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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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)**

**(1) MAJOR TRANSACTION**  
**DISPOSAL OF 70% EQUITY INTEREST IN SUBSIDIARIES**  
**(2) POSSIBLE MAJOR TRANSACTION**  
**GRANT OF PUT OPTION**  
**AND**  
**NOTICE OF SPECIAL GENERAL MEETING**

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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 7 to 25 of this circular.

A notice convening the Special General Meeting of the Company to be held at Jade Room, 6/F, Marco Polo Hongkong Hotel, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 19 July 2019 at 10 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Irrespective of whether 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, 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. The address of Tricor Abacus Limited is currently Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. With effect from 11 July 2019, Tricor Abacus Limited will change its address to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the proxy form will not preclude you from attending and voting in person at the Special General Meeting or any adjournment thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

28 June 2019

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## DEFINITIONS

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

“affiliated parties”	has the same meaning ascribed to it under “Accounting Standards for Enterprises No. 36 – Disclosure of Affiliated Parties (企業會計準則第36號－關聯方披露)”
“Announcement”	the Company’s announcement dated 23 May 2019 in relation to the Disposals and the Put Options
“Base Date”	30 November 2018
“Board”	the board of Directors
“Business Day”	a day on which banks in China are open for general commercial business, other than a Saturday, Sunday or public holiday in China
“Closing Date”	the date of issuance as stated on the new business certificate of the Target Company
“Closing Audit Report”	the closing audit report prepared by an auditing agency to audit the financial status of the Target Companies in the period from the Base Date to the Closing Date in accordance with the Share Purchase Agreements
“Company”	GCL New Energy Holdings Limited (協鑫新能源控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 451
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the transactions contemplated under the Share Purchase Agreements, being the aggregate of the Share Price and the Shareholder’s Loan Price
“Directors”	the directors of the Company
“Disposals”	the proposed disposals of the Sale Shares and the Sale Shareholder’s Loan by the Seller to the Purchaser as contemplated under the Share Purchase Agreements
“Effective Date”	the date on which the Share Purchase Agreements become effective, which is when the necessary approvals for the Transactions are obtained from, or the necessary filings are made with, the relevant PRC authorities

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## DEFINITIONS

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“Fenxi GCL”	Fenxi County GCL Photovoltaic Co., Ltd.* (汾西縣協鑫光伏電力有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Final Date for Fulfilment of the Conditions Precedent”	45 days after the date of the Share Purchase Agreements
“GCL-Poly”	GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800. As at the Latest Practicable Date, GCL-Poly is interested in approximately 62.28% of the issued share capital of the Company
“GCL-Poly EGM”	the extraordinary general meeting of GCL-Poly to be convened to consider and, if thought fit, approve the Put Options and the entering into and performance of obligations under the Share Purchase Agreements
“GCL-Poly Shareholders”	the shareholders of GCL-Poly
“GP”	Tibet Yunshang Investment Fund Management Co., Ltd.* (西藏雲尚股權投資基金管理有限公司), a company incorporated in the PRC with limited liability
“Group”	The Company and its subsidiaries
“Guarantor” or “Nanjing GCL New Energy”	Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hanneng Guangping”	Hanneng Guangping County Photovoltaic Development Co., Ltd.* (邯能廣平縣光伏電力開發有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Hebei GNE”	Hebei GCL New Energy Co., Ltd.* (河北協鑫新能源有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investment Fund”	Ningbo Rongshang Investment Partnership (Limited Partnership)* (寧波榕尚投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC

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## DEFINITIONS

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“Latest Practicable Date”	26 June 2019, 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
“Material Adverse Effect”	means any agreement, arrangement, event, condition: <ul style="list-style-type: none"><li>(i) caused by the failure by the Seller, the Target Companies or the Project Companies to perform any obligations under relevant laws or the Share Purchase Agreements, capable of causing a negative impact on the relevant Project Company’s annual pre-tax or operating income by 5% or more compared to its previous year; or</li><li>(ii) that is capable of affecting the normal operation of the Target Companies or the Project Companies, including but not limited to such companies obtaining the relevant qualifications, permits, filings, registrations, approval, etc.</li></ul>
“MW”	megawatt(s)
“OMM Agreements”	the two operation, maintenance and management agreements dated 22 May 2019 entered into between Suzhou GCL Operation, Shanxi GNE and Hebei GNE, pursuant to which Suzhou GCL Operation (and/or its affiliates) agreed to provide operation, maintenance and management services to Shanxi GNE and Hebei GNE (and/or their affiliates) in relation to the solar power plants held by the Target Companies
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan

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## DEFINITIONS

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“Pre-Closing Reorganisation”	certain pre-closing reorganisations required under the Share Purchase Agreements, under which (a) all subsidiaries of the Target Companies that are not within the scope of the Share Purchase Agreements shall be transferred (applicable to Share Purchase Agreements I and VII only); (b) the Seller shall acquire 0.58% of the equity interest in Yu County Jinyang (as at the Latest Practicable Date, the Seller holds the remaining 99.42% of the equity interest in Yu County Jinyang) from Sungrow Power Supply Co., Ltd.* (陽光電源股份有限公司) (applicable to Share Purchase Agreement IV only) so that the Seller can own 100% of the equity interest in the entity which would in turn allow it to have clean ownership in the entity free from other minority interests. Sungrow Power and its ultimate beneficial owner are third parties independent of GCL-Poly and the Company and their connected persons; (c) the debts owed by each Project Company to its shareholders and affiliated parties shall be restructured as owing to the Target Company (applicable to Share Purchase Agreements I and VII only); and (d) the debts owed by the Target Company to its shareholders and affiliated parties shall be restructured as owing to the Seller
“Project Company(ies)”	direct subsidiaries of the Target Companies, details of which can be found in the section headed “Information on the Target Companies” of this circular
“Purchaser”	Shanghai Rongyao New Energy Co., Ltd.* (上海榕耀新能源有限公司), a company incorporated in the PRC with limited liability and a subsidiary controlled by the Investment Fund
“Put Options”	the put options granted to the Purchaser and/or the Target Company under the Share Purchase Agreement, pursuant to which the Purchaser and/or the Target Company is entitled to, upon the occurrence of certain specified events, request the Seller to repurchase (a) the Sale Shares and/or the entire equity interests of any Project Company held by the Target Company; and (b) the relevant shareholder’s loans outstanding at the time
“RMB”	Renminbi, the lawful currency of the PRC
“Ruicheng GCL”	Ruicheng County GCL Photovoltaic Co., Ltd.* (芮城縣協鑫光伏電力有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Sale Shares”	70% of the equity interest in the Target Companies held by the Seller

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## DEFINITIONS

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“Sale Shareholder’s Loan”	70% of the Shareholder’s Loan
“Seller” or “Suzhou GCL New Energy”	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Share Purchase Agreements
“Shanxi GNE”	Shanxi GCL New Energy Technologies Co., Ltd.* (山西協鑫新能源科技有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Share Pledge Agreements”	the share pledge agreements dated 22 May 2019 entered into between the Seller and the Purchaser whereby the Seller agrees to pledge its remaining equity interest in Shanxi GNE and Hebei GNE (being 30% of the equity interest in Shanxi GNE and Hebei GNE) to the Purchaser as a security for the performance of its obligations under the Share Purchase Agreements
“Share Price”	the consideration for the Sale Shares
“Share Purchase Agreements”	a series of seven equity transfer and joint venture agreements (numbered I to VII) dated 22 May 2019 entered into between the Seller and the Purchaser in relation to the Transactions
“Shareholders”	the shareholders of the Company
“Shareholder’s Loan”	the outstanding balance of loans between the Target Companies and the Seller upon the completion of the Pre-Closing Reorganisation
“Shareholder’s Loan Price”	the consideration for the Sale Shareholder’s Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Subscription Intention Agreement”	the subscription intention agreement dated 22 May 2019 between Yunnan Energy Investment Group and the GP pursuant to which Yunnan Energy Investment Group agreed to, subject to certain conditions, subscribe for the interest in the Investment Fund and become a limited partner by entering into a limited partnership agreement

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## DEFINITIONS

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“Suzhou GCL Operation”	Suzhou GCL New Energy Operation and Technology Co., Ltd.* (蘇州協鑫新能源運營科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Company(ies)”	the seven target companies being the subject of the Disposals, details of which can be found in the section headed “Information on the Target Companies” of this circular
“Target Project(s)”	19 operational solar power plants in the PRC owned by the Target Companies with an aggregate installed capacity of approximately 977MW located in the PRC
“Transactions”	the transactions contemplated under the Share Purchase Agreements, including the Disposals and the Put Options
“Yu County GCL”	Yu County GCL Photovoltaic Co., Ltd.* (孟縣協鑫光伏電力有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Yu County Jinyang”	Yu County Jinyang New Energy Power Generation Co., Ltd.* (孟縣晉陽新能源發電有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Yunnan Energy Investment Group”	Yunnan Energy Investment Group Co., Ltd.* (雲南能源投資集團有限公司), a company incorporated in the PRC with limited liability and a PRC state-owned enterprise
“%”	per cent.

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



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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Zhu Yufeng  
Mr. Sun Xingping  
Ms. Hu Xiaoyan

*Non-executive Directors:*

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

*Independent non-executive Directors:*

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

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

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

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

28 June 2019

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION**  
**DISPOSAL OF 70% EQUITY INTEREST IN SUBSIDIARIES**  
**(2) POSSIBLE MAJOR TRANSACTION**  
**GRANT OF PUT OPTION**

#### **1. INTRODUCTION**

We refer to the Company's announcement published on 23 May 2019 (the "**Announcement**"). As disclosed in the Announcement, the Seller entered into a series of seven Share Purchase Agreements with the Purchaser and the Guarantor pursuant to which the Seller agreed to, among other things, (a) sell the Sale Shares and the Sale Shareholder's Loan; and (b) grant the Put Options, to the Purchaser and/or the Target Companies.

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## LETTER FROM THE BOARD

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### 2. THE SHARE PURCHASE AGREEMENT

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

#### Date

22 May 2019 (after trading hours)

#### Parties

- |       |               |   |
|-------|---------------|---|
| (i)   | The Seller    | Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)   |
| (ii)  | The Purchaser | Shanghai Rongyao New Energy Co., Ltd.* (上海榕耀新能源有限公司)          |
| (iii) | The Guarantor | Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司) |

#### Assets to be sold

- (i) The Sale Shares, being 70% of the equity interests in each Target Company
- (ii) The Sale Shareholder's Loan, being 70% of the Shareholder's Loan in relation to each Target Company

The Target Companies own 19 operational solar power plants in the PRC with an aggregate installed capacity of approximately 977MW.

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

#### Share Purchase

Share Purchase Agreements	Target Companies
I	Shanxi GCL New Energy Technologies Co., Ltd.* (山西協鑫新能源科技有限公司) (“ <b>Shanxi GNE</b> ”)
II	Fenxi County GCL Photovoltaic Co., Ltd.* (汾西縣協鑫光伏電力有限公司) (“ <b>Fenxi GCL</b> ”)
III	Ruicheng County GCL Photovoltaic Co., Ltd.* (芮城縣協鑫光伏電力有限公司) (“ <b>Ruicheng GCL</b> ”)
IV	Yu County Jinyang New Energy Power Generation Co., Ltd.* (孟縣晉陽新能源發電有限公司) (“ <b>Yu County Jinyang</b> ”)
V	Yu County GCL Photovoltaic Co., Ltd.* (孟縣協鑫光伏電力有限公司) (“ <b>Yu County GCL</b> ”)
VI	Hanneng Guangping County Photovoltaic Development Co., Ltd.* (邯能廣平縣光伏電力開發有限公司) (“ <b>Hanneng Guangping</b> ”)
VII	Hebei GCL New Energy Co., Ltd.* (河北協鑫新能源有限公司) (“ <b>Hebei GNE</b> ”)

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

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## LETTER FROM THE BOARD

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Upon Completion, 70% of the equity interests in the Target Companies will be held by the Purchaser and 30% of the equity interests in the Target Companies will be held by the Seller. As at the Latest Practicable Date, the Company has no plans to dispose of its remaining 30% equity interests in the Target Companies upon Completion.

### Consideration

The Consideration under each of the Share Purchase Agreements shall be an aggregate of (i) the consideration for the Sale Shares (the “Share Price”) and (ii) the consideration for the Sale Shareholder’s Loan (the “Shareholder’s Loan Price”). The aggregate Consideration under the Share Purchase Agreements is RMB1,740,616,700, of which the final Shareholder’s Loan Price will be determined pursuant to the Closing Audit Report.

The table below sets out the consideration in respect of the Target Companies under each of the Share Purchase Agreements:

<b>Share Purchase Agreements</b>	<b>Share Price</b> <i>RMB</i>	<b>Estimated Shareholder’s Loan Price</b> <i>RMB</i>	<b>Consideration</b> <i>RMB</i>
I	176,960,000	68,505,900	245,465,900
II	174,300,000	0	174,300,000
III	120,400,000	31,626,300	152,026,300
IV	291,200,000	13,570,400	304,770,400
V	98,700,000	0	98,700,000
VI	89,600,000	19,644,100	109,244,100
VII	656,110,000	0	656,110,000
<b>Total</b>	<b>1,607,270,000</b>	<b>133,346,700</b>	<b>1,740,616,700</b>

### Basis of the Consideration

- (i) The Share Price was determined after arm’s length negotiations between the Seller and the Purchaser, taking into account, among other things: (i) the net asset value of each of the Target Companies as at the Base Date (i.e. 30 November 2018); and (ii) the financial performance of each of the Target Companies;
- (ii) The Shareholder’s Loan Price was estimated based on 70% of the carrying amount of the Shareholder’s Loan of the Target Companies as at the Base Date (on a dollar-for-dollar basis). Following Completion, the final Shareholder’s Loan Price will be determined pursuant to the Closing Audit Report based on 70% of the carrying amount of the Shareholder’s Loan of the Target Companies as at the Closing Date (on a dollar-for-dollar basis).

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## LETTER FROM THE BOARD

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The difference between the final Shareholder's Loan Price and the estimated Shareholder's Loan Price as at the Base Date shall be payable within three months of the Closing Date. Please refer to the sections headed "Closing Audit Report and profit-sharing arrangement" and "Payment arrangements" below.

The Purchaser is a special purpose vehicle of a fund primarily funded by a PRC state-owned enterprise. Accordingly, the Transactions required approval from the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC"). This approval process is complicated and time consuming. As such, for the purposes of such approval, the parties agreed to use the net asset value as the basis of negotiating and determining the Consideration.

The Share Price, being the consideration for the Sale Shares, represents an excess of RMB94,200,400 over the net book value of the assets in the Disposals of RMB1,513,069,600, being 70% of the net asset value of the Target Companies as at the Base Date. The Directors consider that the basis of the Consideration is fair and reasonable and on normal commercial terms.

As at 31 May 2019, the outstanding loan balance between the Target Companies and the Seller are as follows:

<b>Share Purchase Agreement</b>	<b>Target Company</b>	<b>Outstanding loan balances as at 31 May 2019</b> <i>RMB'000</i>	<b>70% of outstanding loan balances as at 31 May 2019</b> <i>RMB'000</i>
I	Shanxi GNE	114,146	79,902
II	Fenxi GCL	–	–
III	Ruicheng GCL	26,901	18,830
IV	Yu County Jinyang	41,557	29,090
V	Yu County GCL	48,440	33,908
VI	Hanneng Guangping	14,514	10,160
VII	Hebei GNE	–	–
<b>Total</b>		<b>245,558</b>	<b>171,890</b>

Except for the changes of the outstanding loan balances arising from normal business operation, the Directors do not expect any material change in the outstanding loan balance upon the completion of the Pre-Closing Reorganisation.

### **Payment arrangements**

The aggregate Consideration under the Share Purchase Agreements shall be paid by the Purchaser to the Seller in the following manner:

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## LETTER FROM THE BOARD

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### *Payment of the Share Price*

- First instalment RMB1,125,089,000, being 70% of the aggregate Share Price, shall be payable within 10 Business Days after the delivery of the relevant closing deliverables under each of the Share Purchase Agreements.
- Second instalment RMB370,201,000, being the aggregate Share Price less (i) the amount paid in the first instalment; and (ii) the amounts to be paid under the third and fourth instalments, shall be payable within 15 Business Days from the later of:
- (a) the issuance of the Closing Audit Report (defined below); and
  - (b) the completion of the relevant registration or filing of the change in the relevant Target Company or Project Company's legal representative, director, supervisor and senior management.
- Third instalment RMB46,720,000, representing the security deposit for the Seller's rectification of defects in the Project Companies in accordance with the Share Purchase Agreements.
- Specified portion of the third instalment shall be paid to the Seller within 10 Business Days after the Seller has completed the rectification of a specific defect and the delivering of relevant evidence of rectification to the satisfaction of the Purchaser.
- Fourth instalment RMB65,260,000, being 10% of the aggregate Share Price, representing the guarantee that certain Target Projects that are currently not in the National Subsidy Catalogue (as defined below) will enter such catalogue. Such amount is determined through negotiations between the parties to the Share Purchase Agreements and is not linked to the amount of national subsidy to be received by the Target Companies.

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## LETTER FROM THE BOARD

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After the Closing Date and within 15 Business Days after each Target Project's application for national subsidy is accepted, the Purchaser shall pay 50% of the relevant portion of the fourth instalment to the Seller.

Within 15 Business Days after the Project Company is accepted to the National Subsidy Catalogue, the Purchaser shall pay the remaining 50% of the relevant portion of the fourth instalment to the Seller. The timeline regarding the application for the national subsidy and acceptance in the catalogue is based entirely on the PRC government which will announce the release of a new National Subsidy Catalogue from time to time. Therefore, there is no deadline for the payment of the fourth instalment under the Share Purchase Agreements.

### *Payment of the Shareholder's Loan Price*

First instalment	RMB133,346,700, being the estimated Shareholder's Loan Price as at the Base Date, shall be payable within 10 Business Days after the delivery of the closing deliverables under each of the relevant Share Purchase Agreements.
Second instalment	The difference between the final Shareholder's Loan Price as ascertained by the Closing Audit Report (defined below) and the amount paid in the first instalment shall be payable within three months of the Closing Date.

In addition, the Purchaser shall procure the Project Companies/Target Companies to pay to the Seller its dividend entitlement of RMB322,111,700, which represents the amount of the dividend declared and payable by the Target Companies to the Seller as at the Base Date in the following manner:

Dividends declared by Project Companies/Target Companies that are currently in the National Subsidy Catalogue	After the Closing Date and within 10 Business Days after the Project Company/Target Company receives the national subsidy that is payable as of the Base Date, the Purchaser shall procure the Project Company/Target Company to pay the full amount of the dividend payable as of the Base Date to the Seller.
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## LETTER FROM THE BOARD

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Dividends declared by Project Companies/Target Companies that are not currently in the National Subsidy Catalogue

After the Closing Date and within 10 Business Days after the Target Project's application for national subsidy is accepted, the Purchaser shall procure the Project Company/Target Company to pay 50% of the dividend payable as of the Base Date to the Seller.

Within 10 Business Days after the Target Project is accepted to the National Subsidy Catalogue, the Purchaser shall procure the Project Company/Target Company to pay the remaining 50% of the dividend payable as of the Base Date to the Seller.

The relevant amount of the national subsidy which is subject to approval for registration into the National Renewable Energy Tariff Surcharge Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "**National Subsidy Catalogue**") by the PRC government have been recognised in the financial statements of the Project Companies/Target Companies to the extent that it is highly probable that a significant reversal will not occur.

Pursuant to the Notice on Exerting Price Leverage to Promote the Healthy Development of the Photovoltaic Industry (NDRC Price [2013] No. 1638) (《國家發展改革委關於發揮價格槓桿作用促進光伏產業健康發展的通知》(發改價格[2013]1638號)) issued in August 2013 by the National Development and Reform Commission of the PRC (the "**New Tariff Notice**") and other applicable laws and regulations, solar power plant projects are in principle entitled to be registered in the National Subsidy Catalogue and receive the national subsidy as long as certain specified conditions are fulfilled, including achieving on-grid connection and obtaining the following documents:

- (1) the project approval document for filing purpose;
- (2) the project on-grid price approval document;
- (3) the project feasibility study report; and
- (4) the project access system design review and comments.

The solar power plants currently operated by the Project Companies/Target Companies have already obtained or to obtain without any material legal impediment the above documents (1) to (4) and have already achieved on-grid power generation as required in the New Tariff Notice in relation to the entitlement of tariff adjustments. Hence, it is expected that these solar power plants will be registered in the National Subsidy Catalogue in due course and the accrued revenue on tariff subsidy will be fully recoverable.

### **Effective date and conditions**

The effectiveness of the Share Purchase Agreements is subject to the obtaining of the necessary approvals for the Transactions from, or making of the necessary filings with, the relevant PRC authorities.

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## LETTER FROM THE BOARD

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The date on which the above condition to effectiveness is fulfilled shall be the Effective Date.

### Conditions precedent

Closing under each of the Share Purchase Agreements is subject to the fulfilment or (if applicable) waiver of certain conditions precedent:

- (i) the completion of the Pre-Closing Reorganisation;
- (ii) the obtaining of all required permits and consents, including: the Seller and the Guarantor having obtained all the necessary consents, permits and other documents required for the entering into and performance of their respective obligations under the Share Purchase Agreements in accordance with applicable laws, regulations, finance documents (if applicable) and constitutional documents, including the passing of an ordinary resolution approving the transactions contemplated under the Share Purchase Agreements in accordance with the Listing Rules by (a) the Shareholders at the SGM; and (b) the GCL-Poly Shareholders at the GCL-Poly EGM;
- (iii) the Seller having procured the Target Company and the Project Companies to obtain key compliance documents from the relevant authorities specified in the Share Purchase Agreements (or a compliance confirmation letter or other documentations from the relevant authorities to the satisfaction of the Purchaser if such key compliance documents are not available);
- (iv) the Seller having obtained the notification from the relevant business registration authority for the registration of the share pledge over its remaining equity interest in Shanxi GNE or Hebei GNE pursuant to the Share Pledge Agreements;
- (v) there being no event which has a Material Adverse Effect on the Target Company and the Project Companies (or such events having been rectified);
- (vi) there being no law, judgment, decision, prohibition or order made by relevant authorities restricting, prohibiting or cancelling the transfer of the Sale Shares; and
- (vii) the statements, representations, warranties and undertakings of the Seller being true, complete and accurate.

The Seller undertakes to the Purchaser that all the conditions precedent will be fulfilled after 45 days of the date of the Share Purchase Agreements (the “**Final Date for Fulfilment of the Conditions Precedent**”). If any conditions precedent cannot be fulfilled before the Final Date for Fulfilment of the Conditions Precedent, the Purchaser can request the Seller to pay liquidated damages of 0.05% of the Share Price for each day of delay, subject to a cap of 5% of the Share Price. The Purchaser can terminate the Share Purchase Agreements if the conditions precedent have not been fulfilled after 60 days of the Final Date of Fulfilling the Conditions Precedent.



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## LETTER FROM THE BOARD

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### **Closing**

Closing shall take place within five Business Days (or any longer period as specified by the Purchaser in writing) after all the conditions precedent have been fulfilled or waived (as the case may be).

The date of the issuance as stated on the new business certificate of the Target Company shall be the Closing Date.

### **Closing Audit Report and profit-sharing arrangement**

Pursuant to the Share Purchase Agreements, the Seller and the Purchaser shall engage an auditing agency to audit the financial condition of the Target Companies for the period from the Base Date (i.e. 30 November 2018) to the Closing Date and prepare a closing audit report within 30 days after the Closing Date (the “**Closing Audit Report**”).

The Closing Audit Report shall ascertain, among other things, the final Shareholder’s Loan Price based on 70% of the carrying amount of the Shareholder’s Loan of the Target Companies as at the Closing Date (on a dollar-for-dollar basis).

Subject to certain exceptions, the Seller and the Purchaser shall share the profits or losses incurred from the daily operations of the Target Companies and the Project Companies during the period from the Base Date to the Closing Date in accordance with their respective post-closing shareholding in the Target Companies.

As the Transactions required SASAC approval as at the Base Date, the Seller and the Purchaser negotiated the Transactions on the basis that the risks and rewards of the business would be shared between the Purchaser and the Seller in proportion to their post-closing shareholdings as from the Base Date. However, as the control over the Target Companies has not been passed to the Purchaser as at the Base Date, the financial results of the Target Companies will continue to be consolidated into the Group’s accounts until the Closing Date when the actual control has been transferred to the Purchaser.

From the Company’s perspective, any profits or losses arising from the daily operations during such period will be shared in proportion to the post-closing shareholdings of the Purchaser and Seller. During such period, such profits or losses will be reflected in the net asset value of the Target Companies (i.e. the net asset value will increase by the amount of profits attributable to the relevant Target Company and decrease by the amount of losses attributable to the relevant Target Company). As the Share Price for the Disposals is fixed and the Target Companies will not be declaring dividends during the relevant period, the changes in the net asset value of the Target Companies during the period will be shared by the Purchaser and Seller in proportion to their post-closing shareholding as from the Closing Date from an accounting perspective.

This profit-sharing arrangement was negotiated as part of the commercial terms between the parties to the Share Purchase Agreements. As the Transactions required SASAC approval as at the Base Date, the Seller and the Purchaser negotiated the Transactions on the basis that the risks and

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## LETTER FROM THE BOARD

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rewards of the business would pass to the Purchaser as from the Base Date. The financial results of the Target Companies will continue to be consolidated into the Group's accounts until the Closing Date when the actual risks and rewards have been transferred to the Purchaser.

The Directors believe that the profit-sharing arrangement is fair and reasonable, because the Consideration already includes a premium to the net asset value of the Target Companies which takes into account the profit-sharing arrangement.

### **Post-closing management of the Target Companies**

After the Closing Date, the board of directors of Shanxi GNE and Hebei GNE shall comprise seven directors, and they shall be nominated by shareholders and elected at the shareholders' meeting. The Purchaser is entitled to nominate five directors and the Seller is entitled to nominate two directors. The other Target Companies (including Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL and Hanneng Guangping) shall appoint one executive director, to be recommended by the Purchaser and elected at the shareholders' meeting. The Target Companies will appoint one general manager to be recommended by the Seller.

After the Closing Date, Shanxi GNE and Hebei GNE shall establish a board of supervisors comprising three supervisors. The Purchaser and the Seller will each be entitled to nominate one supervisor. The remaining supervisor shall be the employee supervisor elected by all the employees or at the employee representative meeting. The other Target Companies (including Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL and Hanneng Guangping) shall have one supervisor nominated by the Purchaser and appointed at the shareholders' meeting.

### **Security**

Pursuant to the Share Purchase Agreements, the Guarantor agreed to provide a guarantee on a joint and several basis to secure the due performance by the Seller of its obligations under the Share Purchase Agreements.

In connection with the Share Purchase Agreements, the Seller and the Purchaser have entered into the Share Pledge Agreements on 22 May 2019, pursuant to which the Seller agreed to pledge its remaining equity interest in Shanxi GNE and Hebei GNE (being 30% of the equity interests of Shanxi GNE and Hebei GNE) to the Purchaser as security for the due performance of its obligations under the Share Purchase Agreements.

### **Grant of Put Options**

#### **(a) *Repurchase of Project Company***

Within five years of the Closing Date and at the option of the Purchaser and/or the Target Company, the Seller shall be required to repurchase the entire equity interest of any Project Company and any outstanding shareholder's loan advanced to the relevant Project Companies by the Target Company, the Purchaser and/or its affiliates in accordance with the Share Purchase Agreements upon the occurrence of certain specified events, such as certain

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## LETTER FROM THE BOARD

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material defaults not being rectified by the Seller within the specified period or any breaches not being rectified leading to certain administrative penalties being imposed on the Project Companies, etc.

**(b) *Repurchase of Target Company***

Within five years of the Closing Date and at the option of the Purchaser, the Seller shall be required to repurchase the Sale Shares and any outstanding shareholder's loan advanced to the Target Company or each of the Project Companies by the Purchaser and/or its affiliates in accordance with the Share Purchase Agreements if (i) the Purchaser has required the Seller to repurchase not less than 50% of the Project Companies held by the relevant Target Company pursuant to the Share Purchase Agreements; or (ii) the occurrence of other specified repurchase events.

**(c) *Repurchase price for (a) and (b)***

The repurchase price for a Project Company or a Target Company shall be the aggregate of (i) the share repurchase price (calculated with reference to the equity investment cost of the Purchaser for the relevant Project Company or Target Company, *adding* the expected investment income of the Purchaser and *less* any dividend declared after the Closing Date); and (ii) the purchase price of the then outstanding shareholder's loan.

The expected investment income = the equity investment cost of the Purchaser for the relevant Target Company or Project Company x 12% per annum x the number of days since the Purchaser's investment/360 days.

### **3. THE OMM AGREEMENTS**

In connection with the Transactions, Suzhou GCL Operation, Shanxi GNE and Hebei GNE, entered into the OMM Agreements on 22 May 2019, pursuant to which Suzhou GCL Operation (and/or its affiliates) agreed to provide operation, maintenance and management services to Shanxi GNE and Hebei GNE (and/or their affiliates) in relation to the solar power plants held by the Target Companies for a period of three years commencing on the Closing Date, renewable by another three years at the discretion of the Purchaser, Shanxi GNE and Hebei GNE.

As consideration for the Seller (and/or its affiliates) undertaking the operation, maintenance and management services, the Purchaser will pay the Seller a service fee calculated with reference to the electricity sale volume. In addition, the Purchaser will pay the Seller an incentive fee if it achieves in aggregate more than certain agreed minimum electricity sale volumes and revenues for each project operated by the Project Companies. Conversely, under the OMM Agreements and the Share Purchase Agreements, if the aggregate electricity sale volumes and revenues for each project operated by the Project Companies are less than the specified minimum electricity sale volumes and revenues, the Seller will compensate the Purchaser in accordance with the Share Purchase Agreements.

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## LETTER FROM THE BOARD

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#### 4. INFORMATION ON THE GROUP

##### The Group

The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants.

##### The Seller

The Seller is a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company. The Seller is principally engaged in photovoltaic power investment, investment management and consultation, business management consultation, technology development, technology transfer, technical advice related to photovoltaic power projects, and sales of photovoltaic materials and equipment.

#### 5. INFORMATION ON THE PURCHASER

The Purchaser is a special purpose vehicle incorporated in the PRC with limited liability and is majority-held by Ningbo Rongshang Investment Partnership (Limited Partnership)\* (寧波榕尚投資合夥企業(有限合夥)) (the “**Investment Fund**”), a limited partnership established under the laws of the PRC which was formed for the purpose of investing in strategic emerging industry projects such as new energy, clean energy and new materials. The general partner of the Investment Fund is Tibet Yunshang Investment Fund Management Co., Ltd.\* (西藏雲尚股權投資基金管理有限公司), a company incorporated in the PRC with limited liability (the “**GP**”). The Investment Fund intends to raise funds of RMB6.001 billion and acquire the equity interests of the Target Companies under the Transactions through the Purchaser.

On 22 May 2019, Yunnan Energy Investment Group Co., Ltd.\* (雲南省能源投資集團有限公司) (“**Yunnan Energy Investment Group**”), a PRC state-owned enterprise, entered into a subscription intention agreement with the GP, pursuant to which Yunnan Energy Investment Group agreed to subscribe for interest in and become a limited partner of the Investment Fund by entering into a limited partnership agreement, conditional upon the obtaining of necessary PRC regulatory approvals (the “**Subscription Intention Agreement**”). Under the Subscription Intention Agreement, the total capital commitment of Yunnan Energy Investment Group is RMB2.94 billion.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Purchaser, the Investment Fund, the GP, Yunnan Energy Investment Group and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

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## LETTER FROM THE BOARD

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### 6. INFORMATION ON THE TARGET COMPANIES

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

<b>Share Purchase Agreements</b>	<b>Information on the Target Companies</b>
I	Shanxi GNE is a company incorporated in the PRC with limited liability and is principally engaged in investment holding. Shanxi GNE is the holding company of the Shanxi GNE group companies, whose business primarily consists of the development, investment, construction and operation of photovoltaic projects.
II	Fenxi GCL is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects. Fenxi GCL is an indirect subsidiary of the Company.
III	Ruicheng GCL is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects. Ruicheng GCL is an indirect subsidiary of the Company.
IV	Yu County Jinyang is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects. Yu County Jinyang is an indirect subsidiary of the Company.
V	Yu County GCL is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects. Yu County GCL is an indirect subsidiary of the Company.
VI	Hanneng Guangping is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects. Hanneng Guangping is an indirect subsidiary of the Company.
VII	Hebei GNE is a company incorporated in the PRC with limited liability and is principally engaged in investment holding. Hebei GNE is the holding company of the Hebei GNE group companies, whose business primarily consists of the development, investment, construction and operation of photovoltaic projects.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, Shanxi GNE and Hebei GNE hold equity interests in the following Project Companies:

Share Purchase Agreements	Name of Project Companies	Name of immediate shareholder(s)/ shareholding percentage attributable to immediate shareholder(s)
I	Taigu County Fengguang Power Generation Co., Ltd.* (太谷縣風光發電有限公司)	Shanxi GNE (100%)
I	Shanxi Yaoguang New Energy Technologies Co., Ltd.* (山西耀光新能源科技有限公司)	Shanxi GNE (100%)
I	Licheng GCL Photovoltaic Co., Ltd.* (黎城協鑫光伏電力有限公司)	Shanxi GNE (100%)
I	Shanxi Jiasheng Energy Holding Co., Ltd.* (山西佳盛能源股份有限公司)	Shanxi GNE (96%) Suzhou GNE (4%)
VII	Shangyi Yuanchen New Energy Development Co., Ltd.* (尚義元辰新能源開發有限公司)	Hebei GNE (100%)
VII	Shangyi GCL Photovoltaic Development Co., Ltd.* (尚義協鑫光伏電力開發有限公司)	Hebei GNE (100%)
VII	Zhangjiakou GCL Photovoltaic Co., Ltd.* (張家口協鑫光伏發電有限公司)	Hebei GNE (100%)
VII	Quyong Jingtong New Energy Technologies Co., Ltd.* (曲陽晶投新能源科技有限公司)	Hebei GNE (100%)
VII	Pingshan County Shijing New Energy Technologies Co., Ltd.* (平山縣世景新能源有限公司)	Hebei GNE (100%)
VII	Shineng Pingshan Photovoltaic Development Co., Ltd.* (石能平山光伏電力開發有限公司)	Hebei GNE (100%)
VII	Wuji County Xiecheng Photovoltaic Co., Ltd.* (無極縣協誠光伏發電有限公司)	Hebei GNE (100%)
VII	Wuyi Runfeng New Energy Co., Ltd.* (武邑潤豐新能源有限公司)	Hebei GNE (100%)
VII	Wuyi Xinyang New Energy Co., Ltd.* (武邑新陽新能源有限公司)	Hebei GNE (100%)
VII	Lincheng GCL Photovoltaic Co., Ltd.* (臨城協鑫光伏發電有限公司)	Hebei GNE (100%)

## LETTER FROM THE BOARD

Set out below is an extract of the audited financial statements prepared for the financial year ended 31 December 2017 and the unaudited management accounts for the year ended 31 December 2018 of the Target Companies prepared in accordance with China Accounting Standards:

Share Purchase Agreements	Target Companies	Year ended 31 December 2018		Year ended 31 December 2017	
		Profit before taxation RMB'000	Profit after taxation RMB'000	Profit (loss) before taxation RMB'000	Profit (loss) after taxation RMB'000
I	Shanxi GNE	33,994	30,211	32,538	32,538
II	Fenxi GCL	32,972	32,971	13,877	13,877
III	Ruicheng GCL	27,460	27,460	11,963	11,963
IV	Yu County Jinyang	49,952	46,723	48,339	48,339
V	Yu County GCL	14,639	14,639	(260)	(260)
VI	Hanneng Guangping	28,031	24,492	27,809	27,809
VII	Hebei GNE	189,822	186,260	206,776	206,725

As at the Base Date (i.e. 30 November 2018), the net asset value for each of the Target Companies are as follows:

Share Purchase Agreements	Target Company	Net asset value RMB'000
I	Shanxi GNE	219,849
II	Fenxi GCL	169,315
III	Ruicheng GCL	166,129
IV	Yu County Jinyang	318,578
V	Yu County GCL	155,419
VI	Hanneng Guangping	160,786
VII	Hebei GNE	971,452
<b>Total</b>		<b>2,161,528</b>

As at 31 December 2018, the aggregate net assets of the Target Companies amounted to approximately RMB1,997,000,000. The Directors are not aware of any material change in operating and/or financial condition of the Target Companies since the Base Date. The Directors therefore consider that the Share Price remains to be fair and reasonable.

### 7. FINANCIAL IMPACT OF THE TRANSACTIONS

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

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## LETTER FROM THE BOARD

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The Company expects to realise profit on the Disposals of approximately RMB58,470,000 on the basis of the following calculation:

- (i) the premium to the net asset value of the Target Companies as at the Base Date of approximately RMB94,200,400; less
- (ii) the expected loss to be incurred from the Base Date to 31 May 2019 (being the latest practicable date for ascertaining such number) of approximately RMB30,730,400; less
- (iii) the related transaction costs, taxes and expenses of the Disposals of approximately RMB5,000,000.

The premium to the net asset value of the Target Companies was determined with reference to such expected loss, estimated based on historical financial performances of the Target Companies for the corresponding period in previous years.

The expected loss to be incurred during the period from the Base Date to the Closing Date represents the loss to the Company arising from sharing 70% of the estimated profits of the Target Companies between the Base Date and 31 May 2019 under the profit-sharing arrangement.

The actual amount of gain/(loss) arising from the Disposals to be recognised by the Company is based on the actual completion date of the Disposals and will be subject to final audit by the auditors of the Company.

### **8. USE OF PROCEEDS FROM THE TRANSACTIONS**

The net cash proceeds (net of estimated taxes and transaction costs) from the Transactions (including the Consideration and the payment of outstanding dividends from the Project Company/Target Company) is expected to be approximately RMB2,060,000,000, which the Company intends to use for repayments of its debts.

### **9. REASONS AND BENEFITS OF THE TRANSACTIONS**

As part of its “transformation and upgrade” development objective, the Company has been taking steps towards transforming to an asset-light model. Upon completion of the Transactions, the Target Companies will no longer be subsidiaries of the Group, and the profits and loss as well as the assets and liabilities of the Target Companies and the Project Companies will no longer be consolidated into the consolidated financial statements of the Group. The liabilities of the Group will decrease by approximately RMB5,799,000,000. Meanwhile, the cash derived from the Transactions amounted to approximately RMB2,060,000,000, which will be used for further repayment of debts, and the gearing ratio of the Group will decrease by approximately 2.34%, calculated with reference to the audited financial statements of the Group in 2018, effectively reducing the financial risks.

Following the completion of the Transactions, the Group will provide operation, maintenance and management services for the solar power plants held by the Target Companies under the OMM Agreements, which will generate stable service fees to the Group.



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## LETTER FROM THE BOARD

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Furthermore, leveraging on its solid financial strength, the Purchaser will strive to replace the related debts to reduce financial cost and enhance the yield of the solar power plants.

After the completion of the Transactions, the Group and the Purchaser will further explore other co-operation opportunities, including but not limited to, in relation to the Group's existing solar power plants in the PRC.

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

**Shareholders and potential investors of the Company should note that Closing is subject to the satisfaction of the conditions precedent. Therefore, the Disposals 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 position and as to the action they should take.**

### 10. LISTING RULES IMPLICATIONS

As the Company entered into the Disposals with the Purchaser within a 12-month period, the Disposals shall be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

Since the highest of the applicable percentage ratios in respect of the aggregate amount of the Disposals is over 25% but less than 75%, the entering into of the Disposals constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Company entered into the Put Options with the Purchaser within a 12-month period, the Put Options shall be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

The Put Options are exercisable at the discretion of the Purchaser or the Target Companies upon the occurrence of certain specified events, with the exercise price for the Put Options to be determined in accordance with the terms of the Share Purchase Agreements. As the actual monetary value of the exercise price of the Put Options are not known at the time of granting the Put Options, the grant of the Put Options shall be classified as at least a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules. The grant of the Put Options is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### 11. THE SGM

Set out on pages SGM-1 to SGM-3 of this circular is a notice convening the SGM to be held at Jade Room, 6/F, Marco Polo Hongkong Hotel, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on 19 July 2019 at 10 a.m..

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## **LETTER FROM THE BOARD**

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

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

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited, as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. The address of Tricor Abacus Limited is currently Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. With effect from 11 July 2019, Tricor Abacus Limited will change its address to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM should you so wish and in such event, the proxy form shall be deemed to be revoked.

### **12. CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 16 July 2019 to 19 July 2019, both days inclusive, during which period no transfer of Shares will be registered, in order to determine the entitlement to attend and vote at the SGM. In order to be entitled to attend and vote at the SGM, unregistered holders of Shares should ensure that all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited, no later than 4:30 p.m on 15 July 2019. The address of Tricor Abacus Limited is currently Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. With effect from 11 July 2019, Tricor Abacus Limited will change its address to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

### **13. RECOMMENDATION**

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

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## LETTER FROM THE BOARD

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### 14. ADDITIONAL INFORMATION

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

Yours faithfully,

By Order of the Board

**GCL New Energy Holdings Limited**

**協鑫新能源控股有限公司**

**Zhu Yufeng**

*Chairman*

## 1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ended 31 December 2016, 31 December 2017 and 31 December 2018 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](http://www.hkexnews.hk)) and the Company's website ([www.gclnewenergy.com](http://www.gclnewenergy.com)):

- the annual report of the Company for the year ended 31 December 2016 published on 13 April 2017 (pages 79-186);
- the annual report of the Company for the year ended 31 December 2017 published on 16 April 2018 (pages 81-196); and
- the annual report of the Company for the year ended 31 December 2018 published on 25 April 2019 (pages 76-213).

## 2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES OF THE GROUP

At the close of business on 30 April 2019, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	<b>The Group</b>		<b>Total</b>
	<b>Secured</b>	<b>Unsecured</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of bank and other borrowings	28,932,878	4,806,590	33,739,468
Principal amount of bonds and senior notes	–	4,199,300	4,199,300
Carrying amount of loans from related companies	424,308	2,438,842	2,863,150
Gross lease obligations	–	2,357,848	2,357,848
	<u>29,357,186</u>	<u>13,802,580</u>	<u>43,159,766</u>

The Group's secured bank and other borrowings and loans from related companies were secured, individually or in combination, by (i) certain property, plant and equipment of the Group; (ii) certain pledged bank and other deposits of the Group as at 30 April 2019; (iii) certain subsidiaries' trade receivables, contract assets and fee collection rights in relation to the sales of electricity; (iv) certain prepaid lease payments of the Group; (v) amount due from an associate of ultimate holding company; and (vi) equity interests in some project companies of the Group.

At 30 April 2019, certain bank and other borrowings, bonds and senior notes, and loans from related companies of the Group amounting to RMB35,967,038,000 are guaranteed individually or in combination by (i) fellow subsidiaries, (ii) the ultimate holding company, and (iii) entities within the Group. The remaining indebtedness amounting to RMB7,192,728,000 are not guaranteed.

In addition, the Group received approval letters from the National Association of Financial Market Institutional Investors and China Securities Regulatory Commission in relation to the issuance of medium-term notes and public offering bonds to qualifying investors for a term up to 3 years in the maximum principal amount of RMB3,000,000,000 and RMB3,000,000,000, respectively, which were outstanding for issuance as at 30 April 2019. Besides, the public offering bonds were fully underwritten.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 April 2019, the Group did not have any debt securities authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages or charges, material contingent liabilities or guarantees outstanding.

To the best of the knowledge of the Directors, having made all reasonable enquiries, there has been no material change in the level of indebtedness of the Group since 30 April 2019.

### **3. WORKING CAPITAL STATEMENT**

According to the Group's cash flow projections, as at 30 April 2019, the total committed capital expenditures relating to the acquisition and construction of solar power plants to be settled in the coming fourteen months ending 30 June 2020 amounted to approximately RMB6,002,975,000. As at 30 April 2019, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, loans from related companies and lease obligations amounted to approximately RMB43,159,766,000. 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) The Group proposed to issue medium-term notes with an aggregate principal amount of not exceeding RMB3,000 million to institutional investors of the national interbank bond market in the PRC and public offering bonds with an aggregate principal amount of not exceeding RMB3,000 million in Shenzhen Stock Exchange in the PRC before their expiry date in June 2020 and September 2020, respectively. It is expected that the notes and bonds will be issued in one or more tranches and that each tranche of the notes and bonds shall have a maturity of three years. The Group is also negotiating with banks and other financial institutions for credit facilities;

- (ii) The Group is implementing business strategies, among others, to transform its heavy asset business model to a light-asset model by (i) divesting certain of its existing wholly-owned power plant projects in exchange for cash proceeds and to improve the Group's indebtedness position; and (ii) striving for providing plant operation and maintenance services to those divested power plants for additional operating cash flow to the Group; and
- (iii) On 3 June 2019, Elite Time Global Limited, an intermediate holding company of the Company entered into a cooperation intent agreement with China Hua Neng Group Hong Kong Limited (“**China Hua Neng**”), a subsidiary of China Huaneng Group Co., Ltd., being a state-owned enterprise in the PRC, regarding the possible sale of 9,727,594,875 ordinary shares in the share capital of the Company, representing approximately 51% of the entire issued share capital of the Company as at the date of this circular. Upon the completion of the proposed transaction, China Hua Neng will become the controlling shareholder of the Group; and
- (iv) Upon the completion of the Disposals, the Group still own 184 solar power plants with an aggregate grid connected capacity of approximately 5.6GW. Those operational solar power plants are expected to generate operating cash inflows to the Group within the coming twelve months from the date of this circular.

After taking into account the Group's business prospects, internal resources, estimated proceeds from the Disposals, the available committed and uncommitted financing facilities and arrangements and transformation to a light-asset model as mentioned above, the Directors are satisfied that, the working capital available to the Group is sufficient for the Group's requirements for at least 12 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 above, and GCL-Poly's on-going compliance with its borrowing covenants. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of this circular is dependent on the Group's ability to generate adequate financing and operating cash flows through successful renewal of its bank borrowings upon expiry, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements, successful securing of the financing from banks with repayment terms beyond twelve months from the date of this circular and other short-term or long-term financing; successful transformation to a light-asset model 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 2018, 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 2018, the Group recorded a total revenue of approximately RMB5,632 million, whilst the total revenue from continuing operations for the year ended 31 December 2017 (the “**Prior Year**”) was approximately RMB3,942 million. Gross profit for the year ended 31

December 2018 was approximately RMB3,743 million and gross profit margin was 66.5% whilst the gross profit for Prior Year was approximately RMB2,653 million and gross profit margin was 67.3%. Profit attributable to owners of the Company for the year ended 31 December 2018 amounted to approximately RMB470 million as compared to the profit attributable to owners of the Company of RMB764 million for the Prior Year.

As at 31 December 2018, the Group operated 221 solar power plants, compared to 162 plants as at 31 December 2017, spanning across different provinces in China and overseas. Total capacity reached approximately 7,309MW (31 December 2017: approximately 5,990MW), representing a year-on-year growth of approximately 22%. Grid-connected capacity has also increased by approximately 26%, from 5,503MW as at 31 December 2017 to approximately 6,957MW as at 31 December 2018, and total sales of electricity was approximately 7,830 million kWh in 2018, a significant rise of approximately 46% compared to 2017. Upon the completion of the Disposals, the Group still own 184 solar power plants with an aggregate grid connected capacity of approximately 5.6 GW.

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

Meanwhile, the Group will further accelerate the asset-light transformation model of “Development-Construction-Cooperation-O&M” with the provision of management services while creating strategic cooperation to complement competitive advantages of each other. It is expected that, in 2019, by transferring the controlling interests of solar power plant projects, the Group will be able to recycle capital, reduce its debts and mitigate the pressure on project financing, while further improve the return on capital and receive stable fees annually by providing project management services.

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

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

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

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

#### (a) Long positions in the shares of the Company

Name of Director	Beneficiary of a trust	Personal interests	Number of shares		Approximate percentage of issued shares (Note 2)
			Number of underlying shares (Note 1)	Total	
Mr. ZHU Yufeng	-	-	3,523,100	3,523,100	0.02%
	1,909,978,301 (Note 3)			1,909,978,301	10.01%
Mr. SUN Xingping	-	-	16,105,600	16,105,600	0.08%
Ms. HU Xiaoyan	-	-	19,125,400	19,125,400	0.10%
Ms. SUN Wei	-	-	27,178,200	27,178,200	0.14%
Mr. SHA Hongqiu	-	3,000,000	8,052,800	11,052,800	0.06%
Mr. YEUNG Man Chung, Charles	-	-	15,099,000	15,099,000	0.08%
Mr. WANG Bohua	-	-	2,617,160	2,617,160	0.01%
Mr. XU Songda	-	-	2,617,160	2,617,160	0.01%
Mr. LEE Conway Kong Wai	-	-	2,617,160	2,617,160	0.01%
Mr. WANG Yanguo	-	-	1,006,600	1,006,600	0.01%
Dr. CHEN Ying	-	-	1,006,600	1,006,600	0.01%



*Notes:*

- Adjustments are required to be made to the number of underlying shares as a result of the rights issue with effect from 2 February 2016. Details can be referred to the announcement of the Company dated 2 February 2016.
- The percentage is calculated based on 19,073,715,441 Shares in issue as at the Latest Practicable Date.
- Those Shares were beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited. For further information of the shareholding structure of Dongsheng Photovoltaic Technology (Hong Kong) Limited, please refer to note 3 under section (ii) "Interests of substantial shareholders" below.

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

Name of Director	Number of ordinary shares in GCL-Poly			Total	Approximate percentage of issued shares (Note 1)
	Beneficiary of a trust	Personal interests	Number of underlying shares		
Mr. ZHU Yufeng	6,370,388,156 (Note 2)	-	1,510,755 (Notes 2 & 3)	6,371,898,911	32.11%
Ms. SUN Wei	-	5,723,000	1,712,189 (Note 3)	7,435,189	0.04%
Mr. YEUNG Man Chung, Charles	-	-	1,700,000 (Note 3)	1,700,000	0.01%

*Notes:*

- The percentage is calculated based on 19,841,049,207 shares of GCL-Poly in issue as at the Latest Practicable Date.
- Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL-Poly. Of these interest of 6,370,388,156 shares in GCL-Poly, an aggregate of 6,370,388,156 shares in GCL-Poly are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan (a director and the chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, a director of the Company and GCL-Poly respectively, and the son of Mr. Zhu Gongshan) as beneficiaries.
- These are share options granted by GCL-Poly to the eligible persons, pursuant to the share option scheme of GCL-Poly, adopted by the shareholders of GCL-Poly on 22 October 2007. Such granted share options can be exercised by the eligible persons at various intervals during the period from 18 March 2016 to 28 March 2026 at an exercise price of HK\$1.160 or HK\$1.324 per share.

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

**(ii) Interests of substantial shareholders**

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

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares (Note 1)
Elite Time Global Limited (Note 2)	Beneficial owner	11,880,000,000	62.28%
GCL-Poly (Note 2)	Corporate interest	11,880,000,000	62.28%
Asia Pacific Energy Fund Limited (Note 3)	Corporate interest	1,909,978,301	10.01%
Asia Pacific Energy Holdings Limited (Note 3)	Corporate interest	1,909,978,301	10.01%
Credit Suisse Trust Limited (Note 3)	Other interest	1,909,978,301	10.01%
Dongsheng Photovoltaic Technology (Hong Kong) Limited (Note 3)	Corporate interest	1,909,978,301	10.01%
Golden Concord Group Limited (Note 3)	Corporate interest	1,909,978,301	10.01%
Golden Concord Group Management Limited (Note 3)	Corporate interest	1,909,978,301	10.01%
Zhu Gongshan (Note 3)	Beneficial owner	1,909,978,301	10.01%
上海其印投資管理有限公司(Note 3)	Corporate interest	1,909,978,301	10.01%
協鑫新能科技(深圳)有限公司(Note 3)	Corporate interest	1,909,978,301	10.01%
協鑫集團有限公司(Note 3)	Corporate interest	1,909,978,301	10.01%
協鑫集成科技股份有限公司(Note 3)	Corporate interest	1,909,978,301	10.01%
句容協鑫集成科技有限公司(Note 3)	Corporate interest	1,909,978,301	10.01%
江蘇協鑫建設管理有限公司(Note 3)	Corporate interest	1,909,978,301	10.01%

*Notes:*

- The percentage is calculated based on 19,073,715,441 shares of the Company in issue as at the Latest Practicable Date.

2. Elite Time Global Limited is wholly-owned by GCL-Poly.
3. Dongsheng Photovoltaic Technology (Hong Kong) Limited is wholly-owned by 句容協鑫集成科技有限公司 (formerly known as “江蘇東昇光伏科技有限公司”), which is in turn wholly-owned by GCL System Integration. 協鑫集團有限公司 and 上海其印投資管理有限公司 are controlling shareholders of GCL System Integration. 上海其印投資管理有限公司 is a party acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 51.14% owned by 江蘇協鑫建設管理有限公司, which in turn wholly-owned by 協鑫新能科技(深圳)有限公司. 協鑫新能科技(深圳)有限公司 is wholly-owned by Golden Concord Group Management Limited which in turn wholly-owned by Golden Concord Group Limited. Golden Concord Group Limited is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family, including Mr. Zhu Yufeng’s father, Mr. Zhu Gongshan as beneficiaries.

Save as disclosed herein, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, the Company 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 Company’s bye-laws and the Listing Rules whenever a Director has any conflict of interest in the transaction(s) with the Company. Therefore, the Directors believe that the Company is capable of carrying out its business independently of, and at arm’s length from the Concord Group.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors 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 2018 (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 co-operation framework agreement dated 20 November 2017 entered into between the Company and Taiping Financial Holdings Company Limited (太平金融控股有限公司) in relation to the establishment of an investment fund with a fund size of approximately HK\$8,000,000,000;
- (ii) the partnership agreement dated 21 November 2017 entered into between Suzhou GCL New Energy, Handan (Shanghai) Assets Management Co., Ltd.\* (菡蓓(上海)資產管理有限公司), Guoyuan Securities Co., Ltd.\* (國元證券股份有限公司), and Beijing Enterprises Photovoltaic Development Company Limited\* (北京北控光伏科技發展有限公司) in relation to the establishment of the Tongling Huiyin BE New Energy Investment Partnership Corporation (Limited Partnership)\* (銅陵徽銀北控新能源投資合夥企業(有限合夥));
- (iii) the underwriting agreement dated 22 November 2017 entered into between Suzhou GCL New Energy, Industrial and Commercial Bank of China Limited and Huatai Securities Co., Ltd. in relation to the issuance of medium term notes, with an aggregate principal amount of not exceeding RMB3,000,000,000 and a maturity of three years to institutional investors of the national interbank bond market in the PRC;
- (iv) the capital increase agreements dated 22 November 2017 entered into between Suzhou GCL New Energy, Nanjing GCL New Energy and Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)\* (蘇民睿能無錫股權投資合夥企業(有限合夥)) in relation to the increase in the registered capital of Suzhou GCL New Energy in an aggregate amount of RMB1,500,000,000;

- (v) the purchase agreement dated 23 January 2018 entered into between the Company, certain non-PRC subsidiaries of the Group providing guarantees, Merrill Lynch (Asia Pacific) Limited, Haitong International Securities Company Limited, Credit Suisse (Hong Kong) Limited, Standard Chartered Bank, CLSA Limited, Orient Securities (Hong Kong) Limited, VTB Capital plc and SPDB International Capital Limited in relation to the issue of US\$500,000,000 7.1% senior notes due 2021;
- (vi) the facility agreement dated 30 May 2018 entered into by the Company, as borrower and Pioneer Getter Limited, GCL New Energy Development Limited, GCL New Energy Management Limited and GCL New Energy Trading Limited, each a wholly-owned subsidiary of the Company, as guarantors, with certain lenders relating to a US\$75,000,000 (which may be increased up to US\$250,000,000 through the accession of additional lenders, subject to the consent of the Company) 36-month term syndicated loan facility;
- (vii) the equity transfer agreements dated 24 October 2018 entered into between each of Suzhou GCL New Energy and Henan GCL New Energy Investment Co., Ltd.\* (河南協鑫新能源投資有限公司) with CGN Solar Energy Development Co., Ltd.\* (中廣核太陽能開發有限公司) in relation to the disposal of 80% equity interests in two subsidiaries of the Company and the corresponding shareholder's loan at a total consideration of approximately RMB306,000,000;
- (viii) the equity transfer agreements and the share repurchase agreements, the management entrustment agreement, the consultancy agreement, the debt relief undertakings and the guarantees dated 1 February 2019 entered into by Suzhou GCL New Energy and Ningxia GCL New Energy Investment Co., Ltd.\* (寧夏協鑫新能源投資有限公司), as the vendors with Greater Bay Area Asset Management Co. Ltd.\* (粵港澳大灣區產融資產管理有限公司) (the “**GBA Asset Management**”) as the purchaser, in relation to the disposal of 100% equity interest in four subsidiaries of the Company (the “**Disposal Targets**”) at a total consideration of approximately RMB420,000,000. In addition, Suzhou GCL New Energy agreed to (i) repurchase 100% equity interest in the Disposal Targets from GBA Asset Management; (ii) continue to be responsible for the management and operation of the Disposal Targets after the disposal; and (iii) pay Greater Bay Area Consulting (Guangdong) Ltd.\* (灣區產融諮詢(廣東)有限公司), a company designated by GBA Asset Management, a total consultancy fee in the amount of approximately RMB10,500,000; and
- (ix) the share transfer agreements dated 28 March 2019 entered into between Suzhou GCL New Energy, Henan GCL New Energy Investment Company Limited\* (河南協鑫新能源投資有限公司) and Wuling Power Corporation Ltd.\* (五凌電力有限公司) respectively, in relation to the disposal of 55% equity interest in three subsidiaries of the Company at a total consideration of RMB246,440,000.

## 6. CLAIMS AND LITIGATION

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

**7. GENERAL**

- (i) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (ii) The principal place of business of the Company in Hong Kong is situated at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company is Tricor Abacus Limited. The address of Tricor Abacus Limited is currently Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. With effect from 11 July 2019, Tricor Abacus Limited will change its address to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) The company secretary of the Company is Mr. Ho Yuk Hay, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.
- (v) In case of inconsistencies, the English texts of this circular shall prevail over the Chinese texts thereof.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual reports of the Company for each of the financial years ended 31 December 2016, 2017 and 2018;
- (iii) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (iv) the Sale and Purchase Agreements;
- (v) the Share Pledge Agreements;
- (vi) the OMM Agreements; and
- (vii) this circular.

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## NOTICE OF SPECIAL GENERAL MEETING

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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)

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** a special general meeting (the “SGM”) of GCL New Energy Holdings Limited (the “Company”) will be held at 10 a.m. on Friday, 19 July 2019 at Jade Room, 6/F, Marco Polo Hongkong Hotel, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong for the purpose of considering and, if thought fit, approving the following resolution as an ordinary resolution of the Company. Unless otherwise indicated, capitalised terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 28 June 2019.

The following resolution will be considered and, if thought fit, approved by the Shareholders, with or without amendments, at the SGM:

### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the series of seven share purchase agreements dated 22 May 2019 entered into between Suzhou GCL New Energy Investment Co., Ltd.\* (蘇州協鑫新能源投資有限公司) as seller (the “**Seller**”) and Shanghai Rongyao New Energy Co., Ltd.\* (上海榕耀新能源有限公司) as purchaser (the “**Purchaser**”) in relation to:
- (i) sale and purchases of 70% of the equity interests in Shanxi GCL New Energy Technologies Co., Ltd.\* (山西協鑫新能源科技有限公司), Fenxi County GCL Photovoltaic Co., Ltd.\* (汾西縣協鑫光伏電力有限公司), Ruicheng County GCL Photovoltaic Co., Ltd.\* (芮城縣協鑫光伏電力有限公司), Yu County Jinyang New Energy Power Generation Co., Ltd.\* (孟縣晉陽新能源發電有限公司), Yu County GCL Photovoltaic Co., Ltd.\* (孟縣協鑫光伏電力有限公司), Hanneng Guangping County Photovoltaic Development Co., Ltd.\* (邯能廣平縣光伏電力開發有限公司) and Hebei GCL New Energy Co., Ltd.\* (河北協鑫新能源有限公司) (the “**Target Companies**”) (the “**Sale Shares**”) together with 70% of the outstanding shareholder’s loan owed from the Target Companies to the Seller (the “**Disposals**”); and

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## NOTICE OF SPECIAL GENERAL MEETING

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- (ii) grant of put options by the Seller to the Purchaser and/or the Target Companies, pursuant to which the Purchaser and/or the Target Companies are entitled to, upon the occurrence of certain specified events, request the Seller to repurchase the Sale Shares and/or the entire equity interests of any subsidiary of the Target Companies and the relevant shareholder's loans outstanding at the time (the "**Put Options**"), be and is hereby approved, ratified and confirmed; and
- (b) any director of the Company be and is hereby authorised for and on behalf of the Company to execute (including affixing the seal of the Company in accordance with the articles of association of the Company to) all such documents and do all such acts and things as he/she may in his/her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or to give effect to the Disposals and the Put Options and the transactions contemplated under the Share Purchase Agreements and all matters incidental or ancillary thereto."

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

Hong Kong, 28 June 2019

\* *For identification purpose only*

*Notes:*

- (1) Any shareholder of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
- (2) In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited with the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof. The address of Tricor Abacus Limited is currently Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. With effect from 11 July 2019, Tricor Abacus Limited will change its address to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (3) The register of members of the Company will be closed from 16 July 2019 to 19 July 2019, both days inclusive, during which period no transfer of shares will be registered, in order to determine the entitlement to attend and vote at the SGM. In order to qualify for the right to attend and vote at the SGM, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, not later than 4:30 p.m. on 15 July 2019. The address of Tricor Abacus Limited is currently Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. With effect from 11 July 2019, Tricor Abacus Limited will change its address to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (4) Completion and delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the SGM convened and in such event, the form of proxy shall be deemed to be revoked.



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## NOTICE OF SPECIAL GENERAL MEETING

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- (5) In the case of joint registered holders of any share, any one of such joint registered holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint registered holders be present at the SGM, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (6) If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 8 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](http://www.gclnewenergy.com) for details of the postponement and alternative meeting arrangement.