

# Canadian Solar Securities Class Action

## Notice of Settlement Approval Hearing

Court File No. C-710-10

**[www.CanadianSolarSettlement.ca](http://www.CanadianSolarSettlement.ca)**

THIS NOTICE MAY AFFECT YOUR RIGHTS. PLEASE READ CAREFULLY.

### THIS NOTICE IS DIRECTED TO:

All persons, wherever they may reside or be domiciled, who acquired securities of Canadian Solar in the secondary market during the period from the opening of trading on the NASDAQ on October 15, 2009 to the close of trading on the NASDAQ on June 1, 2010, and who continued to hold some or all of those securities at the close of trading on the NASDAQ on June 1, 2010 (this group of individuals is known as the “**Misrepresentation Class**”), other than Excluded Persons, defined below.

-and-

All persons, wherever they may reside or be domiciled, who were registered or beneficial security holders of Canadian Solar at any time during the period from the opening of trading on the NASDAQ on May 26, 2009 to the close of trading on the NASDAQ on June 1, 2010, and who continued to hold securities of Canadian Solar at the close of trading on the NASDAQ on June 1, 2010 (this group of individuals is known as the “**Oppression Class**”), other than Excluded Persons, defined below.

The Misrepresentation Class and the Oppression Class are defined collectively as the “Class.”

**\*Excluded Persons** are Canadian Solar, Shawn Xiaohua Qu, Arthur Chien, Canadian Solar’s past and present subsidiaries, affiliates, officers, directors, legal representatives, heirs, predecessors, successors and assigns, any member of the Defendants’ families, any entity in which any of the foregoing persons or entities has or had during the Class Period any legal or *de facto* controlling interest, and any person who validly opted out of the Class.

### PURPOSE OF THIS NOTICE

This class action brought on behalf of Class Members has settled, subject to Court Approval. This Notice provides Class Members with information about the Settlement and their rights to participate in the court proceedings considering whether to approve it.

### THE ACTION

In 2010, a class proceeding was commenced in the Ontario Superior Court of Justice (the “Court”) against the Defendants (the “Action”).

The Action alleged that the Defendants misrepresented, among other things, Canadian Solar’s revenue, losses associated with certain of its long-term contracts, and that its financial results were prepared and presented in accordance with US generally accepted accounting principles. The Action alleged that the Defendants made such misrepresentations in certain public documents released during the period **from and including May 26, 2009 to June 1, 2010**, as well as in oral statements made during the same period, resulting in Canadian Solar’s securities trading at artificially inflated prices during this period.

On September 9, 2014, the Court granted the Plaintiff leave to bring an action for damages under Part XXIII.1 of Ontario's *Securities Act*.

On January 5, 2015, the Court certified the Action as a class action on behalf of the Class Members. Pursuant to this order, Class Members were afforded the right to exclude themselves or "opt out" of the Class no later than January 15, 2016. **Persons who validly exercised the right to opt out are not Class Members, are not affected by this notice and may not participate in the Settlement.**

Since then, the Action has been vigorously litigated. On July 8, 2020, the Plaintiff and the Defendants executed a Settlement Agreement providing for the settlement of the Action ("Settlement"), which is subject to approval by the Court. The Settlement Agreement provides for the payment of \$13,000,000.00 USD (the "Settlement Funds") in consideration of the full and final settlement of the claims of Class Members. The Settlement Funds include all legal fees, disbursements, taxes and administration expenses.

The Settlement provides that if it is approved by the Court, the claims of all Class Members asserted or which could have been asserted in the Action will be fully and finally released and the Action will be dismissed. The Settlement is not an admission of liability, wrongdoing or fault on the part of the Defendants, all of whom have denied, and continue to deny, the allegations against them.

## **SETTLEMENT APPROVAL HEARING**

The Settlement is conditional on approval by the Court. The Settlement will be approved if the Court determines that it is fair and reasonable and in the best interests of Class Members to approve it.

The Settlement provides that to qualify for compensation, Class Members will be required to submit a duly completed Claim Form to the Administrator within the time prescribed by the Court. Each Class Member who submits a valid and timely Claim Form will be entitled to receive compensation calculated in accordance with a Distribution Protocol, in a form approved by the Court. If the Settlement is approved by the Court, a further notice will be published which will include instructions on how Class Members can submit their Claim Forms and the deadline for doing so.

The Court will hear a motion for approval of the Settlement by video-conference on **October 30, 2020 at 10:00 a.m.** at the Courthouse of the Superior Court of Justice, 85 Frederick Street, Kitchener, ON N2H 0A7.

## **RELEASE OF CLAIMS AND EFFECT ON OTHER PROCEEDINGS**

If the Settlement Agreement is approved by the Court, the claims of Class Members which were asserted or which could have been asserted in the Action will be released and the Action will be dismissed. Class Members will not be able to pursue individual or class actions in relation to the matters alleged in the Action regardless of whether or not they file a claim for compensation from the Settlement. **If approved, the Settlement will therefore represent the only means of compensation available to Class Members in respect of the claims asserted in the Action.**

## **DISTRIBUTION PROTOCOL**

If the Settlement Agreement is approved by the Court, the Settlement Amount, after deduction of Class Counsel Fees and Administration Expenses (the “Net Settlement Amount”) will be distributed to Class Members in accordance with a Distribution Protocol, subject to the Court’s approval.

Class Members will be eligible for compensation pursuant to the Settlement if they submit a duly completed Claim Form, including any supporting documentation to the Administrator, and their claim satisfies the criteria set out in the Distribution Protocol.

The proposed Distribution Protocol provides a formula pursuant to which the Net Settlement Amount will be allocated to eligible Class Members on a *pro rata* basis. Because the Net Settlement Amount will be distributed *pro rata*, it is not possible to estimate the individual recovery of any individual Class Member until all the claims have been received and reviewed. The proposed Distribution Protocol is available for viewing on the Settlement website **[www.CanadianSolarSettlement.ca](http://www.CanadianSolarSettlement.ca)**.

In the event any amounts remain undistributed after the distribution of the Net Settlement Amount (whether as a result of a failure to locate claimants, the failure of any Class Member to make a valid claim, or as a result of any tax refunds or any distributed cheques having become stale-dated or ineligible for redemption), those amounts will be distributed to eligible Class Members in accordance with the Distribution Protocol (if sufficient to warrant a further distribution) or allocated in a manner approved by the Court.

The approval of the Settlement is not contingent on the approval of the Distribution Protocol. The Court may still approve the Settlement even if it does not approve the Distribution Protocol or approves amendments to the Distribution Protocol.

## **APPROVAL OF CLASS COUNSEL FEES AND EXPENSES**

In addition to seeking the Court’s approval of the Settlement Agreement, Class Counsel will seek the Court’s approval of legal fees not to exceed 25% of the Settlement Fund (“Class Counsel Fees”), plus disbursements of \$1,527,363.34 and applicable taxes. This fee request is consistent with the retainer agreement entered into between Class Counsel and the Representative Plaintiff at the beginning of the litigation. As is customary in such cases, Class Counsel conducted the class action on a contingency basis. Class Counsel was not paid as the matter proceeded and funded the expenses of conducting the litigation.

The approval of the Settlement is not contingent on the approval of the Class Counsel Fees requested. The Settlement may still be approved even if the requested Class Counsel Fees are not approved.

The fees of the Administrator, together with any other costs relating to the approval, notification, implementation and administration of the settlement (“Administration Expenses”), will also be paid from the Settlement Funds.

## **CLASS MEMBERS' RIGHT TO PARTICIPATE IN THE MOTION FOR SETTLEMENT APPROVAL**

The Administrator has posted or will post the Settlement Agreement and the proposed Distribution Protocol on its website **www.CanadianSolarSettlement.ca** prior to or at time of notice publication.

Class Members who wish to comment on, or make an objection to, the approval of the Settlement Agreement, Distribution Protocol, or Class Counsel Fees requested may deliver a written submission to Class Counsel, at the address listed below, **no later than October 16, 2020**. Any objections delivered by that date will be filed with the Court.

Class Members may attend at the hearings whether or not they deliver an objection. The Court may permit Class Members to participate in the hearings whether or not they deliver an objection. Class Members who wish a lawyer to speak on their behalf at those hearings may retain one to do so at their own expense.

Class Members who wish to attend the hearings must contact Class Counsel at the contact information listed below **no later than October 16, 2020**.

### **HOW CAN I GET MORE INFORMATION**

Questions for the **Administrator** should be directed to:

Canadian Solar Securities Class Action Settlement Administrator  
c/o Epiq Class Action Services Canada Inc.  
P.O. Box 507 STN B  
Ottawa ON K1P 5P6  
Email: [info@CanadianSolarSettlement.ca](mailto:info@CanadianSolarSettlement.ca)  
Telephone: 1-833-683-5858  
Fax: 1-866-262-0816  
[www.CanadianSolarSettlement.ca](http://www.CanadianSolarSettlement.ca)

Questions for **Class Counsel** should be directed to:

Siskinds LLP  
Canadian Solar Securities Class Action Settlement  
Attention: Daniel E.H. Bach, Stefani Cuberovic or Alex Dimson  
302–100 Lombard Street  
Toronto ON M5C 1M3  
Email: [donna.mcevoy@siskinds.com](mailto:donna.mcevoy@siskinds.com)  
Telephone: 1-800-461-6166  
Fax: 519-672-6065  
<https://www.siskinds.com/class-action/canadian-solar-inc/>

### **INTERPRETATION**

If there is a conflict between the provisions of this Notice and the Settlement Agreement, the terms of the Settlement Agreement will prevail.

**PUBLICATION OF THIS NOTICE HAS BEEN AUTHORIZED BY THE ONTARIO SUPERIOR COURT OF JUSTICE**