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

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

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GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 451)

**MAJOR AND CONNECTED TRANSACTION —
DISPOSAL OF THE PRINTED CIRCUIT BOARD BUSINESS
AND
NOTICE OF SPECIAL GENERAL MEETING**

Financial Adviser to the Company



**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

***Hercules*
Hercules Capital Limited**

Capitalised terms used in this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 5 to 17 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on page 18 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 37 of this circular.

A notice convening the Special General Meeting to be held at Strategy II & III, 8/F, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Monday, 13 February 2017 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular.

A proxy form for use at the Special General Meeting is enclosed. Whether or not you are able to attend the Special General Meeting, please complete the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the Special General Meeting and any adjournment thereof (as the case may be) should you so wish and in such event, the proxy form shall be deemed to be revoked.

20 January 2017

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	18
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	19
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — GENERAL INFORMATION	II-1
NOTICE OF SPECIAL GENERAL MEETING	SGM-1

DEFINITIONS

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

“Actual Profit”	the audited net profit after tax of the Disposal Group for the year ended 31 December 2016 as per the audited financial statements of the Disposal Group for the year ended 31 December 2016
“Adjustment Amount”	has the meaning given under the section headed “The Disposal” on page 6 of this circular
“Affiliate(s)”	in relation to the Company, any subsidiary or Parent Company of the Company and any subsidiary of any such Parent Company; in relation to the Purchaser, any company directly or indirectly owned or controlled by the Purchaser, in each case from time to time
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	means a day (other than a Saturday or Sunday or public holiday in Hong Kong and any day on which a tropical cyclone warning no.8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general commercial business
“B.V.I.”	The British Virgin Islands
“Closing”	completion of the Disposal in accordance with the provisions of the Sale and Purchase Agreement
“Closing Date”	the date on which Closing occurs
“Company”	GCL New Energy Holdings Limited 協鑫新能源控股有限公司, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 451
“Comparable Companies”	has the meaning given under the section headed “The Disposal” on page 7 of this circular
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the purchase price payable by the Purchaser to the Company under the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Disposal”	the proposed disposal of the Sale Shares by the Company to the Purchaser as contemplated under the Sale and Purchase Agreement
“Disposal Group”	the Target and its subsidiaries
“Exchange Rate”	the rate at which a unit of RMB is exchanged for that of HK\$ which amounts at 1.1166, being the exchange rate prevailing on 28 December 2016
“Extended Long Stop Date”	up to 60 days after the Long Stop Date
“Fixed Price”	HK\$250,000,000.00
“GCL-Poly”	GCL-Poly Energy Holdings Limited 保利協鑫能源控股有限公司, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800. As at the Latest Practicable Date, GCL-Poly is interested in approximately 62.28% of the issued share capital of the Company
“Group”	the Company and its subsidiaries
“GW”	gigawatt(s)
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Wang Bohua, Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying, being all the independent non-executive Directors, established to give a recommendation to the Independent Shareholders in respect of the Sale and Purchase Agreement and the Disposal
“Independent Financial Adviser”	Hercules Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Disposal
“Independent Shareholders”	Shareholders other than the Purchaser and his associates

DEFINITIONS

“Latest Practicable Date”	16 January 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 May 2017
“MW”	megawatt(s)
“Nasdaq”	The Nasdaq Stock Market
“Outliers”	has the meaning given under the section headed “The Disposal” on page 8 of this circular
“Parent Company”	any company which holds a majority of the voting rights in another company, or which is a shareholder of another company and has the right to appoint or remove a majority of its board of directors, or which is a shareholder of another company and controls a majority of the voting rights in it under an agreement with other shareholders, in each case whether directly or indirectly through one or more companies
“PE Ratio”	the price-earnings ratio of 12.0
“PRC” or “China”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Mr. Yip Sum Yin, who resigned as an executive Director with effect from 23 June 2016
“Purchaser Group”	the Purchaser and his Affiliates from time to time, which from Closing shall include the Disposal Group
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 December 2016 entered into between the Company (as the seller) and the Purchaser in relation to the Disposal
“Sale Shares”	the entire issued share capital of the Target
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time

DEFINITIONS

“SGM” or “Special General Meeting”	the special general meeting of the Company to be convened and held at Strategy II & III, 8/F, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Monday, 13 February 2017 at 11:00 a.m., notice of which is set out on pages SGM-1 to SGM-2 of this circular and any adjournment thereof for the purpose of approving, among other things, the Sale and Purchase Agreement and the Disposal
“Share(s)”	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.00416̄) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Taiwan Stock Exchange”	The Taiwan Stock Exchange Corporation
“Target”	Same Time International (B.V.I.) Limited, a company incorporated in the B.V.I. with registered number 38332 whose registered address is at Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, the B.V.I., and a direct wholly-owned subsidiary of the Company
“%”	per cent

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

For ease of reference and unless otherwise specified in this circular, sums in HK\$ and RMB herein is translated at the rate RMB1.0 = HK\$1.1163. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.



GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 451)

Executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

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

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

Unit 1701A-1702A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Independent non-executive Directors:

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

20 January 2017

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION —
DISPOSAL OF THE PRINTED CIRCUIT BOARD BUSINESS
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

On 30 December 2016, GCL-Poly and the Company jointly announced that the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, being the entire equity interest in the Target.

LETTER FROM THE BOARD

As certain applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, since the Purchaser, who was an executive Director in the past 12 months, is a connected person of the Company, the Disposal constitutes a connected transaction of the Company and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with information regarding: (i) details of the Sale and Purchase Agreement and the Disposal; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders on the terms of the Sale and Purchase Agreement and the Disposal; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same regard; (iv) financial information of the Group; and (v) a notice of the SGM.

2. THE DISPOSAL

The major terms of the Sale and Purchase Agreement are set out below:

(i) Date

30 December 2016

(ii) Parties

Seller : the Company
Purchaser : Mr. Yip Sum Yin

(iii) Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, being the entire equity interest in the Target.

(iv) Consideration

The Consideration is the Fixed Price of HK\$250,000,000.00 plus, as the case may be, the Adjustment Amount.

Adjustment Amount means the absolute amount of the difference between the Actual Profit and RMB18,657,830.00 (equivalent to approximately HK\$20,827,735.63) multiplied by the PE Ratio and the Exchange Rate. The Adjustment Amount shall be subject to a cap of HK\$250,000,000.00.

LETTER FROM THE BOARD

The Purchaser shall pay to the Company the Consideration as follows:

- (a) HK\$125,000,000.00, being 50% of the Fixed Price, within three Business Days after the date the Company obtains the requisite Independent Shareholders' approval for the Disposal under the Listing Rules; and
- (b) the remainder of the Consideration, as adjusted and calculated in accordance with the adjustment mechanism below, on the Closing Date.

The remainder of the Consideration shall be adjusted and calculated as follows:

- (a) if the Actual Profit is higher than RMB18,657,830.00 (equivalent to approximately HK\$20,827,735.63), the remainder of the Consideration shall be an amount equal to HK\$125,000,000.00, being the remainder of the Fixed Price, plus the Adjustment Amount; or
- (b) if the Actual Profit is less than RMB18,657,830.00 (equivalent to approximately HK\$20,827,735.63), the remainder of the Consideration shall be an amount equal to HK\$125,000,000.00, being the remainder of the Fixed Price.

(v) Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Company and the Purchaser taking into account the following factors:

- (a) the historical operating and financial performance of the Disposal Group;
- (b) the reasons for and benefits of the Disposal, in particular, the strategic rationale for the Disposal, as set out in the section headed "Reasons for and Benefits of the Disposal and Intended Use of Proceeds"; and
- (c) the trading price-earnings multiples of the listed companies with businesses comparable to that of the Disposal Group in the area of the manufacturing and the sale of printed circuit boards (the "**Comparable Companies**").

The PE Ratio of 12.0 represents the median of the price-earnings multiples of the Comparable Companies as at 28 December 2016. The criteria of selecting the Comparable Companies are as follows:

- (a) companies operating in the same industry as the Disposal Group with at least half of their revenue deriving from the manufacturing and the sale of printed circuit boards;
- (b) public companies with similar business operations and customer segmentation to the Disposal Group; and
- (c) companies which recorded profit in the 12 months preceding 28 December 2016.

LETTER FROM THE BOARD

Among the Comparable Companies, only two of the them are listed on the Stock Exchange and the other Comparable Companies are listed on the other stock exchanges. However, given that all of these Comparable Companies are public companies engaged in a similar business as the Disposal Group, the Directors consider that these Comparable Companies are fair and representative samples.

The trading price-earnings multiples of the Comparable Companies as at 28 December 2016 are set out below:

Company Name	Stock Exchange	Stock Code	Trading price-earnings multiple as at 28 December 2016 (Note)
Yan Tat Group Holdings Ltd	the Stock Exchange	1480	15.4
Elec & Eltek International Co Ltd	the Stock Exchange	1151	16.4
TTM Technologies Inc	Nasdaq	TTMI	30.8
Firan Technology Group Corp	Toronto Stock Exchange	FTG	6.9
IEC Electronics Corp	New York Stock Exchange	IEC	7.4
Tripod TechnologyCorp	Taiwan Stock Exchange	3044	12.0
Zhen Ding Technology Holding Ltd	Taiwan Stock Exchange	4958	10.9
FLEXium Interconnect Inc	Taiwan Stock Exchange	6269	12.1
Chin-Poon Industrial Co Ltd	Taiwan Stock Exchange	2355	9.9

Source: Bloomberg

Note: The trading price-earnings multiple as at 28 December 2016 is calculated based on the market capitalisation of the relevant Comparable Company as at 28 December 2016 divided by the trailing 12-month net profit attributable to the equity holders of that Comparable Company.

As advised by DTZ Cushman & Wakefield Limited, a valuer independent from the parties to the Sale and Purchase Agreement, three other public companies which met the above selection criteria with extreme trading price-earnings multiples ranging from 43 to 88 are excluded from the list of Comparable Companies (the “**Outliers**”), two of which are listed in China while one is listed in Taiwan. As their trading price-earnings multiples as at 28 December 2016 are much higher than those of the Comparable Companies and may distort the calculation of the PE Ratio, all of the Outliers are excluded from the list of Comparable Companies.

LETTER FROM THE BOARD

The information of the Outliers are as follows:

Company Name	Stock Exchange	Stock Code	Trading price-earnings multiple as at 28 December 2016 <i>(Note)</i>
Victory Giant Technology Huizhou Co Ltd	Shenzhen Stock Exchange	300476	43.09
Bomin Electronics Co Ltd	Shanghai Stock Exchange	603936	88.1
Chunghwa Precision Test Tech Co Ltd	Taiwan Stock Exchange	2355	62.93

Source: Bloomberg

Note: The trading price-earnings multiple as at 28 December 2016 is calculated based on the market capitalisation of the relevant company as at 28 December 2016 divided by the trailing 12-month net profit attributable to the equity holders of that relevant company.

As the Consideration is subject to the upward adjustment with reference to the Actual Profit, it indeed equals to the product of the Actual Profit, the PE Ratio and the Exchange Rate and shall be subject to a cap of HK\$500,000,000.00. In the event that the Adjustment Amount is nil, the Consideration shall be HK\$250,000,000.00 and the benchmark of RMB18,657,830.00 is calculated based on the Fixed Price of HK\$250,000,000.00 divided by the PE Ratio and the Exchange Rate.

The Consideration is lower than the net book value of the assets of the Disposal Group by approximately HK\$202,435,273.70 assuming that the Adjustment Amount is nil. However, having considered that the Consideration is based on the Actual Profit and the PE Ratio and other relevant factors as disclosed above and in the section headed “Reasons for and Benefits of the Disposal and Intended Use of Proceeds”, the Directors consider that the basis of the Consideration is fair and reasonable and on normal commercial terms.

LETTER FROM THE BOARD

(vi) Conditions precedent

Closing is subject to the fulfilment or (if applicable) waiver of certain conditions precedent on or before the Long Stop Date (or if applicable, the Extended Long Stop Date):

- (a) the Company having obtained the requisite Independent Shareholders' approval for the Disposal as required under the Listing Rules; and
- (b) the release of the guarantee dated 1 June 2016 entered into by the Company in favour of Bank of China (Ji An Branch)* (中國銀行股份有限公司吉安市分行) in respect of a credit facility of Red Board (Jiang Xi) Limited* (紅板(江西)有限公司) (an indirect wholly-owned subsidiary of the Target).

(vii) Closing

Closing shall take place on the fifth Business Day after the date when all the conditions precedent have being fulfilled or waived (as the case may be).

Upon Closing, the Target will cease to be a subsidiary of the Company and the Company will cease to hold any interest in the Target.

3. INFORMATION ABOUT THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

The Group

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

The Purchaser

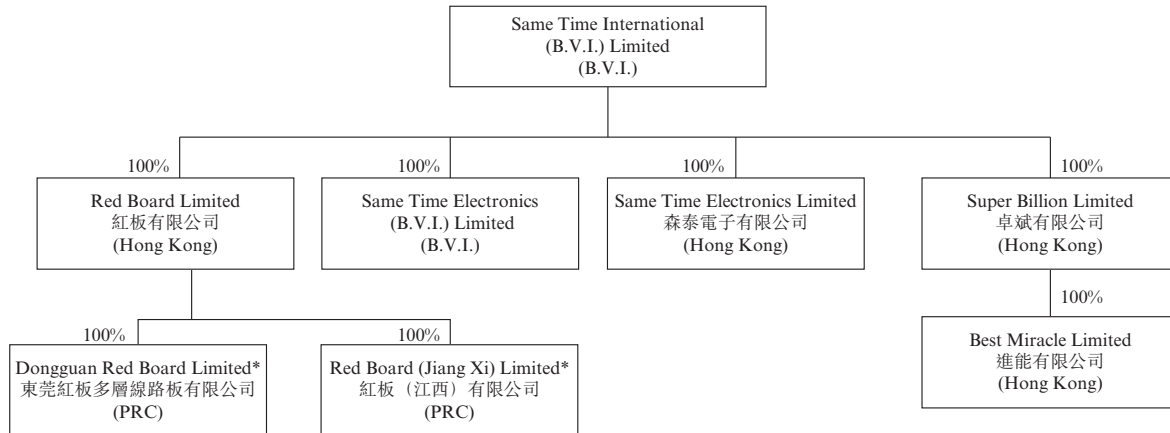
The Purchaser was an executive Director in the past 12 months.

LETTER FROM THE BOARD

4. INFORMATION ABOUT THE TARGET AND THE DISPOSAL GROUP

The Target is a company incorporated in the B.V.I. and is the holding company in the Disposal Group, whose business primarily consists of the manufacturing and the sale of printed circuit boards in the PRC.

The shareholding structure of the Disposal Group immediately before Closing:



Based on the consolidated management account of the relevant members of the Disposal Group for the ten months ended 31 October 2016, the unaudited total asset value and net asset value of the Disposal Group as at 31 October 2016 were approximately RMB1,285,969,000.00 (equivalent to approximately HK\$1,435,527,194.70) and RMB405,299,000.00 (equivalent to approximately HK\$452,435,273.70), respectively.

A summary of the net profit/loss of the Disposal Group for each of the nine months ended 31 December 2014, the year ended 31 December 2015 and the ten months ended 31 October 2016 prepared in accordance with the International Financial Reporting Standards is set forth below:

	Nine months ended 31 December 2014		Year ended 31 December 2015		Ten months ended 31 October 2016	
	<i>approximately</i> RMB'000	<i>approximately</i> HKD'000	<i>approximately</i> RMB'000	<i>approximately</i> HKD'000	<i>approximately</i> RMB'000	<i>approximately</i> HKD'000
Revenue	929,799	1,037,935	1,281,890	1,430,974	1,232,152	1,375,451
Profit/(loss) before tax	32,259	36,011	(58,659)	(65,481)	40,982	45,748
Profit/(loss) for the period	14,324	15,990	(91,196)	(101,802)	12,396	13,838

The financial performance of the Disposal Group has shown a significant fluctuation from 2014 to 2016. The Disposal Group incurred a loss in 2015 mainly due to (i) the additional depreciation of approximately RMB110.6 million (equivalent to approximately HK\$123.5 million) from plant and machinery of the factory in Jiangxi as a result of the change in useful life from 10 years to 6 years caused by technological advancement; and (ii)

LETTER FROM THE BOARD

an impairment loss recognised on plant and equipment, which amounted to approximately RMB42.1 million (equivalent to approximately HK\$47.0 million) as a result of the recent unsatisfactory performance and the potential additional costs for compliance with environmental policies and regulations imposed on the factory in Dongguan engaging in the printed circuit board business.

Compared to the solar business, the printed circuit board business is by nature susceptible to market changes and government policies. Also, the cost of production highly depends on the labour costs and the price of copper clad laminates, which are the major raw materials for printed circuit boards. The technological advancement for the printed circuit board industry is rapid, especially for high density interconnect printed circuit board products, resulting in costly investment in technology. The requirement for compliance with the environmental laws for the printed circuit board business is also very high as it is a polluting industry. Despite the profits made for the nine months ended 31 December 2014 and for the ten months ended 31 October 2016, the net profit margins were thin and therefore were fragile to market changes.

5. FINANCIAL EFFECT OF THE DISPOSAL

The Target will no longer be a subsidiary of the Company upon Closing.

After taking account of the financial performance of the Disposal Group for each of the nine months ended 31 December 2014, the year ended 31 December 2015 and the ten months ended 31 October 2016 as mentioned above, the Directors consider that there will be no material adverse impact to the earnings of the Group as a whole as a result of the Disposal.

The Directors expect that the Group would record from the Disposal an unaudited loss before taxation of approximately RMB183,196,000.00 (equivalent to approximately HK\$204,501,694.80) following Closing, which is calculated on the basis of the carrying value of the Disposal Group minus the net proceeds from the Disposal of approximately RMB222,103,000.00 (equivalent to approximately HK\$247,933,578.90) assuming the Adjustment Amount is nil. The total assets, total liabilities and net assets of the Group will be decreased by RMB1,063,866,000.00 (equivalent to approximately HK\$1,187,593,615.80), RMB880,670,000.00 (equivalent to approximately HK\$983,091,921.00) and RMB183,196,000.00 (equivalent to approximately HK\$204,501,694.80), respectively. In the event the Consideration is adjusted upward by the Adjustment Amount, the aforesaid loss on disposal would be reduced correspondingly. The actual financial effect on the Disposal may be different from the above and will be determined based on the financial position of the Disposal Group on the Closing Date and the Adjustment Amount and is subject to audit.

Save as disclosed in this circular, the Company is not in negotiation of, or has not entered into any agreement, arrangement, undertaking and/or understanding in respect of acquisition or any new assets and/or business that is discloseable under the Listing Rules or the provisions of inside information under Part XIVA of the SFO.

LETTER FROM THE BOARD

6. REASONS FOR AND BENEFITS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

In evaluating the Disposal, the Directors took into account the following factors:

- (i) the printed circuit board business is a fluctuating business which is susceptible to changing government policies especially in environmental laws. As set out in the section headed “Information about the Target and the Disposal Group”, for the nine months ended 31 December 2014, the year ended 31 December 2015 and for the ten months ended 31 October 2016, the Group recorded an audited profit of RMB14,324,000 (equivalent to approximately HK\$15,990,000), an audited loss of RMB91,196,000 (equivalent to approximately HK\$101,802,000) and an unaudited profit of approximately RMB12,396,000.00 (equivalent to approximately HK\$13,837,000.00, respectively). The Directors therefore consider that the printed circuit board business would not be able to benefit the Group with steady and stable growth;
- (ii) the profit contribution from the Disposal Group is relatively limited. The gross profit margin of the Disposal Group is much lower than that of the Group’s solar business. For the year ended 31 December 2015, the gross profit margins of the Group’s solar business and the Disposal Group were approximately 72.1% and 2.1% respectively and for the six months ended 30 June 2016, the gross profit margins of the Group’s solar business and the Disposal Group were approximately 74.5% and 10.8% respectively;
- (iii) the Company’s business focus on the solar business after the Disposal is consistent with China’s 13th Five Year Plan for the long term development of the solar industry which started in 2016. By disposing of the printed circuit board business, the Directors consider that the Company will benefit from (a) an immediate cash inflow; (b) reduced operational risks associated with the printed circuit board business resulting from the change in environmental laws; and (c) a focus of the Group’s resources on the future development of the solar business which is a green business with higher gross profit margin and financial return for the Group; and
- (iv) the Disposal represents an opportunity to scale-up the Group’s solar business by attracting international investors and reducing fund raising costs. The focus and the expansion of the Group’s solar business will lead to a larger economy of scale and a potentially larger geographical coverage for the Group.

The Company has not considered the sale of the Disposal Group to an independent third party because:

- (i) compared to the solar energy sector, the printed circuit board business does not have as many prospective buyers in the market and is not as active;
- (ii) the Purchaser was one of the co-founders of the Company and has managed the Disposal Group since 1982. He possesses extensive experience and expertise in the printed circuit board business and is familiar with the operations of Disposal

LETTER FROM THE BOARD

Group. He therefore did not need to conduct extensive due diligence on the Disposal Group throughout the sale and purchase process. The Company considers that the sale of the Disposal Group to the Purchaser is more cost-efficient compared to a sale to an independent third party; and

- (iii) the Disposal to the Purchaser minimises the impact of the Disposal to the customers, suppliers and employees of the Disposal Group.

Taking into account the reasons and benefits set out above, together with the information set out in the section headed “Financial and Trading Prospects” in Appendix I of this circular, the Directors, including the Independent Board Committee, are of the view that the Sale and Purchase Agreement and the Disposal, including:

- (i) the terms of the Sale and Purchase Agreement, in particular, the conditions precedent, the Consideration and the basis of the Consideration;
- (ii) the Group’s overall business strategy to focus on the core solar business and the proposed exit of the Group from the non-solar power business comprised in the Disposal Group upon completion of the Disposal in light of the current industry conditions;
- (iii) the timing of the Disposal; and
- (iv) the proposed sale of the Disposal Group to the Purchaser, being a connected person of the Company,

are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

The net cash proceeds (net of estimated taxes and transaction costs) from the Disposal is expected to be approximately RMB222,103,000.00 (equivalent to approximately HK\$247,933,578.90) assuming the Adjustment Amount is nil. The Company intends to spend approximately HK\$150 million for overseas projects development which are mainly solar farm projects in the United States of America. For the remaining HK\$97.9 million, approximately 50% will be spent on general administrative expenses and the rest will be spent on interest payment in the coming 12 months.

Shareholders and potential investors of the Company should note that Closing is subject to the satisfaction of the conditions precedent. Therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their positions and as to the action they should take.

LETTER FROM THE BOARD

7. LISTING RULES IMPLICATIONS

As certain applicable ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Also, since the Purchaser, who was a director of the Company in the past 12 months, is a connected person of the Company and the Disposal constitutes a connected transaction of the Company and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors have a material interest in the Sale and Purchase Agreement and the Disposal or need to abstain from voting on the board resolutions approving the same.

8. SGM

A notice convening the SGM to be held at Strategy II & III, 8/F, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Monday, 13 February 2017 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. At the SGM, an ordinary resolution will be proposed for the approval of the Sale and Purchase Agreement and the Disposal by the Independent Shareholders.

The Purchaser and his associates have a material interest in the Sale and Purchase Agreement and the Disposal and will abstain from voting at the SGM. As at the Latest Practicable Date, the Purchaser and his associates were interested in 708,963,376 Shares (representing approximately 3.72% of the total voting rights of the Shareholders) and were entitled to control over the entire voting rights in respect of their Shares. There was (i) no voting trust or other agreement or arrangement or understanding entered into by or binding up the Purchaser and his associates; and (ii) no obligation or entitlement of the Purchaser and his associates as at the Latest Practicable Date, whereby they have or may have temporarily or permanently passed control over the exercise of the voting rights in respect of their Shares to a third party, either generally or on a case-by-case basis.

Save as disclosed above, and to the best of the knowledge, information and belief of the Directors and after having made all reasonable enquiries, as at the date of this circular, no other Shareholders has a material interest in the Disposal and no other Shareholders would be required to abstain from voting at the SGM.

A proxy form for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, please complete the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM and any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the SGM will demand a poll for each and every resolution put forward at the SGM. The Company will appoint scrutineers to handle vote-taking procedures at the SGM. The results of the poll will be published on the websites of the Stock Exchange and the Company as soon as possible in accordance with Rule 13.39(5) of the Listing Rules.

9. RECOMMENDATION

The Independent Board Committee comprising of Mr. Wang Bohua, Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying has been established to advise the Independent Shareholders whether the Sale and Purchase Agreement is entered into in the ordinary and usual course of business and the respective terms of the Disposal are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole. The Company has appointed Hercules Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Disposal.

The text of the letter from the Independent Board Committee to the Independent Shareholders is set out on page 18 of this circular. The text of the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 37 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Sale and Purchase Agreement and the Disposal are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interest of the Company and the Shareholders as a whole although it is not conducted in the normal and usual course of the business of the Group. Accordingly the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the Disposal.

LETTER FROM THE BOARD

10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of SGM.

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



GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 451)

20 January 2017

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION —
DISPOSAL OF THE PRINTED CIRCUIT BOARD BUSINESS**

We have been appointed by the Board as the Independent Board Committee to advise you in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 20 January 2017 (the “**Circular**”), of which this letter forms part. We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages 19 to 37 of the Circular. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

Having considered the information set out in the letter from the Board, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and the advice of the Independent Financial Adviser in relation thereto as set out on pages 19 to 37 of the Circular, we are of the view that the terms of Sale and Purchase Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole although it is not conducted in the normal and usual course of business of the Group.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee

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

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser setting out their opinion to the Independent Board Committee and the Independent Shareholders in respect of the Disposal for the purpose of inclusion in this circular.

Hercules
Hercules Capital Limited

1503 Ruttonjee House
11 Duddell Street
Central
Hong Kong

20 January 2017

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE PRINTED CIRCUIT BOARD BUSINESS**

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Disposal, details of which are set out in the letter from the Board contained in the circular dated 20 January 2017 to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 30 December 2016, the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, being the entire equity interest in the Target, at the Consideration of HK\$250.0 million, being the Fixed Price, plus, as the case may be, the Adjustment Amount.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. In addition, since the Purchaser was an executive Director in the past 12 months, the Purchaser is a connected person of the Company and the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Therefore, the Disposal is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The SGM will be convened to consider and, if thought fit, to pass the resolution(s) to approve the Sale and Purchase Agreement and the Disposal by the Independent Shareholders, by way of poll.

As at the Latest Practicable Date, the Purchaser and his associates were interested in 708,963,376 Shares, representing approximately 3.72% of the total issued share capital of the Company. As the Purchaser and his associates have a material interest in the Sale and Purchase Agreement and the Disposal, they will abstain from voting at the SGM. Save as disclosed above and to the best knowledge, information and belief of the Directors and after having made all reasonable enquiries, no other Shareholders had a material interest in the Sale and Purchase Agreement and the Disposal as at the Latest Practicable Date and therefore no other Shareholders would be required to abstain from voting at the SGM.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Wang Bohua, Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying, has been established to advise the Independent Shareholders on the Disposal. We, Hercules Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard, in particular as to whether the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We are not associated with the Group, the Purchaser or their respective associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group. We have not acted as a financial adviser or an independent financial adviser to the Company in the past two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Group, the Purchaser or their respective associates. We were not aware of any relationship or interest between us and the Company or any other parties that could be reasonably regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as an independent financial adviser to the Independent Board Committee and the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the SGM. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group and the related subject of, and parties to, the Sale and Purchase Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion and that we do not have any obligation to update, revise or reaffirm this opinion.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Disposal, we have considered the following principal factors and reasons:

1. Information on the Group

The Group is principally engaged in the development, construction, operation and management of solar power stations (the “**Solar Energy Business**”) as well as the manufacturing and sale of printed circuit boards (the “**PCB Business**”) in the PRC.

The consolidated financial information of the Group for the six months ended 30 June 2016 and 30 June 2015, the year ended 31 December 2015 and the period from 1 April 2014 to 31 December 2014, which was extracted from the interim report and annual report of the Company respectively, is summarised in the following table. It should be noted that the Company changed its financial year end date from 31 March to 31 December in July 2014. Accordingly, the corresponding comparative amounts

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

presented in the following table only covered a nine-month period from 1 April 2014 to 31 December 2014 and therefore may not be comparable with amounts shown for the year ended 31 December 2015.

	For the six months ended 30 June		For the year ended 31 December 2015	For the period from 1 April 2014 to 31 December 2014
	2016	2015	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited) (Restated)	(audited)	(audited) (Restated)
Revenue				
— Solar Energy Business	929,347	278,933	688,009	634
— PCB Business	<u>741,688</u>	<u>618,358</u>	<u>1,281,890</u>	<u>929,799</u>
	1,671,035	897,291	1,969,899	930,433
Profit/(loss) before tax	204,961	93,024	23,331	(77,151)
Profit/(loss) for the period/year attributable to owners of the Company	<u>167,025</u>	<u>71,259</u>	<u>(15,229)</u>	<u>(89,397)</u>
				As at 30 June 2016 <i>RMB'000</i> (unaudited)
Non-current assets				23,923,801
Current assets				<u>7,829,537</u>
Total assets				<u>31,753,338</u>
Non-current liabilities				(10,607,235)
Current liabilities				<u>(16,523,623)</u>
Total liabilities				<u>(27,130,858)</u>
Net assets				<u>4,622,480</u>
Equity attributable to owners of the Company				<u>4,576,875</u>

The revenue of the Group increased from approximately RMB930.4 million for the nine months ended 31 December 2014 to approximately RMB1,969.9 million for the year ended 31 December 2015, of which approximately RMB688.0 million (2014: RMB0.6 million) was derived from the Solar Energy Business and approximately

RMB1,281.9 million (2014: RMB929.8 million) was derived from the PCB Business. The increase in revenue was mainly attributable to the increase in sales of electricity of the solar power plants from 647 MW-hours in 2014 to 816,794 MW-hours in 2015 as a result of intensive developments and acquisitions of solar power plants in 2015 and the full year operation for those solar power plants achieved on-grid connection in the fourth quarter of 2014. For the year ended 31 December 2015, the gross profit of the Group amounted to approximately RMB522.5 million as compared to approximately RMB75.1 million for the nine months ended 31 December 2014. The gross profit margin of the Group increased from approximately 8.1% for the nine months ended 31 December 2014 to approximately 26.5% for the year ended 31 December 2015 as a result of the higher gross profit margin of the Solar Energy Business, which was approximately 72.1% for the year ended 31 December 2015, as compared to approximately 2.1% for the PCB Business. We were given to understand that the gross profit margin of the PCB Business decreased from approximately 8.0% for the nine months ended 31 December 2014 to approximately 2.1% for the year ended 31 December 2015 since additional depreciation was charged for plant and equipment of the factory in Jiangxi as the estimated useful life of plants and machinery were expected to be shorter than the previous estimate in view of technological advancement.

During the year ended 31 December 2015, other income amounted to approximately RMB277.6 million (2014: RMB67.2 million), of which approximately RMB204.2 million (2014: RMB15.8 million) was derived from the Solar Energy Business, including commission for providing sourcing and procurement services of solar modules, consultancy fees for designing and planning for construction of solar power plants and management fee for managing and operating solar power plants of a subsidiary of GCL-Poly, and approximately RMB29.8 million (2014: RMB28.3 million) was derived from the sales of by-products of the PCB Business. The expansion of the Solar Energy Business in 2015 also increased the expenses of the Group. The administrative expenses, mainly including staff costs, rental expenses and legal and professional fees, increased from approximately RMB146.6 million for the nine months ended 31 December 2014 to approximately RMB358.8 million for the year ended 31 December 2015 while the finance costs increased from approximately RMB14.8 million for the nine months ended 31 December 2014 to approximately RMB335.9 million for the year ended 31 December 2015. The increase in finance costs was mainly attributable to the increase in bank borrowings for financing the capital expenditure incurred by the Solar Energy Business, which is capital intensive and high-gearing in nature. For the year ended 31 December 2015, the Group recorded a profit before tax of approximately RMB23.3 million as compared to a loss before tax of approximately RMB77.2 million for the nine months ended 31 December 2014. After deducting the income tax expenses in the amount of approximately RMB38.8 million for the year ended 31 December 2015, the loss of the Group decreased from approximately RMB89.4 million for the nine months ended 31 December 2014 to approximately RMB15.5 million for the year ended 31 December 2015. The loss attributable to owners of the Company for the year ended 31 December 2015 amounted to approximately RMB15.2 million as compared to approximately RMB89.4 million for the nine months ended 31 December 2014.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the six months ended 30 June 2016, the revenue of the Group amounted to approximately RMB1,671.0 million, representing an increase of approximately 86.2% as compared to the prior corresponding period, of which approximately RMB929.3 million (2015: RMB278.9 million) was derived from the Solar Energy Business and approximately RMB741.7 million (2015: RMB618.4 million) was derived from the PCB Business. During the six months ended 30 June 2016, the Group continued to expand the Solar Energy Business through joint development, acquisition and in-house development. As a result, the aggregate installed capacity of the Group increased from 1,640 MW as at 31 December 2015 to 2,735 MW as at 30 June 2016. The sales of electricity by the solar power plants increased from 328,464 MW-hours for the six months ended 30 June 2015 to 1,139,684 MW-hours for the six months ended 30 June 2016. Meanwhile, the PCB Business recorded an increase in revenue as a result of the change of product mix from conventional printed circuit board products to high density interconnect printed circuit board products, which have a higher value. The gross profit margin of the Group increased from approximately 28.9% for the six months ended 30 June 2015 to approximately 46.2% for the six months ended 30 June 2016. For the six months ended 30 June 2016, the gross profit margin of the Solar Energy Business was approximately 74.5% (2015: 72.8%) while the PCB Business was approximately 10.8% (2015: 9.1%). The increase in gross profit margin of the Solar Energy Business was mainly attributable to a lower depreciation charge as a result of increasing the proportion of in-house project development as compared to joint development and acquisition. For the six months ended 30 June 2016, the gross profit of the Group amounted to approximately RMB771.8 million as compared to approximately RMB259.1 million for the last corresponding period.

As a result of the expansion of the Solar Energy Business, the administrative expenses of the Group were driven up by the increase in number of employees and increased by approximately RMB39.2 million to approximately RMB250.7 million for the six months ended 30 June 2016. Meanwhile, the finance costs increased from approximately RMB76.7 million for the six months ended 30 June 2015 to approximately RMB379.1 million for the six months ended 30 June 2016 owing to the capital intensive and high-gearing business nature of the Solar Energy Business. The Group's profit before tax increased from approximately RMB93.0 million for the six months ended 30 June 2015 to approximately RMB205.0 million for the six months ended 30 June 2016. After deducting the income tax expenses in the amount of approximately RMB33.5 million for the period, the profit of the Group amounted to approximately RMB171.5 million for the six months ended 30 June 2016, representing an increase of approximately 1.4 times as compared to the profit for the prior corresponding period. The profit attributable to owners of the Company for the six months ended 30 June 2016 amounted to approximately RMB167.0 million as compared to approximately RMB71.3 million for the six months ended 30 June 2015.

As at 30 June 2016, the non-current assets of the Group amounted to approximately RMB23,923.8 million, which mainly comprised property, plant and equipment of approximately RMB20,107.6 million and deposits, prepayment and other non-current assets of approximately RMB3,246.9 million, while the current assets of the Group amounted to approximately RMB7,829.5 million, which mainly consisted of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

trade and other receivables of approximately RMB2,807.9 million, pledged bank and other deposits of approximately RMB1,098.4 million and bank balances and cash of approximately RMB2,938.6 million. The non-current liabilities of the Group amounted to approximately RMB10,607.2 million as at 30 June 2016, which mainly included bank and other borrowings of approximately RMB9,763.0 million and convertible bonds of approximately RMB748.7 million. The current liabilities of the Group as at 30 June 2016 amounted to approximately RMB16,523.6 million, which mainly comprised trade and other payables of approximately RMB9,100.7 million, loans from fellow subsidiaries of approximately RMB946.4 million and bank and other borrowings of approximately RMB6,088.9 million. As at 30 June 2016, the net current liabilities of the Group amounted to approximately RMB8,694.1 million while the net assets and the net assets attributable to owners of the Company amounted to approximately RMB4,622.5 million and RMB4,576.9 million respectively. The gearing ratio, as expressed as total liabilities over total assets, of the Group was approximately 0.85 as at 30 June 2016 (31 December 2015: 0.90).

2. Information on the Disposal Group

The Target is a company incorporated in the B.V.I. and is the holding company of the Disposal Group, whose principal business activities are manufacturing and sale of printed circuit boards in the PRC.

The unaudited consolidated financial information of the Disposal Group for the ten months ended 31 October 2016 and 31 October 2015, the year ended 31 December 2015 and the period from 1 April 2014 to 31 December 2014, which was prepared in accordance with the International Financial Reporting Standards, is summarised in the following table. It should be noted that the Company changed its financial year end date from 31 March to 31 December in July 2014. Accordingly, the corresponding comparative amounts presented in the following table only covered a nine-month period from 1 April 2014 to 31 December 2014 and therefore may not be comparable with amounts shown for the year ended 31 December 2015.

	For the ten months ended		For the year ended	
	31 October		31 December	1 April 2014 to 31 December
	2016	2015	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)		(Restated)
Revenue	1,232,152	1,053,599	1,281,890	929,799
Gross profit	95,565	87,114	26,351	74,474
Profit/(loss) before tax	40,982	49,249	(58,659)	32,259
Profit/(loss) for the period/year	<u>12,396</u>	<u>21,730</u>	<u>(91,196)</u>	<u>14,324</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 October 2016 RMB'000
Non-current assets	602,389
Current assets	<u>683,580</u>
Total assets	<u><u>1,285,969</u></u>
Non-current liabilities	(55,459)
Current liabilities	<u>(825,211)</u>
Total liabilities	<u><u>(880,670)</u></u>
Net assets	<u><u>405,299</u></u>
Net current liabilities	<u><u>(141,631)</u></u>

The revenue of the Disposal Group was approximately RMB1,281.9 million for the year ended 31 December 2015, as compared to approximately RMB929.8 million for the nine months ended 31 December 2014. The gross profit margin of the Disposal Group dropped from approximately 8.0% for the nine months ended 31 December 2014 to approximately 2.1% for the year ended 31 December 2015 since additional depreciation for plant and equipment of the factory in Jiangxi was recognised for the year ended 31 December 2015 after having considered that the technological advancement might shorten the useful life of plants and machinery. Therefore, the gross profit of the Disposal Group reduced from approximately RMB74.5 million for the nine months ended 31 December 2014 to approximately RMB26.4 million for the year ended 31 December 2015. Having taken into account of an impairment loss recognised on plant and equipment, which amounted to approximately RMB42.1 million, during the year ended 31 December 2015 as a result of the recent unsatisfactory performance and the potential additional costs for compliance with the environmental policies and regulations imposed upon the factory in Dongguan engaging in the PCB Business, the performance of the Disposal Group changed from a profit before tax of approximately RMB32.3 million for the nine months ended 31 December 2014 to a loss before tax of approximately RMB58.7 million for the year ended 31 December 2015. After deducting the income tax of approximately RMB32.5 million, the loss after tax for the year ended 31 December 2015 amounted to approximately RMB91.2 million while a profit after tax in the amount of approximately RMB14.3 million was recorded for the nine months ended 31 December 2014.

For the ten months ended 31 October 2016, the revenue of the Disposal Group amounted to approximately RMB1,232.2 million, representing an increase of approximately 16.9% as compared to the prior corresponding period. The increase

in revenue was mainly attributable to the change of product mix from conventional printed circuit board products to high density interconnect printed circuit board products, which have a higher value. However, the gross profit margin of the Disposal Group decreased from approximately 8.3% for the ten months ended 31 October 2015 to approximately 7.8% for the ten months ended 31 October 2016 owing to the increasing direct costs such as material costs and salaries. Although the gross profit of the Disposal Group increased by approximately 9.8% from approximately RMB87.1 million for the ten months ended 31 October 2015 to approximately RMB95.6 million for the ten months ended 31 October 2016, the decrease in other income of approximately RMB12.6 million and increase in other operating expenses of approximately RMB5.9 million led to a decrease in profit before tax of the Disposal Group from approximately RMB49.2 million for the ten months ended 31 October 2015 to approximately RMB41.0 million for the ten months ended 31 October 2016. After deducting the income tax expenses in the amount of approximately RMB28.6 million for the period, the profit after tax of the Disposal Group decreased from approximately RMB21.7 million for the ten months ended 31 October 2015 to approximately RMB12.4 million for the ten months ended 31 October 2016.

As at 31 October 2016, the non-current assets of the Disposal Group amounted to approximately RMB602.4 million, which mainly comprised property, plant and equipment of approximately RMB568.9 million and non-current deposits of approximately RMB26.6 million, while the current assets of the Disposal Group amounted to approximately RMB683.6 million, which mainly consisted of inventories of approximately RMB162.5 million, bills, trade and other receivables, deposits and prepayments of approximately RMB490.6 million and bank balances and cash of approximately RMB25.5 million. The non-current liabilities of the Disposal Group amounted to approximately RMB55.5 million as at 31 October 2016, which mainly included obligation under finance leases of approximately RMB32.3 million and deferred tax liabilities of approximately RMB16.7 million. The current liabilities of the Disposal Group as at 31 October 2016 amounted to approximately RMB825.2 million, which mainly comprised bills, trade and other payables and accruals of approximately RMB518.6 million and bank and other borrowings of approximately RMB184.9 million. As at 31 October 2016, the net current liabilities and the net assets of the Disposal Group amounted to approximately RMB141.6 million and RMB405.3 million respectively. The gearing ratio, as expressed as total liabilities over total assets, of the Disposal Group was approximately 0.68 as at 31 October 2016 (31 December 2015: 0.69).

3. Reasons for the Disposal

As set out in the letter from the Board, the profit contribution from the Disposal Group is relatively limited as compared to the results of the Group. For the year ended 31 December 2015 and for the six months ended 30 June 2016, the Disposal Group recorded an unaudited loss of approximately RMB91.2 million and an unaudited profit of approximately RMB19.8 million respectively while the Group recorded an audited loss attributable to owners of the Company of approximately RMB15.2 million for the year ended 31 December 2015 and an unaudited profit attributable to owners of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company of approximately RMB167.0 million for the six months ended 30 June 2016. Meanwhile, the gross profit margin of the PCB Business is much lower than that of the Solar Energy Business. For the year ended 31 December 2015, the gross profit margin of the Solar Energy Business and the PCB Business were approximately 72.1% and 2.1% respectively while the gross profit margin of the Solar Energy Business and the PCB Business for the six months ended 30 June 2016 were approximately 74.5% and 10.8% respectively. The gross profit margin of the PCB Business further reduced to approximately 7.8% for the ten months ended 31 October 2016.

We understand from the management of the Company that the PCB Business is by nature susceptible to changes in market condition and government policies, especially in environmental laws, as compared to the Solar Energy Business. The Disposal Group recorded a profit for the nine months ended 31 December 2014 and the ten months ended 31 October 2016 while a loss was recorded for the year ended 31 December 2015. The cost of production of the PCB Business highly depends on the labour costs and the price of copper clad laminates, which are the major raw materials for printed circuit boards. The rapid technological advancement for the printed circuit board industry, especially regarding high density interconnect printed circuit board products, also results in costly investment in technology which drives up the overall cost of business. Meanwhile, the requirement for compliance with the environmental laws for the PCB Business, being a polluting industry, is rigorous. The Directors consider that despite that the Disposal Group recorded a profit for the nine months ended 31 December 2014 and the ten months ended 31 October 2016, the thin net profit margins were fragile to market changes. Given that the results of the Disposal Group fluctuated during 2014 to 2016 and it is the Group's strategy to focus on the core Solar Energy Business, the Directors consider that it is an appropriate timing for the Group to dispose of the Disposal Group when it is profitable and a higher selling price can be bargained. Given that the Disposal shall generate immediate cash inflow to the Group, reduce the operational risks associated with the PCB Business as a result of the changes in environmental laws and allow the Group to focus its resources on the future development of the Solar Energy Business, which is a green business with much higher gross profit margin as compared to the PCB Business, the Directors consider that it is beneficial for the Company to dispose of the Disposal Group and to focus on the Solar Energy Business, which is consistent with China's 13th Five Year Plan for the long term development of the solar industry. Moreover, the Disposal also represents an opportunity for the Group to scale-up the Solar Energy Business by attracting international investors and reducing fund raising costs. The Directors are of the view that the focus and the expansion of the Group's Solar Energy Business will lead to a larger economy of scale and a potentially larger geographical coverage for the Group.

Assuming the Adjustment Amount is nil, the net cash proceeds, net of estimated taxes and transaction costs, from the Disposal is expected to be approximately RMB222.1 million (equivalent to approximately HK\$247.9 million), of which approximately HK\$150.0 million was intended to be used for development of overseas projects which are mainly solar farm projects in the United States of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

America, approximately HK\$48.95 million for general administrative expenses of the Group and the remaining approximately HK\$48.95 million for the interest payment of the Group in the coming 12 months.

Having considered that the Disposal allows the Company to focus its resources on the development of the Solar Energy Business with better performance and provides the Company with an opportunity to realise its investment in the Disposal Group at a fair price and provide additional working capital for the Group, we concur with the Directors' view that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

4. Consideration for the Disposal

Pursuant to the Sale and Purchase Agreement, the Consideration for the Sale Shares is the Fixed Price of HK\$250.0 million plus, as the case may be, the Adjustment Amount, being the absolute amount of the difference between the Actual Profit and RMB18,657,830 multiplied by the PE Ratio and the Exchange Rate, which shall be subject to a cap of HK\$250.0 million. The Purchaser shall pay to the Company the Consideration in cash as follows:

- (i) HK\$125.0 million, being 50% of the Fixed Price, within three Business Days after the date the Company obtains the requisite Independent Shareholders' approval for the Disposal under the Listing Rules; and
- (ii) the remainder of the Consideration, as adjusted and calculated in accordance with the adjustment mechanism below, on the Closing Date.

The remainder of the Consideration shall be adjusted and calculated in the following manner:

- (i) if the Actual Profit is higher than RMB18,657,830 (equivalent to approximately HK\$20,827,735.63), the remainder of the Consideration shall be an amount equal to HK\$125.0 million, being the remainder of the Fixed Price, plus the Adjustment Amount; or
- (ii) if the Actual Profit is less than RMB18,657,830 (equivalent to approximately HK\$20,827,735.63), the remainder of the Consideration shall be an amount equal to HK\$125.0 million, being the remainder of the Fixed Price.

Based on the above consideration adjustment mechanism, the Consideration shall be in the range of HK\$250.0 million and HK\$500.0 million.

The Consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement taking into account, among other things, the historical operating and financial performance of the Disposal Group and the trading price-earnings multiples of the listed companies with businesses comparable to that of the Disposal Group in the area of the manufacturing and sale of printed circuit boards. As the Consideration is subject to an upward adjustment with reference to the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Actual Profit, it indeed equals to the product of the Actual Profit, the PE Ratio and the Exchange Rate and shall be subject to a cap of HK\$500.0 million. The PE Ratio of 12.0 represents the median of the price-earnings multiples of the above-mentioned comparable companies as at 28 December 2016.

To assess the fairness and reasonableness of the Consideration, we have considered the following factors:

Calculation of the PE Ratio

We were given to understand that DTZ Cushman & Wakefield Limited (“DTZ”), a valuer independent from the parties to the Sale and Purchase Agreement, was engaged by the Company to provide an approximate indication of price-to-earnings ratio of the Disposal Group. We have performed works as required under Note 1(d) to Rule 13.80 of the Listing Rules in respect of the opinion provided by DTZ, including discussion with DTZ as to its experiences in valuing companies and/or businesses and its relationship with the Group and other parties to the Sale and Purchase Agreement, and reviewing the terms of DTZ’s engagement, in particular to its scope of work. We noted that its scope of work was appropriate for it to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by DTZ in its report. DTZ confirmed to us that apart from normal professional fees payable to it in connection with this appointment and previous valuation appointments, no arrangements exist whereby it will receive any fee or benefit from the Group and its associates. DTZ also confirmed to us that it was not aware of any relationship or interest between it and the Company or any other parties that could be reasonably regarded as hindrance to its independence.

We have reviewed the report regarding the calculation of the price-to-earnings ratio of the Disposal Group prepared by DTZ and discussed with DTZ the basis and assumptions adopted in arriving at the PE Ratio as at 28 December 2016. We noted that DTZ has calculated the price-to-earnings ratio of the Disposal Group with reference to the market approach — Guideline Public Company Method and the PE Ratio of 12.0 times represents the median of the price-to-earnings ratios of the comparable companies identified by DTZ, which were calculated based on their market capitalization as of 28 December 2016 and trailing twelve-month earnings. We have discussed with DTZ the selection criteria of the comparable companies used for the calculation of the PE Ratio and were advised that the criteria are (i) companies operating in the same industry as the Disposal Group with at least half of their revenue deriving from the manufacturing and sale of printed circuit boards; (ii) public companies with similar business operations and customer segmentation to the Disposal Group; and (iii) companies which recorded profit in the 12 months preceding 28 December 2016. We have reviewed the comparable companies used by DTZ for the calculation of the PE Ratio, which are considered by DTZ as fair and representative samples, and are satisfied that all the comparable companies are of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

similar business operations to the Disposal Group. However, we noted that the comparable companies included companies listed in other stock exchanges. We were given to understand that since there were only two companies listed in the Stock Exchange met the above-mentioned selection criteria, which was insufficient for comparison purposes, DTZ has extended the pool of samples to include companies listed in other stock exchanges for comparison purposes. Given that all the comparable companies are public companies carrying on business similar to that of the Disposal Group and it is inappropriate to conduct the comparison with only two comparable companies listed in the Stock Exchange, we consider that it is appropriate to include samples of companies listed in other exchanges so as to get a reasonable size of sample pool for a meaningful comparison and concur with DTZ's view that the comparable companies used in determining the PE Ratio are reasonable and comparable to the Disposal Group although we consider it will be more desirable to include only those companies listed in the Stock Exchange for comparison purposes. We also understand from DTZ that, based on the above-mentioned selection criteria, a total of twelve comparable companies were identified. However, the price-earnings multiples of three companies ranging from 43 to 88 were considered by DTZ as extreme comparables which might distort the calculation of the price-to-earnings ratio. Therefore, DTZ excluded those companies from the list of comparable companies. Based on the selection criteria with exclusion of the extreme comparables, a total of nine comparable companies were considered by DTZ for calculation of the PE Ratio and the price-earnings multiples of the nine comparable companies as at 28 December 2016 are set out as follow:

Name of company (stock code)	Stock exchange	Price-earnings multiples as at 28 December 2016
Yan Tat Group Holdings Limited (1480)	the Stock Exchange	15.4
Elec & Eltek International Company Limited (1151)	the Stock Exchange	16.4
TTM Technologies Inc (TTMI)	Nasdaq	30.8
Firan Technology Group Corporation (FTG)	Toronto Stock Exchange	6.9
IEC Electronics Corporation (IEC)	New York Stock Exchange	7.4
Tripod Technology Corporation (3044)	Taiwan Stock Exchange	12.0
Zhen Ding Technology Holding Limited (4958)	Taiwan Stock Exchange	10.9
FLEXium Interconnect Inc (6269)	Taiwan Stock Exchange	12.1
Chin-Poon Industrial Company Limited (2355)	Taiwan Stock Exchange	9.9

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the advantage of median that it is not skewed by extremely large or small values and median is one of the commonly used measures of a data set in statistics, DTZ considers that it is appropriate, fair and reasonable to adopt the median of the price-to-earnings ratios of the comparable companies as the PE Ratio.

In light of the above and the fact that no unusual matters have come to our attention that led us to believe that the PE Ratio was not calculated on a reasonable basis, we are of the view that it is fair and reasonable for the Company to use the PE Ratio calculated by DTZ as a reference for determining the Consideration.

Valuation of the Disposal Group

Besides considering the PE Ratio calculated by DTZ for assessing the value of the Disposal Group, we have also considered other comparable approaches which are commonly adopted in evaluation of a company, namely net assets approach and dividends approach, for assessing the value of the Disposal Group. However, given the Target had not declared any dividend in the past two years, we consider that the dividends approach is not applicable for assessing the value of the Disposal Group and thus only the net assets approach was adopted in assessing the value of the Disposal Group.

Based on the unaudited consolidated accounts of the Disposal Group, the net asset value of the Disposal Group as at 31 October 2016 amounted to approximately RMB405.3 million (equivalent to approximately HK\$452.4 million). Accordingly, the price-to-book ratios (the “PBR”) of the Disposal Group implied by the Fixed Price of HK\$250.0 million and the Fixed Price plus the maximum Adjustment Amount (the “**Maximum Consideration**”) of HK\$500.0 million are approximately 0.55 times and 1.11 times respectively.

We have searched for the companies which (a) are listed on the main board of the Stock Exchange and the trading of which were not suspended for over three months as at the Latest Practicable Date; and (b) over 50% of the revenue was derived from sale of printed circuit boards for the latest financial year. Based on the above-mentioned criteria, we have, to our best knowledge, identified five comparable companies (the “**Comparables**”) as valuation benchmarks, which we considered are fair and representative, for comparison of the PBR. Set out in Table 1 is a comparison of the PBR of the Disposal Group as implied by the Consideration and the Comparables as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 1 — PBRs of the Comparables and the Disposal Group

Company name (stock code)	Principal business activities	Market capitalization as at the Latest Practicable Date <i>HK\$'million</i>	PBR as at the Latest Practicable Date <i>times</i>
TC Orient Lighting Holdings Limited (515)	Manufacturing and trading of single-sided printed circuit board (PCB), double-sided PCB and multi-layered PCB and light emitting diode lighting	597.2	2.30
Elec & Eltek International Company Limited (1151)	Fabrication and distribution of double-sided, multi-layer and high density interconnect printed circuit boards	1,280.4	0.46
Yan Tat Group Holdings Limited (1480)	Manufacture and sale of printed circuit boards	451.2	1.04
AKM Industrial Company Limited (1639)	Sourcing of raw materials and equipment, trading of flexible printed circuit and flexible packaging substrates	711.0	1.52
Topsearch International (Holdings) Limited (2323)	Manufacture and sale of printed circuit board	3,557.5	7.15 <i>(Note)</i>
Minimum			0.46
Maximum			2.30
Average			1.33
Disposal Group	Manufacturing and sale of printed circuit boards		
	In the event that the Consideration is the Fixed Price		0.55
	In the event that the Consideration is the Maximum Consideration		1.11

Source: the website of the Stock Exchange

Note: Given that the PBR of Topsearch International (Holdings) Limited is considered to be an outlier as compared to other PBRs of the Comparables, the PBR of Topsearch International (Holdings) Limited is excluded for comparison purposes.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in Table 1, the PBRs of the Comparables range from approximately 0.46 times to 2.30 times, with an average of approximately 1.33 times. The implied PBRs of the Fixed Price of approximately 0.55 times and the Maximum Consideration of approximately 1.11 times fall within the range of the PBRs of the Comparables but are lower than the average PBR of the Comparables.

The above comparison with the Comparables is for illustrative purposes only as each of the Comparables may not be entirely comparable to the Disposal Group in terms of market capitalization, geographical spread of activities, scale of operations, asset base, cash position, debt structure, minority interest, risk profile, track record, composition of business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of result in our comparison. Therefore, in forming our opinion, we have considered the results of the above comparison together with all other factors stated in this letter as a whole.

Due to the aforementioned limitations in comparison approach, we have also considered to assess the value of the Disposal Group by discounted cash flows method. However, given valuations using discounted cash flows method involve various subjective assumptions and parameters which may largely affect the value of the subject, we consider that it is inappropriate to use income approach to assess the value of the Disposal Group.

Having considered that (i) the PE Ratio of 12.0 times adopted in determining the Consideration was calculated by DTZ, a party independent from the parties to the Sale and Purchase Agreement, on a fair and reasonable basis; (ii) each of the implied PBR of the Fixed Price and the Maximum Consideration falls within the range of the PBRs of the Comparables although they are lower than the average of the Comparables; and (iii) the lack of market liquidity usually discounts the value of a private company and thus it is common for stocks of listed companies to have higher PBRs as compared to private companies, we consider that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and is on normal commercial terms.

5. Financial effects of the Disposal

Upon Closing, the Target will no longer be a subsidiary of the Company. The financial effects of the Disposal on the Group's earnings, cashflow, net asset value and gearing are set out below. However, it should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group would be upon Closing. The actual financial effects from the Disposal will be computed based on the financial information of the Disposal Group on the Closing Date, the Adjustment Amount and is subject to audit.

Earnings

As set out in the letter from the Board, the net asset value of the Disposal Group as at 31 October 2016 amounted to approximately RMB405.3 million (equivalent to approximately HK\$452.4 million), which is larger than the minimum Consideration of HK\$250.0 million (equivalent to approximately RMB224.0 million) but smaller than the Maximum Consideration of HK\$500.0 million (equivalent to approximately RMB447.9 million). Therefore, a loss on disposal is expected if the Consideration is finally determined to be at its minimum amount of HK\$250.0 million while a gain on disposal is expected for the case with the Consideration at the maximum amount of HK\$500.0 million.

The Directors expect that, upon Closing, the Group would record from the Disposal in between (i) a maximum loss on disposal of approximately RMB183.2 million (equivalent to approximately HK\$204.5 million), which represents the difference between the carrying value of the Disposal Group as at 31 October 2016 of approximately RMB405.3 million (equivalent to approximately HK\$452.4 million) and the Fixed Price after deducting expenses attributable to the Disposal of approximately RMB222.1 million (equivalent to approximately HK\$247.9 million); and (ii) a maximum gain on disposal of approximately RMB40.7 million (equivalent to approximately HK\$45.5 million), which represents the difference between the carrying value of the Disposal Group as at 31 October 2016 of approximately RMB405.3 million (equivalent to approximately HK\$452.4 million) and the Maximum Consideration after deducting expenses attributable to the Disposal of RMB446.0 million (equivalent to approximately HK\$497.9 million).

Cashflow

The Group will receive, after deducting expenses attributable to the Disposal of approximately HK\$2.0 million, net cash proceeds in between approximately RMB222.1 million (equivalent to approximately HK\$247.9 million) and RMB446.0 million (equivalent to approximately HK\$497.9 million) from the Disposal.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Net asset value

Upon Closing, the Disposal Group will cease to be a subsidiary of the Company and the assets and liabilities of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Company. Assuming the Consideration is the Fixed Price, a loss on disposal is expected to be recorded by the Group for the Disposal and thus, the net asset value attributable to owners of the Company is expected to decrease after Closing. Assuming the Consideration is the Maximum Consideration, a gain on disposal is expected to be recorded by the Group for the Disposal and thus, the net asset value attributable to owners of the Company is expected to increase after Closing.

Gearing and working capital

Assuming the Consideration is the Fixed Price, the extent of decrease in total liabilities will be smaller than the extent of decrease in total assets as a result of the Disposal. Therefore, the gearing of the Group, as expressed as the ratio of total liabilities over total assets, shall increase insignificantly after Closing. Assuming the Consideration is the Maximum Consideration, the extent of decrease in total liabilities will be larger than the extent of decrease in total assets as a result of the Disposal. Therefore, the gearing of the Group, as expressed as the ratio of total liabilities over total assets, shall decrease insignificantly after Closing. Therefore, in both events, the effects on gearing ratio are immaterial. Furthermore, the Company intends to use the net proceeds from the Disposal as, among others, general working capital of the Group. Hence, the working capital of the Group would be enhanced upon Closing.

Based on the above analysis, we noted that the Disposal would have a positive effect on the Group's earnings and net assets value attributable to owners of the Company if the Consideration is determined to be the Maximum Consideration while there would be a negative effect on the Group's earnings and net assets value attributable to owners of the Company if the Consideration is determined to be the Fixed Price. In both events, the Disposal would have a positive effect on the Group's cash position and working capital while no material impacts on the gearing ratio of the Group. Having considered the reasons of the Disposal and the fairness and reasonableness of the Consideration, we are of the view that the adverse financial impacts of the Disposal on the Group (as the case may be) are commercially justifiable and the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons stated above, we are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole although it is not conducted in the ordinary and usual course of business of the Group. We therefore recommend the Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favor of the resolution to be proposed at the SGM to approve the Disposal.

Yours faithfully,
For and on behalf of
Hercules Capital Limited

Louis Koo
Managing Director

Amilia Tsang
Director

Notes:

1. Mr. Louis Koo is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 20 years of experience in investment banking and corporate finance.
2. Ms. Amilia Tsang is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 15 years of experience in corporate finance, investment and corporate management.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the year ended 31 March 2014, the audited consolidated financial statements of the Group for the nine month period from 1 April 2014 to 31 December 2014, and the audited consolidated financial statements of the Group for the year ended 31 December 2015 together with the relevant notes thereto are disclosed in the following documents, which were published on both the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.gclnewenergy.com):

- the annual report of the Company for the year ended 31 March 2014 published on 15 July 2014 (pages 31–100);
- the annual report of the Company for the nine months from 1 April 2014 to 31 December 2014 published on 22 April 2015 (pages 53–143);
- the annual report of the Company for the year ended 31 December 2015 published on 20 April 2016 (pages 59–169); and
- the interim report of the Company for the six months ended 30 June 2016 published on 12 September 2016 (pages 37–70).

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES OF THE GROUP

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

	Secured	The Group Unsecured	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of bank and other borrowings	16,645,330	3,444,912	20,090,242
Carrying amount of obligations under finance leases	69,078	—	69,078
Principal amount of convertible bonds	—	865,791	865,791
Principal amount of loans from fellow subsidiaries	—	675,752	675,752
	<u>16,714,408</u>	<u>4,986,455</u>	<u>21,700,863</u>

The Group's secured bank and other borrowings were secured individually or in combination of the following by (i) the Group's property, plant and equipment; (ii) the Group's land use rights situated in the PRC; (iii) pledged bank and other deposits as at 30 November 2016; (iv) certain subsidiaries' trade receivables and fee collection rights in

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

At 30 November 2016, certain bank and other loans of the Group amounting to RMB18,632,356,000 are guaranteed individually or in combination of the following by (i) fellow subsidiaries; (ii) the ultimate holding company; (iii) entities within the Group; (iv) a shareholder; and (v) a third party. All other borrowings are not guaranteed.

The Group's convertible bonds were issued on 27 May 2015 and 20 July 2015 at a nominal value of HK\$775,100,000 (equivalent to approximately RMB688,211,000) and HK\$200,000,000 (equivalent to approximately RMB177,580,000), respectively. The bonds mature three years from the date of issuance at its nominal value or can be converted into ordinary shares of the Company at a conversion price of HK\$0.754 per Share as adjusted pursuant to the terms of the convertible bonds. The convertible bonds are interest bearing at 6% per annum and carried at fair value. Unless previously redeemed, converted or purchased and cancelled, the Company will redeem all the principal amount of the convertible bonds outstanding on the maturity date at 112% of the outstanding principal amounts.

In addition, the Group received no-objection letter from the Shanghai Stock Exchange in relation to an issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000,000,000 which were fully underwritten and shall have a term of up to 3 years and outstanding for issuance as at 30 November 2016.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 November 2016, the Group did not have any other debt securities authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages or charges, material contingent liabilities or guarantees outstanding.

To the best of the knowledge of the Directors, having made all reasonable enquiries, there has been no material change in the level of indebtedness of the Group since 30 November 2016.

3. WORKING CAPITAL STATEMENT

According to the Group's cash flow projections, as at 30 November 2016, the total committed capital expenditures relating to the acquisition and construction of solar power plants to be settled in the coming fourteen months ending 31 January 2018 amounted to approximately RMB11,796,772,000. As at 30 November 2016, the Group's total borrowings comprising bank and other borrowings, convertible bonds, obligations under finance leases and loans from fellow subsidiaries amounted to approximately RMB21,700,863,000. In addition, the Group, subject to the availability of further financial resources, is currently looking for further opportunities to increase the scale of its solar power plant operations through mergers and acquisitions. In the event that the Group is successful in securing more

solar power plant investments or expanding the investments in the existing solar power plants in the coming twelve months from the date of this circular, significant additional cash outflows will be required to settle further committed capital expenditures. The Group expects that such amounts will be funded through the following resources and/or measures, which will generate adequate financing and operating cash flows for the Group.

The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of this circular. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to the solar power plants, that will be due in the coming twelve months from the date of this circular based on the Group's existing resources and upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

- (i) as at 30 November 2016, the Group (excluding the Disposal Group) had cash and cash equivalents of RMB4,087,825,000;
- (ii) The Group has been negotiating with lenders for the renewal of its current borrowings as necessary when they fall due in the coming twelve months. Based on the past experience, the Group did not encounter any significant difficulties in renewing the borrowings and the Directors are confident that all borrowings can be renewed upon the Group's application when necessary;
- (iii) The Group is currently negotiating with several lenders in both Hong Kong and the PRC for additional financing. It has received detailed proposals from certain banks for banking facilities with repayment periods for more than one year. The Group also received letters of intent from certain other banks which indicated that these banks preliminarily agreed to offer banking facilities to the Group;
- (iv) In February 2016, the Group completed a rights issue for a net proceeds of approximately RMB1,941,000,000. In July 2016, the Group proposed an issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000,000,000 which are fully underwritten and shall have a term of up to 3 years. The Group has received a no-objection letter from the Shanghai Stock Exchange in relation to this issue. In November and December 2016, the Group, as a borrower, issued perpetual notes of RMB800,000,000 and RMB1,000,000,000 to the subsidiaries of GCL-Poly respectively. In December 2016, the Group also applied to the Shenzhen Stock Exchange for an issuance of non-public green bonds in the maximum amount of RMB1,750,000,000 with a term of not more than three years. The Group is also negotiating with other private investors for additional financing in the form of equity or debt or a combination of both; and

- (v) The Group has completed the construction of 81 solar power plants with approval for on-grid connection up to 30 November 2016. The Group also has additional 17 solar power plants under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of this circular. The abovementioned solar power plants have an aggregate installed capacity of approximately 4.0 GW and are expected to generate operating cash inflows to the Group.

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

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described in (ii) to (v) above. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of this circular is dependent on the Group's ability to generate adequate financing and operating cash flows through successful renewal of its borrowings upon expiry, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements, successful securing of the financing from banks with repayment terms beyond twelve months from the date of this circular and other short-term or long-term financing; and the completion of the construction of the solar power plants to generate adequate cash inflows as scheduled.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 December 2015, being the date to which the latest published audited financial results of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

For the year ended 31 December 2015, the Group recorded a total revenue of approximately RMB1,970,000,000, whilst the total revenue for the period between 1 April 2014 and 31 December 2014 (the “**Prior Period**”) was approximately RMB930,000,000. Gross profit for the year ended 31 December 2015 was approximately RMB523,000,000 and gross profit margin was 26.5% whilst the gross profit for Prior Period was approximately RMB75,000,000 and 8.1%. Loss attributable to owners of the Company for the year ended 31 December 2015 amounted to approximately RMB15,000,000 as compared to the loss attributable to owners of the Company of RMB89,000,000.

The solar energy business has become the growth driver of the Group. During the six months ended 30 June 2016, the revenue and segment profit of the Group’s solar energy business surged approximately 233% to approximately RMB929 million and approximately 129% to approximately RMB261 million respectively. In the first half of 2016, the Group operated 68 solar power plants in China, compared to 17 plants in the same period of last year, spanning across 19 provinces in the country. Total capacity reached approximately 2,735MW (30 June 2015: approximately 772MW), representing a year-on-year growth of approximately 254%. Grid-connected capacity has also significantly increased by 238%, from 645MW as at 30 June 2015 to approximately 2,182MW as at 30 June 2016, and total sales of electricity was approximately 1.17 million MWh, a significant rise of approximately 232% compared to the same period of last year.

Benefiting from the strong growth of the solar energy business, the Group’s revenue grew by approximately 86% to approximately RMB1,671 million in the first half of 2016. Gross profit during the period was approximately RMB772 million, representing an increase of approximately 198% compared to the same period last year, with a gross profit margin of approximately 46%. Profit for the period of the Group surged approximately 141% to approximately RMB171 million. There were two non-recurring items — bargain purchases from business combination and change in fair value of convertible bonds in the periods of this and last years. If both non-recurring items were excluded, the adjusted profit for the period of the Group in the first half of 2016 would be approximately RMB212 million (first half of 2015: approximately RMB4 million), representing a substantial surge of approximately 59 times period-on-period. It reflects GCL New Energy’s exceptional capability in developing and operating solar energy power plants.

For the first half of 2016, the Group’s solar energy business delivered remarkable results by significantly adding an installed capacity of approximately 1,095 MW. We remain positive and are full of confidence for the solar energy business in the second half of the year. As at 30 June 2016, the Group has approximately 705 MW of projects under construction, gaining momentum for us to attain our goal of adding 2 to 2.5 GW of installed capacity in 2016.

Projects that completed on-grid power connection between 1 January 2016 and 30 June 2016:

Location	No. of Solar Power Plant	Installed Capacity (MW)
Subsidiaries		
Inner Mongolia	7	316
Jiangsu	15	313
Shaanxi	4	240
Henan	4	220
Hebei	4	192
Anhui	3	180
Shanxi	4	180
Ningxia	4	150
Qinghai	4	150
Jiangxi	3	120
Hubei	1	116
Guangdong	1	100
Shandong	3	95
Xinjiang	2	80
Yunnan	2	80
Hunan	1	60
Hainan	2	50
Zhejiang	1	23
Jilin	1	15
Sub-total	66	2,680
Joint Ventures		
Qinghai	1	30
Xinjiang	1	25
Total	68	2,735

Particulars of the Group's current projects under development as at 30 June 2016 are as follows:

Location	Number of Projects	Installed Capacity (MW)
Shaanxi	2	300
Henan	1	120
Hubei	1	100
Hebei	3	80
Ningxia	1	50
Sichuan	1	35
Xinjiang	<u>1</u>	<u>20</u>
Total	<u>10</u>	<u>705</u>

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

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

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

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

(a) Long positions in the Shares

Name of Director	Nature of interest	Number of underlying Shares (Note)	Approximate percentage of issued Shares
Mr. ZHU Yufeng	Beneficial owner	3,523,100	0.02%
Mr. SUN Xingping	Beneficial owner	16,105,600	0.08%
Ms. HU Xiaoyan	Beneficial owner	19,125,400	0.10%
Mr. TONG Wan Sze	Beneficial owner	8,052,800	0.04%
Ms. SUN Wei	Beneficial owner	27,178,200	0.14%
Mr. SHA Hongqiu	Beneficial owner	8,052,800	0.04%
Mr. YEUNG Man Chung, Charles	Beneficial owner	15,099,000	0.08%
Mr. WANG Bohua	Beneficial owner	2,617,160	0.01%
Mr. XU Songda	Beneficial owner	2,617,160	0.01%
Mr. LEE Conway Kong Wai	Beneficial owner	2,617,160	0.01%
Mr. WANG Yanguo	Beneficial owner	1,006,600	0.01%
Dr. CHEN Ying	Beneficial owner	1,006,600	0.01%

Note: Adjustments have been made to the number of underlying Shares as a result of the rights issue with effect from 2 February 2016. Details can be referred to the announcement of the Company dated 2 February 2016.

(b) *Long positions in shares of associated corporation*

Name of Director	Beneficiary of a trust	Number of ordinary shares in GCL-Poly			Total	Approximate percentage of issued shares
		Corporate interests	Personal interests	Number of underlying shares		
Mr. ZHU Yufeng	6,127,721,489 (Note 1)	—	—	245,184,592 (Notes 1, 2 & 3)	6,372,906,081	34.29%
Ms. SUN Wei	—	—	5,723,000	4,733,699 (Note 2)	10,456,699	0.06%
Mr. SHA Hongqiu	—	—	—	1,692,046 (Note 2)	1,692,046	0.01%
Mr. YEUNG Man Chung, Charles	—	—	—	1,700,000 (Note 2)	1,700,000	0.01%

Notes:

- Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL-Poly. Of these interest of 6,370,388,156 shares in GCL-Poly, 366,880,131 shares in GCL-Poly, 13,200,000 shares in GCL-Poly and 5,990,308,025 shares in GCL-Poly are legally held by Highexcel Investments Limited, Get Famous Investments Limited and Happy Genius Holdings Limited (together, the “Trust Companies”), respectively. Each of the Trust Companies is wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited, which itself is held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan (a director and the chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, a director of GCL-Poly and the son of Mr. Zhu Gongshan) as beneficiaries. Of the 6,370,388,156 shares in GCL-Poly as stated above, 242,666,667 underlying shares in GCL-Poly are legally held by Pacific Alliance Asia Opportunity Fund LP (“PAA”) as the shares in GCL-Poly borrowed by it from Happy Genius Holdings Limited pursuant to the securities lending agreement dated 23 November 2013 (as amended by a number of agreements) entered into between Happy Genius Holdings Limited as lender and PAA as borrower.
- These are share options granted by GCL-Poly to the eligible persons, pursuant to the pre-IPO share option scheme and the share option scheme of GCL-Poly, both adopted by the shareholders of GCL-Poly on 22 October 2007. Such granted share options can be exercised by the eligible persons at various intervals during the period from 1 April 2009 to 28 March 2026 at an exercise price of HK\$0.586, HK\$4.071, HK\$2.867 or HK\$1.324 per share.
- The 245,184,592 underlying shares of GCL-Poly comprises the long position of 242,666,667 shares of GCL-Poly held by Happy Genius Holdings Limited under Note (1) and 2,517,925 option shares mentioned under Note (2) above.

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

(ii) Interests of substantial shareholders

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

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

Notes:

1. "L" denotes a long position.
2. Elite Time is wholly owned by GCL-Poly.
3. According to the notice of interests filed by Haitong International Securities Group Limited and Haitong Securities Co., Ltd. on 3 February 2016, Haitong International New Energy VIII Limited is indirectly wholly-owned by Haitong International Securities Group Limited, which is indirectly owned as to 60.01% by Haitong Securities Co., Ltd.

4. Talent Legend Holdings Ltd. assigned the outstanding convertible bonds in the aggregate principal amount of HK\$775,100,000.00 issued to Talent Legend Holdings Ltd. due on 27 March 2018 to COAMI ABS No. 1 Limited with effect from 11 December 2015. COAMI ABS No. 1 Limited is wholly-owned by Walkers Fiduciary Limited. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, COAMI ABS No. 1 Limited and its ultimate holding company are not connected persons (as defined in the Listing Rules) of the Company.

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

3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

(i) Interests in competing interests

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

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

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and their respective close associates (has the same meaning ascribed to it under the Listing Rules) are considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group required to be disclosed under the Listing Rules.

(ii) Interests in contracts or arrangements

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

(iii) Interests in assets

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

4. DIRECTORS' SERVICE CONTRACTS

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

5. MATERIAL CONTRACTS

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

- (i) the subscription agreement dated 24 April 2015 between the Company, GCL Yield Holding Company Limited (“**Yield Holding**”) and Goldman Sachs Investment Holdings (Asia) Limited in respect of the propose issuance of the convertible bonds to be issued in two tranches in an aggregate principal amount of US\$100,000,000 by Yield Holding;
- (ii) the subscription agreement dated 29 April 2015 entered into between the Company and Talent Legend Holdings Ltd. in respect of the subscription of convertible bonds in the principal amount of HK\$775,100,000;
- (iii) the subscription agreement dated 29 April 2015 entered into between the Company and Ivyrock China Focus Master Fund in respect of the subscription of convertible bonds in the principal amount of HK\$200,000,000;
- (iv) the placing agreement dated 29 April 2015 entered into between the Company and Essence International Securities (Hong Kong) Limited in respect of the private placement of the convertible bonds in the principal amount of HK\$975,100,000;
- (v) the partnership agreement dated 29 May 2015 entered into between the Company, Nanjing GCL New Energy Development Co., Ltd. (南京協鑫新能源發展有限公司) (“**Nanjing GCL New Energy**”) and Suzhou GCL New Energy Investment Company Limited* (蘇州協鑫新能源投資有限公司) (“**Suzhou GCL New Energy**”), Galaxy Capital Asset Management Company Ltd.* (銀河資本資產管理有限公司) and JIC Capital Management (Tianjin) Ltd.* (中建投資本管理(天津)有限公司) in respect of the establishment of Jiali (Tianjin) Asset Management Enterprise (Limited Partnership)* (嘉立(天津)資產管理合夥企業(有限合夥)), an investment fund with an initial capital commitment of RMB1,251,000,000;

- (vi) the agreements in relation to the issuance of bonds by Nanjing GCL New Energy on 4 June 2015 in the PRC in the maximum principal amount of RMB360,000,000 with a term of one year from the date of issue and be privately issued to qualifying investors on the Jiangsu Equity Exchange Center Limited Liability Company;
- (vii) the amendment and restatement deed on 14 July 2015 in relation to the convertible bonds in the principal amount of HK\$200,000,000 to be issued to Ivyrock China Focus Master Fund;
- (viii) the underwriting agreement dated 15 December 2015 entered into between the Company, Elite Time and Haitong International Securities Company Limited in relation to the underwriting of rights shares of the Company and certain other arrangements in respect of the rights issue of the Company;
- (ix) the cooperation agreement dated 27 April 2016 entered into between Beijing Dongfu Jueqi Economic Consulting Centre (Limited Partnership)* (北京東富崛起經濟諮詢中心(有限合夥)) (“**Dongfu Jueqi**”), Nanjing GCL New Energy, Suzhou GCL New Energy and the Company in relation to cooperation for the Beijing Guande Xinneng Investment Management Centre (Limited Partnership)* (北京冠德新能投資管理中心(有限合夥));
- (x) the partnership agreement dated 27 April 2016 entered into between Dongfu Jueqi, Nanjing GCL New Energy and Dongfu (Beijing) Huitong Investment Management Company Limited* (東富(北京)投資管理有限公司) in relation to the establishment of the Beijing Limited Partnership;
- (xi) the underwriting agreement dated 18 July 2016 entered into between Suzhou GCL New Energy and Guotai Junan Securities Co. Ltd.* (國泰君安證券股份有限公司) in relation to the issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000,000,000 on the Shanghai Stock Exchange (上海證券交易所) and certain other arrangements in respect of the non-public corporate bonds with a term of up to 3 years;
- (xii) the perpetual notes agreement dated 18 November 2016 entered into between Nanjing GCL New Energy and 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. (江蘇協鑫硅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) in relation to perpetual notes in the maximum amount of RMB1,800,000,000 with an indefinite term; and
- (xiii) the agreements dated 7 December 2016 in relation to the issuance of non-public green bonds by Suzhou GCL New Energy in the PRC in the maximum principal amount of RMB1,750,000,000 with a term of not more than three years to not more than 200 qualifying investors on the Shenzhen Stock Exchange (深圳證券交易所).

6. CLAIMS AND LITIGATION

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

7. GENERAL

- (i) the registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11 Bermuda.
- (ii) the principal place of business of the Company in Hong Kong is situated at Unit 1701A–1702A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (iii) the branch share registrar and transfer office of the Company is Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) the company secretary of the Company is Mr. Cheng Man Wah, who is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (v) in case of inconsistencies, the English texts of this circular and proxy form shall prevail over the Chinese texts thereof.

8. EXPERT'S CONSENT AND QUALIFICATIONS

The following is the name and the qualifications of the professional adviser who has given opinion or advice which is contained or referred to in this circular:

Name	Qualification
Hercules Capital Limited	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Hercules Capital Limited does not have any beneficial interest in the share capital of any member of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group or have any interest, either directly or indirectly, in any assets which have been, since 31 December 2015, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Hercules Capital Limited has given and has not withdrawn its written letters of consent to the issue of this circular with its expert statements dated 20 January 2017 (as set out on pages 19 to 37 of and made for incorporation in this circular) and name included in the form and context in which they appear.

9. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual reports of the Company for the nine months ended 31 December 2014 and the year ended 31 December 2015;
- (iii) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (iv) the Sale and Purchase Agreement;
- (v) the written consent referred to under the section headed “Expert’s Consent and Qualifications” in this appendix;
- (vi) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (vii) the circular of the Company dated 17 June 2016 in relation to the major transaction with Xinxin Finance Leasing Company Limited;
- (viii) the circular of the Company dated 29 June 2016 in relation to the major transaction with Nanjing CNI Energy Engineering Company Limited; and
- (ix) this circular.

NOTICE OF SPECIAL GENERAL MEETING



GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 451)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “SGM”) of GCL New Energy Holdings Limited 協鑫新能源控股有限公司 (the “Company”) will be held at Strategy II & III, 8/F, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Monday, 13 February 2017 at 11:00 a.m. to consider and, if thought fit, pass with or without amendments, the following resolution:

ORDINARY RESOLUTION

“THAT

- (a) the sale and purchase agreement dated 30 December 2016 (the “**Sale and Purchase Agreement**”) entered into between the Company as seller and Mr. Yip Sum Yin (the “**Purchaser**”), who was a director of the Company in the past 12 months, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire equity interest in Same Time International (B.V.I.) Limited, pursuant to the terms and conditions set out in the Sale and Purchase Agreement, be and is hereby unconditionally approved, ratified and confirmed; and
- (b) any one or more of the directors of the Company be and are hereby authorised to act for and on behalf of the Company to do all such things and sign, seal, execute, perfect and deliver all such documents as he/she/they may in his/her/their discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation and/or give effect to any matters relating to the Sale and Purchase Agreement and the transactions contemplated thereunder.”

By order of the Board
GCL New Energy Holdings Limited
協鑫新能源控股有限公司
Cheng Man Wah
Company Secretary

Hong Kong, 20 January 2017

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. Any member entitled to attend and vote at the SGM is entitled to appoint another person as his/her proxy to attend and vote on his/her behalf. A member who is the holder of two or more shares of the Company may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.
2. In order to be valid, proxy forms in prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority should be deposited to the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable, but in any event not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof (as the case may be).
3. Completion and delivery of the proxy form will not preclude members from attending and voting in person at the SGM or any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the proxy form shall be deemed to be revoked.
4. In the case of joint holders of shares of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the SGM of the Company, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such shares shall alone be entitled to vote in respect thereof.
5. Pursuant to Rule 13.39(4) of the Listing Rules, resolutions will be put to vote at the SGM by way of poll.
6. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the SGM, the SGM will be postponed. Shareholders may visit the website of the Company at www.gclnewenergy.com for details of the postponement and alternative meeting arrangement.