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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 SUBSIDIARIES**  
**(2) POSSIBLE MAJOR TRANSACTION  
GRANT OF PUT OPTIONS**  
**(3) PROPOSAL FOR RE-ELECTION OF A DIRECTOR  
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 9 to 27 of this circular.

A notice convening the SGM of the Company to be held at Strategy II-III, Level 8, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Thursday, 21 May 2020 at 9:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Irrespective of whether you are able to attend the SGM, 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 SGM or any adjournment thereof. The address of Tricor Abacus Limited is 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 SGM or any adjournment thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

29 April 2020

## **PRECAUTIONARY MEASURES FOR THE SGM**

Please see pages 1 to 2 of this circular for precautionary measures being taken to prevent and control the spread of COVID-19 at the SGM, including without limitation:

- compulsory body temperature;
- compulsory wearing of surgical face masks (please bring your own mask);
- no refreshment will be served; and
- no souvenirs will be distributed.

**Any person who does not comply with the above precautionary measures may be denied entry into the SGM venue. The Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the SGM at all times, and reminds the Shareholders that they may appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM as an alternative to attending the SGM in person.**

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## PRECAUTIONARY MEASURES FOR THE SGM

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In view of the ongoing COVID-19 epidemic and recent guidelines for prevention and control of its spread, the Company will implement the following precautionary measures at the SGM to protect the Shareholders, staff and other stakeholders who attend the SGM from the risk of infection:

- (i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee. Any person with a body temperature of 37 degrees Celsius or higher may be denied entry into the SGM venue or be required to leave the SGM venue;
- (ii) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the SGM at all times, and to maintain a safe distance between seats (please bring your own mask);
- (iii) no refreshment will be served at the SGM;
- (iv) no souvenirs will be distributed at the SGM; and
- (v) no guest will be allowed to enter the SGM venue if he/she is wearing quarantine wristband issued by the Government of Hong Kong.

Any person who does not comply with above requirements may be denied entry into the SGM venue or be required to leave the SGM venue. To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of other attendees at the SGM. In our case, denied entry to the SGM venue also means that person will not be allowed to attend the SGM.

In the interest of all stakeholders' health and safety and in accordance with recent guidelines for prevention and control of the spread of COVID-19, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, the Shareholders may complete the proxy forms and appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person.

The proxy forms were despatched to the Shareholders together with this circular, and can otherwise be downloaded from the websites of the Company at [www.gclnewenergy.com](http://www.gclnewenergy.com) or the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). If you are not a registered Shareholder (i.e. if your Shares are held via banks, brokers, custodians or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

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## **PRECAUTIONARY MEASURES FOR THE SGM**

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If you have any questions relating to the SGM, please contact the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, via the following:

Address : Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong  
Email : [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com)  
Telephone : +852 2980 1333  
Fax : +852 2810 8185

Subject to the development of COVID-19, the Company may implement further precautionary measures and may issue further announcements on such measures as appropriate.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Amount Payable”	the amount payable as set out in the First Phase Share Purchase Agreements by each of the Target Companies to its affiliates (including the Sellers)
“Amount Receivable”	the amount receivable as set out in the First Phase Share Purchase Agreements by each of the Target Companies from its affiliates (including the Sellers)
“Announcement”	the Company’s announcement dated 21 January 2020 in relation to the Disposals and the Put Options
“Board”	the board of the 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 the PRC
“Bye-laws”	the Bye-laws of the Company, as amended from time to time
“China Huaneng Group”	China Huaneng Group Co., Ltd.* (中國華能集團有限公司), a state-owned enterprise incorporated in the PRC with limited liability and one of the limited partners of the Purchasers
“Closing”	the completion of the Transactions
“Closing Audit Report”	the closing audit report prepared by an auditing agency appointed by the Sellers and the Purchasers to audit the financial status of the Target Companies in the period from the Reference Date to the Closing Date in accordance with the First Phase Share Purchase Agreements
“Closing Date”	the date of issuance as stated on the new business certificate of the Target Company(ies) upon the completion of the Registration Procedures
“CLSA Capital Markets”	CLSA Capital Markets Limited, a corporation licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the exclusive financial adviser to the Purchasers, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6030)

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## DEFINITIONS

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“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
“Conditions Precedent”	the conditions under the section “Conditions Precedent” in this circular
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the transactions contemplated under the First Phase Share Purchase Agreements, being the aggregate of the Share Price
“Director(s)”	the director(s) of the Company
“Disposals”	the proposed disposals of the Sale Shares by the Sellers to the Purchasers as contemplated under the First Phase Share Purchase Agreements
“First Phase Share Purchase Agreements”	the Suzhou Share Purchase Agreements and the Ningxia Share Purchase Agreement
“GCL-Poly”	GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800. As at the Latest Practicable Date, GCL-Poly is interested in approximately 62.28% of the issued share capital of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	GCL Group Limited* (協鑫集團有限公司), a company established in the PRC and is indirectly held under a discretionary trust under which Mr. Zhu Gongshan (an executive director and chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, an executive director of GCL-Poly and the Company and the son of Mr. Zhu Gongshan) are beneficiaries
“Hami Orui”	Hami Orui Photovoltaic Power Generation Co., Ltd. (哈密歐瑞光伏發電有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company

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## DEFINITIONS

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“Hami Yaohui”	Hami Yaohui Photovoltaic Power Co., Ltd.* (哈密耀輝光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huaneng No. 1 Fund”	Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號(天津)股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Huaneng No. 2 Fund”	Huaneng Gongrong No.2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號(天津)股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Latest Practicable Date”	27 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“Net Payable Amount”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable of each of the Target Companies in the event that the Amount Payable is more than the Amount Receivable of each of the Target Companies
“Net Receivable Amount”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable of each of the Target Companies in the event that the Amount Payable is less than the Amount Receivable of each of the Target Companies
“Ningxia GCL New Energy”	Ningxia GCL New Energy Investment Co., Ltd.* (寧夏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
“Ningxia Jinli”	Ningxia Jinli Photovoltaic Power Co., Ltd.* (寧夏金禮光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Ningxia GCL New Energy and an indirect subsidiary of the Company



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## DEFINITIONS

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“Ningxia Jinxin”	Ningxia Jinxin Photovoltaic Power Co., Ltd.* (寧夏金信光伏電力有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company
“Ningxia Lvhao”	Ningxia Lvhao Photovoltaic Power Generation Co., Ltd.* (寧夏綠昊光伏發電有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company
“Ningxia Share Purchase Agreement”	an equity transfer agreement dated 21 January 2020 entered into between Ningxia GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in Ningxia Jinli
“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
“Purchasers”	Huaneng No. 1 Fund and Huaneng No. 2 Fund
“Put Options”	the put options granted to the Purchasers under each First Phase Share Purchase Agreement, pursuant to which the Purchasers are entitled to, upon the occurrence of certain specified events in relation to a relevant Target Company, request the respective Seller to repurchase the respective Target Company’s (a) entire equity interest; and (b) relevant unpaid shareholders’ loan at the time
“Reference Date”	30 September 2019
“Registration Procedures”	the registration procedures in respect of the change of shareholder of the Target Company and other relevant filing procedures in respect of the Transactions in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire equity interest in the Target Companies held by the Sellers
“Seller(s)”	Ningxia GCL New Energy and Suzhou GCL New Energy
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Transactions, the entering into and performance of obligations under the First Phase Share Purchase Agreements and the proposed re-election of Mr. Mo Jicai as a Director
“Shareholders”	the shareholders of the Company
“Share Price”	the consideration for the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Suzhou GCL New Energy”	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Suzhou Share Purchase Agreements”	a series of five equity transfer agreements dated 21 January 2020 entered into between Suzhou GCL New Energy and the Purchasers in relation to the sale of the entire equity interest in the Suzhou Target Companies
“Suzhou Target Companies”	Yuganxian, Ningxia Jinxin, Ningxia Lvhao, Hami Orui and Hami Yaohui
“Target Company(ies)”	Ningxia Jinli and the Suzhou Target Companies, the six 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
“Total Net Payable Amount”	the Net Payable Amount of all of the Target Companies
“Total Net Receivable Amount”	the Net Receivable Amount of all of the Target Companies
“Total Outstanding Balance”	the outstanding balance of the Total Net Receivable Amount and the Total Net Payable Amount, which is equivalent to the amount after the deduction of the Total Net Payable Amount from the Total Net Receivable Amount
“Transactions”	the transactions contemplated under the First Phase Share Purchase Agreements, including the Disposals and the grant of Put Options

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## DEFINITIONS

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“Yuganxian” Yuganxian GCL New Energy Co., Ltd.\* (余干縣協鑫新能源有限責任公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company

“%” per cent.

\* *All of the English titles or names of the PRC entities, as well as certain items contained in this circular have been included for identification 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 (*Chairman*)

Mr. Mo Jicai (*President*)

Ms. Hu Xiaoyan

*Non-executive Directors:*

Ms. Sun Wei

Mr. Sha Hongqiu

Mr. Yeung Man Chung, Charles

Mr. He Deyong

*Independent non-executive Directors:*

Mr. Wang Bohua

Mr. Xu Songda

Mr. Lee Conway Kong Wai

Mr. Wang Yanguo

Dr. Chen Ying

*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

29 April 2020

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION  
DISPOSAL OF SUBSIDIARIES  
(2) POSSIBLE MAJOR TRANSACTION  
GRANT OF PUT OPTIONS  
(3) PROPOSAL FOR RE-ELECTION OF A DIRECTOR**

**1. INTRODUCTION**

We refer to the Announcement published on 21 January 2020. As disclosed in the Announcement, on 21 January 2020 (after trading hours), (a) Suzhou GCL New Energy (as the seller), the Guarantor (as the guarantor) and the Purchasers (as the purchasers) entered into the Suzhou Share Purchase Agreements and

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## LETTER FROM THE BOARD

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(b) Ningxia GCL New Energy (as the seller), the Guarantor (as the guarantor) and the Purchasers (as the purchasers) entered into the Ningxia Share Purchase Agreement. Pursuant to the First Phase Share Purchase Agreements, the Sellers agreed to, among other things, (a) sell 60% of the Sale Shares to Huaneng No. 1 Fund and 40% of the Sale Shares to Huaneng No. 2 Fund; and (b) grant the Put Options to the Purchasers.

We also refer to the announcement of the Company published on 15 January 2020 in relation to, among others, appointment of Mr. Mo Jicai (“**Mr. Mo**”) as a Director with effect from 15 January 2020.

### 2. THE FIRST PHASE SHARE PURCHASE AGREEMENTS

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

#### Date

21 January 2020 (after trading hours)

#### Parties

- |       |                 |     |  |
|-------|-----------------|-----|--|
| (i)   | The Sellers:    | (a) | Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)  |
|       |                 | (b) | Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司)   |
| (ii)  | The Purchasers: | (a) | Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號(天津)股權投資基金合夥企業(有限合夥)) |
|       |                 | (b) | Huaneng Gongrong No.2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號(天津)股權投資基金合夥企業(有限合夥)) |
| (iii) | The Guarantor:  |     | GCL Group Limited* (協鑫集團有限公司)  |

#### Assets to be sold

The Sale Shares will be sold by the Sellers to the Purchasers, being the entire interests in each of the Target Companies.

The Target Companies own 7 operational solar power plants in the PRC with an aggregate installed capacity of approximately 294MW.

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## LETTER FROM THE BOARD

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

First Phase Share Purchase Agreements	Target Companies	Location of the solar power plants operated by the Target Companies in the PRC
I	Yuganxian GCL New Energy Co., Ltd.* (余干縣協鑫新能源有限責任公司)	Jiangxi
II	Ningxia Jinxin Photovoltaic Power Co., Ltd.* (寧夏金信光伏電力有限公司)	Ningxia
III	Ningxia Lvhao Photovoltaic Power Generation Co., Ltd.* (寧夏綠昊光伏發電有限公司)	Ningxia
IV	Hami Orui Photovoltaic Power Generation Co., Ltd.* (哈密歐瑞光伏發電有限公司)	Xinjiang
V	Hami Yaohui Photovoltaic Power Co., Ltd.* (哈密耀輝光伏電力有限公司)	Xinjiang
VI	Ningxia Jinli Photovoltaic Power Co., Ltd.* (寧夏金禮光伏電力有限公司)	Ningxia

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

### Consideration

The aggregate Consideration under the First Phase Share Purchase Agreements is RMB850,500,000.

The table below sets out the Share Price of each of the Target Companies:

First Phase Share Purchase Agreements	Share Price <i>RMB</i>
I	377,400,000
II	152,000,000
III	26,700,000
IV	16,400,000
V	117,700,000
VI	160,300,000
<b>Total</b>	<u><u>850,500,000</u></u>

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## LETTER FROM THE BOARD

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### Basis of the Consideration

The Share Price was determined after arm's length negotiations between the Sellers and the Purchasers, taking into account of, among other things:

- (i) the location of the solar power plants owned by the Target Companies;
- (ii) the net asset value of each of the Target Companies as at the Reference Date (i.e. 30 September 2019);
- (iii) the profitability of the Target Companies for the financial years ended 31 December 2017 and 31 December 2018 and the nine months ended 30 September 2019, details of which can be found in the section headed "Information on the Target Companies" of this circular;
- (iv) the cash flow position of the Target Companies as at the Reference Date. The aggregate net cash outflow of the Target Companies for the nine months ended 30 September 2019 amounted to approximately RMB82,473,000; and
- (v) the delay in future payments of national subsidy. As explained in the 2019 interim report of the Company, substantial development of solar power installed capacities in the PRC in the past few years has widened the funding deficit of National Renewable Energy Development Fund, a fund established by the PRC government for the provision of national subsidy to renewable energy investments. Therefore, solar energy operators in the PRC which were registered in the 6th and 7th batches of 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**") (including the Target Companies) have experienced a substantial delay of national subsidy being received. The balances of national subsidy receivable by the Group increased from RMB4,244 million as at 31 December 2017 to RMB6,780 million as at 31 December 2018 and further increased to RMB8,236 million as at 31 December 2019. The total balance of national subsidy receivable by the Target Companies was approximately RMB473,902,000 as at the Reference Date and approximately RMB445,349,000 as at 31 December 2019. While the Target Companies are entitled to receive the national subsidy for operating the power plants registered in the National Subsidy Catalogue, there has been an overdue of the payment of such national subsidy receivable by the Target Companies for approximately 1 to 2 years and the actual payment date of such national subsidy remains to be uncertain. Although such national subsidy receivable has been recognized as revenue in its audited accounts, the cash flow position of the Target Companies has been negatively affected due to the long overdue of the payment of national subsidy. As revenue from national subsidy forms a relatively large proportion of income of the Target Companies (amounting to approximately 60% for the year ended 31 December 2019), any future delay in payment of the national subsidy will ultimately harm the future financial performance of the Target Companies, the parties have thus also taken into account of such potential delay when determining the amount of Consideration payable.

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## LETTER FROM THE BOARD

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The total Consideration represents an overall discount of approximately 10% of the net asset value of the Target Companies and approximately 7.2 times of the aggregated profit before tax of the Target Companies for the year ended 31 December 2019.

Some of the solar power plants in Ningxia and Xinjiang in the PRC were developed by the Target Companies in anticipation of future demands for electricity and potential development of government policies (the “**Restricted Capacity Solar Power Plants**”). However, the sale of electricity generated from the Restricted Capacity Solar Power Plants has been affected by the following factors:

*(a) Severe air pollution*

Air pollutants in Ningxia in the PRC act as physical barriers which will block the sunlight from reaching certain solar panels located within the area, resulting in the underperformance of such solar panels.

*(b) Solar power curtailment*

Electricity generated from solar power plants in Xinjiang in the PRC cannot be fully consumed locally and the excess electricity generated within the area cannot be transmitted to other areas in the PRC with higher power demand given limited power transmission capacity.

As a result, the income and profitability of the Restricted Capacity Solar Power Plants are restricted, as the actual amount of electricity being sold is less than the maximum amount of electricity expected to be generated and sold from the Restricted Capacity Solar Power Plants based on their installed capacities, the shortfall of which ranges from 3.7% and 15.3% between 2018 and 2019, which in turns lower the desirability for potential purchasers to acquire such solar power plants.

As such, the Transactions involved the bundling of solar power plants developed in areas that are more desirable to potential purchasers and the Restricted Capacity Solar Power Plants, so as to increase the marketability of the Restricted Capacity Solar Power Plants and to assist the transformation of the Group into an asset-light model and reduce the Group’s risk exposure in its investment in Restricted Capacity Solar Power Plants.

Considering the factors set out above, and the reasons set out in the section “Reasons and Benefits of the Transactions” set out below, the Directors are of the view that the Consideration is fair and reasonable.

### **Payment arrangements of the Consideration**

The aggregate Consideration under the First Phase Share Purchase Agreements shall be paid by the Purchasers to the Sellers in the following manner:



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## LETTER FROM THE BOARD

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### First instalment

The Purchasers shall pay 80% of the Share Price (the “**First Instalment**”) to the Sellers within 15 Business Days after the Closing Date. The First Instalment amounts to approximately RMB680,400,000.

Huaneng No. 1 Fund shall pay 60% of the First Instalment to the Sellers, amounting to approximately RMB408,240,000 and Huaneng No. 2 Fund shall pay 40% of the First Instalment to the Sellers, amounting to approximately RMB272,160,000.

### Second instalment

The Purchasers shall pay the remaining Share Price, being 20% of the Share Price (the “**Second Instalment**”), to the Sellers within 15 Business Days after the fulfilment or waiver by the Purchasers in writing of the following conditions:

- (a) the issuance of the Closing Audit Report; and
- (b) the delivery and/or the execution of the following documents:
  - (i) the relevant documents evidencing the fulfillment of conditions (b) to (h) of the Conditions Precedent and the Seller’s confirmation of the fulfillment of conditions (i) to (j) of the Conditions Precedent (assuming none of the conditions have been waived by the Purchasers);
  - (ii) the relevant documents evidencing the completion of the Registration Procedures; and
  - (iii) other documents, materials and items specified in the First Phase Share Purchase Agreements.

The Second Instalment amounts to approximately RMB170,100,000. Huaneng No. 1 Fund shall pay 60% of the Second Instalment to the Sellers, amounting to approximately RMB102,060,000 and Huaneng No. 2 Fund shall pay 40% of the Second Instalment to the Sellers, amounting to approximately RMB68,040,000.

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## LETTER FROM THE BOARD

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### Total Outstanding Balance

The Total Outstanding Balance is the outstanding balance of the Total Net Receivable Amount receivable by the Target Companies from its affiliates (including the Sellers) and the Total Net Payable Amount payable by the Target Companies to its affiliates (including the Sellers). The Total Outstanding Balance as at the Reference Date was approximately RMB149,632,960.

The table below sets out the Amount Payable, Amount Receivable, and Net Payable Amount or Net Receivable Amount (the deduction of the Total Net Payable Amount from the Total Net Receivable Amount constitutes the Total Outstanding Balance) of each of the Target Companies under each of the First Phase Share Purchase Agreements as at the Reference Date:

<b>First Phase Share Purchase Agreements</b>	<b>Amount Payable of the Target Companies RMB</b>	<b>Amount Receivable of the Target Companies RMB</b>	<b>Net Payable Amount/(Net Receivable Amount) of the Target Companies RMB</b>
I	18,759,396	–	18,759,396
II	121,470	(33,790,121)	(33,668,651)
III	38,313,492	(200,000)	38,113,492
IV	62,921,200	–	62,921,200
V	58,853,417	(412,800)	58,440,617
VI	<u>5,356,906</u>	<u>(290,000)</u>	<u>5,066,906</u>
<b>Total</b>	<u><u>184,325,881</u></u>	<u><u>(34,692,921)</u></u>	<u><u>149,632,960</u></u>

The Total Outstanding Balance as set out in the above table was estimated based on the carrying amount of the Total Outstanding Balance of the Target Companies as at the Reference Date (on a dollar-for-dollar basis). The final Total Outstanding Balance will be determined in accordance to the Closing Audit Report (subject to adjustment), and will be calculated based on the carrying amount of the Total Outstanding Balance of the Target Companies as at the Closing Date (on a dollar-for-dollar basis), taking into account of the interests incurred on the interest-bearing Amount Payable of all of the Target Companies at the interest rate of 4.9% for the period from the Reference Date to the Closing Date. In the case that the original interest rate is less than 4.9%, the interest shall be calculated at the original interest rate. The interest rate of 4.9% was determined based on the current applicable benchmark lending rate promulgated by the People's Bank of China for a term of over 5 years. The Directors believe and consider that such interest rate is fair and reasonable.

Upon completion of the Transactions, the Target Companies will continue to remain primarily liable for the Total Outstanding Balance. To simplify the repayment process of the Total Outstanding Balance, prior to the completion of the Transactions, all debts and liabilities owed by the Target Companies to its affiliates (including the Sellers and other subsidiaries of the Company), being the Amount Payable of all of the Target Companies, shall all be consolidated and classified as liabilities

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## LETTER FROM THE BOARD

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of the Target Companies payable to the Sellers and all debts and liabilities received by the Target Companies from its affiliates (including the Sellers and other subsidiaries of the Company), being the Amount Receivable of all of the Target Companies, shall be consolidated and classified as assets of the Target Companies receivable from the Sellers.

In addition, since the control of the Target Companies will be transferred from the Sellers to the Purchasers, the Purchasers shall also assume the obligation to procure the gradual payment of the Total Outstanding Balance and its interests by the Target Companies to the Sellers from the Closing Date onwards and the full payment of the Total Outstanding Balance and its interests by the Target Companies to the Sellers within 3 months from the Closing Date. The specific repayment timeline shall be determined by the Sellers and the Purchasers based on the financial status of the Target Companies such as cash flows and funding pressure after the Closing Date.

In the event that the Purchasers fail to procure the Target Companies to repay the Total Outstanding Balance in accordance with the First Phase Share Purchase Agreements, the Sellers shall be entitled to claim liquidated damages at a rate of 0.02% of the unpaid portion of the Total Outstanding Balance against the Purchasers for each overdue day until the day of full settlement of the Total Outstanding Balance.

### **Other Undertakings**

The Sellers and the Purchasers agreed to be subject to the following undertakings:

- (i) in the event that any of the Target Companies provides any debt guarantees to any third party prior to the Closing, the Sellers undertake to execute the relevant legal documents that are necessary to release or terminate such guarantees before the Closing. Within 6 months from the Closing Date, the Purchasers undertake to procure the Target Companies' early repayment of their liabilities owed to financial institutions in order to release the guarantees provided by the Sellers or its affiliates in respect of such liabilities. As at the Latest Practicable Date, the Target Companies have not provided or intended to provide debt guarantees to any third parties;
- (ii) the Purchasers shall be entitled to set off any amount payable by the Sellers as set out in the First Phase Share Purchase Agreements (including default payment, damages, compensation and other fees) with any of amounts payable by the Purchasers or the Target Company in relation to the Transactions (including the Share Price, the Total Outstanding Balance and the dividends); and
- (iii) the Target Companies will pay the outstanding dividends as at the Reference Date of approximately RMB82,907,700 to the Sellers, subject to the progress of reimbursement of the national subsidy receivable under the National Renewable Energy Tariff Surcharge Subsidy Catalogue (可再生電價附加資金補助目錄) (the "**National Subsidy Catalogue**") by the PRC government as explained in the paragraphs headed "Payment of outstanding dividends as at the Reference Date" below.

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## LETTER FROM THE BOARD

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### **Payment of outstanding dividends as at the Reference Date**

As all the solar power plants of the Target Companies have fulfilled the specified conditions under the National Subsidy Catalogue and are currently registered in the 6th and 7th batches of National Subsidy Catalogue (under the Renewable Energy Law (中華人民共和國可再生能源法) promulgated on 28 February 2005 and implemented on 1 January 2006, on-grid tariff of renewable energy power generation projects shall be determined by competent pricing department of the State Council in the PRC. In August 2013, the NDRC issued the price reform (Reform [2013] No.1638) which stipulated that where the benchmark grid price of solar power plant is higher than that of the local coal-fired unit benchmark price, the national renewable energy development fund shall subsidise enterprises the difference between the benchmarked prices once they have satisfied the conditions for entering and have been registered under the National Subsidy Catalogue), all the Target Companies are expected to receive subsidy payment from the PRC government without further condition within the next twelve months. As such, the Sellers and Purchasers have agreed that (having confirmed with the auditors of the Target Companies) such national subsidies receivable can be recognized as revenue and amounts receivable in the audited accounts of the Target Companies as at the Reference Date.

However, to balance against the potential risks that the ultimate payment of the subsidy by the government may be delayed, the Purchasers and the Sellers have agreed the payment of the outstanding dividends as at the Reference Date (which is approximately RMB82,907,700) by the Target Companies to the Sellers shall correspond with the progress of reimbursement of the national subsidy and the amount of outstanding dividends payable by the Target Companies to the Sellers each time upon the Target Companies' receipt of the national subsidy shall be proportionate to the respective amount of outstanding national subsidy receivable by the Target Companies.

### **Conditions precedent**

Closing under each of the First Phase Share Purchase Agreements is subject to the fulfilment or (if applicable) waiver of certain Conditions Precedent:

- (a) the Sellers have duly executed and delivered to the Purchasers all the transaction documents in relation to the Transactions to which they act as parties;
- (b) the Sellers have approved the Transactions;
- (c) the Company and GCL-Poly have obtained board approval and shareholders' approval in respect of the Transactions;
- (d) the Target Companies have completed replacement of its directors, supervisors, senior management and legal representative;
- (e) the equity pledges of the Target Companies have been released;
- (f) consents from the creditors of the Target Companies have been obtained for the Transactions;

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## LETTER FROM THE BOARD

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- (g) consolidation of debts and liabilities of affiliated parties of the Target Companies as set out in the section headed “Total Outstanding Balance” in this circular and the First Phase Share Purchase Agreements has been completed;
- (h) the arrangement in respect of the personnel reorganization of the Target Companies as agreed by the Sellers and the Purchasers has been completed;
- (i) there has been no event which might render the Closing impracticable or illegal, including any event which has material adverse effect on the Target Companies; and
- (j) there has been no law, judgment, decision, prohibition or order made by relevant authorities restricting, prohibiting or cancelling the transfer of the Sale Shares.

The Sellers undertake to the Purchasers that all of the Conditions Precedent shall be fulfilled or waived (as the case may be) within 60 days from the date of the First Phase Share Purchase Agreements or such other date (the “**Conditions Precedent Fulfilment Date**”) as agreed by the Sellers and the Purchasers. If any of the Conditions Precedent cannot be fulfilled or waived (as the case may be) within 90 days from the date of the First Phase Share Purchase Agreements or such other date as agreed by the Sellers and the Purchasers, the Purchasers shall be entitled to terminate the First Phase Share Purchase Agreements or waive any of the Conditions Precedent that has not been fulfilled. As none of the Conditions Precedents relate to obligations of the Purchasers, none of the Conditions Precedent are waivable by the Sellers.

If any of the Conditions Precedent cannot be fulfilled before the Conditions Precedent Fulfilment Date, the Purchasers shall be entitled to require the Sellers to pay a default payment equivalent to 0.02% of the Share Price for each day of delay, subject to an accumulated cap of 0.5% of the Share Price. If the failure to fulfill conditions (e) and (f) above leads to such delay, the Purchasers agreed not to charge the Sellers the above-mentioned default payment.

As at the Latest Practicable Date, conditions (a), (b), (g) and (h) above have been satisfied.

### **Closing**

Closing shall take place within five Business Days (or any other date as agreed by the Sellers and the Purchasers) after all of the Conditions Precedent have been fulfilled or waived (as the case may be).

The date of issuance as stated on the new business certificate of each of the Target Companies upon the completion of the Registration Procedures shall be the Closing Date for each of the transaction contemplated under each of the First Phase Share Purchase Agreements.

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## LETTER FROM THE BOARD

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### **Closing Audit Report**

Pursuant to the First Phase Share Purchase Agreements, the Sellers and the Purchasers shall engage an auditing agency to audit the financial condition of the Target Companies for the period from the Reference Date (i.e. 30 September 2019) to the Closing Date and prepare the Closing Audit Report within 30 days after the Closing Date.

### **Guarantee**

Pursuant to the First Phase Share Purchase Agreements, the Guarantor agreed to provide a guarantee to secure the due performance by the Sellers of their obligations under the First Phase Share Purchase Agreements.

### **Grant of Put Options**

#### ***(a) Repurchase of Target Companies***

Within five years from the Closing Date, the Sellers shall be required to repurchase the entire equity interest in the respective Target Company(ies) and any unpaid shareholders' loan advanced to the respective Target Company(ies) by the Purchasers in accordance with each First Phase Share Purchase Agreements (the "**Repurchase**") upon the exercise of the Put Options by the Purchasers, upon the occurrence of any of the following events in relation to the relevant Target Company(ies):

- (i) failure to obtain relevant compliance documents or pay the relevant fees in accordance with the requirements of applicable laws before the Closing Date which cause the suspension of the operation of the solar power plant(s) of the relevant Target Company(ies) and the operation failing to resume within 6 months;
- (ii) engineering quality matters and/or major irreparable defects or safety hazards of the main equipment of the solar power plant(s) existed before the Closing Date which cause the suspension of the operation of the solar power plant(s) of the relevant Target Company(ies) and the operation failing to resume within 6 months;
- (iii) the relevant Target Company(ies) being unable to receive the national subsidy from the PRC government, the total amount of which amounts to approximately RMB473,902,000, within 4 years from the Closing Date; and
- (iv) material breach of the relevant First Phase Share Purchase Agreement(s) by the Sellers which frustrates the purpose of the Transactions.

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## LETTER FROM THE BOARD

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**(b) Repurchase price**

The repurchase price for the Target Companies (the “**Repurchase Price**”) shall be calculated in the following manner (whichever is higher):

- (a) the amount equivalent to the valuation of the shareholders’ rights and interests of the Target Companies as stated under the repurchase valuation report to be filed to the relevant PRC state assets regulatory authorities; or
- (b) the amount equivalent to the aggregation of (i) the Share Price paid by the Purchasers and subsequent capital contribution to the Target Companies by the Purchasers (excluding the shareholders’ loan to the Target Companies by the Purchasers), plus (ii) the expected investment income of the Purchasers, less (iii) any dividend of the Target Companies actually paid to the Purchasers after the Closing Date, less (iv) any amount paid by the Sellers prior to the Repurchase to the Purchasers (including default payment, damages and compensation, but excluding any amount paid by the Sellers prior to the Repurchase to the Target Companies).

The expected investment income = the Share Price paid by the Purchasers (or the amount of capital contribution by the Purchasers to the Target Companies) x 4.9% x the number of days since the Purchasers actually paid the Share Price or the amount of capital contribution until the date of the payment of the Repurchase Price by the Sellers/ 360 days.

As the current applicable benchmark lending rate promulgated by the People’s Bank of China for a term of over 5 years is 4.9%, the Directors believe and consider that it is fair and reasonable to adopt 4.9% as the annual rate of the expected investment income under the Put Options.

### 3. INFORMATION ON THE GROUP AND THE SELLERS

#### **The Group**

The Company is incorporated in Bermuda as exempted company with limited liability. The principal business of the Company is investment holding.

The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. As at the Latest Practicable Date, the Company is owned as to approximately 62.28% by GCL-Poly.

#### **Ningxia GCL New Energy**

Ningxia GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company. Ningxia GCL New Energy indirectly owns the solar power plant project of Ningxia Jinli.

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## LETTER FROM THE BOARD

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### **Suzhou GCL New Energy**

Suzhou GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company. Suzhou GCL New Energy owns a majority of solar power plants of the Company in the PRC.

#### **4. INFORMATION ON THE PURCHASERS**

##### **Huaneng No. 1 Fund**

Huaneng No. 1 Fund is a limited partnership established in the PRC which was formed to invest in equities, investment instruments or vehicles related to debt-for-equity swap that are in compliance with the relevant laws, regulations and regulatory requirements.

The general partners of Huaneng No. 1 Fund are (i) Tianjin Huajing Shunhe New Energy Technology Development Co., Ltd.\* (天津華景順和新能源科技發展有限公司), a company established in the PRC which principally engages in technical services, development, consultation, communication, transfer and promotion etc., and is indirectly held as to (a) 50% by Huaneng Capital Services Limited\* (華能資本服務有限公司) (which is owned as to approximately 61% by China Huaneng Group as its ultimate beneficial owner managed by the State Council of the PRC) and (b) 50% by Invesco WLR Limited (a company established in Hong Kong and its ultimate beneficial owner is Invesco Ltd. (a company listed in New York, the United States, with New York Stock Exchange stock code IVZ)) and (ii) ICBC Capital Management Co., Ltd. (工銀資本管理有限公司), a company established in the PRC which principally engages in asset management, investment management, investment consultation and equity investment, whose ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

The limited partners of Huaneng No. 1 Fund are (i) China Huaneng Group, which owns a majority of properties in Huaneng No. 1 Fund and (ii) ICBC Financial Assets Investment Co., Ltd.\* (工銀金融資產投資有限公司) (a company established in the PRC which principally engages in acquisition of debts owed by enterprises to banks for the purpose of debt-for-equity swap, so as to convert the credit rights into equities and manage such equities, and its ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

Huaneng No. 1 Fund is owned as to approximately 51% by China Huaneng Group and approximately 49% by ICBC Financial Assets Investment Co., Ltd.\* (工銀金融資產投資有限公司).

##### **Huaneng No. 2 Fund**

Huaneng No. 2 Fund is a limited partnership established in the PRC which was formed to invest in equities, investment instruments or vehicles related to debt-for-equity swap that are in compliance with the relevant laws, regulations and regulatory requirements.



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## LETTER FROM THE BOARD

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The general partners of Huaneng No. 2 Fund are (i) Tianjin Huajing Shunhe New Energy Technology Development Co., Ltd.\* (天津華景順和新能源科技發展有限公司), a company established in the PRC which principally engages in technical services, development, consultation, communication, transfer and promotion etc., and is indirectly held as to (a) 50% by Huaneng Capital Services Limited\* (華能資本服務有限公司) (which is owned as to approximately 61% by China Huaneng Group as its ultimate beneficial owner managed by the State Council of the PRC) and (b) 50% by Invesco WLR Limited (a company established in Hong Kong and its ultimate beneficial owner is Invesco Ltd. (a company listed in New York, the United States, with New York Stock Exchange stock code IVZ)) and (ii) ICBC Capital Management Co., Ltd. (工銀資本管理有限公司), a company established in the PRC which principally engages in asset management, investment management, investment consultation and equity investment, whose ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

The limited partners of Huaneng No. 2 Fund are (i) China Huaneng Group, which owns a majority of properties in Huaneng No. 2 Fund and (ii) ICBC Financial Assets Investment Co., Ltd.\* (工銀金融資產投資有限公司) (a company established in the PRC which principally engages in acquisition of debts owed by enterprises to banks for the purpose of debt-for-equity swap, so as to convert the credit rights into equities and manage such equities, and its ultimate beneficial owner is Industrial and Commercial Bank of China Limited (a company listed in Shanghai, the PRC and Hong Kong, with the respective stock codes being 601398 and 1398).

Huaneng No. 2 Fund is owned as to approximately 51% by China Huaneng Group and approximately 49% by ICBC Financial Assets Investment Co., Ltd.\* (工銀金融資產投資有限公司).

CLSA Capital Markets is the exclusive financial adviser to the Purchasers.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchasers, the general partners and the limited partners of the Purchasers and their ultimate beneficial owners are third parties independent of the Company and their connected persons.

## LETTER FROM THE BOARD

### 5. INFORMATION ON THE TARGET COMPANIES

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

First Phase Share Purchase Agreements	Information on the Target Companies
I	Yuganxian is a company incorporated in the PRC with limited liability and is principally engaged in the construction, operation and providing technical advisory services of photovoltaic projects in the PRC. Yuganxian is an indirect subsidiary of the Company.
II	Ningxia Jinxin is a company incorporated in the PRC with limited liability and is principally engaged in the development and providing technical advisory services of photovoltaic projects in the PRC. Ningxia Jinxin is an indirect subsidiary of the Company.
III	Ningxia Lvhao is a company incorporated in the PRC with limited liability and is principally engaged in the development, construction and operation of photovoltaic projects in the PRC. Ningxia Lvhao is an indirect subsidiary of the Company.
IV	Hami Orui is a company incorporated in the PRC with limited liability and is principally engaged in the development, investment, construction and operation of photovoltaic projects in the PRC. Hami Orui is an indirect subsidiary of the Company.
V	Hami Yaohui is a company incorporated in the PRC with limited liability and is principally engaged in the investment, construction and providing technical advisory services of photovoltaic projects in the PRC. Hami Yaohui is an indirect subsidiary of the Company.
VI	Ningxia Jinli is a company incorporated in the PRC with limited liability and is principally engaged in the development and providing technical advisory services of photovoltaic projects in the PRC. Ningxia Jinli is an indirect subsidiary of the Company.

Set out below is an extract of the audited financial statements prepared for the financial years ended 31 December 2017 and 31 December 2018 and the unaudited management accounts for the nine months ended 30 September 2019 and the financial year ended 31 December 2019 of the Target Companies prepared in accordance with China Accounting Standards:

		Year ended		Nine months ended		Year ended		Year ended	
		31 December 2019		30 September 2019		31 December 2018		31 December 2017	
First Phase Share Purchase Agreements	Target Companies	Profit	Profit	Profit	Profit	Profit	Profit	Profit	Profit
		before	after	before	after	before	after	before	after
		taxation	taxation	taxation	taxation	taxation	taxation	taxation	taxation
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
I	Yuganxian	51,588	45,139	39,351	34,432	76,626	76,626	50,235	50,235
II	Ningxia Jinxin	18,289	16,989	15,574	14,406	17,266	15,889	12,188	12,188
III	Ningxia Lvhao	5,459	5,060	5,326	4,926	4,025	4,025	4,631	4,631
IV	Hami Orui	6,318	6,172	5,274	4,878	2,827	2,826	1,046	1,046
V	Hami Yaohui	17,132	15,837	14,386	13,550	11,201	10,749	13,287	13,287
VI	Ningxia Jinli	18,707	17,336	16,094	14,887	15,600	14,390	10,023	10,023

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## LETTER FROM THE BOARD

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As at 30 September 2019 and 31 December 2019, the aggregate net asset value of the Target Companies amounted to approximately RMB925,076,000 and RMB944,531,000, respectively. As at the Latest Practicable Date, upon a review of the unaudited management account of the Target Companies for the year ended 31 December 2019, the Directors are not aware of any material change in operating and/or financial condition of the Target Companies since the Reference Date. The Directors therefore consider that the Consideration remains to be fair and reasonable.

### **6. FINANCIAL IMPACT OF THE TRANSACTIONS**

After the Closing Date, the Target 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 will no longer be consolidated into the consolidated financial statements of the Group.

As at the Latest Practicable Date, it is estimated that the Group will realise a net loss on the Disposals of approximately RMB76,576,000, which is calculated by reference to the difference between the Share Price consideration of approximately RMB850,500,000 and the net asset value of the Target Companies of approximately RMB925,076,000 based on the unaudited financial information of the Target Companies as at 30 September 2019, after deducting related transaction costs of the Disposals of approximately RMB2,000,000. The actual loss as a result of the Disposals to be recorded by the Group is subject to audit and will be reassessed based on the net asset value of the Target Companies as at the Closing Date in accordance with the Closing Audit Report.

Despite the net loss on the Disposals, having taking into consideration of the reasons for the Disposals as stated under the paragraphs headed “Reasons and Benefits of the Transactions” below, the Company is of the view that the Disposals will be in the interests of the Group and the Shareholders respectively as a whole as it will improve the cash flow position of the Group in the long run.

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

The net cash proceeds (net of estimated taxes and transaction costs) from the Transactions (including the Consideration, the Total Outstanding Balance and the payment of outstanding dividends from the Target Companies) is expected to be approximately RMB1,081,041,000, which the Company intends to use for repayments of its debts.

### **8. 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 will no longer be consolidated into the consolidated financial statements of the Group. The cash derived from the Transactions amounted to approximately RMB1,081,041,000, which will be used for repayment of debts. Accordingly, the liabilities of the Group will decrease by approximately RMB2,664,679,000. The gearing ratio of the Group will decrease by approximately 1%, calculated with reference to the audited financial statements of the Group as at 31 December 2019, effectively reducing the financial risks.

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## **LETTER FROM THE BOARD**

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After the completion of the Transactions, the Group and China Huaneng Group 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. The Company and China Huaneng Group are proactively promoting other phases of disposals, and plan to reach and execute more agreements in relation to disposals of solar power plants in the near future.

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

### **9. LISTING RULES IMPLICATIONS**

As the Company, through the Sellers, being indirect subsidiaries of the Company, entered into the Disposals with the Purchasers 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 consideration 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, through the Sellers, being indirect subsidiaries of the Company, entered into the Put Options with the Purchasers 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 Purchasers 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 First Phase 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. In the event that the Put Options are to be exercised by the Purchasers in accordance with the terms of the First Phase Share Purchase Agreements, the Company shall comply with the relevant reporting, announcement and shareholders' approval requirements (if any) under Chapter 14 of the Listing Rules.

### **10. PROPOSAL OF RE-ELECTION OF A DIRECTOR**

Reference is made to the announcement of the Company dated 15 January 2020 on the proposed appointment of Mr. Mo Jicai as an executive Director with effect from 15 January 2020. Pursuant to bye-law 83(2) of the Bye-laws, Mr. Mo shall hold office until the first general meeting of the Company after his appointment and be subject to re-election and ordinary resolutions as set out in resolutions no. 2 and 3 will be put forward to the Shareholders at the SGM.

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## LETTER FROM THE BOARD

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### Mr. Mo Jicai

Mr. Mo, aged 55, prior to joining the Company, Mr. Mo served as a vice president of Shunfeng International Clean Energy Limited (a company listed on the Main Board of the Stock Exchange, (stock code: 1165)) between December 2013 and January 2020 and was responsible for finance, procurement and information technology matters. He served as the chief accountant of Yingda Changan Insurance Brokers Group Co., Ltd. of State Grid Yingda Group (國家電網英大長安保險經紀集團有限公司) between March 2009 and December 2013. Mr. Mo served as the general manager of China Electric Finance Company Limited (Eastern China branch) (中國電力財務有限公司華東分公司) between August 2005 and March 2009. He served as an accountant of the finance team and a vice manager of the audit department at Jiangsu Provincial Electric Power Bureau (江蘇省電力工業局) between August 1984 and September 2004. Mr. Mo obtained an MBA degree from the Fudan University.

Save as disclosed above and as at the Latest Practicable Date, Mr. Mo does not (i) hold any position in the Company or any of its subsidiaries nor has any relationship with any Directors, senior management or substantial or controlling shareholders of the Company; (ii) hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) has any interests in the shares of the Company within the meaning of Part XV of the SFO.

The Company entered into a service contract with Mr. Mo for a term of three years commencing from 15 January 2020, subject to retirement by rotation and re-election in accordance with the Bye-laws. According to the service contract, the annual emolument of Mr. Mo is RMB500,000 which was determined by the Board based on the recommendation by the remuneration committee of the Company, with reference to the market rate for the position, the remuneration policy of the Company, his qualifications, experience, and duties and responsibilities with the Company, subject to annual review by the Board.

Save as disclosed above, there is no other matters concerning Mr. Mo that need to be brought to the attention of the Shareholders nor there is other information relating to Mr. Mo that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

### 11. SGM

Set out on pages SGM-1 to SGM-3 of this circular is a notice convening the SGM to be held at Strategy II-III, Level 8, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Thursday, 21 May 2020 at 9:30 a.m..

At the SGM, ordinary resolution(s) for approving the Transactions and the entering into and performance of obligations under the First Phase 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 resolutions at the SGM.

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## LETTER FROM THE BOARD

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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 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 18 May 2020 to 21 May 2020, 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 at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m on 15 May 2020.

### 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 First Phase Share Purchase Agreements is in the interests of the Company and the Shareholders as a whole. The Directors are also of the view that the proposed re-election of Mr. Mo as a Director is in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to approve the Transactions, the entering into and performance of obligations under the First Phase Share Purchase Agreements and the proposed re-election of Mr. Mo as a Director as set out in the notice of the SGM.

### 14. ADDITIONAL INFORMATION

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

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

## 1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 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 2017 published on 16 April 2018 (pages 81-196);
- the annual report of the Company for the year ended 31 December 2018 published on 25 April 2019 (pages 76-213); and
- the annual report of the Company for the year ended 31 December 2019 published on 29 April 2020 (page 72-205).

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

At the close of business on 29 February 2020, 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	28,680,583	2,379,727	31,060,310
Principal amount of bonds and senior notes	–	3,775,800	3,775,800
Carrying amount of loans from related companies	389,725	1,145,643	1,535,368
Lease liabilities	<u>54,827</u>	<u>1,102,749</u>	<u>1,157,576</u>
	<u>29,125,135</u>	<u>8,403,919</u>	<u>37,529,054</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; (iii) certain subsidiaries' trade receivables, contract assets and fee collection rights in relation to the sales of electricity; (iv) certain right-of-use assets of the Group; (v) amount due from an associate of ultimate holding company; and (vi) certain equity interests in some project companies of the Group.

At 29 February 2020, certain bank and other borrowings, bonds and senior notes, and loans from related companies of the Group amounting to RMB26,194,614,000, RMB3,775,800,000 and RMB389,725,000 respectively, are guaranteed individually or in combination by (i) fellow subsidiaries, (ii) the ultimate holding company, and (iii) entities within the Group. The remaining indebtedness amounting to RMB7,168,915,000 are not guaranteed.

In addition, the Group received approval letters from the National Association of Financial Market Institutional Investors in relation to the issuance of medium-term notes for a term up to 3 years in the maximum principal amount of RMB3,000,000,000, which were outstanding for issuance as at 29 February 2020.

At 29 February 2020, the Group provided a total guarantee of RMB5,369,117,000, RMB540,000,000 and RMB598,034,000 to banks and financial institutions in respect of banking facilities and financing arrangements of associates, third parties and the Target Companies, respectively. The associates, third parties and the Target Companies had utilised RMB3,864,246,000, RMB527,821,000 and RMB421,498,000 in total of such facilities at 29 February 2020, respectively.

During the year ended 31 December 2019, the Group discounted certain bills provided by third parties for short-term financing, and the liabilities relating to these arrangements were fully settled to these relevant third parties during the year. As at 29 February 2020, these bills were not yet matured and outstanding. In accordance with the relevant regulations in the PRC, the Group, being an endorser of the bills, is jointly and severally liable if the relevant bills are not settled by the issuer upon maturity. However, in the opinion of the Directors, the risk of default in payment of these bills is remote because they are guaranteed by reputable PRC banks. The maximum exposure to the Group that may result from the default of these outstanding bills was RMB1,119,928,000 as at 29 February 2020, representing the total face value of these outstanding bills.

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 29 February 2020, 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, other material contingent liabilities or guarantees outstanding.

To the best of the knowledge of the Directors, having made all reasonable enquiries, there has been no material change in the level of indebtedness of the Group since 29 February 2020.

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

According to the Group's cash flow projections, as at 29 February 2020, the total committed capital expenditures relating to the construction of solar power plants to be settled in the coming fourteen months ending 30 April 2021 amounted to approximately RMB3,237,483,000. As at 29 February 2020, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, loans from related companies and lease liabilities amounted to approximately RMB37,529,054,000. 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 the on-going covenants compliance upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

- (i) The Group proposed to issue medium-term notes with an aggregate principal amount of not exceeding RMB3,000 million to institutional investors of the national interbank bond market in the PRC before their expiry date in June 2020. It is expected that the notes will be issued in one or more tranches and that each tranche of the notes shall have a maturity of three years. The Group is also negotiating with banks and other financial institutions for credit facilities;
- (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 cashflow to the Group.

On 18 November 2019, the Company and China Huaneng Group entered into a cooperation framework agreement (the "Cooperation Framework Agreement") regarding the disposal of (i) certain solar power plants of the Group in the PRC (the "Power Plants") or (ii) certain project companies of the Group which operate the Power Plants (the "Framework Disposal").

The Group and China Huaneng Group are actively working together under the Cooperation Framework Agreement to explore other solar power plant assets for the Framework Disposal and will enter into other definitive agreements in respect of and in compliance with the Measures for the Supervision and Administration of State-Owned Assets (國有資產監督管理辦法) in the PRC, the relevant laws and regulations and the Listing Rules, in due course.

On 21 January 2020, the Group also entered into two share purchase agreements with 中核(南京)能源發展有限公司 CNI (Nanjing) Energy Development Company Limited to sell its entire equity interest in 阜陽衡銘太陽能電力有限公司 Fuyang Hengming Solar Power Co., Ltd. and 鎮江協鑫新能源有限公司 Zhenjiang GCL New Energy Co., Ltd. for a consideration in aggregate of RMB77,476,000 (the "Divestments"). Each of them has a solar power plant project with capacity of 20MW in operation. One of the Divestments is completed on 13 March 2020, while the remaining one is expected to be completed before June 2020; and

- (iii) The Group still owns 176 solar power plants with an aggregate grid connected capacity of approximately 5.2GW upon completion of the Disposals and the Divestments. Those operational solar power plants are expected to generate operating cash inflows to the Group.

After taking into account the Group's business prospects, internal resources, estimated proceeds from the Disposals and Divestments, the available committed and uncommitted financing facilities and arrangements, transformation to a light-asset model, and the Framework Disposal under the Cooperation Framework Agreement 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 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; and successful transformation to a light-asset model; and the completion of the Disposals, Divestments and the Framework Disposal in relation to other solar power plant assets, for cash proceeds and elimination of the related borrowings 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 2019, 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 2019, the Group recorded a total revenue of approximately RMB6,052 million, whilst the total revenue for the year ended 31 December 2018 was approximately RMB5,632 million. Gross profit and gross profit margin for the year ended 31 December 2019 were approximately RMB3,954 million and 65.3% respectively, whilst the gross profit and gross profit margin for the year ended 31 December 2018 were approximately RMB3,743 million and 66.5% respectively. Profit attributable to owners of the Company for the year ended 31 December 2019 amounted to approximately RMB295 million as compared to the profit attributable to owners of the Company of RMB470 million for the year ended 31 December 2018.

As at 31 December 2019, the Group operated 213 solar power plants, as compared to 221 plants as at 31 December 2018, spanning across different provinces in China and overseas. Total capacity reached approximately 7,145MW (31 December 2018: approximately 7,309MW) and grid-connected capacity reached approximately 7,059MW (31 December 2018: approximately 6,957MW). Total sales of electricity was approximately 8,762 million kWh in 2019, a rise of approximately 12% as compared to 2018.

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 2020, by transferring the controlling interests of solar power plant projects, the Group will be able to recycle capital, reduce its debts and mitigate the pressure on project financing, while further improve the return on capital and receive stable fees annually by providing project management services.

In addition, the Group will proactively extend its financing resources, applying diversified and innovative financing models and issuing medium-term notes when appropriate to 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.

Despite the outbreak of Coronavirus disease (“COVID-19”) in the PRC in early 2020 and the subsequent quarantine measures imposed by the PRC government, the solar power plants of the Group continuously operated as usual. The Group has been paying close attention to the development of the COVID-19 outbreak, and implemented a series of precautionary and control measures, as well as evaluates the impact of the COVID-19 outbreak on the financial position and operating results of the Group. Given the dynamic nature of these circumstances, the Directors will continue to assess the financial effects on the Group but as of the date of this circular, the Group is not aware of any material adverse effects on its consolidated financial statements as a result of the COVID-19 outbreak.

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

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

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

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

Name of Director	Number of shares			Approximate percentage of issued shares (Note 2)
	Beneficiary of a trust	Personal interests	Number of underlying shares (Note 1)	
Mr. ZHU Yufeng			3,523,100	0.02%
	1,905,978,301 (Note 3)			9.99%
Ms. HU Xiaoyan			19,125,400	0.10%
Ms. SUN Wei			27,178,200	0.14%
Mr. SHA Hongqiu		3,000,000	8,052,800	0.06%
Mr. YEUNG Man Chung, Charles			15,099,000	0.08%
Mr. WANG Bohua			2,617,160	0.01%
Mr. XU Songda			2,617,160	0.01%
Mr. LEE Conway Kong Wai			2,617,160	0.01%
Mr. WANG Yanguo			1,006,600	0.01%
Dr. CHEN Ying			1,006,600	0.01%

*Notes:*

- Adjustments 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 (Note 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 and 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 15 March 2016 to 28 March 2026 at an exercise price of HK\$1.160 or HK\$1.324 per share.

Save as disclosed above, as at 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	1,905,978,301	9.99%
Asia Pacific Energy Holdings Limited (Note 3)	Corporate interest	1,905,978,301	9.99%
Credit Suisse Trust Limited (Note 3)	Other interest	1,905,978,301	9.99%
Dongsheng Photovoltaic Technology (Hong Kong) Limited (Note 3)	Corporate interest	1,905,978,301	9.99%
Golden Concord Group Limited (Note 3)	Corporate interest	1,905,978,301	9.99%
Golden Concord Group Management Limited (Note 3)	Corporate interest	1,905,978,301	9.99%
Zhu Gongshan (Note 3)	Beneficial owner	1,905,978,301	9.99%
營口其印投資管理有限公司 (Note 3)	Corporate interest	1,905,978,301	9.99%
協鑫新能科技(深圳)有限公司 (Note 3)	Corporate interest	1,905,978,301	9.99%
協鑫集團有限公司 (Note 3)	Corporate interest	1,905,978,301	9.99%
協鑫集成科技股份有限公司 (Note 3)	Corporate interest	1,905,978,301	9.99%
句容協鑫集成科技有限公司 (Note 3)	Corporate interest	1,905,978,301	9.99%
江蘇協鑫建設管理有限公司 (Note 3)	Corporate interest	1,905,978,301	9.99%
協鑫(遼寧)實業有限公司 (Note 3)	Corporate interest	1,905,978,301	9.99%
Get Nice Finance Company Limited (Note 4)	Security interest	3,814,743,088	20.00%
Treasure Advantage Limited (Note 4)	Corporate interest	3,814,743,088	20.00%
Get Nice Holdings Limited (Note 4)	Corporate interest	3,814,743,088	20.00%

*Notes:*

1. 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 營口其印投資管理有限公司 (formerly known as “上海其印投資管理有限公司”) are controlling shareholders of GCL System Integration. 營口其印投資管理有限公司 is a party acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 48.86% owned by 協鑫(遼寧)實業有限公司 and 51.14% owned by 江蘇協鑫建設管理有限公司. 協鑫(遼寧)實業有限公司 is wholly-owned by Mr. Zhu Gongshan (a director and the chairman of GCL-Poly and Mr. Zhu Yufeng's father). 江蘇協鑫建設管理有限公司 is wholly-owned by 協鑫新能科技(深圳)有限公司. 協鑫新能科技(深圳)有限公司 is wholly-owned by Golden Concord Group Management Limited which 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.
4. These represent a security interest in 3,814,743,088 shares of the Company provided by Elite Time Global Limited in favour of Get Nice Finance Company Limited. Get Nice Finance Company Limited is wholly-owned by Treasure Advantage Limited, which is in turn wholly-owned by Get Nice Holdings Limited.

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

### 3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

#### (i) Interests in competing interests

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

The Directors are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and the Directors would comply with the relevant requirements of the Bye-laws 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 2019 (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 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;
- (ii) 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, 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;
- (iii) 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;
- (iv) the series of seven share purchase agreements dated 22 May 2019 entered into between Suzhou GCL New Energy as seller and Shanghai Rongyao New Energy Co., Ltd.\* (上海榕耀新能源有限公司) as purchaser in relation to, among others, 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 “**Disposed Companies**”) together with 70% of the outstanding shareholder’s loan owed from the Disposed Companies to Suzhou GCL New Energy; and
- (v) the cooperation framework agreement dated 18 November 2019 entered into between the Company and China Huaneng Group, regarding the Company’s disposal of (i) certain solar power plants in the PRC or (ii) certain project companies of the Group which operate those power plants to China Huaneng Group or its designated party.

## 6. CLAIMS AND LITIGATION

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

## 7. GENERAL

- (i) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (ii) The principal place of business of the Company in Hong Kong is situated at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company is Tricor Abacus Limited situated at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

- (iv) The company secretary of the Company is Mr. Ho Yuk Hay, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and an associate member of 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 interim report of the Company for the six months ended 30 June 2019 and the annual reports of the Company for each of the financial years ended 31 December 2017, 2018 and 2019;
- (iii) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (iv) the First Phase Share Purchase Agreements;
- (v) the circular of the Company dated 28 June 2019 in relation to, among others, sale and purchases of 70% of the equity interests in the Disposed Companies together with 70% of the outstanding shareholder’s loan owed from the Disposed Companies to Suzhou GCL New Energy; and
- (vi) 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 Strategy II-III, Level 8, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Thursday, 21 May 2020 at 9:30 a.m. for the purpose of considering and, if thought fit, approving the following resolutions as an ordinary resolutions of the Company.

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

### ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the series of five share purchase agreements dated 21 January 2020 entered into between Suzhou GCL New Energy Investment Co., Ltd.\* (蘇州協鑫新能源投資有限公司) (“**Suzhou GCL New Energy**”), GCL Group Limited\* (協鑫集團有限公司) (the “**Guarantor**”), Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)\* (華能工融一號(天津)股權投資基金合夥企業(有限合夥)) and Huaneng Gongrong No.2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)\* (華能工融二號(天津)股權投資基金合夥企業(有限合夥)) (the “**Purchasers**”) and the share purchase agreement dated 21 January 2020 entered into between Ningxia GCL New Energy Investment Co., Ltd.\* (寧夏協鑫新能源投資有限公司) (“**Ningxia GCL New Energy**”, together with Suzhou GCL New Energy, the “**Sellers**”), the Guarantor and the Purchasers (collectively the “**First Phase Share Purchase Agreements**”) in relation to:
  - (i) sale and purchases of the entire equity interests in Yuganxian GCL New Energy Co., Ltd.\* (余干縣協鑫新能源有限責任公司), Ningxia Jinxin Photovoltaic Power Co., Ltd.\* (寧夏金信光伏電力有限公司), Ningxia Lvhao Photovoltaic Power Generation Co., Ltd.\* (寧夏綠昊光伏發電有限公司), Hami Orui Photovoltaic Power Generation Co., Ltd.\* (哈密歐瑞光伏發電有限公司), Hami

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## NOTICE OF SPECIAL GENERAL MEETING

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Yaohui Photovoltaic Power Co., Ltd.\* (哈密耀輝光伏電力有限公司) and Ningxia Jinli Photovoltaic Power Co., Ltd.\* (寧夏金禮光伏電力有限公司) (the “**Target Companies**”) (the “**Disposals**”); and

- (ii) grant of put options by the Sellers and to the Purchasers under the First Phase Share Purchase Agreements, pursuant to which the Purchasers are entitled to, upon the occurrence of certain specified events, request the Seller(s) to repurchase the entire equity interest in the Target Company(ies) and the relevant unpaid shareholder’s loans 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 First Phase Share Purchase Agreements and all matters incidental or ancillary thereto.”
2. Mr. Mo Jicai be re-elected as a director of the Company.
3. the board of directors of the Company be authorised to fix the remuneration of Mr. Mo Jicai.

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, 29 April 2020

\* *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 at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof.
- (3) 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. It is advised that all Shareholders, particularly Shareholders who are subject to quarantine in relation to Coronavirus Disease

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## NOTICE OF SPECIAL GENERAL MEETING

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2019 (COVID-19), that they may appoint any person or the chairman of the SGM as a proxy to vote on the resolution, instead of attending the SGM in person. The form of proxy can be downloaded from the website of the Company at [www.gclnewenergy.com](http://www.gclnewenergy.com) or HKEXnews at [www.hkexnews.hk](http://www.hkexnews.hk).

- (4) 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.
- (5) The register of members of the Company will be closed from 18 May 2020 to 21 May 2020, both days inclusive, during which period no transfer of shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the SGM to be held on 21 May 2020 at 9:30 a.m.. In order to be eligible to attend and vote at the SGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 15 May 2020.
- (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.
- (7) In view of the ongoing COVID-19 epidemic and recent guidelines for prevention and control of its spread, the Company will implement the following precautionary measures at the SGM to protect the Shareholders, staff and other stakeholders who attend the SGM from the risk of infection:
  - (i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee. Any person with a body temperature of 37 degrees Celsius or higher may be denied entry into the SGM venue or be required to leave the SGM venue;
  - (ii) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the SGM at all times, and to maintain a safe distance between seats (please bring your own mask);
  - (iii) no refreshment will be served at the SGM;
  - (iv) no souvenirs will be distributed at the SGM; and
  - (v) no guest will be allowed to enter the SGM venue if he/she is wearing quarantine wristband issued by the Government of Hong Kong.