach of or default under the Assigned Organizational Documents, (iv) the right of the Pledgor to terminate the Assigned Organizational Documents, to perform and exercise consensual or voting rights thereunder, including but not limited to the right, if any, to manage the affairs of the Pledged Company, to make determinations, to exercise any election or option or to give or receive any notice, consent, amendment, waiver or approval, and the right, if any, to compel performance and

otherwise exercise all remedies thereunder and (v) all rights of the Pledgor as a member of the Pledged Company, to all property and assets of the Pledged Company (whether real property, inventory, equipment, contract rights, accounts, receivables, general intangibles, securities, instruments, chattel paper, documents, choses in action or otherwise); and

(b) to the extent not included in the foregoing, all proceeds of any and all of the foregoing Collateral (including, without limitation, proceeds that constitute property of the types described above).

The Pledgor agrees that this Agreement, the security interest granted pursuant to this Agreement and all rights, remedies, powers and privileges provided to the Collateral Agent under this Agreement are in addition to and not in any way affected or limited by any other security now or at any time held by the Collateral Agent to secure payment and performance of the Secured Obligations.

SECTION 3. Security for Secured Obligations. The Collateral secures the prompt and complete payment and performance of the Secured Obligations.

SECTION 4. Representations and Warranties. The Pledgor represents and warrants to the Collateral Agent (on behalf of the Secured Parties) that:

(a) Existence. The Pledgor: (i) is duly organized, incorporated or formed, validly existing and in good standing (to the extent such concept exists under applicable law) under the laws of its jurisdiction of organization or incorporation, (ii) has all requisite corporate power and authority necessary to grant the security interests pursuant hereto and execute, deliver and perform its obligations under this Agreement and to consummate each of the transactions contemplated hereby and (iii) is qualified to do business and is in good standing in every jurisdiction where its assets are located and wherever necessary to carry out its business and operations, except in jurisdictions where the failure to be so qualified or in good standing has not had, and could not be reasonably expected to have, a Material Adverse Effect.

(b) Title. The Pledgor is the legal and beneficial owner of and has good title to the Collateral free and clear of all Liens, except for the Lien pursuant to this Agreement and the Permitted Liens. The Pledgor has not authorised the filing of any financing statement or other instrument similar covering all or any part of the Collateral in any recording office, except such as may have been filed in favor of the Collateral Agent relating to this Agreement.

(c) No Breach. The execution, delivery and performance by the Pledgor of this Agreement and the performance of its obligations hereunder do not (i) violate its articles of organization or other organizational documents of the Pledgor, (ii) violate any provision of any applicable law, except to the extent such violation could not reasonably be expected to have a Material Adverse Effect, (iii) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Pledgor is a party or by which it or its properties may be bound or affected, except to the extent any such breach or default could not reasonably be expected to have a Material Adverse Effect or (iv) result in the creation or imposition of any Lien on the Collateral (other than the Lien pursuant to this

Agreement) upon or with respect to any of the properties now owned or hereafter acquired by the Pledgor.

(d) Organizational Action. The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of the Pledgor. This Agreement has been duly executed and delivered by the Pledgor and is in full force and effect. This Agreement constitutes a legal, valid and binding obligation of the Pledgor, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer or fraudulent conveyance, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) Valid Security. The Liens granted to the Collateral Agent pursuant to this Agreement with respect to the Collateral will, upon the filing of the Financing Statement with the Secretary of State of Delaware constitute perfected security interests in such rights, title or interest as Pledgor has in the Collateral.

(f) Financing Statement; Etc. The UCC-1 financing statement which names the Pledgor as debtor and the Collateral Agent as secured party and describes the Collateral (the "Financing Statement") is in a form to be presented for filing under the Uniform Commercial Code as in effect in the State of Delaware, and upon such filing, the security interest granted hereunder will be a first priority (subject only to Permitted Liens) perfected security interest under the Delaware UCC, and no further filings or other actions are necessary to perfect such security interest. The Pledgor has delivered all certificates or instruments evidencing the Pledged Equity Interests to the Collateral Agent (if any), accompanied by duly executed instruments of transfer or assignment in blank.

(g) Authorizations and Perfection. No consent of any other Person and no Governmental Authorization or other action by, or notice to or filing with, any Governmental Authority is required for (i) the execution, delivery or performance by the Pledgor of this Agreement, except to the extent that the failure to obtain, maintain, make or provide any such consent, Governmental Authorization, other action, filing or notice could not reasonably be expected to have a Material Adverse Effect, (ii) the pledge and assignment by the Pledgor of the Collateral pursuant to this Agreement, (iii) the validity, perfection or maintenance of the security interest created hereby, except for the filing of the Financing Statement and continuation statements in respect thereof or (iv) the exercise by the Collateral Agent of the voting or other rights provided for in this Agreement or the remedies in respect of such Collateral pursuant to this Agreement or as provided by law, except for those which have been duly obtained, made or provided, and as may be required in connection with any disposition of any portion of the Collateral (x) by laws affecting the offering and sale of securities generally, (y) by laws regulating the ownership or transfer of public utilities or electric utilities or their assets or of assets similar to the Collateral or (z) pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and any applicable foreign competition laws.

(h) Names; Changes in Circumstances. The full and correct legal name, type of organization or company, jurisdiction of organization or incorporation, location (as defined in Section 9-307 of the UCC) and the organizational identification number (if any) of the Pledgor

as of the date hereof are correctly set forth in Annex 2. The Pledgor has not (i) within the period of four months prior to the date hereof, changed its location (as defined in the UCC), (ii) except as specified in Annex 2, heretofore changed its name, or (iii) except as specified in Annex 3, heretofore become a "new debtor" (as defined in Section 9-102(a)(56) of the UCC) with respect to a currently effective security agreement previously entered into by any other Person.

(i) Pledged Interests. As of the date hereof (i) the Pledged Equity Interests identified in Annex 1 as owned by the Pledgor constitute all of the issued and outstanding membership interests in the Pledged Company legally and beneficially owned by the Pledgor (whether or not registered in the name of the Pledgor); (ii) except as set forth in Annex 1, there are no other issued and outstanding Pledged Equity Interests in the Pledged Company; (iii) none of the Pledged Equity Interests identified in Annex 1 are in certificated form; (iv) all of the Pledged Equity Interests identified in Annex 1 are a "general intangible" as such term is defined in Article 9 of the UCC; and (v) all of the Pledged Equity Interests have been duly and validly issued and are fully paid and nonassessable.

(j) Options, Restrictions, Etc. There are no outstanding agreements, options and contracts to sell all or any portion of the Collateral, and no part of the Collateral is subject to the terms of any agreement restricting the sale or transfer of such Collateral, except for this Agreement and the Assigned Organizational Documents.

SECTION 5. Covenants. The Pledgor covenants and agrees that:

(a) Books and Records. The Pledgor shall:

(i) keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records in such manner as the Collateral Agent may reasonably require in order to reflect the security interests granted by this Agreement; and

(ii) permit representatives of the Collateral Agent, at any reasonable time and from time to time upon reasonable prior notice, and at the direction of the Trustee, to examine and make copies of and abstracts from its books and records pertaining to the Collateral; provided that, so long as no Default or Event of Default shall have occurred and be continuing, any such examination in excess of one such examination in any fiscal year shall be at the expense of the Collateral Agent.

(b) Performance of the Assigned Organizational Documents. The Pledgor shall not, without the consent of the Collateral Agent, (i) cancel or terminate the Assigned Organizational Documents or consent to or accept any cancellation or termination thereof, or (ii) amend or otherwise modify the Assigned Organizational Documents in any manner that is reasonably likely to have an adverse effect on (x) the interests of the Secured Parties or (y) the Lien created hereunder.

(c) Certificates. The Pledgor shall ensure that the Pledged Company does not issue any certificate evidencing the Pledged Equity Interests.

(d) Disposition of Collateral. The Pledgor shall not transfer, sell, assign (by operation of law or otherwise) or otherwise dispose of any of the Collateral, other than (i) the

pledge, hypothecation and security interest created pursuant to this Agreement and (ii) any transfer, sale, assignment or disposition that are permitted under, and conducted in compliance with, the terms of the Finance Documents then in effect.

(e) Liens. The Pledgor will not create, incur, assume or suffer to exist any Lien upon any Collateral (other than the Lien pursuant to this Agreement and Permitted Liens).

SECTION 6. Continued Perfection of Security Interest.

(a) The Pledgor agrees that from time to time the Pledgor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary, or that the Collateral Agent may request (acting reasonably), in order to perfect and protect the pledge, hypothecation and security interest (and the priority of such security interest) granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Pledgor shall execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary, or as the Collateral Agent may reasonably request, in order to perfect and preserve the pledge, hypothecation and relative priorities of the security interest granted or purported to be granted hereby.

(b) The Pledgor hereby authorizes, the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral. Notwithstanding the foregoing, nothing herein shall require the Collateral Agent to file financing statements or continuation statements, or be responsible for maintaining the security interests purported to be created as described herein and such responsibility shall be solely that of the Pledgor.

SECTION 7. Pledgor's Rights.

(a) Voting Rights. Unless an Event of Default shall have occurred and be continuing, the Pledgor shall be entitled to exercise all voting and other rights with respect to the Collateral.

(b) Distributions. All distributions paid or payable in respect of the Pledged Equity Interests may be paid to and retained by the Pledgor to the extent not prohibited by the Intercreditor Agreement or (if applicable) any other Financing Document. During the continuance of any Event of Default, any and all distributions paid or payable in respect of the Pledged Equity Interests (whether paid in cash, securities or other property) shall be, and shall be forthwith delivered to the Collateral Agent to hold as Collateral and shall, if received by the Pledgor, be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of the Pledgor and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary endorsement).

SECTION 8. Obligations of the Pledgor and Rights of Collateral Agent. Anything herein to the contrary notwithstanding, (a) the Pledgor shall remain liable under the Assigned Organizational Documents to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the

exercise by the Collateral Agent of any of the rights hereunder shall not release the Pledgor from any of its duties or obligations under the Assigned Organizational Documents and (c) neither the Collateral Agent nor any other Secured Party shall have any obligation or liability under the Assigned Organizational Documents by reason of this Agreement, nor shall the Collateral Agent or any other Secured Party be obligated to perform any of the obligations or duties of the Pledgor thereunder or to take any action to collect or enforce any claim assigned hereunder, unless the Collateral Agent has agreed in writing to be so obligated.

If the Pledgor fails to perform any agreement contained herein and an Event of Default has occurred due to the Pledgor's failure and is continuing, the Collateral Agent may itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by the Pledgor per Section 12.

The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, and the duties set forth in the UCC, the Collateral Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent shall not be required to expend or risk any of its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Collateral Agent may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in performing such duty or exercising such right or power.

SECTION 9. Remedies of Collateral Agent. At any time after an Event of Default occurs and is continuing, the Collateral Agent has the right to do any or all of the following:

(a) The Collateral Agent may exercise any and all rights and remedies of the Pledgor under or in connection with any Assigned Organizational Documents, the Pledged Equity Interests or otherwise in respect of the Collateral, including, without limitation, any and all rights of the Pledgor to demand or otherwise require payment of any amount under, or performance of any provision of, any Assigned Organizational Documents and all rights of the Pledgor to control the operations of the Pledged Company. In addition, the Collateral Agent may cure any default by the Pledgor under any Assigned Organizational Documents.

(b) The Collateral Agent shall have the right in its discretion to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Collateral.

(c) All rights of the Pledgor to exercise or refrain from exercising the voting and other consensual rights which it would otherwise be entitled to exercise shall cease, and all such rights shall thereupon become vested in the Collateral Agent who shall thereupon, so long as the Event of Default is continuing, have the sole right to exercise or refrain from exercising in a reasonable manner such voting and other consensual rights in aid of foreclosure or other enforcement of its security interest in the Collateral.

(d) The Collateral Agent may (i) notify the Pledged Company to make payment and performance due to the Pledgor under the Assigned Organizational Documents to the Collateral Agent, (ii) extend the time of payment and performance of, or compromise or settle for cash, credit or otherwise, and upon any terms and conditions, the obligations of the Pledgor under the Assigned Organizational Documents, (iii) file any claims, commence, maintain, settle or discontinue any actions, suits or other proceedings deemed by the Collateral Agent in its sole discretion necessary or advisable for the purpose of collecting upon the Collateral or enforcing the Assigned Organizational Documents, and (iv) execute any instrument and do all other things deemed necessary and proper by the Collateral Agent in its sole discretion to protect and preserve and permit the Collateral Agent to realize upon the Collateral and the other rights contemplated thereby.

(e) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC and all other rights provided for by applicable law, and may also, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. The Pledgor agrees that, to the extent notice of sale shall be required by law, at least 10 days' written notice, in a manner provided in Section 15, to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(f) In view of the position of the Pledgor in relation to the Collateral, or because of other current or future circumstances, questions may arise under the Securities Act of 1933, as now or hereafter in effect, or any similar statute hereafter enacted analogous in purpose or effect (such act and any such similar statute as from time to time in effect being called the "Federal Securities Laws") with respect to any disposition of the Collateral permitted hereunder. The Pledgor understands that compliance with the Federal Securities Laws might very strictly limit the course of conduct of the Collateral Agent if the Collateral Agent were to attempt to dispose of all or any part of the Collateral, and might also limit the extent to which or the manner in which any subsequent transferee of any Collateral could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Collateral Agent in any attempt to dispose of all or part of the Collateral under applicable blue sky or other state securities laws or similar laws analogous in purpose or effect. The Pledgor recognizes that in light of the foregoing restrictions and limitations the Collateral Agent may, with respect to any sale of Collateral, to the extent commercially reasonable, limit the purchasers to those who will agree, among other things, to acquire Collateral for their own account, for investment, and not with a view to the distribution or resale thereof. The Pledgor acknowledges and agrees that, in light of the foregoing restrictions and limitations, the Collateral Agent, in a commercially reasonable manner, (i) may proceed to make such a sale whether or not a registration statement for the purpose of registering the Collateral or part thereof shall have been filed under the Federal Securities Laws and (ii) may approach and negotiate with a single possible purchaser to effect

such sale. The Pledgor acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, neither the Collateral Agent nor any other Secured Party shall incur any responsibility or liability for selling all or any part of the Collateral at a price that the Collateral Agent, in a commercially reasonable manner, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a higher price might have been realized if the sale were deferred until after registration as aforesaid or if more than a single purchaser were approached. The provisions of this paragraph will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed the price at which the Collateral Agent sells. The Pledgor agrees that sales made pursuant to this paragraph are made in a commercially reasonable manner.

(g) All payments made under or in connection with the Assigned Organizational Documents, the Pledged Equity Interests, or otherwise in respect of the Collateral (including, without limitation, proceeds from the enforcement of rights and remedies) and received by the Collateral Agent may, in the discretion of the Collateral Agent and to the extent permitted by applicable law, be held by the Collateral Agent as collateral for the Secured Obligations, and then or as soon thereafter as is reasonably practicable applied in whole or in part by the Collateral Agent in accordance with Section 6 of the Intercreditor Agreement.

SECTION 10. Collateral Agent Appointed Attorney-in-Fact. The Pledgor hereby irrevocably appoints the Collateral Agent as the Pledgor's proxy and attorney-in-fact, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, upon the occurrence of and during the continuance of an Event of Default, to take any and all actions authorized or permitted to be taken by the Collateral Agent, in the Collateral Agent's discretion, under this Agreement or by law, including but not limited to the power to:

(a) take any action and execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement;

(b) ask for, demand, collect, sue for, recover, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;

(c) receive, indorse, and collect any drafts or other instruments, documents and chattel paper in connection therewith; and

(d) file any claims or take any action or institute any proceedings which the Collateral Agent may deem to be necessary or desirable for the collection of any of the Collateral or to enforce compliance with the terms and conditions of the Assigned Organizational Documents.

SECTION 11. Enforcement of Liens. Subject to the terms of the Intercreditor Agreement, after an Event of Default has occurred and is continuing and the Controlling Representative so directs the Collateral Agent in accordance with, and subject to the rights of the Collateral Agent set forth in, the Intercreditor Agreement, the Collateral Agent will act, or decline to act, as directed by the Controlling Representative, in the exercise and enforcement of the Collateral Agent's interests, rights, powers and remedies in respect of the Collateral or under the

Security Documents or applicable law and, following the initiation of such exercise of remedies, the Collateral Agent will act, or decline to act, with respect to the manner of such exercise of remedies as directed by the Controlling Representative. After an Event of Default has occurred and is continuing then, unless the Collateral Agent has been directed to the contrary by the Controlling Representative, the Collateral Agent in any event may (but will not be obligated to) take all lawful and commercially reasonable actions permitted under the Security Documents that it may deem necessary or advisable to protect or preserve its interest in the Collateral subject thereto and the interests, rights, powers and remedies granted or available to it under, pursuant to or in connection with the Security Documents.

SECTION 12. Indemnity and Expense. The Pledgor agrees to pay any and all out-of-pocket expenses (including, without limitation, the fees and expenses of legal counsel) relating to the enforcement of the Collateral Agent's rights hereunder in the event the Pledgor disputes its obligations under this Agreement and it is finally determined (whether through settlement, arbitration or adjudication, including the exhaustion of all permitted appeals), that the Collateral Agent is entitled to receive payment or performance of a portion of or all of any disputed obligations.

SECTION 13. Security Interest Absolute. Until terminated in accordance with Section 16, the obligations of the Pledgor under this Agreement shall be absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation: (a) any renewal, extension, amendment or modification of, or addition or supplement to or deletion from any Financing Document or any other instrument or agreement referred to therein, or any assignment or transfer of any thereof, (b) any waiver, consent, extension, indulgence or other action or inaction under or in respect of any such instrument or agreement or this Agreement or any exercise or non-exercise of any right, remedy, power or privilege under or in respect of this Agreement or any other Financing Document, (c) any furnishing of any additional security (including, without limitation, any assets, whether now owned or hereafter acquired, upon which a Lien is created or granted from time to time pursuant to the other Security Documents) to the Collateral Agent or any acceptance thereof or any sale, exchange, release, surrender or realization of or upon any security by the Collateral Agent or (d) any invalidity, irregularity or unenforceability of all or part of the Secured Obligations or of any security therefor.

SECTION 14. Amendments; Etc. The terms of this Agreement may be amended, supplemented, waived or otherwise modified only by an instrument in writing duly executed by the Pledgor and the Collateral Agent. Any such amendment, supplement, waiver or modification shall be binding upon the Collateral Agent and each Secured Party and the Pledgor. Any waiver shall be effective only in the specific instance and for the specified purpose for which it was given.

SECTION 15. Notices. All notices, requests and demands to or upon the Collateral Agent or the Pledgor hereunder shall be effected in the manner provided for in Section 8.1 of the Intercreditor Agreement.

SECTION 16. Continuing Assignment; Pledge and Security Interest; Release. This Agreement shall create a continuing pledge, assignment of, hypothecation of and security interest in the Collateral and, other than the release of the Collateral in connection with a disposition of the Capital Stock of the Pledged Company in accordance with the terms of the Finance Documents then in effect, shall (a) remain in full force and effect until the Final Discharge Date irrespective of whether any petition is filed by or against the Pledgor or the Pledged Company for liquidation or reorganization, the Pledgor or the Pledged Company become insolvent or make an assignment for the benefit of creditors, or a receiver or trustee is appointed for all or any significant part of a Pledgor's or the Pledged Company's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made, and in the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned and (b) inure to the benefit of, and be enforceable by, the Collateral Agent, the other Secured Parties and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (b), any Secured Party may assign or otherwise transfer all or any portion of its rights in the Secured Obligations to the extent and in the manner provided in the Financing Documents, and such assignee shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party herein or otherwise. Upon the Final Discharge Date, the security interest granted hereby shall automatically terminate and all rights to the Collateral shall revert to the Pledgor. Upon any such termination, the Collateral Agent will, at the expense of the Pledgor, promptly execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request in writing to evidence such termination.

SECTION 17. Severability. In case any provision in or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 18. Table of Contents and Headings. The Table of Contents and headings of the Sections of this Agreement have been inserted for convenience of reference only, are not to be considered a part of this Agreement and in no way modify or restrict any of the terms and provisions of this Agreement.

SECTION 19. Governing Law; Jurisdiction; Etc

(a) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) Submission to Jurisdiction. (i) Each party hereto hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of any U.S. Federal or New York State court located in the Borough of Manhattan, the City of New York, New York, in connection with any suit, action or proceeding arising out of or relating to this Agreement or any transaction contemplated hereby or thereby. Each party hereto irrevocably and unconditionally waives, to the

fullest extent permitted by applicable law, any objection which it may now or hereafter have to the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. To the extent that the Pledgor has or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from any legal process with respect to itself or its property, the Pledgor, irrevocably waives such immunity in respect of its obligations hereunder. The Pledgor agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the Pledgor, and, to the extent permitted by applicable law, may be enforced in any court to the jurisdiction of which the Pledgor is subject by a suit upon such judgment or in any manner provided by law, provided that service of process is effected upon the Pledgor in the manner specified in the following subsection or as otherwise permitted by applicable law.

(ii) As long as any of the Secured Obligations remain outstanding, the Pledgor shall at all times have an authorized agent in the City of New York, upon whom process may be served in any legal action or proceeding arising out of or relating to this Agreement. Service of process upon such agent and written notice of such service mailed or delivered to the Pledgor shall to the fullest extent permitted by applicable law be deemed in every respect effective service of process upon the Pledgor in any such legal action or proceeding. The Pledgor hereby appoints Law Debenture Corporate Services Inc. as its agent for such purpose and covenants and agrees that service of process in any suit, action or proceeding may be made upon it at the office of such agent at Suite 403,801 2nd Avenue, New York, NY 10017. The Pledgor shall at all times have an agent for the above purposes in the City of New York. The Pledgor hereby agrees to take any and all action as may be necessary to maintain the designation and appointment of an agent in full force and effect until all Secured Obligations are discharged in full.

(iii) The Pledgor hereby irrevocably waives, to the fullest extent permitted by applicable law, any requirement or other provision of law, rule, regulation or practice which requires or otherwise establishes as a condition to the institution, prosecution or completion of any suit, action or proceeding (including appeals) arising out of or relating to this Agreement, the posting of any bond or the furnishing, directly or indirectly, of any other security.

(c) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 20. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original,

but all the counterparts together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement and signature pages for all purposes.

SECTION 21. Applicability of other Financing Documents. In amplification of, and notwithstanding any other provisions of this Agreement, in connection with its obligations and protections hereunder, the Collateral Agent has all of the rights, powers, privileges, exculpations, protections and indemnities as provided to it in the other Financing Documents.

SECTION 22. No Discretion. Notwithstanding anything else to the contrary herein, whenever reference is made in this Agreement to any discretionary action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Collateral Agent or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction, reasonable satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Collateral Agent, it is understood that in all cases the Collateral Agent shall be fully justified in failing or refusing to take any such action under this Agreement if it shall not have received such written instruction, advice or concurrence of the Controlling Representative, as the Collateral Agent deems appropriate. This provision is intended solely for the benefit of the Collateral Agent and its successors and permitted assigns and is not intended to and will not entitle the other parties hereto to any defense, claim or counterclaim, or confer any rights or benefits on any party hereto.

SECTION 23. No Personal Liability. The provisions of Section 12.12 of the Indenture are hereby incorporated by reference and shall apply to this Agreement, mutatis mutandis, as if fully set forth herein.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto and shall be effective as of the date on which it is countersigned and delivered by the Collateral Agent as set forth on the signature page of the Collateral Agent.

PLEDGOR:

GCL NEW ENERGY, INC.

By: _____
Name:
Title:

COLLATERAL AGENT:

MADISON PACIFIC TRUST LIMITED,
as Collateral Agent

By: _____
Name:
Title:
Date:

ANNEX 1

Pledged Equity Interests

Name of Pledgor	Name of Pledged Company	Nature of Interest	Percentage Interest
GCL NEW ENERGY, INC.	GCL NEW ENERGY NC HOLDINGS, LLC	Units of Membership Interest	100%

ANNEX 2

Jurisdictions of Organization and Chief Executive Offices

Legal Name	Jurisdiction and Type of Organization	Organizational Identification No.	Chief Executive Office
GCL NEW ENERGY, INC.	STATE OF DELAWARE CORPORATION	5754022	12667 Alcosta Blvd, STE 400, San Ramon, CA 94583

ANNEX 3

New Debtor Events

None.