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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.



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
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

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 8 to 26 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 Friday, 15 January 2021 at 10 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Irrespective of whether you are able to attend the 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.

28 December 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 checks;
- 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

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 or the Stock Exchange at 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.

PRECAUTIONARY MEASURES FOR THE SGM

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
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.

DEFINITIONS

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

“Anhui GCL New Energy”	Anhui GCL New Energy Investment Co., Ltd.* (安徽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
“Announcement”	the joint announcement of GCL-Poly and the Company dated 22 November 2020 in relation to the Second Phase Share Purchase Agreements
“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
“Closing Audit Report”	closing audit report prepared by an auditing agency appointed by the respective Seller and the Purchaser to audit the financials of the Target Companies from the Reference Date to the Closing Date in accordance with the Second 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
“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
“Dangshan GCL”	Dangshan GCL Solar Power Co., Ltd. (蕩山協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Anhui GCL New Energy and an indirect subsidiary of the Company
“Dangshan GCL Share Purchase Agreement”	an equity transfer agreement dated 22 November 2020 entered into between Anhui GCL New Energy and the Purchaser in relation to the sale of the 90% equity interest in Dangshan GCL
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Disposals”	the First Phase Disposals and the Second Phase Disposals
“First Phase Disposals”	the proposed disposals of (i) 90% of equity interest in Suzhou GCL Solar Power Co., Ltd.* (宿州協鑫光伏電力有限公司), Huaibei Xinneng Solar Power Co., Ltd.* (淮北鑫能光伏電力有限公司), Hefei Jiannan Electric Power Co., Ltd.* (合肥建南電力有限公司) and Hefei Jiuyang New Energy Co., Ltd.* (合肥久陽新能源有限公司); and (ii) 67% equity interest in Dangshan Xinneng Solar Power Co., Ltd.* (蕩山鑫能光伏電力有限公司) by the Sellers to the Purchaser as contemplated under the First Phase Share Purchase Agreements
“First Phase Share Purchase Agreements”	the series of five share purchase agreements dated 16 November 2020 entered into between the respective Seller and the Purchaser, as detailed in the joint announcement of GCL-Poly and the Company dated 16 November 2020 in relation to the First Phase Disposals
“Funan GCL”	Funan GCL Solar Power Co., Ltd.* (阜南協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company
“Funan GCL Share Purchase Agreement”	an equity transfer agreement dated 22 November 2020 entered into between Suzhou GCL New Energy and the Purchaser in relation to the sale of the 90% equity interest in Funan GCL
“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
“Hefei Xinren”	Hefei Xinren Solar Power Co., Ltd.* (合肥鑫仁光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Anhui GCL New Energy and an indirect subsidiary of the Company
“Hefei Xinren Share Purchase Agreement”	an equity transfer agreement dated 22 November 2020 entered into between Anhui GCL New Energy and the Purchaser in relation to the sale of the 90% equity interest in Hefei Xinren
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	22 December 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“National Subsidy Catalogue”	National Renewable Energy Tariff Surcharge Subsidy Catalogue (可再生能源電價附加資金補助目錄) 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
“National Subsidy List”	Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單)
“Net Payable Amount”	the amount equivalent to the positive difference between total amount payable by the respective Target Company to the respective Seller and its affiliates and the total amount receivable by the respective Target Company from the respective Seller and its affiliates
“Operational Solar Power Plant Project(s)”	the operational solar power plant project(s) of the Target Companies
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司), a company established in the PRC with limited liability and an independent third party to the Company
“Reference Date”	31 July 2020
“Registered Solar Power Plant Projects”	operational Solar Power Plant Projects which are registered in the 7th batch of the National Subsidy Catalogue and 1st batch of the National Subsidy List
“Registration Procedures”	the registration procedures in respect of the change of shareholder of each of the Target Companies and other relevant filing procedures in respect of the Transactions in the PRC
“Remaining Group”	the Group after completion of the Second Phase Disposals
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Sale Shares”	the 90% equity interest in each of Dangshan GCL, Funan GCL, Hefei Xinren and Tianchang GCL and the 50% equity interest in Taihu Xinneng held by the respective Seller
“Second Phase Disposals”	the proposed disposals of the Sale Shares by the Sellers to the Purchaser as contemplated under the Second Phase Share Purchase Agreements
“Second Phase Share Purchase Agreements”	Dangshan GCL Share Purchase Agreement, Taihu Xinneng Share Purchase Agreement, Funan GCL Share Purchase Agreement, Hefei Xinren Share Purchase Agreement and Tianchang GCL Share Purchase Agreement
“Seller(s)”	Anhui GCL New Energy and Suzhou GCL New Energy
“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 Second Phase Share Purchase Agreements
“Share(s)”	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.00416) in the share capital of the Company
“Shareholders”	the shareholders of the Company
“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
“Taihu Xinneng”	Taihu Xinneng Solar Power Co., Ltd.* (太湖鑫能光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Anhui GCL New Energy and an indirect subsidiary of the Company
“Taihu Xinneng Share Purchase Agreement”	an equity transfer agreement dated 22 November 2020 entered into between Anhui GCL New Energy and the Purchaser in relation to the sale of the 50% equity interest in Taihu Xinneng
“Target Company(ies)”	the five target companies being the subject of the Second Phase Disposals, details of which can be found in the headed “Information on the Target Companies” of this circular

DEFINITIONS

“Tianchang GCL”	Tianchang City GCL Solar Power Co., Ltd.* (天長市協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company
“Tianchang GCL Share Purchase Agreement”	an equity transfer agreement dated 22 November 2020 entered into between Suzhou GCL New Energy and the Purchaser in relation to the sale of the 90% equity interest in Tianchang GCL
“Transactions”	the transactions contemplated under the Second Phase Share Purchase Agreements
“Transition Period”	the period between the Reference Date and the Closing Date
“%”	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.*



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 and President*)
Mr. Liu Genyu (*Vice Chairman*)
Ms. Hu Xiaoyan

Non-executive Directors:

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

Independent non-executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

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

28 December 2020

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTION
DISPOSAL OF SUBSIDIARIES
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

We refer to the Announcement published on 22 November 2020. As disclosed in the Announcement, on 22 November 2020, Anhui GCL New Energy and Suzhou GCL New Energy (as the sellers) and Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司) (as the purchaser) entered into the Second Phase Share Purchase Agreements. Pursuant to the Second Phase Share Purchase Agreements, the

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respective Seller agreed to, among other things, sell 90% equity interest in each of Dangshan GCL, Funan GCL, Hefei Xinren and Tianchang GCL and 50% equity interest in Taihu Xinneng to the Purchaser.

2. THE SECOND PHASE SHARE PURCHASE AGREEMENTS

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

Date

22 November 2020

Parties

- (i) The Sellers:
- (a) Anhui GCL New Energy Investment Co., Ltd.*
(安徽協鑫新能源投資有限公司)
 - (b) Suzhou GCL New Energy Investment Co., Ltd.*
(蘇州協鑫新能源投資有限公司)
- (ii) The Purchaser:
- (a) Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and their connected persons.

Assets to be sold

The Sale Shares will be sold by the respective Seller to the Purchaser, being (i) 90% equity interest in each of Dangshan GCL, Funan GCL, Hefei Xinren and Tianchang GCL; and (ii) 50% equity interest in Taihu Xinneng.

The Target Companies own 7 operational solar power plants in Anhui province in the PRC with an aggregate grid-connected capacity of approximately 217MW.

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

Second Phase Share Purchase Agreements	Target Companies
I	Dangshan GCL Solar Power Co., Ltd.* (揚山協鑫光伏電力有限公司)
II	Taihu Xinneng Solar Power Co., Ltd.* (太湖鑫能光伏電力有限公司)
III	Funan GCL Solar Power Co., Ltd.* (阜南協鑫光伏電力有限公司)
IV	Hefei Xinren Solar Power Co., Ltd.* (合肥鑫仁光伏電力有限公司)
V	Tianchang City GCL Solar Power Co., Ltd.* (天長市協鑫光伏電力有限公司)

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 Second Phase Share Purchase Agreements is RMB312,728,221.

The table below sets out the Consideration of each of the Target Companies:

Second Phase Share Purchase Agreements	Target Companies	Consideration <i>RMB</i>
I	Dangshan GCL	36,100,000
II	Taihu Xinneng	23,778,908
III	Funan GCL	183,469,028
IV	Hefei Xinren	14,430,285
V	Tianchang GCL	<u>54,950,000</u>
Total		<u><u>312,728,221</u></u>

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Basis of the Consideration

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

- (i) the net asset value of each of the Target Companies as at the Reference Date (i.e. 31 July 2020);
- (ii) the profitability of the Target Companies for the financial years ended 31 December 2019 and 31 December 2018, details of which can be found in the section headed "Information on the Target Companies" of this circular;
- (iii) the reasons for the Second Phase Disposals as discussed in the paragraph headed "Reasons and Benefits of the Transactions" below;
- (iv) the cash flow position of each of the Target Companies as at the Reference Date. The aggregate net cash outflow (excluding financing of shareholders' loan) of the Target Companies for the seven months ended 30 July 2020 amounted to approximately RMB44,907,849; and
- (v) the ability of the Target Companies to collect outstanding receivables from the PRC government. As at the date of the Announcement, four out of five of the Operational Solar Power Plant Projects were Registered Solar Power Plant Projects and were entitled to receive the national subsidy for operating such Operational Solar Power Plant Projects. As at the Latest Practicable Date, (i) the remaining Operational Solar Power Plant Project operated by Hefei Xinren was awaiting to undergo the approval and registration process to be included in the National Subsidy List; and (ii) the timing for the completion of the approval and registration process of the remaining Operational Solar Power Plant Project operated by Hefei Xinren to be included in the National Subsidy List and the conditions to be fulfilled before the completion of the approval and registration process are uncertain and are based on the policies in relation to the National Subsidy List as announced and implemented by the relevant government authorities in the PRC from time to time. As at the Reference Date, the total balance of national subsidy receivable by the Target Companies was approximately RMB528,998,698, all of which have been recognised as revenue and trade receivables in the financial statements of the Target Companies as at the Reference Date.

For the avoidance of doubt, the Sellers are not entitled to receive other benefits from the Purchaser such as dividend income from the Target Companies.

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.

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Payment arrangements of the Consideration

The aggregate Consideration under the Second Phase Share Purchase Agreements shall be paid by the Purchaser to the respective Seller in cash according to the manner set out below:

Second Phase Share Purchase Agreements	First Instalment <i>RMB</i>	Second Instalment <i>RMB</i>	Third Instalment <i>RMB</i>
Dangshan GCL	7,220,000	27,080,000	1,800,000
Taihu Xinneng	4,755,782	16,983,126	2,040,000
Funan GCL	36,693,805	146,325,223	450,000
Hefei Xinren	2,886,057	11,494,228	50,000
Tianchang GCL	<u>10,990,000</u>	<u>43,470,000</u>	<u>490,000</u>
Total	<u>62,545,644</u>	<u>245,352,577</u>	<u>4,830,000</u>

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- First instalment: The Purchaser shall pay 20% of the Consideration (the “**First Instalment**”) amounted to RMB62,545,644 to the respective Seller within 10 Business Days after the fulfilment of or waiver by the Purchaser of the following conditions:
- (i) obtaining the written consent from each of the creditors of the Target Companies in relation to the Second Phase Disposals;
 - (ii) obtaining the consent from the pledgees to the release of all pledges over the equity interest of each of the Target Companies; and
 - (iii) the Purchaser fulfilling the request of the relevant financial institutions to provide transitional guarantee (if any).
- Second instalment: The Purchaser shall pay RMB245,352,577 of the Consideration (the “**Second Instalment**”) to the respective Seller within 7 Business Days after the fulfilment of the following conditions:
- (i) the completion of the Registration Procedures within 7 to 15 Business Days after the receipt of the First Instalment;
 - (ii) the handover of the management of each of the Target Companies in accordance with the terms and conditions of the Second Phase Share Purchase Agreements; and
 - (iii) the execution of a transfer confirmation in relation to the handover of corporate documents in connection to the Transactions.
- Third instalment: The Purchaser shall pay RMB4,830,000 of the remaining Consideration (the “**Third Instalment**”) to the respective Seller within 90 days after the Closing.

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Net Payable Amount

The table below sets out the Net Payable Amount of each of the Target Companies as at the Reference Date:

Second Phase Share Purchase Agreements	Target Companies	Net Payable Amount RMB
I	Dangshan GCL	98,212,755
II	Taihu Xinneng	33,366,010
III	Funan GCL	371,652,827
IV	Hefei Xinren	1,850,863
V	Tianchang GCL	<u>169,303,239</u>
Total		<u>674,385,694</u>

According to the audit report prepared by a PRC audit firm, the total Net Payable Amount payable by Dangshan GCL, Taihu Xinneng, Funan GCL, Hefei Xinren and Tianchang GCL to the respective Sellers and their respective affiliates as at the Reference Date was approximately RMB674,385,694.

The Purchaser undertakes to, or procures the Target Companies to, make full payment of the Net Payable Amount as at the Reference Date and their respective interests accrued to the Sellers within 90 day after the Closing. Subject to the progress of the Target Companies in refinancing its existing debts, the Target Companies shall make an initial payment of the Net Payable Amount as at the Reference Date of RMB78,303,468 to the Sellers within 30 days after the Closing Date. In the event of late payment, the Purchaser or the respective Target Company shall pay a default interest at an interest rate of 6% to the respective Seller. The interest rate of 6% was determined with reference to the current applicable loan prime rate promulgated by the People's Bank of China for a term of over five years subject to adjustments after arm's length negotiation between the Sellers and the Purchaser. The Directors believe and consider that such interest rate is fair and reasonable.

Transition Period Arrangement

The parties acknowledged in principle that the Transition Period shall not exceed 120 days. The profit and loss incurred by the Target Companies within 120 days from the Reference Date (the "Cut-off Date") shall be accrued for the benefit of or borne by the Sellers and the Purchaser based on their respective equity interest held in the Target Companies after the Closing. In the event that the Closing fails to take place within the Cut-off Date, the Sellers agree to grant a grace period of 90 days. If the Closing is not completed before the expiry of the grace period, the Sellers are entitled to the entire

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profit of the Target Companies for the number of days which the Closing was delayed (i.e. from the 211th day from the Reference Date up to the Closing Date). The calculation of the profit and loss shall be determined by the Closing Audit Report.

If the Sellers and their respective affiliates continue to provide any loans or advances to the Target Companies during the Transition Period, the Purchaser shall repay the Net Payable Amount incurred during the Transition Period (on a dollar-for-dollar basis) to the Sellers and their affiliates within 7 Business Days after completion of the Closing Audit Report. In the event of late payment, the Purchaser shall pay a default interest at an interest rate of 6% to the Sellers. The interest rate of 6% was determined with reference to the current applicable loan prime rate promulgated by the People's Bank of China for a term of over five years subject to adjustments after arm's length negotiation between the Sellers and the Purchaser. The Directors believe and consider that such interest rate is fair and reasonable.

Other Undertakings

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

- (i) (applicable to all Target Companies except Hefei Xinren) the respective Seller shall be responsible for all tax payment including but not limited to farmland occupation tax, land use tax and the related tax expenses incurred by or subject to payment by the relevant Target Company prior to the Reference Date based on the duration for which the relevant Seller owns the relevant Target Company;
- (ii) (applicable to all Target Companies) in the event that the contingent liabilities incurred by the Target Companies prior to Reference Date become actual liabilities payable after the Closing, such amount of contingent liabilities shall be paid by the relevant Seller; and
- (iii) (applicable to all Target Companies except Taihu Xinneng) the Purchaser shall undertake to allow the respective Seller to appoint one director to the board of directors of each of the Target Companies (except Taihu Xinneng).

Conditions Precedent

The Closing under each of the Second Phase Share Purchase Agreements is subject to the fulfilment or waiver of the following Conditions Precedent:

- (i) save for the legal encumbrances as set out in the Second Phase Share Purchase Agreements (including but not limited to the pledges over the equity interest, income rights and certain equipment of the Target Companies (as the case may be)), the Target Companies have no other actual or potential legal encumbrances. In the event of the existence of any undisclosed legal encumbrances, such legal encumbrances shall be removed, waived in writing or otherwise settled in a manner that would not affect the Transactions;

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- (ii) the parties have obtained all the necessary approvals, consents and authorisations in relation to the Transactions. The execution of documents in relation to the Transactions has not violated any provisions of the applicable laws and regulations, articles of association, contracts and any agreements entered into with third parties or relevant government authorities;
- (iii) the Target Companies have normal business operation. During the Transition Period, (a) there is no adverse change to the business operation, financial condition and assets of the Target Companies; (b) there is no change in laws and regulations which may adversely affect the Transactions, the legality of the Transactions or the operation of the Target Companies; and (c) there is no litigation, judicial procedures, administrative procedures and other dispute resolution procedures that may affect the Transactions;
- (iv) save for Dangshan GCL Share Purchase Agreement and Hefei Xinren Share Purchase Agreement, prior consent has been obtained from certain financial institution to release all pledges over the equity interest of the Target Companies before the completion of the Registration Procedures and the Sale Shares are free from other encumbrances; and
- (v) the Company and GCL-Poly have convened board meeting and shareholders' meeting to approve the Transactions under the Second Phase Purchase Agreements.

The Sellers agreed that the Purchaser is entitled to waive one or more of the Conditions Precedent (except condition (v) above) to facilitate the Closing.

As at the Latest Practicable Date, conditions (i) and (ii) above have been fulfilled.

Closing

The Sellers shall assist to release all pledges over the equity interest of the Target Companies and the Sellers shall be responsible for and shall procure the Target Companies to complete the Registration Procedures within 7 to 15 Business Days after the payment of the First Instalment or the fulfillment of Condition Precedent (v) above (whichever is later). Within 30 Business Days after the completion of the Registration Procedures, the Purchaser undertakes to provide guarantee or procure to arrange for alternative guarantees or make other arrangements to discharge the respective Seller and its affiliates from being the guarantors in relation to the financing or liabilities of the Target Companies.

Closing Audit Report

Pursuant to the Second Phase Share Purchase Agreement, the Sellers and the Purchaser shall engage an auditing agency to audit the financials of the Target Companies for the period from the Reference Date to the Closing Date and prepare the Closing Audit Report within 15 Business Days after the Closing Date.

LETTER FROM THE BOARD

3. INFORMATION ON THE PARTIES TO THE SECOND PHASE SHARE PURCHASE AGREEMENTS

The Group

The Company is incorporated in Bermuda as an 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.

Anhui GCL New Energy

Anhui GCL New Energy is a company established in the PRC with limited liability and an indirect subsidiary of the Company. Anhui GCL New Energy is wholly-owned by Suzhou GCL New Energy, which is in turn indirectly owned as to approximately 92.82% by the Company. Anhui GCL New Energy is principally engaged in the development, operation and management of solar power plants.

Suzhou GCL New Energy

Suzhou GCL New Energy is a company established in the PRC with limited liability and an indirect subsidiary of the Company. Suzhou GCL New Energy is indirectly owned as to approximately 92.82% by the Company. Suzhou GCL New Energy indirectly owns a majority of solar power plants of the Company in the PRC.

4. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the PRC with limited liability. The Purchaser is mainly engaged in the operation of solar power, biomass power, wind power and cogeneration, production and supply of electricity and the promotion of new energy, environmental protection technology, energy saving technology, agriculture, forestry, fishing, and animal husbandry technology, planting of vegetables, flowers and Chinese herbal medicines, processing and sales of agricultural products and leisure and sightseeing activities.

The Purchaser is wholly-owned by State-owned Assets Investment & Management Group Co., Ltd. of Xuzhou* (徐州市國有資產投資經營集團有限公司) which is principally engaged in the energy and environmental protection industries, development of high and new technology and strategic investment in emerging industries.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are state-owned and third parties independent of the Company and its 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 Second Phase Share Purchase Agreements:

Second Phase Share Purchase Agreements	Target Companies	Information on the Target Companies
I	Dangshan GCL	Dangshan GCL is a company established in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Dangshan GCL is wholly-owned by Anhui GCL New Energy and an indirect subsidiary of the Company.
II	Taihu Xinneng	Taihu Xinneng is a company established in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Taihu Xinneng is wholly-owned by Anhui GCL New Energy and an indirect subsidiary of the Company.
III	Funan GCL	Funan GCL is a company established in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Funan GCL is wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company.
IV	Hefei Xinren	Hefei Xinren is a company established in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Hefei Xinren is wholly-owned by Anhui GCL New Energy and an indirect subsidiary of the Company.

LETTER FROM THE BOARD

**Second
Phase
Share
Purchase
Agreements**

Target Companies

Information on the Target Companies

V	Tianchang GCL	Tianchang GCL is a company established in the PRC with limited liability and is principally engaged in the operation of solar power plant in the PRC. Tianchang GCL is wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company.
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Set out below is an extract of the audited financial statements prepared for the financial years ended 31 December 2018 and 31 December 2019 of the Target Companies prepared in accordance with China Accounting Standards:

Second Phase Share Purchase Agreements	Target Companies	Year ended 31 December 2019		Year ended 31 December 2018	
		Profit before taxation <i>RMB'000</i>	Profit after taxation <i>RMB'000</i>	Profit before taxation <i>RMB'000</i>	Profit after taxation <i>RMB'000</i>
I	Dangshan GCL	6,545	6,546	2,719	2,707
II	Taihu Xinneng	10,322	10,322	10,739	10,715
III	Funan GCL	47,355	41,372	37,769	37,688
IV	Hefei Xinren	2,738	2,642	2,451	2,450
V	Tianchang GCL	16,158	14,138	14,483	14,703

LETTER FROM THE BOARD

The table below sets out the net asset value of each of the Target Companies extracted from the audited accounts for the year ended 31 December 2019 and unaudited management accounts for the seven months ended 30 July 2020 of the Target Companies prepared in accordance with China Accounting Standards:

Second Phase Share Purchase Agreements	Target Companies	As at 30 July 2020 Net asset value RMB'000	As at 31 December 2019 Net asset value RMB'000
I	Dangshan GCL	51,347	44,987
II	Taihu Xinneng	47,558	44,438
III	Funan GCL	203,854	182,473
IV	Hefei Xinren	13,833	11,577
V	Tianchang GCL	<u>80,321</u>	<u>70,921</u>
Total		<u>396,913</u>	<u>354,396</u>

6. FINANCIAL IMPACT OF THE TRANSACTIONS

After the Closing Date, the Target Companies will cease to be subsidiaries of the Group, and the profit 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, the respective Seller shall retain the remaining (i) 10% equity interest in each of Dangshan GCL, Funan GCL, Hefei Xinren and Tianchang GCL; and (ii) 50% equity interest in Taihu Xinneng after the Second Phase Disposals. All the remaining equity interests in the Target Companies will be recognised as other investments in 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 Second Phase Disposals of approximately RMB27,470,238 and such loss is calculated with reference to the difference between the Consideration of the Target Companies of approximately RMB312,728,221 and the net asset value attributed to the disposed Sale Shares based on the unaudited financial statements of the Target Companies as at 31 July 2020 of approximately RMB338,198,459, after deducting related transaction costs of the Second Phase Disposals of approximately RMB2,000,000. Such loss will not have any material impact on the earnings of the Group. The actual loss as a result of the Second Phase Disposals to be recorded by the Group is subject to audit and will be reassessed after completion of the Second Phase Disposals.

LETTER FROM THE BOARD

7. USE OF PROCEEDS FROM THE TRANSACTIONS

The table below sets out the debt profile of the Group for the upcoming 12 months as at 30 June 2020:

Indebtedness repayable within one year

	<i>RMB'000</i>
Bank loans and other loans from independent third parties	7,158,113
Project loans	3,265,179
Bonds and senior notes	3,802,242
Loans from related companies	438,056
Lease liabilities	110,397
Loans directly associated with assets held for sale	<u>754,939</u>
Total	<u>15,528,926</u>

The net cash proceeds from the Transactions (being the sum of the aggregate Consideration and the total Net Payable Amount as at the Reference Date amounting to approximately RMB987,114,000, minus estimated taxes and transaction costs of approximately RMB2,000,000) is expected to be approximately RMB985,114,000, which the Company intends to use for repayments of its bank loans and other loans from independent third parties which are repayable on or before 30 June 2021 amounting to RMB7,158,113,000 as set out above.

8. REASONS AND BENEFITS OF THE TRANSACTIONS

Upon completion of the Transactions, the Target Companies will no longer be subsidiaries of the Group, and the profit 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 liabilities of the Group will decrease by approximately RMB950,957,000. Meanwhile, the cash derived from the Transactions amounted to approximately RMB985,114,000, which will be used for further repayment of debts, and the gearing ratio of the Group will decrease by approximately 0.7%, calculated with reference to the unaudited financial statements of the Group as at 30 June 2020, effectively reducing the financial risks.

Despite the estimated net loss on the Second Phase Disposals, the Second Phase Disposal is one of the important steps taken by the Company to achieve its “transformation and upgrade” development objective and transformation to an asset-light model.

Solar power generating business is the principal business engaged by the Company. Solar power generating business is also a capital intensive industry, which highly relies on external financing in order to fund for the construction of solar power plants while the recovery of capital investment takes a long period of time. Given the Company highly relies on external financing in order to obtain investment capital for new solar power plant project development, any interest rate changes will have an impact on the capital

LETTER FROM THE BOARD

expenditure and finance expenses of the Company, hence, affecting its operating results. Therefore, transformation into an asset-light model, being the business model adopted by the Company, is an effective way to reduce its debts and interest rate exposure.

The Company intends to reinforce the strategic cooperation with domestic centralised management enterprises and local state-owned enterprises, including the Purchaser to achieve an asset-light model. After the completion of the Second Phase Disposals, the Group and the Purchaser will further explore other possible co-operation opportunities, including but not limited to, disposals of the Group's existing solar power plants in the PRC.

As at the Latest Practicable Date, the Group had entered into several share purchase agreements in the year of 2020 to dispose its equity interest in certain subsidiaries as set out below.

On 21 January 2020, the Group, Huaneng Gongrong No. 1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號(天津)股權投資基金合夥企業(有限合夥)) (“**Huaneng No. 1 Fund**”) 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)) (“**Huaneng No. 2 Fund**”) entered into a series of six share purchase agreements, pursuant to which the Group agreed to, among other things, sell equity interest in six subsidiaries of the Group to Huaneng No. 1 Fund and Huaneng No. 2 Fund (the “**Huaneng First Phase Disposals**”). Please refer to (i) the joint announcement of GCL-Poly and the Company dated 21 January 2020; and (ii) the circular of the Company dated 29 April 2020 in relation to the Huaneng First Phase Disposals for further details.

On 29 June 2020, the Group and CDB New Energy Technology Co., Ltd.* (國開新能源科技有限公司) (“**CDB New Energy**”) entered into a share purchase agreement, pursuant to which the Group agreed to, among other things, sell equity interest in Jinhu Zhenghui Solar Power Co., Ltd.* (金湖正輝太陽能電力有限公司) (“**Jinhu Disposal**”). Please refer to the joint announcement of GCL-Poly and the Company dated 29 June 2020 in relation to the Jinhu Disposal for further details.

On 29 September 2020, the Group, Huaneng No. 1 Fund and Huaneng No. 2 Fund entered into to a series of six share purchase agreements, pursuant to which the Group agreed to, among other things, sell equity interest in six subsidiaries of the Group to Huaneng No. 1 Fund and Huaneng No. 2 Fund (the “**Huaneng Second Phase Disposals**”). Please refer to (i) the joint announcement of GCL-Poly and the Company dated 29 September 2020; and (ii) the circular of the Company dated 4 December 2020 in relation to the Huaneng Second Phase Disposals for further details.

On 16 November 2020, the Group and the Purchaser entered into to the First Phase Share Purchase Agreements, pursuant to which the Group agreed to, among other things, sell equity interest in five subsidiaries of the Group to the Purchaser, i.e. the First Phase Disposals. Please refer to the joint announcement of GCL-Poly and the Company dated 16 November 2020 in relation to the First Phase Disposals for further details.

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On 19 November 2020, the Group, Huaneng No. 1 Fund and Huaneng No. 2 Fund entered into a series of 14 share purchase agreements, pursuant to which the Group agreed to, among other things, sell equity interest in 14 subsidiaries of the Group to Huaneng No. 1 Fund and Huaneng No. 2 Fund (the “**Huaneng Third Phase Disposals**”). Please refer to the joint announcement of GCL-Poly and the Company dated 19 November 2020 in relation to the Huaneng Third Phase Disposals for further details.

On 22 November 2020, the Group and the Purchaser entered into the Second Phase Share Purchase Agreements, pursuant to which the Group agreed to, among other things, sell equity interest in five subsidiaries of the Group to the Purchaser, i.e. the Second Phase Disposals. Please refer to the joint announcement of GCL-Poly and the Company dated 22 November 2020 in relation to the Second Phase Disposals and this circular for further details.

On 4 December 2020, the Group and Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司) (“**Beijing United Rongbang**”) entered into a share purchase agreement, pursuant to which the Group agreed to, among other things, to sell equity interest in Zhenglanqi State Power Photovoltaic Co., Ltd.* (正藍旗國電光伏發電有限公司) (“**Zhenglanqi Disposal**”). Please refer to the joint announcement of GCL-Poly and the Company dated 4 December 2020 in relation to the Zhenglanqi Disposal for further details.

On 10 December 2020, the Group and State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司) (“**Weining Energy**”) entered into a series of four share purchase agreements, pursuant to which the Group agreed to, among other things, to sell equity interest in four subsidiaries of the Group to Weining Energy (“**Weining Energy Disposals**”). Please refer to the joint announcement of GCL-Poly and the Company dated 10 December 2020 in relation to the Weining Energy Disposals for further details.

In addition, the Group is currently under negotiation with certain new energy companies in the PRC (including domestic centralised management enterprises, local state-owned enterprises and listed companies) for further potential disposals of its subsidiaries and will make further announcement as and when appropriate in compliance with the Listing Rules. Save as disclosed above, as at the Latest Practicable Date, the Group have not entered into any memorandum of understanding or agreement regarding further disposal or downsize of its existing businesses.

For the purpose of this section, the Remaining Group shall mean the Group after completion of the First Phase Disposals, Second Phase Disposals, Huaneng First Phase Disposals, Huaneng Second Phase Disposals, Huaneng Third Phase Disposals, Jinhu Disposal, Zhenglanqi Disposal and Weining Energy Disposals (the “**2020 Disposals**”).

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The table below sets out the respective number of solar power plants operated by the Remaining Group and their respective locations after the completion of the 2020 Disposals:

Geographic location	Number of solar power plant(s)	Grid- connected Capacity (MW)
The Group		
Jiangsu	37	409
Shaanxi	19	1,024
Henan	10	414
Qinghai	4	100
Inner Mongolia	7	243
Yunnan	8	279
Guangdong	8	133
Shandong	3	93
Guizhou	6	235
Hunan	5	101
Jilin	4	51
Liaoning	3	47
Jiangxi	3	100
Hubei	3	49
Hainan	2	55
Zhejiang	2	21
Fujian	3	55
Ningxia	2	60
Sichuan	1	50
Gansu	2	39
Hebei	1	21
Shanghai	1	7
United States	<u>2</u>	<u>134</u>
Sub-total	<u>136</u>	<u>3,720</u>

Through the divestiture of the Operational Solar Power Plant Projects, the asset-light model allows the Remaining Group to optimise the finance structure by lowering gearing ratio as well as reducing debt and interest rate exposure.

In addition to optimising the finance structure, the Remaining Group sought to explore opportunities to expand its business by providing more operation, management and maintenance services, in particular to other solar power plant operators in the PRC (including purchasers of certain solar power plant projects disposed by the Group), thereby generating an additional and stable source of income.

Based on the reasons above and having considered the scale of the Remaining Group's solar power plants business with an aggregate approximately 3.7 GW of grid-connected capacity, the Directors believe that the business model and the asset-light strategy of the

LETTER FROM THE BOARD

Remaining Group (after completion of the 2020 Disposals) could ensure its sufficient level of operations, viability and sustainability. As at the Latest Practicable Date, the Company does not have any intention to acquire new business in the future.

Although the Target Companies are profit-making, they have experienced a net cash outflow due to substantial delay in receiving the national subsidy from the relevant PRC governmental entities. The capital and operating expenses of the Target Companies have been substantially funded by shareholders' loans from the Group from time to time. The Second Phase Disposals represent an opportunity for the Group to recoup its capital investments in the Target Companies and to relieve the Group from its funding commitment to the Target Companies in the form of shareholders' loans, which are costly to maintain.

Based on the above reasons and having considered all relevant factors, despite the estimated net loss on the Second Phase Disposals, 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 Second Phase Share Purchase Agreements is in the interests of the Company and the Shareholders as a whole.

9. LISTING RULES IMPLICATIONS

As the Sellers, being indirect subsidiaries of the Company, entered into the First Phase Disposals and the Second Phase Disposals with the Purchaser within a 12-month period, the Disposals contemplated in the First Phase Purchase Agreements and the Second Phase Share Purchase Agreements 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 First Phase Disposals and the Second Phase Disposals is over 25% but less than 75%, the entering into of the Second Phase Disposals constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

10. 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 Friday, 15 January 2021 at 10 a.m..

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

LETTER FROM THE BOARD

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.

11. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 January 2021 to 15 January 2021, 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 12 January 2021.

12. 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 Second Phase Share Purchase Agreements is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to approve the Transactions, the entering into and performance of obligations under the Second Phase Share Purchase Agreements as set out in the notice of the SGM.

13. 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 2018 and 31 December 2019 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2020 together with the relevant notes thereto are disclosed in the following documents, which were published on both the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.gclnewenergy.com):

- the annual report of the Company for the year ended 31 December 2018 published on 25 April 2019 (pages 76–213);
- the annual report of the Company for the year ended 31 December 2019 published on 29 April 2020 (pages 72–205); and
- the interim report of the Company for the six months ended 30 June 2020 published on 11 September 2020 (pages 30–68).

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES OF THE GROUP

At the close of business on 30 November 2020, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	Secured	The Group Unsecured	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of bank and other borrowings	25,611,368	1,715,651	27,327,019
Principal amount of bonds and senior notes	—	3,289,100	3,289,100
Carrying amount of loans from related companies	285,594	994,208	1,279,802
Lease liabilities	104,739	1,056,702	1,161,441
	<u>26,001,701</u>	<u>7,055,661</u>	<u>33,057,362</u>

The Group's secured bank and other borrowings, loans from related companies and lease liabilities 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) pledged deposits classified as amount due from an associate of ultimate holding company; (vi) rental deposit of the Group; and (vii) certain equity interests in some project companies of the Group.

At 30 November 2020, certain bank and other borrowings, bonds and senior notes, and loans from related companies of the Group amounting to RMB23,586,318,000, RMB3,289,100,000 and RMB285,594,000, 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 RMB5,896,350,000 are not guaranteed.

At 30 November 2020, the Group provided a total guarantee of RMB2,353,762,000, RMB119,000,000 and RMB1,143,800,000 to banks and financial institutions in respect of banking facilities and financing arrangements of associates and third party, and the target company respectively. The associates, third party and the Target Companies had utilised RMB1,515,765,000, RMB77,350,000 and RMB902,907,000 in total of such facilities at 30 November 2020, respectively.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 November 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, lease liabilities, 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 30 November 2020.

3. WORKING CAPITAL STATEMENT

As at 30 November 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 RMB33,057,362,000.

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. The Directors after due and careful enquiry, are of the opinion that, after taking into account the net proceeds from the disposals of solar power plants assets and the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available credit facilities, and based on the assumptions that the financing plans and measures can be successfully executed, the Group will have sufficient working capital for its operating requirements and to pay its financial obligations as and when they fall due and

for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances. However, if the implementation of the Group's financial plans and measures become unsuccessful, the Group will not have sufficient working capital for at least the next twelve months from the date of this circular.

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 and divestments in relation to solar power plant assets, for cash proceeds and elimination of the related borrowings as scheduled.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the financial plans and measures to generate adequate cash inflow as scheduled, failing which the Group will strive to meet the working capital sufficiency by continuous negotiations with banks to renew existing loans, exploring funding channels through equity and debt markets, and obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements. The Group will continue to negotiate with other banks to obtain credit facilities to ensure the Group's bank borrowings can be renewed on an on-going basis.

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

Notes:

- Adjustments have been made to the number of underlying shares as a result of the rights issue with effect from 2 February 2016. For further details, please refer to the Company's announcement dated 2 February 2016.
- The percentage was 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 corporations

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	30.14%
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 was calculated based on 21,141,049,207 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. An aggregate of 6,370,388,156 shares in GCL-Poly are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan (an executive 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 interests 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%

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares (Note 1)
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%

Notes:

1. The percentage was 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, which is in turn wholly-owned by 協鑫集成科技股份有限公司. 協鑫集團有限公司 and 營口其印投資管理有限公司 are controlling shareholders of 協鑫集成科技股份有限公司. 營口其印投資管理有限公司 is a party acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 48.86% owned by 協鑫(遼寧)實業有限公司 and 51.14% owned by 江蘇協鑫建設管理有限公司. 協鑫(遼寧)實業有限公司 is wholly-owned by Mr. Zhu Gongshan (an executive director and the chairman of GCL-Poly and Mr. Zhu Yufeng's father). 江蘇協鑫建設管理有限公司 is wholly-owned by 協鑫新能科技(深圳)有限公司. 協鑫新能科技(深圳)有限公司 is wholly-owned by Golden Concord Group Management Limited which is in turn wholly-owned by Golden Concord Group Limited. Golden Concord Group Limited is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family, including Mr. Zhu Yufeng's father, Mr. Zhu Gongshan as beneficiaries.

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 was 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 Golden 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 Golden 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 Golden Concord Group.

Mr. Liu Genyu, an executive Director and Vice Chairman of the Company, is also the vice chairman of the board of directors and an executive director of China Nuclear Energy Technology Corporation Limited (a company listed on the Main Board of the Stock Exchange, stock code: 611) (“**China Nuclear Energy Technology**”). The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. China Nuclear Energy Technology, through its subsidiaries, is principally engaged in new energy operations, including but not limited to, (a) provision of engineering, procurement and construction and consulting and general construction services relating to construction of photovoltaic power plants and other general construction and engineering services; (b) power generation operations; (c) financing operations; (d) the manufacturing and trading of solar power related products; and (e) inspection, maintenance, repair, construction, installation and provision of expertise in such works for nuclear power plants via its associated companies.

As such, the businesses of the Group and that of China Nuclear Energy Technology may be in competition and Mr. Liu Genyu may be deemed to have interests in competing businesses of the Group pursuant to Rule 8.10(2) of the Listing Rules. However, as at the Latest Practicable Date, as (i) Mr. Liu Genyu merely serves as executive directors of the Company and China Nuclear Energy Technology but is not interested in any equity interests of the Company and is not interested in 5% or above of equity interests in China Nuclear Energy Technology; (ii) the Company and China Nuclear Energy Technology have separate and independent management teams; and (iii) none of China Nuclear Energy Technology and/or its associates are involved or interested in the Transactions, the Company and the Board are of the view that Mr. Liu Genyu's overlapping directorships in the Company and China Nuclear Energy Technology do not affect the Company's operation and independence and does not present any direct conflict of interests.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was 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, 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 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 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;

- (ii) the share transfer agreements dated 28 March 2019 entered into between Suzhou GCL New Energy and Henan GCL New Energy Investment Company Limited* (河南協鑫新能源投資有限公司) as sellers and Wuling Power Corporation Ltd.* (五凌電力有限公司) as purchaser in relation to the disposal of 55% equity interest in three subsidiaries of the Company at a total consideration of RMB246,440,000;
- (iii) 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, (i) the 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 at an aggregate consideration of RMB1,740,616,700; and (ii) the grant of put options by Suzhou GCL New Energy to Shanghai Rongyao New Energy Co., Ltd. and/or the Disposed Companies;
- (iv) 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;
- (v) the series of six share purchase agreements dated 21 January 2020 entered into between Suzhou GCL New Energy and Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司) (“**Ningxia GCL New Energy**”) as sellers, GCL Group Limited* (協鑫集團有限公司) (“**GCL Group**”) as guarantor and Huaneng No.1 Fund and Huaneng No.2 Fund as purchasers in relation to, among others, (i) the sale and purchase of the entire equity interest 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 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 “**Huaneng First Phase Target Companies**”) at a total consideration of RMB850,500,000; and (ii) the grant of put options to Huaneng No. 1 Fund and Huaneng No. 2 Fund;

- (vi) the share purchase agreement dated 29 June 2020 entered into between Suzhou GCL New Energy as seller and CDB New Energy as purchaser in relation to disposal of 75% equity interest in one subsidiary of the Company at a total consideration of RMB136,624,000;
- (vii) the series of six share purchase agreements dated 29 September 2020 entered into between Suzhou GCL New Energy, Changzhou Zhonghui Photovoltaic Technology Co., Ltd.* (常州中暉光伏科技有限公司) and Ningxia GCL New Energy as sellers, GCL Group as guarantor and Huaneng No. 1 Fund and Huaneng No. 2 Fund as purchasers in relation to, among others, (i) the sale and purchases of the entire equity interest in Baotou Shi Zhong Li Photovoltaic Co., Ltd.* (包頭市中利騰暉光伏發電有限公司), Qi County GCL New Energy Co., Ltd.* (淇縣協鑫新能源有限公司), Ningxia Zhongwei GCL Photovoltaic Power Co., Ltd.* (寧夏中衛協鑫光伏電力有限公司), Huixian Shi GCL Photovoltaic Power Co., Ltd.* (輝縣市協鑫光伏電力有限公司), Ruyang GCL New Energy Co., Ltd.* (汝陽協鑫新能源有限公司) and Hubei Macheng Jinfu Solar Energy Co., Ltd.* (湖北省麻城市金伏太陽能電力有限公司) (the “**Huaneng Second Phase Target Companies**”) at a total consideration of RMB576,001,213; and (ii) the grant of put options to Huaneng No. 1 Fund and Huaneng No. 2 Fund;
- (viii) the First Phase Share Purchase Agreements;
- (ix) the share purchase agreements dated 19 November 2020 entered into between five subsidiaries of the Company (as the sellers) and Huaneng No. 1 Fund and Huaneng No. 2 Fund (as purchasers) in relation to (i) disposal of the entire equity interest in twelve wholly-owned subsidiaries of the Company, 56.51% equity interest in Yili GCL Energy Limited* (伊犁協鑫能源有限公司) and 51% equity interest in Yuncheng Xinhua Energy Development Co., Ltd.* (鄆城鑫華能源開發有限公司) at a total consideration of RMB666,653,912; and (ii) grant of put options to Huaneng No. 1 Fund and Huaneng No. 2 Fund, as detailed in the joint announcement of GCL-Poly and the Company dated 19 November 2020;
- (x) the Second Phase Share Purchase Agreements;
- (xi) the share purchase agreement dated 4 December 2020 entered into between Suzhou GCL New Energy as seller and Beijing United Rongbang as purchaser in relation to disposal of 99.2% equity interest in one subsidiary of the Company at a total consideration of RMB211,100,000; and
- (xii) the share purchase agreements dated 10 December 2020 entered into between Suzhou GCL New Energy and Guangxi GCL New Energy Investment Co., Ltd.* (廣西協鑫新能源投資有限公司) (as the sellers) and Weining Energy as the purchaser in relation to disposal of 70.36% equity interest in Qinzhou Xin Jin Solar Power Co., Ltd.* (欽州鑫金光伏電力有限公司), 67.95% equity interest in Shanglin GCL Solar Power Co., Ltd.* (上林協鑫光伏電力有限公司), the entire equity interest in Nanning Jinfu Electric Power Co., Ltd.* (南寧金伏電力有限公

司) and the entire equity interest in Hainan Tianlike New Energy Project Investment Co., Ltd.* (海南天利科新能源項目投資有限公司) at a total consideration of RMB291,300,000.

6. CLAIMS AND LITIGATION

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

7. GENERAL

- (i) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (ii) The principal place of business of the Company in Hong Kong is situated at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company is Tricor Abacus Limited 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 both the Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as 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 2020 and the annual reports of the Company for each of the financial years ended 31 December 2018 and 2019;
- (iii) the material contracts referred to in the section headed "Material Contracts" in this appendix;

- (iv) the circular of the Company dated 29 April 2020 in relation to, among others, (i) the sale and purchases of the entire equity interest in the Huaneng First Phase Target Companies at a total consideration of RMB850,500,000; and (ii) the grant of put options to Huaneng No. 1 Fund and Huaneng No. 2 Fund;
- (v) the circular of the Company dated 4 December 2020 in relation to, among others, (i) the sale and purchases of the entire equity interest in the Huaneng Second Phase Target Companies at a total consideration of RMB576,001,213; and (ii) the grant of put options to Huaneng No. 1 Fund and Huaneng No. 2 Fund; and
- (vi) this circular.

NOTICE OF SPECIAL GENERAL MEETING



GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 451)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT 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 Friday, 15 January 2021 at 10 a.m. for the purpose of considering and, if thought fit, approving the following resolutions as an ordinary resolution 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 RESOLUTION

1. **“THAT:**

- (a) the series of five share purchase agreements dated 22 November 2020 entered into between Anhui GCL New Energy Investment Co., Ltd.* (安徽協鑫新能源投資有限公司) (“**Anhui GCL New Energy**”) and Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司) (“**Suzhou GCL New Energy**”) (the “**Sellers**”) and Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司) (the “**Purchaser**”) (the “**Second Phase Share Purchase Agreements**”) in relation to sale and purchase of:
 - (i) 90% equity interest in each of Dangshan GCL Solar Power Co., Ltd.* (蕩山協鑫光伏電力有限公司), Funan GCL Solar Power Co., Ltd.* (阜南協鑫光伏電力有限公司), Hefei Xinren Solar Power Co., Ltd.* (合肥鑫仁光伏電力有限公司) and Tianchang City GCL Solar Power Co., Ltd.* (天長市協鑫光伏電力有限公司); and

NOTICE OF SPECIAL GENERAL MEETING

- (ii) 50% equity interest in Taihu Xinneng Solar Power Co., Ltd.* (太湖鑫能光伏電力有限公司) (together the “**Target Companies**”) (the “**Second Phase Disposals**”); 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 Second Phase Disposals and the transactions contemplated under the Second Phase Share Purchase Agreements and all matters incidental or ancillary thereto.”

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

Hong Kong, 28 December 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 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 or HKEXnews at 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.

NOTICE OF SPECIAL GENERAL MEETING

- (5) The register of members of the Company will be closed from 13 January 2021 to 15 January 2021, 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 Friday, 15 January 2021 at 10 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 12 January 2021.
- (6) If Typhoon Signal No. 8 or above, or "extreme conditions" is caused by super typhoon announced by the Government of Hong Kong, 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 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.