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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)

**VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF SUBSIDIARIES
AND
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 7 to 22 of this circular.

A notice convening the SGM of the Company to be held at 21st Floor, Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong on Wednesday, 28 June 2023 at 11 a.m is set out on pages SGM-1 to SGM-2 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

8 June 2023

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DEFINITIONS

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

“affiliates”	for the purpose of this circular, means affiliates of the Target Companies, which shall include Suzhou GCL New Energy
“Amount Payable”	the amount payable (if any) by the Target Companies to the Seller and its affiliates (if applicable, including other subsidiaries of the Company) under the Sixth Phase Share Purchase Agreements
“Amount Receivable”	the amount receivable (if any) by the Target Companies from the Seller and its affiliates (if applicable, including other subsidiaries of the Company) under the Sixth Phase Share Purchase Agreements
“Board”	the board of Directors
“Business Day”	a day on which banks in China are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“Bye-laws”	the Bye-laws of the Company, as amended from time to time
“Closing”	for Gaotang GCL Jinghui Share Purchase Agreement, the closing in respect of the disposal of Gaotang GCL Jinghui Sale Shares; for Inner Mongolia Xiangdao New Energy Share Purchase Agreement, the closing in respect of the disposal of Inner Mongolia Xiangdao Initial Sale Shares
“Closing Date”	for Gaotang GCL Jinghui Share Purchase Agreement, the date of issuance as stated on the new business certificate of Gaotang GCL Jinghui upon the completion of the Registration Procedures in respect of the disposal of Gaotang GCL Jinghui Sale Shares; for Inner Mongolia Xiangdao New Energy Share Purchase Agreement, the date of issuance as stated on the new business certificate of Inner Mongolia Xiangdao New Energy upon the completion of the Registration Procedures in respect of the disposal of Inner Mongolia Xiangdao Initial Sale Shares
“Company”	GCL New Energy Holdings Limited (協鑫新能源控股有限公司), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange, with stock code 451
“connected persons”	has the same meaning ascribed to it under the Listing Rules

DEFINITIONS

“Consideration”	the consideration for the Sixth Phase Disposals
“Director(s)”	the director(s) of the Company
“Disposals”	the Fourth Phase Disposal, the Fifth Phase Disposals and the Sixth Phase Disposals
“Existing Share Pledge”	the pledges of the Gaotang GCL Jinghui Sale Shares and the Inner Mongolia Xiangdao Initial Sale Shares by the Seller to a bank
“Fifth Phase Disposals”	the disposal of the entire equity interest in Dengkou GCL Photovoltaic and 51% equity interest in Yuncheng Xinhua Energy Development
“Fifth Phase Share Purchase Agreements”	the two equity transfer agreements dated 31 December 2022 entered into between Suzhou GCL Development, Shandong GCL New Energy and Hunan Xinhua in relation to the Fifth Phase Disposals
“First Phase Disposals”	the disposal of the entire equity interest in Shenmu Pingyuan Power Co., Ltd.* (神木市平元電力有限公司), Shenmu Pingxi Power Co., Ltd.* (神木市平西電力有限公司), Shenmu County Jingdeng Power Co., Ltd.* (神木縣晶登電力有限公司) and Xixian New District GCL Photovoltaic Power Co., Ltd.* (西咸新區協鑫光伏電力有限公司) by stages
“Fourth Phase Disposal”	the disposal of the entire equity interest of Ningxia Shengjing by stages as contemplated under the Fourth Phase Share Purchase Agreement
“Fourth Phase Share Purchase Agreement”	an equity transfer agreement dated 21 March 2022 entered into between Suzhou GCL New Energy and Hunan Xinhua in relation to the sale of the entire equity interest of Ningxia Shengjing by stages
“Gaotang GCL Jinghui”	Gaotang GCL Jinghui Photovoltaic Power Co., Ltd.* (高唐縣協鑫晶輝光伏有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company as at the Latest Practicable Date
“Gaotang GCL Jinghui Sale Shares”	the entire equity interest in Gaotang GCL Jinghui held by the Seller as at the Latest Practicable Date
“Gaotang GCL Jinghui Share Purchase Agreement”	an equity transfer agreement dated 19 May 2023 entered into between the Purchaser and the Seller in relation to the sale of the entire equity interest of Gaotang GCL Jinghui

DEFINITIONS

“Gaotang GCL Tiandiyuan”	Gaotang GCL Tiandiyuan Agricultural Development Co., Ltd.* (高唐縣協鑫天地源農業開發有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Gaotang GCL Jinghui and an indirect subsidiary of the Company as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“Handover of Account Passwords and Seals”	handover of online encryption keys of all bank accounts and all corporate seals of the Target Companies by the Seller or the Target Companies to the Purchaser
“Handover of Assets and Information”	handover of all assets and information of the Target Companies, including but not limited to financial data, project approval data, engineering data and maintenance data by the Seller or the Target Companies to the Purchaser
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hunan Xinhua” or “Purchaser”	Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司), a company established in the PRC with limited liability and an independent third party to the Company
“Inner Mongolia Xiangdao Ecological Agriculture”	Inner Mongolia Xiangdao Ecological Agriculture Development Co., Ltd.* (內蒙古香島生態農業開發有限公司), a company established in the PRC with limited liability, and a minority shareholder of Inner Mongolia Xiangdao New Energy which held the Sixth Phase Subsequent Sale Shares as at the Latest Practicable Date. As at the Latest Practicable Date and based on the public information available, Inner Mongolia Xiangdao Ecological Agriculture is held as to (i) approximately 54.37% directly by Liu Yongliang (劉永良), (ii) approximately 25.94% indirectly by Hong Yushen (洪育慎) and (iii) approximately 19.68% directly by Bai Yuying (白玉英), respectively
“Inner Mongolia Xiangdao New Energy”	Inner Mongolia Xiangdao New Energy Development Co., Ltd.* (內蒙古香島新能源發展有限公司), a company established in the PRC with limited liability, which is directly owned as to 90.1% by Suzhou GCL New Energy and 9.9% by Inner Mongolia Xiangdao Ecological Agricultural, an independent third party to the Company, and an indirect subsidiary of the Company as at the Latest Practicable Date

DEFINITIONS

“Inner Mongolia Xiangdao New Energy Share Purchase Agreement”	an equity transfer agreement dated 19 May 2023 entered into between the Purchaser and the Seller in relation to the Inner Mongolia Xiangdao New Energy Initial Sale Shares and Inner Mongolia Xiangdao New Energy Subsequent Sale Shares
“Inner Mongolia Xiangdao Initial Sale Shares”	90.1% equity interest in Inner Mongolia Xiangdao New Energy held by the Seller as at the Latest Practicable Date
“Inner Mongolia Xiangdao Subsequent Sale Shares”	9.9% equity interest in Inner Mongolia Xiangdao New Energy held by Inner Mongolia Xiangdao Ecological Agricultural as the Latest Practicable Date, which may be acquired by the Seller before disposing the same to the Purchaser
“JFY”	JFY CPA Limited
“Latest Practicable Date”	5 June 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“Net Payable Amount”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable in the event that the Amount Payable is more than the Amount Receivable
“Net Receivable Amount”	the amount equivalent to the difference between the Amount Payable and the Amount Receivable in the event that the Amount Payable is less than the Amount Receivable
“Ningxia Hanguang”	Ningxia Hanguang New Energy Co., Ltd.* (寧夏含光新能源有限公司), a company established in the PRC with limited liability and an independent third party to the Company
“Ningxia Shengjing”	Ningxia Shengjing Solar Power Technology Company Limited (寧夏盛景太陽能科技有限公司), a company established in the PRC with limited liability and ceased to be an indirect subsidiary of the Company in June 2022
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Previous De Minimis Disposal”	the disposal of the entire equity interest in Yanyuan Xian Baiwu New Energy Technology Co., Ltd.* (鹽源縣白烏新能源科技有限公司)

DEFINITIONS

“Previous Disposals”	the Previous De Minimis Disposal, the First Phase Disposals, the Second Phase Disposals and the Third Phase Disposal
“Rectification Amount”	the agreed rectification amount for the engineering and compliance defects of the Target Companies under the Sixth Phase Share Purchase Agreements
“Reference Date”	31 December 2021
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the Gaotang GCL Jinghui Sale Shares, the Inner Mongolia Xiangdao Initial Sale Shares and the Inner Mongolia Xiangdao Subsequent Sale Shares
“Second Phase Disposals”	the disposal of the entire equity interest in Shenmu Jingfu Power Co., Ltd.* (神木市晶富電力有限公司) and Shenmu Jingpu Power Co., Ltd.* (神木市晶普電力有限公司) by stage
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Sixth Phase Disposals, the entering into and performance of obligations under the Sixth Phase Share Purchase Agreements
“Shandong GCL New Energy”	Shandong GCL New Energy Co., Ltd.*(山東協鑫新能源有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company as at the Latest Practicable Date
“Share(s)”	ordinary share(s) of one-twelve (1/12) of a Hong Kong dollar each (equivalent to HK\$0.083) in the share capital of the Company
“Shareholders”	the shareholders of the Company
“Sixth Phase Share Purchase Agreements”	the Gaotang GCL Jinghui Share Purchase Agreement and the Inner Mongolia Xiangdao New Energy Share Purchase Agreement
“Sixth Phase Disposals”	the proposed disposals of the Sale Shares by the Seller to the Purchaser as contemplated under the Sixth Phase Share Purchase Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Suzhou GCL Development”	Suzhou GCL New Energy Development Co., Ltd.* (蘇州協鑫新能源發展有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company as at the Latest Practicable Date
“Suzhou GCL New Energy” or “Seller”	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 as at the Latest Practicable Date
“Target Company(ies)”	Gaotang GCL Jinghui and Inner Mongolia Xiangdao New Energy
“Target Group”	the Target Companies and Gaotang GCL Tiandiyuan
“Third Phase Disposal”	the disposal of the entire equity interest in Ningxia Xinken Jianquan Photovoltaic Power Company Limited* (寧夏鑫墾簡泉光伏電力有限公司)
“Transactions”	the transactions contemplated under the Sixth Phase Share Purchase Agreements
“Transition Period”	the period between the Reference Date and the Closing Date
“Transition Period Audit Report”	the closing audit report prepared by an auditing agency appointed by the Purchaser to audit the financial status of the Target Companies in the period from the Reference Date to the Closing Date in accordance with the Sixth Phase Share Purchase Agreements
“Xinhua Hydropower Group”	Hunan Xinhua and Ningxia Hanguang, which are owned as to approximately 99.63% and 42% by Xinhua Hydropower, respectively and whose decisions to entered into the Previous Disposals, the Fourth Phase Disposal, the Fifth Phase Disposals and the Sixth Phase Disposals are subject to the approval of Xinhua Hydropower
“%”	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 Gongshan (*Chairman*)
Mr. Zhu Yufeng (*Vice Chairman*)
Mr. Wang Dong (*President*)
Ms. Hu Xiaoyan

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Ms. Sun Wei
Mr. Yeung Man Chung, Charles
Mr. Fang Jiancai

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

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

Independent non-executive Directors:

Mr. Lee Conway Kong Wai
Mr. Wang Yanguo
Dr. Chen Ying
Mr. Cai Xianhe

8 June 2023

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF A SUBSIDIARIES
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to (i) the circular of the Company dated 5 May 2022 in relation to the Previous De Minimis Disposal, the First Phase Disposals, the Second Phase Disposals, the Third Phase Disposal and the Fourth Phase Disposal, (ii) the announcement of the Company dated 2 January 2023 in relation to the Fifth Phase Disposals and (iii) the announcement of the Company dated 19 May 2023 in relation to the Sixth Phase Disposals.

LETTER FROM THE BOARD

The Previous Disposals were all completed more than 12 months before the date of the Sixth Phase Share Purchase Agreements, details of which are set out in the circular of the Company dated 5 May 2022.

On 21 March 2022, Suzhou GCL New Energy, an indirect subsidiary of the Company (as the seller) and Hunan Xinhua (as the purchaser) entered into the Fourth Phase Share Purchase Agreement. Pursuant to the Fourth Phase Share Purchase Agreement, Suzhou GCL New Energy agreed to, among other things, (a) sell 90.1% equity interest in Ningxia Shengjing to Hunan Xinhua and (b) sell 9.9% equity interest in Ningxia Shengjing to Hunan Xinhua after Suzhou GCL New Energy acquiring such equity interest from Qingdao Changsheng Ridian Solar Technology Co., Ltd.* (青島昌盛日電太陽能科技股份有限公司).

On 31 December 2022, Suzhou GCL Development and Shandong GCL New Energy, being indirect subsidiaries of the Company (as the sellers) and Hunan Xinhua (as the purchaser) entered into the Fifth Phase Share Purchase Agreements. Pursuant to the Fifth Phase Share Purchase Agreements, Suzhou GCL Development and Shandong GCL New Energy agreed to, among other things, sell the entire equity interest in Dengkou GCL Photovoltaic and 51% equity interest in Yuncheng Xinhua Energy Development to the Hunan Xinhua.

On 19 May 2023 (after trading hours), Suzhou GCL New Energy, being indirect subsidiary of the Company (as the seller) and Hunan Xinhua (as the purchaser) entered into the Sixth Phase Share Purchase Agreements. Pursuant to the Sixth Phase Share Purchase Agreements, the Seller agreed to, among other things, (a) sell the entire equity interest in Gaotang GCL Jinghui, (b) sell 90.1% equity interest in Inner Mongolia Xiangdao New Energy and (c) sell the remaining 9.9% equity interest in Inner Mongolia Xiangdao New Energy to the Purchaser in the event that the Seller acquires such equity interest from Inner Mongolia Xiangdao Ecological Agriculture.

Upon completion of the Sixth Phase Disposals, the Target Group will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Group will no longer be consolidated into the financial statements of the Company upon the completion of Sixth Phase Disposals.

2. THE SIXTH PHASE SHARE PURCHASE AGREEMENTS

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

Date

19 May 2023 (after trading hours)

LETTER FROM THE BOARD

Parties

- (i) The Seller: Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)
- (ii) The Purchaser: Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司)
- (iii) Target Companies:
- (i) Gaotang GCL Jinghui Photovoltaic Power Co., Ltd.* (高唐縣協鑫晶輝光伏有限公司)
 - (ii) Inner Mongolia Xiangdao New Energy Development Co., Ltd.* (內蒙古香島新能源發展有限公司)

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 its connected persons.

Subject Matter

The entire equity interest held in Gaotang GCL Jinghui will be sold by the Seller to the Purchaser. The 90.1% equity interest held in Inner Mongolia Xiangdao New Energy will be sold by the Seller to the Purchaser. The Seller shall further sell 9.9% equity interest in Inner Mongolia Xiangdao New Energy to the Purchaser after the Seller acquiring such equity interest from Inner Mongolia Xiangdao Ecological Agriculture.

The Target Companies own 4 operational solar power plants in the PRC with grid-connected capacity of approximately 191MW.

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

No.	Share Purchase Agreements	Target Companies
I	Gaotang GCL Jinghui Share Purchase Agreement	Gaotang GCL Jinghui
II	Inner Mongolia Xiangdao New Energy Share Purchase Agreement	Inner Mongolia Xiangdao New Energy

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

LETTER FROM THE BOARD

Consideration

The aggregate consideration for the Sale Shares under the Sixth Phase Share Purchase Agreements is RMB336,000,000, which comprises:

No.	Share Purchase Agreements	Consideration RMB
I	Gaotang GCL Jinghui Share Purchase Agreement	50,000,000
II	Inner Mongolia Xiangdao New Energy Share Purchase Agreement	286,000,000 ^(Note)
Total		336,000,000

Note:

The consideration of RMB286,000,000 in respect of the Inner Mongolia Xiangdao Sale Shares comprises:

- (i) RMB257,686,000, being the consideration for the Inner Mongolia Xiangdao Initial Sale Shares held by the Seller; and*
- (ii) RMB28,314,000, being the consideration for the Inner Mongolia Xiangdao Subsequent Sale Shares which will be held by the Seller in the event that the Seller acquires the same from Inner Mongolia Xiangdao Ecological Agriculture.*

Basis of the Consideration

The Consideration under the Sixth Phase Share Purchase Agreements was determined after arm's length negotiations between the Seller and the Purchaser, having taken into account of, among other things:

- (i) primarily the net asset value of the Target Group as at the Reference Date;
- (ii) the profitability of the Target Group for the financial years ended 31 December 2022 and 31 December 2021, details of which can be found in the section headed "Information on the Target Group" of this announcement;
- (iii) the reasons for the Sixth Phase Disposals as discussed in the paragraph headed "Reasons for and Benefits of the Transactions" below; and
- (iv) the cash flow position of the Target Group as at the Reference Date.

The Purchaser had commenced the negotiation and the due diligence process of the Sixth Phase Disposals in early 2022 based on the information as at the Reference Date. However, due to the lengthy internal approval process of the Purchaser, the parties eventually entered into the Sixth Phase Share Purchase Agreements in May 2023.

LETTER FROM THE BOARD

The Directors has reviewed the accounts of the Target Companies as at 31 December 2022 and considered that there were no material changes in net asset value of the Target Companies as at the Reference Date and as at 31 December 2022. The Group has not made any major capital contribution to the Target Companies since the Reference Date, any changes in the net asset value or financial position of the Target Companies during the Transition Period merely reflects changes in the financial position of the Target Companies due to their continued operation of their day-to-day businesses, which is in line with the historical financial performance of the Target Companies.

In addition, the Purchaser shall procure the Target Companies to pay to the Seller the Net Payable Amount newly incurred during the Transition Period, which shall be determined in accordance with the Transition Period Audit Report.

As such, it is considered that the Consideration (which was determined primarily based on the net asset value of the Target Companies as at the Reference Date), remains fair and reasonable and no further adjustments are required to take into account changes in the net asset value of the Target Companies during the Transition Period.

Payment Arrangements of the Consideration

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

- | | |
|-------------------|--|
| First instalment | The Purchaser shall pay a total of RMB184,611,600, being the first instalment for the Gaotang GCL Jinghui Sale Shares and Inner Mongolia Xiangdao Initial Sale Shares to the Seller within five Business Days upon the signing of the Sixth Phase Share Purchase Agreements and the Shareholders' approval of the Transactions. |
| Second instalment | <p>The Purchaser shall pay a total of RMB123,074,400, being the remaining balance for the Gaotang GCL Jinghui Sale Shares and Inner Mongolia Xiangdao Initial Sale Shares, to the Seller within five Business Days after the fulfilment of all of the following conditions:</p> <ul style="list-style-type: none">(i) the Handover of Account Passwords and Seals and the Handover of Assets and Information have been completed; and(ii) the Registration Procedures in respect of the disposals of Gaotang GCL Jinghui Sale Shares and Inner Mongolia Xiangdao Initial Sale Shares have been completed. |

LETTER FROM THE BOARD

Third instalment The Purchaser shall pay a total of RMB28,314,000, being the consideration for the Inner Mongolia Xiangdao Subsequent Sale Shares, to the Seller within 30 Business Days in the event that the Seller acquires the Inner Mongolia Xiangdao Subsequent Sale Shares from Inner Mongolia Xiangdao Ecological Agriculture.

Payment arrangement of the Net Payable Amount

The Amount Payable as at the Reference Date will be set off against the Amount Receivable as at the Reference Date in order to ascertain the Net Payable Amount as at the Reference Date payable by the Target Companies to the Seller, which such payment of the Target Companies shall be procured by the Purchaser and paid to the Seller within 45 days from the Closing Date. As at the Reference Date, the Net Payable Amount payable by the Target Companies to the Seller (which primarily consists of shareholders' loans provided by the Group to the Target Group in order to support the daily operation of the Target Group) is approximately RMB1,103,755,860.

The table below sets out the carrying amount of the Net Payable Amount of each of the Target Companies under each of the Sixth Phase Share Purchase Agreements as at the Reference Date:

No.	Target Companies	Initial Net Payable Amount ^(Note) RMB	Rectification Amount ^(Note) RMB	Actual Net Payable Amount ^(Note) RMB
I	Gaotang GCL Jinghui	82,096,285	5,630,000	76,466,285
II	Inner Mongolia Xiangdao New Energy	<u>1,021,659,575</u>	<u>9,020,000</u>	<u>1,012,639,575</u>
Total		<u>1,103,755,860</u>	<u>14,650,000</u>	<u>1,089,105,860</u>

Note: The Actual Net Payable Amount under each of the Sixth Phase Share Purchase Agreements payable by the Target Companies to the Seller represents the deduction of the agreed rectification amount for the engineering and compliance defects of each of the Target Companies under each of the Sixth Phase Share Purchase Agreements (“**Rectification Amount**”) from the initial Net Payable Amount to be received by the Seller under each of the Sixth Phase Share Purchase Agreements.

The Seller and the Purchaser agreed the terms and conditions of the Net Payable Amount as at the Reference Date and the newly incurred Net Payable Amount during the Transition Period (excluding the Rectification Amount) will be in accordance with the existing loan agreement entered into between the Target Companies and the Seller on 1 January 2022.

LETTER FROM THE BOARD

Payment arrangement of the Rectification Amount

The Seller undertakes to rectify the engineering and compliance defects specified under the Sixth Phase Share Purchase Agreements within one month from the Closing Date. The maximum Rectification Amount under the Sixth Phase Share Purchase Agreements amounts to RMB14,650,000.

If the Seller fails to rectify certain engineering and compliance defects within the agreed deadline, the Purchaser and/or Inner Mongolia Xiangdao New Energy shall be entitled to deduct the Rectification Amount from the Net Payable Amount as at the Reference Date payable by the Target Companies to the Seller.

Other Undertakings

The Seller and the Purchaser agreed to be subject to certain undertakings, including but not limited to, the following undertakings:

- (i) within six months after the Closing Date, the Purchaser undertakes to provide guarantee substitution or procure the Target Companies' early repayment of its liabilities owed to the financial institutions in order to release the existing guarantees provided by the Seller or its affiliates in respect of such liabilities;
- (ii) within three years from the Closing Date, if the tax authority imposes any supplemental tax amount, surcharge or penalty on the Target Companies in connection to the laws and policies existed prior to the Closing Date, such amount payable by the Target Companies to the tax authority shall be borne by the Seller and the Purchaser is entitled to recover such amount paid by the Purchaser and Target Companies to the tax authority from the Seller;
- (iii) (applicable to Gaotang GCL Jinghui only) the Seller shall submit the registration application in relation to the consolidation by merger of Gaotang GCL Tiandiyuan within five days upon the signing of the Gaotang GCL Jinghui Share Purchase Agreement; and
- (iv) in the event of any other circumstance specified in the Sixth Phase Share Purchase Agreements that may cause the Seller to be liable for any damages or compensation to the Target Companies, the Purchaser is entitled to request the Seller to pay the amount of such damages or compensation.

LETTER FROM THE BOARD

Conditions Precedent

Pursuant to the Sixth Phase Share Purchase Agreements, the transactions contemplated under Sixth Phase Share Purchase Agreements shall subject to the fulfilment of all of the following conditions precedent:

- (i) the Seller and the Purchaser shall negotiate with the bank to release the Existing Share Pledge. The Purchaser shall cooperate with the bank to release the Existing Share Pledge, including issuance of letter of undertaking or provision of surety money;
- (ii) if the Seller fails to complete the procedures in relation to the release of the Existing Share Pledge within 90 Business Days from the signing of the Sixth Phase Share Purchase Agreements, either the Seller or the Purchaser is entitled to terminate the Sixth Phase Share Purchase Agreements. The Seller shall return the Consideration actually received to the Purchaser within five Business Days upon the termination of the Sixth Phase Share Purchase Agreements, together with an interest calculated based on the rate set out in the paragraph headed "Termination" below. The Seller shall also return the funds paid by the Purchaser to the escrow account for the purpose of releasing the Existing Share Pledge, together with an interest calculated at the same rate;
- (iii) the Seller and the Purchaser shall undertake and warrant the legality of the signing and execution of the Sixth Phase Share Purchase Agreements. Save for the approvals or authorizations to be obtained in accordance with the applicable law, the entering into or the performance of the Sixth Phase Share Purchase Agreements by the Seller and the Purchaser shall not violate any provisions set out in the business license, incorporation agreement, bye-laws or equivalent constitutional documents of the respective party and will not result in breach of the relevant law, government authorizations or approvals, or any contract which the Seller or the Purchaser is a party of; and
- (iv) the Shareholders have approved the Transactions.

Closing

The Closing shall take place within five Business Days from the release of the Existing Share Pledge.

Transition Period

The profits and losses of the Target Companies during the Transition Period shall be enjoyed and borne by the respective Target Company. The Seller undertake not to provide external guarantee or distribute dividend on behalf of the Target Companies during the Transition Period.

LETTER FROM THE BOARD

Pursuant to the Sixth Phase Share Purchase Agreements, the Purchaser shall engage an auditing agency to audit the financials of the Target Companies for Transition Period and prepare the Transition Period Audit Report within a month after the Closing Date. The Purchaser shall procure the Target Companies to pay the Net Payable Amount newly incurred during the Transition Period, which shall be determined in accordance with the Transition Period Audit Report, to the Seller within 20 days after the completion of the Transition Period Audit Report.

Termination

The Purchaser is entitled to terminate the respective Sixth Phase Share Purchase Agreement upon the occurrence of any of the following circumstances:

- (i) freeze of the equity or assets of the Target Companies during litigation or arbitration caused by the reasons of the Seller or the Target Companies before Closing, and the Seller fails to resolve such issue within 180 days from the effective date of the Sixth Phase Share Purchase Agreements; and
- (ii) undisclosed liabilities of the Target Companies with an amount exceeding RMB10 million identified before Closing and the Seller and the Target Companies fail to repay such liabilities before the Closing Date.

Upon the termination of the Sixth Phase Share Purchase Agreements, the Seller shall return the funds paid by the Purchaser to the Purchaser together with an interest calculated according to the market interest rate published by the National Interbank Funding Center (全國銀行間同業拆借中心).

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

The Company

The Company is incorporated in Bermuda as exempted company with limited liability. The principal business of the Company is investment holding. The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants.

Suzhou GCL New Energy

Suzhou GCL New Energy is a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company. Suzhou GCL New Energy is principally engaged in photovoltaic power investment, investment management and consultation, business management consultation, technology development, technology transfer, technical advice related to photovoltaic power projects, and sales of photovoltaic materials and equipment. Suzhou GCL New Energy indirectly owns a majority of solar power plants of the Company in the PRC.

LETTER FROM THE BOARD

4. INFORMATION ON THE PURCHASER

Hunan Xinhua is a company established in the PRC with limited liability. Hunan Xinhua is mainly engaged in investment of power infrastructure and hydropower projects, consultancy services of hydropower technology and power projects, power business, contracting of mechanical engineering constructions and power facilities, as well as sale, design, development and maintenance of power and mechanical engineering equipment.

As confirmed by Hunan Xinhua and as at the Latest Practicable Date, Hunan Xinhua is held as to approximately 99.63% by Xinhua Hydropower Company Limited* (新華水力發電有限公司) (“**Xinhua Hydropower**”) and approximately 0.37% by Hunan Sheng Hydropower Company Limited* (湖南省水利電力有限責任公司) (“**Hunan Sheng Hydropower**”). Xinhua Hydropower is owned as to (i) 55% by China National Nuclear Corporation* (中國核工業集團有限公司), which is in turn wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council in the PRC, and (ii) 45% by Xinhua Water Conservancy Holding Group Co., Ltd.* (新華水利控股集團有限公司), which is in turn wholly-owned by Comprehensive Affairs Bureau of the Ministry of Water Resources* (水利部綜合事業局) in the PRC. Hunan Sheng Hydropower is owned as to approximately 99.21% by Hunan Water Conservancy Development Investment Co., Ltd.* (湖南省水利發展投資有限公司), which is in turn indirectly owned as to approximately 91% by the State-owned Assets Supervision and Administration Commission of the People’s Government of Hunan Province in the PRC and approximately 9% by the People’s Government of Hunan Province.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Hunan Xinhua and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

5. INFORMATION ON THE TARGET GROUP

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

No.	Share Purchase Agreements	Information on the Target Companies
I	Gaotang GCL Jinghui Share Purchase Agreement	Gaotang GCL Jinghui is a company established in the PRC with limited liability, which is directly wholly-owned by Suzhou GCL New Energy and an indirect subsidiary of the Company. Gaotang GCL Jinghui is principally engaged in the operation of solar power plants in the PRC.

LETTER FROM THE BOARD

No.	Share Purchase Agreements	Information on the Target Companies
II	Inner Mongolia Xiangdao New Energy Share Purchase Agreement	Inner Mongolia Xiangdao New Energy is a company established in the PRC with limited liability, which is owned as to 90.1% by Suzhou GCL New Energy and 9.9% by Inner Mongolia Xiaodao Ecological Agricultural, an independent third party to the Company. Inner Mongolia Xiangdao New Energy is an indirect subsidiary of the Company and principally engaged in the operation of solar power plants in the PRC.

Gaotang GCL Tiandiyuan is a company established in the PRC with limited liability. It is principally engaged in consulting and technology development of agricultural business. As at the Latest Practicable Date, Gaotang GCL Tiandiyuan is wholly-owned by Gaotang GCL Jinghui.

Set out below is an extract of the audited financial statements prepared for the financial years ended 31 December 2021 and 31 December 2022 of each of the Target Companies prepared in accordance with China Accounting Standards:

		For the year ended 31 December			
		2022		2021	
Share Purchase Agreements	Target Companies	Profit/ (loss) before taxation <i>RMB'000</i>	Profit/ (loss) after taxation <i>RMB'000</i>	Profit/ (loss) before taxation <i>RMB'000</i>	Profit/ (loss) after taxation <i>RMB'000</i>
I	Gaotang GCL Jinghui	713	759	4,817	4,070
II	Inner Mongolia Xiangdao New Energy	(4,034)	(4,034)	(13,226)	(13,607)

Gaotang GCL Tiandiyuan has not prepared any audited accounts for the years ended 31 December 2022 and 31 December 2021 as there are no regulatory requirements for it to prepare audited accounts given its immaterial business scale. The unaudited loss of Gaotang GCL Tiandiyuan for the years ended 31 December 2022 and 31 December 2021 is as follows:

For the year ended 31 December			
2022		2021	
Loss before taxation <i>RMB'000</i>	Loss after taxation <i>RMB'000</i>	Loss before taxation <i>RMB'000</i>	Loss after taxation <i>RMB'000</i>
22	22	68	68

LETTER FROM THE BOARD

The unaudited consolidated net assets as at the Reference Date (i.e. 31 December 2021) and 31 December 2022 of the Target Companies (with the net asset value of Gaotang GCL Tiandiyuan consolidated) amounted to approximately RMB386,888,000 and approximately RMB383,591,000, respectively.

6. FINANCIAL IMPACT OF THE TRANSACTIONS

Upon the Closing, the Target Group will cease to be subsidiaries of the Group, and the profit and loss, as well as the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group. As at the Latest Practicable Date, it is estimated that the Group will realise a net loss on the Sixth Phase Disposals of approximately RMB49,291,000 and such loss is calculated with reference to the sum of (i) the consideration for disposal of entire equity interest in Gaotang GCL Jinghui of RMB50,000,000, (ii) consideration for disposal of 90.1% equity interest in Inner Mongolia Xiangdao New Energy of RMB257,686,000, and (iii) non-controlling interest of Inner Mongolia Xiangdao New Energy disposed of RMB29,911,000, minus the net asset value of the Target Companies based on the unaudited consolidated financial statements of the Target Companies as at the Reference Date of approximately RMB386,888,000. The actual loss as a result of the Sixth Phase Disposals to be recorded by the Group is subject to audit and will be reassessed after completion of the Sixth Phase Disposals.

7. USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (being the sum of (i) the Consideration amounting to approximately RMB336,000,000, (ii) the total Net Payable Amount amounting to approximately RMB1,103,755,860, minus (iii) expected maximum Rectification Amount amounting to approximately RMB14,650,000) is expected to be approximately RMB1,425,105,860, which the Company intends to use for debts repayment on or before 30 January 2024.

8. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Upon completion of the Transactions, the Target Group will no longer be subsidiaries of the Group, and the profit and loss as well as the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group. The liabilities of the Group will decrease by approximately RMB2,014,016,000. Meanwhile, the cash derived from the Transactions amounting to approximately RMB1,425,105,860 will be used for further repayment of debts, and the gearing ratio of the Group will decrease by approximately 9.8%, calculated with reference to the audited financial statements of the Group as at 31 December 2022, thus effectively reducing the financial risks.

Despite the estimated net loss on the Sixth Phase Disposals, the Sixth 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.

LETTER FROM THE BOARD

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 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 centralized management enterprises and local state-owned enterprises, including the Purchaser to achieve an asset-light model.

For the purpose of this section, the Remaining Group shall mean the Group after completion of the Fifth and Sixth Phase Disposals.

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

Geographic location	Number of solar power plant(s)	Grid- connected Capacity (MW)
Jiangsu	2	23
Inner Mongolia	2	28
Henan	4	15
Shandong	3	83
Hebei	1	21
Jilin	4	51
Liaoning	3	60
Gansu	1	20
Guangdong	4	13
Shanghai	1	7
Fujian	3	56
Qinghai	4	98
United States	2	134
Sub-total	34	609

Through the divestiture of the operational solar power plants of the Target Companies, the asset-light model allows the Group to optimize the finance structure by lowering gearing ratio as well as reducing debt and interest rate exposure.

LETTER FROM THE BOARD

In addition to optimising the finance structure under the asset-light model, the 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. As such, the Group could leverage on its established development strength, scientific research capabilities and extensive experience in intelligent operation in the solar energy development and power operation sector while continue to reduce its finance cost and the size of debts.

As of 31 December 2022, the Group had entered into various contracts to provide operation and maintenance services for solar power plants with total installed capacity of approximately 3,669 MW to successfully accomplish market-oriented reform and asset-light transformation.

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

9. LISTING RULES IMPLICATIONS

As the Seller, Suzhou GCL Development and Shandong GCL New Energy, being the indirect subsidiaries of the Company, entered into the Fourth Phase Share Purchase Agreement, the Fifth Phase Share Purchase Agreements and the Sixth Phase Share Purchase Agreements with Xinhua Hydropower Group within a 12-month period, the Company is required to consider the effect of aggregation of the Fourth Phase Disposal, the Fifth Phase Disposals and the Sixth Phase Disposals as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

Since the highest applicable percentage ratio in respect of the Disposals (on an aggregated basis) exceeds 75%, the entering into of the Sixth Phase Share Purchase Agreements constitutes a very substantial disposal 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.

For the avoidance of doubt, the Seller is not obliged to acquire the Inner Mongolia Xiangdao Subsequent Sale Shares from Inner Mongolia Xiangdao Ecological Agricultural under the Inner Mongolia Xiangdao New Energy Share Purchase Agreement. The Company will comply with the Listing Rules as and when such acquisition constitutes a notifiable transaction under the Listing Rules.

10. SGM

Set out on pages SGM-1 to SGM-2 of this circular is a notice convening the SGM to be held at 21st Floor, Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, on Wednesday, 28 June 2023 at 11 a.m.

LETTER FROM THE BOARD

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

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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 26 June 2023 to 28 June 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 23 June 2023.

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 Sixth 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 Sixth Phase Share Purchase Agreements as set out in the notice of the SGM.

13. GENERAL

The Board confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her Shares to a third party, either generally or on a case-by-case basis.

LETTER FROM THE BOARD

14. ADDITIONAL INFORMATION

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

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 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 2020 published on 21 April 2021 (pages 69—205);
- the annual report of the Company for the year ended 31 December 2021 published on 26 April 2022 (pages 70—213); and
- the annual report of the Company for the year ended 31 December 2022 published on 28 April 2023 (pages 68—217).

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES OF THE GROUP

At the close of business on 30 April 2023, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	The Group		Total
	Secured	Unsecured	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of bank and other borrowings	2,338,747	154,523	2,493,270
Principal amount of senior notes	1,343,483	—	1,343,483
Carrying amount of loans from related companies	—	4,811	4,811
Lease liabilities	—	290,261	290,261
	<u>3,682,230</u>	<u>449,595</u>	<u>4,131,825</u>

The Group's secured bank and other borrowings 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; and (v) certain equity interests in some project companies of the Group.

As at 30 April 2023, certain bank and other borrowings and senior notes of the Group amounting to approximately RMB2,177,691,000 and RMB1,343,483,000, 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 approximately RMB610,651,000 are not guaranteed.

As at 30 April 2023, the Group provided a total guarantee of approximately RMB1,610 million and RMB712 million to banks and financial institutions in respect of banking facilities and financing arrangements of in proportional to the Group's interest in those associates and certain disposed subsidiaries during transitional period respectively. The associates and certain disposed subsidiaries during transitional period had utilised approximately RMB1,092 million and RMB392 million in total of such facilities as at 30 April 2023, 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 April 2023, 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 April 2023.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration and taking into account the proceeds from the Sixth Phase Disposals, the timely settlement of the proceeds from Previous Disposals, the Group's certain renewable energy subsidy receivables from the State Grid Companies as expected, present internal resources and banking and other facilities, are of the opinion that the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

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 2022, 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 2022, the Group recorded a total revenue of approximately RMB929million, whilst the total revenue for the year ended 31 December 2021 was approximately RMB2,845million. Gross profit and gross profit margin for the year ended 31 December 2022 were approximately RMB451 million and approximately 48.6% respectively, whilst the gross profit and gross profit margin for the year ended 31 December 2021 were approximately RMB1,779million and approximately 62.5% respectively. Loss attributable to owners of the Company for the year ended 31 December 2022 amounted to approximately RMB1,493 million as compared to the loss attributable to owners of the Company for the year ended 31 December 2021 amounted to approximately RMB790 million.

As at 31 December 2022, the Group operated 39 solar power plants, as compared to 47 plants as at 31 December 2021, spanning across different provinces in China and overseas. Grid-connected capacity reached approximately 840 MW (31 December 2021: approximately 996MW). Total sales of electricity was approximately 1,216 million kWh in 2022, a decrease of approximately 68.6% as compared to 2021.

The Group will continuously strengthen its strategic cooperation with large enterprises to form strong alliances. As domestic centralised 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, optimise 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, 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, apply diversified and innovative financing models and issue medium-term notes when appropriate to optimise 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, the subsequent quarantine measures imposed by the PRC government and the latest COVID-19 development in 2022, the solar power plants of the Group continuously operate as usual without any suspension or interruption to the operation. 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.

APPENDIX IIA FINANCIAL INFORMATION OF GAOTANG GCL JINGHUI GROUP

UNAUDITED FINANCIAL INFORMATION OF GAOTANG GCL JINGHUI

Set out below are the unaudited consolidated statements of financial position of Gaotang GCL Jinghui Photovoltaic Power Co., Ltd. (高唐縣協鑫晶輝光伏有限公司) (“**Gaotang GCL Jinghui**”) and its subsidiary (collectively referred to as “**Gaotang GCL Jinghui Group**”) as of 31 December 2020, 2021 and 2022, and the unaudited consolidated statements of profit or loss and other comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows for each of the periods then ended (the “**Relevant Periods**”), and explanatory notes (collectively referred to as the “**Unaudited Financial Information**”).

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rules and prepared on the basis set out in note 2 to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purposes of inclusion in this circular in connection with the Sixth Phase Disposals.

JFY CPA Limited, Certified Public Accountants, was engaged to review the Unaudited Financial Information of Gaotang GCL Jinghui Group set out on pages IIA-2 to IIA-7 of this circular in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) “Engagements to Review Historical Financial Statements” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion.

Based on the review on the Unaudited Financial Information of Gaotang GCL Jinghui Group, nothing has come to the auditor’s attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

APPENDIX IIA FINANCIAL INFORMATION OF GAOTANG GCL JINGHUI GROUP

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For the years ended 31 December 2020, 2021 and 2022*

	Year ended 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	31,107	30,464	30,125
Cost of sales	<u>(12,895)</u>	<u>(15,093)</u>	<u>(13,751)</u>
Gross profit	18,212	15,371	16,374
Other income	21	28	16
Administrative expenses	(481)	(430)	(535)
Finance costs	<u>(9,025)</u>	<u>(10,220)</u>	<u>(15,164)</u>
Profit before taxation	8,727	4,749	691
Income tax (expenses) credit	<u>(922)</u>	<u>(747)</u>	<u>46</u>
Profit and total comprehensive income for the year	<u><u>7,805</u></u>	<u><u>4,002</u></u>	<u><u>737</u></u>

APPENDIX IIA FINANCIAL INFORMATION OF GAOTANG GCL JINGHUI GROUP

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020, 2021 and 2022

	At 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment	212,034	199,876	188,849
Right-of-use assets	—	19,152	18,060
Other non-current assets	8,872	5,053	676
	<u>220,906</u>	<u>224,081</u>	<u>207,585</u>
CURRENT ASSETS			
Trade and other receivables	56,671	65,919	43,262
Bank balances	8,973	5,598	41,319
	<u>65,644</u>	<u>71,517</u>	<u>84,581</u>
CURRENT LIABILITIES			
Other payables	27,505	1,273	1,210
Amount due to a shareholder	25,234	82,140	96,532
Amounts due to related companies	21,063	350	766
Lease liabilities - current portion	—	457	484
Bank borrowing	18,000	18,194	18,162
	<u>91,802</u>	<u>102,414</u>	<u>117,154</u>
NET CURRENT LIABILITIES	<u>(26,158)</u>	<u>(30,897)</u>	<u>(32,573)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	194,748	193,184	175,012
NON-CURRENT LIABILITIES			
Lease liabilities - non-current portion	—	18,434	17,951
Bank borrowing	108,000	90,000	71,574
	<u>108,000</u>	<u>108,434</u>	<u>89,525</u>
NET ASSETS	<u>86,748</u>	<u>84,750</u>	<u>85,487</u>
CAPITAL AND RESERVES			
Paid-up capital	81,000	81,000	81,000
Reserves	5,748	3,750	4,487
TOTAL EQUITY	<u>86,748</u>	<u>84,750</u>	<u>85,487</u>

APPENDIX IIA FINANCIAL INFORMATION OF GAOTANG GCL JINGHUI GROUP

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2020, 2021 and 2022

	Paid-up capital	Legal reserve	Retained earnings (accumulated losses)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	81,000	3,426	313	84,739
Profit and total comprehensive income for the year	—	—	7,805	7,805
Transfer to legal reserve	—	797	(797)	—
Dividends recognised as distribution	—	—	(5,796)	(5,796)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020 and 1 January 2021	81,000	4,223	1,525	86,748
Profit and total comprehensive income for the year	—	—	4,002	4,002
Transfer to legal reserve	—	407	(407)	—
Dividends recognised as distribution	—	—	(6,000)	(6,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021 and 1 January 2022	81,000	4,630	(880)	84,750
Profit and total comprehensive income for the year	—	—	737	737
Transfer to legal reserve	—	23	(23)	—
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	<u>81,000</u>	<u>4,653</u>	<u>(166)</u>	<u>85,487</u>

APPENDIX IIA FINANCIAL INFORMATION OF GAOTANG GCL JINGHUI GROUP

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2020, 2021 and 2022

	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:	8,727	4,749	691
Adjustments for:			
Depreciation of property, plant and equipment	9,876	11,950	10,599
Depreciation of right-of-use assets	—	1,036	1,092
Gain on disposal of property, plant and equipment	—	(6)	—
Interest income	(21)	(22)	(16)
Finance costs	9,025	10,220	15,164
	27,607	27,927	27,530
Operating profits before working capital changes	27,607	27,927	27,530
Decrease in other non-current assets	3,927	3,819	4,377
(Increase) decrease in trade and other receivables	(6,174)	(10,118)	22,657
Decrease in other payables	(4,627)	(26,232)	(63)
	20,733	(4,604)	54,501
Cash generated from (used in) operations	20,733	(4,604)	54,501
Income taxes (paid) refunded	(922)	(747)	46
Interest on lease liabilities	—	(1,101)	(1,072)
	19,811	(6,452)	53,475
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	19,811	(6,452)	53,475
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment	—	283	682
Interest received	21	22	16
Payments for purchase of property, plant and equipment	(690)	(69)	(254)
	(669)	236	444
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	(669)	236	444

APPENDIX IIA FINANCIAL INFORMATION OF GAOTANG GCL JINGHUI GROUP

	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
FINANCING ACTIVITIES			
Interest paid	(9,025)	(9,119)	(14,092)
Repayment of bank borrowings	(18,000)	(17,806)	(18,458)
Advance from a shareholder	380	50,906	14,392
Advance from related parties	6,543	—	416
Repayment to related parties	—	(20,713)	—
Repayment of lease liabilities	—	(427)	(456)
	<u> </u>	<u> </u>	<u> </u>
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(20,102)	2,841	(18,198)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(960)	(3,375)	35,721
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>9,933</u>	<u>8,973</u>	<u>5,598</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>8,973</u></u>	<u><u>5,598</u></u>	<u><u>41,319</u></u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION**1. Corporate information**

Gaotang GCL Jinghui was established in the PRC on 21 December 2018. Its immediate holding company is Suzhou GCL New Energy Investment Co., Ltd., a company established in PRC. Its holding company is GCL New Energy Holdings Limited, an exempted company with limited liability incorporated in Bermuda. The shares of the Company are listed on the Main Board of the Stock Exchange. The address of the registered office and principal place of the business of Gaotang GCL Jinghui is Gaotang County, Liaocheng, Shandong Province, PRC.

Gaotang GCL Jinghui is principally engaged in the sale of electricity in the PRC.

The Unaudited Financial Information is presented in RMB, which is the same as the functional currency of Gaotang GCL Jinghui.

2. Basis of presentation and preparation of the unaudited financial information

The Unaudited Financial Information of Gaotang GCL Jinghui Group for the years ended 31 December 2020, 2021 and 2022 has been prepared solely for the purpose of inclusion in the circular to be issued by the Company, in connection with the Sixth Phase Disposals in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rules.

The amounts included in the Unaudited Financial Information of Gaotang GCL Jinghui Group have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Group for the relevant years, which conform with International Financial Reporting Standards (which collective term include all applicable IFRS Standards, International Accounting Standards and Interpretations) issued by the International Accounting Standards Board (the “IASB”) and accounting principles generally accepted in Hong Kong.

The Unaudited Financial Information of Gaotang GCL Jinghui Group does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard 1 Presentation of Financial Statements issued by the IASB and should be read in connection with the relevant published annual reports of the Group for the Relevant Periods.

UNAUDITED FINANCIAL INFORMATION OF INNER MONGOLIA XIANGDAO NEW ENERGY

Set out below are the unaudited statements of financial position of Inner Mongolia Xiangdao New Energy Development Co., Ltd. (內蒙古香島新能源發展有限公司) (“**Inner Mongolia Xiangdao New Energy**”) as of 31 December 2020, 2021 and 2022, and the unaudited statements of profit or loss and other comprehensive income, the unaudited statements of changes in equity and the unaudited statements of cash flows for each of the periods then ended (the “**Relevant Periods**”), and explanatory notes (collectively referred to as the “**Unaudited Financial Information**”).

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rules and prepared on the basis set out in note 2 to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purposes of inclusion in this circular in connection with the Sixth Phase Disposals.

JFY CPA Limited, Certified Public Accountants, was engaged to review the Unaudited Financial Information of Inner Mongolia Xiangdao New Energy set out on pages IIB-2 to IIB-7 of this circular in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) “Engagements to Review Historical Financial Statements” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion.

Based on the review on the Unaudited Financial Information of Inner Mongolia Xiangdao New Energy, nothing has come to the auditor’s attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December 2020, 2021 and 2022

	Year ended 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)
Revenue	200,542	189,426	187,523
Cost of sales	<u>(70,578)</u>	<u>(75,294)</u>	<u>(74,619)</u>
Gross profit	129,964	114,132	112,904
Other income	20	216	23
Administrative expenses	(2,297)	(1,800)	(899)
Finance costs	<u>(45,980)</u>	<u>(125,774)</u>	<u>(116,062)</u>
Profit (loss) before taxation	81,707	(13,226)	(4,034)
Income tax expenses	<u>(6,487)</u>	<u>(381)</u>	<u>—</u>
Profit (loss) and total comprehensive income (loss) for the year	<u>75,220</u>	<u>(13,607)</u>	<u>(4,034)</u>

UNAUDITED STATEMENT OF FINANCIAL POSITION

31 December 2020, 2021 and 2022

	At 31 December		
	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
NON-CURRENT ASSET			
Property, plant and equipment	1,250,240	1,191,286	1,133,038
CURRENT ASSETS			
Trade and other receivables	848,683	588,734	750,910
Bank balances	<u>11,315</u>	<u>4,700</u>	<u>359</u>
	859,998	593,434	751,269
CURRENT LIABILITIES			
Other payables	36,122	29,880	26,872
Amount due to a shareholder	1,234,078	1,021,660	163,566
Amounts due to related companies	—	—	899,352
Tax payable	621	—	—
Bank and other borrowings	<u>95,000</u>	<u>130,364</u>	<u>30,405</u>
	<u>1,365,821</u>	<u>1,181,904</u>	<u>1,120,195</u>
NET CURRENT LIABILITIES	<u>(505,823)</u>	<u>(588,470)</u>	<u>(368,926)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	744,417	602,816	764,112
NON-CURRENT LIABILITY			
Bank and other borrowings	<u>428,672</u>	<u>300,678</u>	<u>466,008</u>
NET ASSETS	<u><u>315,745</u></u>	<u><u>302,138</u></u>	<u><u>298,104</u></u>
CAPITAL AND RESERVES			
Paid-up capital	273,600	273,600	273,600
Reserves	<u>42,145</u>	<u>28,538</u>	<u>24,504</u>
TOTAL EQUITY	<u><u>315,745</u></u>	<u><u>302,138</u></u>	<u><u>298,104</u></u>

UNAUDITED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2020, 2021 and 2022

	Paid-up capital	Legal reserve	Retained earnings (accumulated losses)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	273,600	31,616	175,309	480,525
Profit and total comprehensive income for the year	—	—	75,220	75,220
Transfer to legal reserve	—	7,522	(7,522)	—
Dividends recognised as distribution	—	—	(240,000)	(240,000)
At 31 December 2020 and 1 January 2021	273,600	39,138	3,007	315,745
Loss and total comprehensive expense for the year	—	—	(13,607)	(13,607)
At 31 December 2021 and 1 January 2022	273,600	39,138	(10,600)	302,138
Loss and total comprehensive expense for the year	—	—	(4,034)	(4,034)
At 31 December 2022	<u>273,600</u>	<u>39,138</u>	<u>(14,634)</u>	<u>298,104</u>

UNAUDITED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2020, 2021 and 2022

	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax:	81,707	(13,226)	(4,034)
Adjustments for:			
Depreciation of property, plant and equipment	58,617	58,705	58,248
Loss (gain) on disposal of property, plant and equipment	1	(103)	—
Interest income	(18)	(109)	(23)
Finance costs	45,980	125,774	116,062
	<u>186,287</u>	<u>171,041</u>	<u>170,253</u>
Operating profits before working capital changes	186,287	171,041	170,253
(Increase) decrease in trade and other receivables	(147,744)	259,949	(162,176)
Increase (decrease) in other payables	4,112	(5,602)	(3,008)
	<u>42,655</u>	<u>425,388</u>	<u>5,069</u>
Cash generated from operations	42,655	425,388	5,069
Income taxes paid	(5,866)	(1,002)	—
	<u>36,789</u>	<u>424,386</u>	<u>5,069</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES	36,789	424,386	5,069
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment	—	404	—
Interest received	18	109	23
Payments for purchase of property, plant and equipment	(129)	(692)	—
	<u>(111)</u>	<u>(179)</u>	<u>23</u>
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	(111)	(179)	23

	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
FINANCING ACTIVITIES			
Interest paid	(45,980)	(27,574)	(29,559)
Proceeds from bank and other borrowings	—	—	308,735
Repayment of bank and other borrowings	(2,024)	(92,630)	(243,364)
Advance from a shareholder	19,413	—	—
Repayment to a shareholder	—	(310,618)	(45,245)
	<u> </u>	<u> </u>	<u> </u>
NET CASH USED IN FINANCING ACTIVITIES	(28,591)	(430,822)	(9,433)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,087	(6,615)	(4,341)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>3,228</u>	<u>11,315</u>	<u>4,700</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>11,315</u></u>	<u><u>4,700</u></u>	<u><u>359</u></u>

NOTES TO THE UNAUDITED FINANCIAL INFORMATION**1. Corporate information**

Inner Mongolia Xiangdao New Energy was established in the PRC on 25 February 2011. Its immediate holding company is Suzhou GCL New Energy Investment Co., Ltd., a company established in PRC. Its holding company is GCL New Energy Holdings Limited, an exempted company with limited liability incorporated in Bermuda. The shares of the Company are listed on the Main Board of the Stock Exchange. The address of the registered office and principal place of the business of Inner Mongolia Xiangdao New Energy is Xincheng District, Hohhot, Inner Mongolia Autonomous Region, PRC.

Inner Mongolia Xiangdao New Energy is principally engaged in the sale of electricity in the PRC.

The Unaudited Financial Information is presented in RMB, which is the same as the functional currency of Inner Mongolia Xiangdao New Energy .

2. Basis of presentation and preparation of the unaudited financial information

The Unaudited Financial Information of Inner Mongolia Xiangdao New Energy for the years ended 31 December 2020, 2021 and 2022 has been prepared solely for the purpose of inclusion in the circular to be issued by the Company, in connection with the Sixth Phase Disposals in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rules.

The amounts included in the Unaudited Financial Information of Inner Mongolia Xiangdao New Energy have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Group for the relevant years, which conform with International Financial Reporting Standards (which collective term include all applicable IFRS Standards, International Accounting Standards and Interpretations) issued by the International Accounting Standards Board (the “IASB”) and accounting principles generally accepted in Hong Kong.

The Unaudited Financial Information of Inner Mongolia Xiangdao New Energy does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard 1 Presentation of Financial Statements issued by the IASB and should be read in connection with the relevant published annual reports of the Group for the Relevant Periods.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**Introduction**

In connection with the Sixth Phase Disposals, the unaudited pro forma financial information of the Remaining Group has been prepared by the Directors in accordance with paragraph 29 of Chapter 4 of the Listing Rules and is solely for the purpose to illustrate the effect of the Sixth Phase Disposals on the Group's financial position as at 31 December 2022 as if the Sixth Phase Disposals had taken place as at 31 December 2022 and on the Group's financial performance and cash flows for the year ended 31 December 2022 as if the Sixth Phase Disposals had taken place as at 1 January 2022.

The unaudited pro forma consolidated statement of financial position as at 31 December 2022 and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and statement of cash flows for the year ended 31 December 2022 (hereinafter collectively referred to as "Unaudited Pro Forma Financial Information") of the Remaining Group are prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2022 and audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 as extracted from the published annual report of the Company for the year ended 31 December 2022.

The Unaudited Pro Forma Financial Information of the Remaining Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Sixth Phase Disposals that are (i) directly attributable to the Sixth Phase Disposals; and (ii) factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the Unaudited Pro Forma Financial Information of the Remaining Group may not purport to predict what the results and cash flows, or financial position of the Remaining Group would have been had the Sixth Phase Disposals been completed on 31 December 2022 or 1 January 2022 nor in any future periods or on any future dates.

The Unaudited Pro Forma Financial Information of the Remaining Group should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this Circular and other financial information included elsewhere in this Circular.

UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group As at 31 December 2022 RMB'000 (Audited) Note 1	Exclusion of 100% equity interest in Gaotang GCL Jinghui RMB'000 Note 2	Exclusion of 90.1% equity interest in Inner Mongolia Xiangdao New Energy RMB'000 Note 2	Recognition of impact on consideration and estimated loss on the Sixth Phase Disposals RMB'000 Note 3(b)	Reinstatement of intra-group balances RMB'000 Note 3(c)	Estimated costs and expenses in respect of the Sixth Phase Disposals RMB'000 Note 3(d)	The Remaining Group after the completion of the Sixth Phase Disposals RMB'000
NON-CURRENT ASSETS							
Property, plant and equipment	4,468,062	(188,849)	(1,133,038)	—	—	—	3,146,175
Right-of-use assets	219,290	(18,060)	—	—	—	—	201,230
Interests in associates	1,431,441	—	—	—	—	—	1,431,441
Interests in joint ventures	3,176	—	—	—	—	—	3,176
Amounts due from related companies	17,443	—	—	—	—	—	17,443
Other investments	45,643	—	—	—	—	—	45,643
Other non-current assets	107,265	(676)	—	—	—	—	106,589
Contract assets	54,957	—	—	—	—	—	54,957
Pledged bank and other deposits	200,785	—	—	—	—	—	200,785
Deferred tax assets	25,383	—	—	—	—	—	25,383
	6,573,445	(207,585)	(1,133,038)	—	—	—	5,232,822
CURRENT ASSETS							
Trade and other receivables	3,993,895	(43,262)	(750,910)	—	—	—	3,199,723
Amounts due from related companies	282,657	—	—	—	—	—	282,657
Amounts due from the Target Companies	—	—	—	—	1,160,216	—	1,160,216
Tax recoverable	346	—	—	—	—	—	346
Pledged bank and other deposits	61,001	—	—	—	—	—	61,001
Bank balances and cash	797,125	(41,319)	(359)	307,686	—	(15,650)	1,047,483
	5,135,024	(84,581)	(751,269)	307,686	1,160,216	(15,650)	5,751,426
Assets classified as held for sale	455,087	—	—	—	—	—	455,087
	5,590,111	(84,581)	(751,269)	307,686	1,160,216	(15,650)	6,206,513
CURRENT LIABILITIES							
Other payables and deferred income	985,852	(1,210)	(26,872)	—	—	—	957,770
Amount due to a shareholder	—	(96,532)	(163,566)	—	260,098	—	—
Amounts due to related companies	143,145	(766)	(899,352)	—	900,118	—	143,145
Tax payable	2,383	—	—	—	—	—	2,383
Loans from related companies	4,811	—	—	—	—	—	4,811
Bank and other borrowings	436,921	(18,162)	(30,405)	—	—	—	388,354
Lease liabilities	30,305	(484)	—	—	—	—	29,821
	1,603,417	(117,154)	(1,120,195)	—	1,160,216	—	1,526,284
Liabilities directly associated with assets classified as held for sale	192,385	—	—	—	—	—	192,385
	1,795,802	(117,154)	(1,120,195)	—	1,160,216	—	1,718,669
NET CURRENT ASSETS	3,794,309	32,573	368,926	307,686	—	(15,650)	4,487,844
TOAL ASSETS LESS CURRENT LIABILITIES	10,367,754	(175,012)	(764,112)	307,686	—	(15,650)	9,720,666

	The Group As at 31 December 2022 RMB'000 (Audited) Note 1	Exclusion of 100% equity interest in Gaotang GCL Jinghui RMB'000 Note 2	Exclusion of 90.1% equity interest in Inner Mongolia Xiangdao New Energy RMB'000 Note 2	Recognition of impact on consideration and estimated loss on the Sixth Phase Disposals RMB'000 Note 3(b)	Reinstatement of intra-group balances RMB'000 Note 3(c)	Estimated costs and expenses in respect of the Sixth Phase Disposals RMB'000 Note 3(d)	The Remaining Group after the completion of the Sixth Phase Disposals RMB'000
NON-CURRENT LIABILITIES							
Bank and other borrowings	2,082,502	(71,574)	(466,008)	—	—	—	1,544,920
Senior notes	1,722,571	—	—	—	—	—	1,722,571
Lease liabilities	239,991	(17,951)	—	—	—	—	222,040
Deferred income	343,979	—	—	—	—	—	343,979
Deferred tax liabilities	679	—	—	—	—	—	679
	4,389,722	(89,525)	(466,008)	—	—	—	3,834,189
NET ASSETS	5,978,032	(85,487)	(298,104)	307,686	—	(15,650)	5,886,477
CAPITAL AND RESERVES							
Share capital	81,773	—	—	—	—	—	81,773
Reserves	3,122,903	—	—	(46,393)	—	(15,650)	3,060,860
Equity attributable to owners of the Company	3,204,676	—	—	(46,393)	—	(15,650)	3,142,633
Equity attributable to non-controlling interests							
— Owners of perpetual notes	2,738,472	—	—	—	—	—	2,738,472
— Other non-controlling interests	34,884	—	—	(29,512)	—	—	5,372
TOTAL EQUITY	5,978,032	—	—	(75,905)	—	(15,650)	5,886,477

UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

	The Group As at 31 December 2022 RMB'000 (Audited) Note 1	Exclusion of 100% equity interest in Gaotang GCL Jinghui RMB'000 Note 2	Exclusion of 90.1% equity interest in Inner Mongolia Xiangdao New Energy RMB'000 Note 2	Recognition of impact on consideration and estimated loss on the Sixth Phase Disposals RMB'000 Note 4(b)	Reinstatement of intra-group transactions RMB'000 Note 4(c)	Estimated costs and expenses in respect of the Sixth Phase Disposals RMB'000 Note 4(d)	The Remaining Group after the completion of the Sixth Phase Disposals RMB'000
Revenue	929,057	(30,125)	(187,523)	—	—	—	711,409
Cost of Sales	(477,989)	13,751	74,619	—	—	—	(389,619)
Gross profit	451,068	(16,374)	(112,904)	—	—	—	321,790
Other income	149,488	(16)	(23)	—	2,343	—	151,792
Other gains and losses, net	(104,526)	—	—	(49,291)	—	—	(153,817)
Impairment loss on expected credit loss model, net of reversal	(386,156)	—	—	—	—	—	(386,156)
Impairment loss on property, plant and equipment	(358,968)	—	—	—	—	—	(358,968)
Administrative expenses							
— share-based payment expenses	(17,121)	—	—	—	—	—	(17,121)
— other administrative expenses	(554,505)	535	899	—	—	(15,650)	(568,721)
Share of profits of associates	122,768	—	—	—	—	—	122,768
Share of profits of joint ventures	25	—	—	—	—	—	25
Finance costs	(571,543)	15,164	116,062	—	(2,343)	—	(442,660)
Loss before tax	(1,269,470)	(691)	4,034	(49,291)	—	(15,650)	(1,331,068)
Income tax expense	(18,911)	(46)	—	—	—	—	(18,957)
Loss for the year	(1,288,381)	(737)	4,034	(49,291)	—	(15,650)	(1,350,025)
Other comprehensive income:							
Item that may be reclassified subsequently to profit or loss							
Exchange differences arising on translation of foreign operations	47,291	—	—	—	—	—	47,291
Total comprehensive income (expenses) for the year	(1,241,090)	(737)	4,034	(49,291)	—	(15,650)	(1,302,734)
Loss for the year attributable to: Owners of the Company	(1,492,546)	(737)	3,635	(49,291)	—	(15,650)	(1,554,589)
Non-controlling interests							
— Owners of perpetual notes	200,750	—	—	—	—	—	200,750
— Other non-controlling interests	3,415	—	399	—	—	—	3,814
	(1,288,381)	(737)	4,034	(49,291)	—	(15,650)	(1,350,025)
Total comprehensive expense for the year attributable to: Owners of the Company	(1,445,255)	(737)	3,635	(49,291)	—	(15,650)	(1,507,298)
Non-controlling interests							
— Owners of perpetual notes	200,750	—	—	—	—	—	200,750
— Other non-controlling interests	3,415	—	399	—	—	—	3,814
	(1,241,090)	(737)	4,034	(49,291)	—	(15,650)	(1,302,734)

UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group As at 31 December 2022 RMB'000 (Audited) Note 1	Exclusion of 100% equity interest in Gaotang GCL Jinghui RMB'000 Note 2	Exclusion of 90.1% equity interest in Inner Mongolia Xiangdao New Energy RMB'000 Note 2	Recognition of proceeds on the Sixth Phase Disposals RMB'000 Note 4(b)	Reinstatement of intra-group cash flows RMB'000 Note 4(c)	Estimated costs and expenses in respect of the Sixth Phase Disposals RMB'000 Note 4(d)	The Remaining Group after the completion of the Sixth Phase Disposals RMB'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,258,318	(53,475)	(5,069)	—	—	(15,650)	1,184,124
INVESTING ACTIVITIES							
Interest received	36,346	(16)	(23)	—	2,343	—	38,650
Payments for construction and purchase of property, plant and equipment	(696,726)	254	—	—	—	—	(696,472)
Payments of right-of use assets	(28,144)	—	—	—	—	—	(28,144)
Proceeds from disposal of property, plant and equipment	29,616	(682)	—	—	—	—	28,934
Payment for acquisition of other investments	(1,930)	—	—	—	—	—	(1,930)
Proceeds from disposal of subsidiaries with solar power plant projects	228,335	—	—	307,686	—	—	536,021
Settlement of consideration receivables from disposal of subsidiaries with solar power plant projects	1,778,933	—	—	—	—	—	1,778,933
Withdrawal of pledged bank and other deposits	313,964	—	—	—	—	—	313,964
Placement of pledged bank and other deposits	(150,407)	—	—	—	—	—	(150,407)
Advance to related companies	(16,701)	—	—	—	—	—	(16,701)
Repayment from disposal group	—	—	—	—	45,245	—	45,245
Advance to disposal group	—	—	—	—	(14,392)	—	(14,392)
Dividend received from associates	42,240	—	—	—	—	—	42,240
NET CASH GENERATED FROM INVESTING ACTIVITIES	1,535,526	(444)	(23)	307,686	33,196	—	1,875,941
FINANCING ACTIVITIES							
Interest paid	(972,110)	14,092	29,559	—	(2,343)	—	(930,802)
Proceeds from bank and other borrowings	2,011,290	—	(308,735)	—	—	—	1,702,555
Repayment of bank and other borrowings	(2,476,544)	18,458	243,364	—	—	—	(2,214,722)
Repayment of lease liabilities	(35,012)	456	—	—	—	—	(34,556)
Repayment of loans from related companies	(27,652)	—	—	—	—	—	(27,652)
Proceeds from issue of shares through placement	269,716	—	—	—	—	—	269,716
Transaction costs paid for the issue of shares through placement	(3,115)	—	—	—	—	—	(3,115)
Redemption of senior notes	(1,115,640)	—	—	—	—	—	(1,115,640)
Repayment of senior notes	(253,689)	—	—	—	—	—	(253,689)
Advances from related companies	29,081	(416)	—	—	—	—	28,665
Repayment to related companies	(156)	—	—	—	—	—	(156)
Repayment to remaining group	—	—	45,245	—	(45,245)	—	—
Advance from remaining group	—	(14,392)	—	—	14,392	—	—
Dividend paid to non-controlling interests	(13,844)	—	—	—	—	—	(13,844)

APPENDIX III
**PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

	The Group As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i> <i>Note 1</i>	Exclusion of 100% equity interest in Gaotang GCL Jinghui <i>RMB'000</i> <i>Note 2</i>	Exclusion of 90.1% equity interest in Inner Mongolia Xiangdao New Energy <i>RMB'000</i> <i>Note 2</i>	Recognition of proceeds on the Sixth Phase Disposals <i>RMB'000</i> <i>Note 4(b)</i>	Reinstatement of intra-group cash flows <i>RMB'000</i> <i>Note 4(c)</i>	Estimated costs and expenses in respect of the Sixth Phase Disposals <i>RMB'000</i> <i>Note 4(d)</i>	The Remaining Group after the completion of the Sixth Phase Disposals <i>RMB'000</i>
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	(2,587,675)	18,198	9,433	—	(33,196)	—	(2,593,240)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	206,169	(35,721)	4,341	307,686	—	(15,650)	466,825
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR							
Represented by							
— bank balances and cash	586,050	(5,598)	(4,700)	—	—	—	575,752
— bank balances and cash classified as held for sale	23,351	—	—	—	—	—	23,351
	609,401	(5,598)	(4,700)	—	—	—	599,103
Effect of exchange rate changes on the balance of cash held in foreign currencies	34,763	—	—	—	—	—	34,763
CASH AND CASH EQUIVALENTS AT END OF THE YEAR							
Represented by							
— bank balance and cash	797,125	(41,319)	(359)	307,686	—	(15,650)	1,047,483
— bank balances and cash classified as held for sale	53,208	—	—	—	—	—	53,208
	850,333	(41,319)	(359)	307,686	—	(15,650)	1,100,691

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2022, consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 as extracted from the published annual report of the Company for the year ended 31 December 2022 issued on 28 April 2023.
2. The amounts are extracted from the unaudited statement of financial position as at 31 December 2022, unaudited statement of profit or loss and other comprehensive income and unaudited statement of cash flows for the year ended 31 December 2022 of the Target Companies as set out in the Appendix II to this Circular.
3. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position, assuming the Sixth Phase Disposals had taken place on 31 December 2022:
 - a. The adjustments represent the de-recognition of assets and liabilities of the Target Companies as at 31 December 2022, de-recognition of the non-controlling interests of the Target Companies recognised as at 31 December 2022 and recognition of the estimated loss on the Sixth Phase Disposals by the Remaining Group, assuming the Sixth Phase Disposals had taken place on 31 December 2022. The assets and liabilities of the Target Companies are extracted from the statement of financial position as at 31 December 2022 set out in Appendix II to this Circular.
 - b. The adjustments represent the estimated loss on the Sixth Phase Disposals charged to profit or loss, assuming the Sixth Phase Disposals of each of the Target Companies had concurrently taken place on 31 December 2022 and is calculated as follows:

	<i>RMB'000</i>
Consideration for disposal of entire equity interest in Gaotang GCL Jinghui (i)	50,000
Consideration for disposal of 90.1% equity interest in Inner Mongolia Xiangdao New Energy (i)	257,686
Carrying amount of net assets of Gaotang GCL Jinghui (ii)	(85,487)
Carrying amount of net assets of Inner Mongolia Xiangdao New Energy (ii)	(298,104)
Non-controlling interest disposed of (iii)	<u>29,512</u>
Estimated loss on the Sixth Phase Disposals	<u>(46,393)</u>

- (i) The aggregate consideration for the disposals of entire equity interest of Gaotang GCL Jinghui and 90.1% equity interest of Inner Mongolia Xiangdao New Energy is RMB307,686,000. For more details of consideration, please refer to “Consideration” set out in the announcement of the Company published on 19 May 2023. In the opinion of the Directors, the current and deferred tax impact in relation to the Sixth Phase Disposals are insignificant and therefore, have not been taken into account in the estimated loss on the Sixth Phase Disposals.
- (ii) The amount represents the carrying amount of the net assets of the Target Companies as at 31 December 2022 which is extracted from the statement of financial position of the Target Companies as at 31 December 2022 as set out in Appendix II.

(iii) A reconciliation of the non-controlling interest disposed of is calculated as follows:

Carrying amount of net assets of Inner Mongolia Xiangdao New Energy	298,104
Percentage of equity interest held by the Group	<u>90.10%</u>
Carrying amount of net assets attributable to the Group	268,592
Non-controlling interest disposed of	<u><u>29,512</u></u>

(iv) Since the carrying amount of net assets of the Target Companies on the date of actual completion of the Sixth Phase Disposals may be different from the amounts used when preparing the Unaudited Pro Forma Financial Information of the Remaining Group, the financial impact of the Sixth Phase Disposals is for illustrative purpose only and subject to change upon the actual completion of the Sixth Phase Disposals.

c. The adjustment represents the reinstatement of intra-group current-account balances, which have been eliminated at consolidation. In the opinion of the Directors, the effect of imputed interest of the amounts due from the Target Companies owned by the Group is insignificant.

d. Rectification Amount and the transaction costs representing professional fee directly attributable to the Sixth Phase Disposals are estimated to be RMB14,650,000 and RMB1,000,000 respectively and it is assumed that the amounts will be settled by cash. The amounts are subject to change upon the actual completion of the Sixth Phase Disposals.

4. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma condensed consolidated statement of cash flows for the year ended 31 December 2022, assuming the Sixth Phase Disposals of each of the Target Companies had taken place on 1 January 2022.

a. The adjustments represent the exclusion of the results and cash flows of each of the Target Companies for the year ended 31 December 2022, assuming the Sixth Phase Disposals of each of the Target Companies had taken place on 1 January 2022. The results and cash flows of each of the Target Companies for the year ended 31 December 2022 are extracted from the statement of profit or loss and other comprehensive income or the statement of cash flows of each of the Target Companies set out in Appendix II to this Circular.

b. The adjustments represent the estimated loss on the Sixth Phase Disposals charged to profit or loss, assuming the Sixth Phase Disposals of each of the Target Companies had concurrently taken place on 1 January 2022 and is calculated as follows:

	<i>RMB'000</i>
Consideration for disposal of entire equity interest in Gaotang GCL Jinghui (i)	50,000
Consideration for disposal of 90.1% equity interest in Inner Mongolia Xiangdao New Energy (i)	257,686
Carrying amount of net assets of Gaotang GCL Jinghui (ii)	(84,750)
Carrying amount of net assets of Inner Mongolia Xiangdao New Energy (ii)	(302,138)
Non-controlling interest disposed of (iii)	<u>29,911</u>
Estimated loss on the Sixth Phase Disposals	<u>(49,291)</u>

(i) The aggregate consideration for the disposals of entire equity interest of Gaotang GCL Jinghui and 90.1% equity interest of Inner Mongolia Xiangdao New Energy is RMB307,686,000. For more details of consideration, please refer to “Consideration” set out in the announcement of the Company published on 19 May 2023. In the opinion of the Directors, the current and deferred tax impact in relation to the Sixth Phase Disposals are insignificant and therefore, have not been taken into account in the estimated loss on the Sixth Phase Disposals.

(ii) The amount represents the carrying amount of the net assets of the Target Companies as at 31 December 2021 which is extracted from the statement of financial position of the Target Companies as at 31 December 2021 as set out in Appendix II.

(iii) A reconciliation of the non-controlling interest disposed of is calculated as follows:

Carrying amount of net assets of the Inner Mongolia Xiangdao New Energy	302,138
Percentage of equity interest held by the Group	<u>90.10%</u>
Carrying amount of net assets attributable to the Group	272,227
Non-controlling interest disposed of	<u><u>29,911</u></u>

(iv) Since the carrying amount of net assets of the Target Companies on the date of actual completion of the Sixth Phase Disposals may be different from the amounts used when preparing the Unaudited Pro Forma Financial Information of the Remaining Group, the financial impact of the Sixth Phase Disposals is for illustrative purpose only and subject to change upon the actual completion of the Sixth Phase Disposals.

c. The adjustment represents the reinstatement of intra-group transactions or cash flows between the Target Companies and the Remaining Group, which had been eliminated at consolidation, when preparing the Unaudited Pro Forma Financial Information for the year ended 31 December 2022.

d. Rectification Amount and the transaction costs representing professional fee directly attributable to the Sixth Phase Disposals are estimated to be RMB14,650,000 and RMB1,000,000 respectively and it is assumed that the amounts will be settled by cash. The amounts are subject to change upon the actual completion of the Sixth Phase Disposals.

5. Apart from notes above, no other adjustment has been made to reflect any result or other transactions of the Group entered into subsequent to 1 January 2022 or 31 December 2022 for the purpose of preparation of the Unaudited Pro-Forma Financial Information.

6. The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of the report, set out on pages III-10 to III-12 received from JFY CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.



JFY CPA Limited
Certified Public Accountants
灼見會計師事務所有限公司

TO THE DIRECTORS OF GCL NEW ENERGY HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of GCL New Energy Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2022, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 and related notes as set out on pages III-1 to III-9 of the circular issued by the Company dated 8 June 2023 (the “Circular”) in connection with the disposal of (a) the entire equity interest in Gaotang GCL Jinghui Photovoltaic Power Co., Ltd.* (高唐縣協鑫晶輝光伏有限公司) and (b) 90.1% equity interest in Inner Mongolia Xiangdao New Energy Development Co., Ltd.* (內蒙古香島新能源發展有限公司), which, taking into consideration of previous disposal transactions on an aggregated basis, constitute a very substantial disposal transaction (the “Sixth Phase Disposals”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-9 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Sixth Phase Disposals on the Group's financial position as at 31 December 2022 and the Group's financial performance and cash flows for the year ended 31 December 2022 as if the Sixth Phase Disposals had taken place at 31 December 2022 and 1 January 2022 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 December 2022, on which an audited report has been published.

* The English names are for identification purpose only and the official names of the entities are in Chinese.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2022 or 1 January 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

JFY CPA Limited

Certified Public Accountants

Chan Chun Sing

Audit Engagement Director

Practising Certificate Number: P05537

Hong Kong, 8 June 2023

Set out below is the management discussion and analysis of the Remaining Group's business and performance for each of the financial years ended 31 December 2020, 2021 and 2022 (the "**Reporting Periods**").

BUSINESS REVIEW

During the Reporting Periods, the Remaining group has made substantial disposal of solar power plants as part of its transition to become an asset-light enterprise. As at 31 December 2022, the total installed capacity of the Remaining Group's subsidiary power plants was approximately 609MW. The total installed capacity of the Remaining Group's subsidiary power plants as at 31 December 2021 and 31 December 2020 were 765MW and 4,554MW respectively.

During the Reporting Periods, the revenue of the Remaining Group was mainly derived from (i) solar power electricity generation; (ii) service income from the provision of the solar power plants operation and management services; and (iii) income from solar related supporting services. Most of the solar power plants of the Remaining Group were located in China and almost all of the revenue was contributed by the subsidiaries of State Grid Corporation of China ("**State Grid**"). The State Grid is a state-owned enterprise in China, which possesses low default risk. Therefore, the Directors considered that the credit risk of trade receivables was minimal.

FINANCIAL REVIEW

Revenue and Gross Profit

During the years ended 31 December 2022, 2021 and 2020, revenue of the Remaining Group comprised (i) solar power electricity generation; (ii) service income from the provision of the solar power plants operation and management services; and (iii) income from provision of solar related supporting services amounting to approximately RMB668 million, RMB2,582 million and RMB4,746 million respectively. As of 31 December 2022, 31 December 2021 and 31 December 2020, the gross profit margin of the Remaining Group were approximately 44.4%, 62.9% and 64.2% respectively.

Capital Structure, Liquidity and Financial Resources

During the Reporting Periods, the Remaining Group adopted a prudent treasury management policy to maintain sufficient working capital to cope with daily operations and meet our development demands for capital. The funding for all its operations has been centrally reviewed and monitored at the group level. The indebtedness of the Remaining Group mainly comprised bank and other borrowings, bonds and senior notes, lease liabilities and loans from related companies.

As at 31 December 2022, bank balances and cash of the Remaining Group were approximately RMB699 million, including bank balances and cash of approximately RMB53 million for projects classified as held for sale. For the year ended 31 December 2022, the Remaining Group's primary source of funding included cash generated from its operating activities and proceeds from disposal of power plants.

As at 31 December 2021, bank balances and cash of the Remaining Group were approximately RMB572 million, including bank balances of approximately RMB23 million for projects classified as held for sale. For the year ended 31 December 2021, the Remaining Group's primary source of funding included cash generated from its operating activities and proceeds from disposal of power plants.

As at 31 December 2020, bank balances and cash of the Remaining Group were approximately RMB1,113 million, including bank balances of approximately RMB48 million for projects classified as held for sale. For the year ended 31 December 2020, the Remaining Group's primary source of funding included cash generated from its operating activities and interest bearing borrowings.

The bank balance of the Remaining Group as at the end of each Reporting Period was denominated in the following currencies:

	31 December 2022	31 December 2021	31 December 2020
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
RMB	358	558	1,104
Hong Kong dollars	118	6	2
United States dollars	<u>223</u>	<u>8</u>	<u>7</u>
	<u>699</u>	<u>572</u>	<u>1,113</u>

Indebtedness and Gearing Ratio

The Remaining Group was in net current assets position of approximately RMB3,018 million as at 31 December 2022. Because of the nature of the solar energy industry in the PRC, the Remaining Group was in net current assets position of approximately RMB4,227 million as at 31 December 2021 and net liabilities position of approximately RMB9,817 million as at 31 December 2020, respectively. To address the net current liabilities position, the Remaining Group has taken several measures to generate sufficient cash inflow to the Remaining Group.

As at 31 December 2022, 31 December 2021 and 31 December 2020, the Remaining Group's total borrowings comprised bank and other borrowings, bonds and senior notes, loans from related companies and lease liabilities amounted to approximately RMB4,409 million, RMB6,683 million and RMB30,466 million respectively. As at 31 December 2022, 31 December 2021 and 31 December 2020, the amounts included bank and other borrowings and lease liabilities classified as liabilities directly associated with assets classified as held for sales of approximately RMB172 million, RMB465 million and 1,768 million. For the remaining balance of approximately RMB4,237 million (31 December 2021: RMB6,218 million; 31 December 2020: RMB28,698 million), RMB448 million (31 December 2021: RMB1,472 million; 31 December 2020: RMB16,418 million) will be due in the coming 12 months from the end of the Reporting Periods, including bank and other borrowings of approximately RMB42 million, which shall be due after 12 months from the end of the Reporting Periods in

accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified as current liabilities as a result of the triggering of the cross default clauses in several banks of the Remaining Group given the Remaining Group's involvement in certain litigation cases relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain other borrowings.

There are 0%, approximately 11% and 26% of the indebtedness of the Remaining Group charged with a fixed interest rate as at 31 December 2022, 31 December 2021 and 31 December 2020, respectively.

The indebtedness of the Remaining Group as at the end of each Reporting Period was denominated in the following currencies:

	31 December 2022	31 December 2021	31 December 2020
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
RMB	2,279	2,975	25,590
Hong Kong dollars	—	178	181
United States dollars	<u>2,130</u>	<u>3,530</u>	<u>4,695</u>
	<u>4,409</u>	<u>6,683</u>	<u>30,466</u>

The Directors have reviewed the Remaining Group's cash flow projections which cover a period of not less than 12 months from 31 December 2022. They are of the opinion that the Remaining Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures, that will be due in the coming 12 months from 31 December 2022, and the on-going covenants compliance.

During the Reporting Periods, the Remaining Group monitored capital based on two gearing ratios. The gearing ratios were calculated as net debts divided by total equity and total liabilities divided by total assets respectively. The net debts to total equity gearing ratio as at 31 December 2022, 31 December 2021 and 31 December 2020 were approximately 59.6%, 86.8% and 353.4%, respectively. The total liabilities to total assets gearing ratio as at 31 December 2022, 31 December 2021 and 31 December 2020 were approximately 48.8%, 55.6%, and 81.6%, respectively.

FUNDRAISING ACTIVITIES

During the years ended 31 December 2022, the Remaining Group completed a top-up placing and subscription of 2.275 billion shares at HK\$0.455 per share in August 2022, raising a net proceeds of approximately HK\$310 million (equivalent to approximately RMB267 million) after deducting placing commission and related expenses. The net proceeds were mainly intended to be used for supporting investment, research and development of natural gas, LNG and integrated energy project management business and to develop the operation and maintenance services for other energy sectors, and the remaining part as the general working capital of the Group.

During the years ended 31 December 2021, the Remaining Group completed a top-up placing and subscription of two billion shares at HK\$0.455 per share in February 2021, raising a net proceeds of approximately HK\$895 million (equivalent to approximately RMB747 million) after deducting placing commission and related expenses. The net proceeds have been used for repayment of borrowings.

During the years ended 31 December 2020, the Remaining Group had no fund raising activities.

PLEDGE OF ASSETS

During the Reporting Periods, the following assets were pledged for bank and other facilities granted to the Remaining Group:

- property, plant and equipment of approximately RMB2,957 million, RMB4,106million and RMB14,938 million as of 31 December 2022, 31 December 2021 and 31 December 2020 respectively;
- bank and other deposits (including deposits for projects classified as held for sale and deposits placed at a related company) of approximately RMB272 million, RMB430 million and RMB744 million as of 31 December 2022, 31 December 2021 and 31 December 2020 respectively;
- rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2022, 31 December 2021 and 31 December 2020, the trade receivables and contract assets of those subsidiaries amounted to approximately RMB1,385 million, RMB1,538 million and RMB7,823 million respectively; and
- right-of-use assets of nil, nil and approximately RMB12 million as of 31 December 2022, 31 December 2021 and 31 December 2020 respectively.

Besides, lease liabilities of approximately RMB270 million, RMB371 million and RMB988 million were recognised in respect of right-of-use assets amounting to approximately RMB219 million, RMB317 million and RMB1,558 million as at 31 December 2022, 31 December 2021 and 31 December 2020.

CONTINGENT LIABILITIES

As at 31 December 2022, 31 December 2021 and 31 December 2020, the Remaining Group provided guarantees to its associates for certain of their bank and other borrowings in proportional to the Remaining Group's interest in those associates with a maximum amount of RMB1,610 million, RMB1,541 million and RMB 3,050 million, respectively. Besides, the Remaining Group also provided financial guarantees to certain disposed subsidiaries during transitional period for their bank and other borrowings amounting to approximately RMB712 million, RMB477 million and RMB1,385 million as at 31 December 2022, 31 December 2021 and 31 December 2020, respectively.

Save for the above, as at 31 December 2022, 31 December 2021 and 31 December 2020, the Remaining Group did not have any other significant contingent liabilities.

CAPITAL AND OTHER COMMITMENTS

As at 31 December 2022, the Remaining Group had no capital commitments in respect of construction commitments in respect of solar power plant projects contracted for but not provided.

As at 31 December 2021, the Remaining Group had no capital commitments in respect of construction commitments in respect of solar power plant projects contracted for but not provided.

As at 31 December 2020, the Remaining Group's capital commitments in respect of construction commitments related to solar power plants contracted for but not provided for amounted to approximately RMB135 million.

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2022

Disposals

In January 2022, the Remaining Group entered into a share purchase agreement (the “**Third Phase Share Purchase Agreement**”) with Hunan Xinhua, an independent third party, to sell the entire equity interest in Ningxia Xinken Jianquan Photovoltaic Power Company Limited* (寧夏鑫壘簡泉光伏電力有限公司) (the “**Third Phase Disposal**”). The target company owns 1 operational solar power plant in the PRC with an aggregate grid-connected capacity of approximately 30MW. The disposal was completed during the year ended 31 December 2022.

In March 2022, the Remaining Group entered into six share purchase agreements (the “**Jiangsu Hesheng Share Purchase Agreements**”) with Jiangsu Hesheng New Energy Co., Ltd.* (江蘇和盛新能源有限公司) (“**Jiangsu Hesheng**”), an independent third party, to sell (i) the entire equity interest in Gaoyou GCL Photovoltaic Power Co., Ltd.* (高郵協鑫光伏電力有限公司), Nantong Haide New Energy Co., Ltd.* (南通海德新能源有限公司), Pizhou GCL Photovoltaic Power Co., Ltd.* (邳州協鑫光伏電力有限公司), Suqian Green Energy Power Co., Ltd.* (宿遷綠能電力有限公司) and Suzhou Industrial Park Dingyu Solar Power Co., Ltd.* (蘇州工業園區鼎裕太陽能電力有限公司), and (ii) 60% equity interest in Jiangsu GCL Haibin New Energy Technology Development Co.,Ltd.* (江蘇協鑫海濱新能源科技發展有限公司) (the “**Jiangsu Hesheng Disposals**”). The target companies collectively own 7 operational solar power plants in the PRC with an aggregate grid-connected capacity of approximately 85MW. The disposals were completed during the year ended 31 December 2022.

In March 2022, the Remaining Group entered into a share purchase agreement (the “**Fourth Phase Share Purchase Agreement**”) with Hunan Xinhua, an independent third party, to sell (i) 90.1% equity interest in Ningxia Shengjing Solar Power Technology Company Limited* (寧夏盛景太陽能科技有限公司) (“**Ningxia Shengjing**”), and (ii) 9.9% equity interest in Ningxia Shengjing after the Remaining Group acquiring such equity interest from Qingdao Changsheng Ridian Solar Technology Co., Ltd.* (青島昌盛日電太陽能科技股份有限公司) (the “**Fourth Phase Disposal**”). The target company owns an operational solar power plant in the PRC with grid-connected capacity of approximately 30MW. The disposal was completed during the year ended 31 December 2022.

In April 2022, the Remaining Group entered into a share purchase agreement (“**Hangzhou Xingguang Share Purchase Agreement**”) with Hangzhou Xingguang New Energy Co., Ltd.* 杭州興光新能源有限公司, an independent third party, to sell the entire equity interest in Zhejiang Shuqimeng Power Technology Co., Ltd.* (the “**Hangzhou Xingguang Disposal**”). The target company operates solar power plant projects with an aggregate capacity of 22MW in Zhejiang, the PRC. The disposal was completed during the year ended 31 December 2022.

In December 2022, the Remaining Group entered into a share purchase agreement (the “**Fifth Phase Share Purchase Agreements**”) with Hunan Xinhua, an independent third party, to sell (i) the entire equity interest in Dengkou GCL Photovoltaic Power Co., Ltd* (磴口協鑫光伏電力有限公司) and (ii) 51% equity interest in Yuncheng Xinhua Energy Development Co., Ltd* (鄆城鑫華能源開發有限公司) (the “**Fifth Phase Disposals**”). The target companies own two operational solar power plants in the PRC with grid-connected capacity of approximately 50MW. The disposals were not completed as at the Last Practicable Date.

Save as disclosed above, there were no other significant investments during the year ended 31 December 2022, or plans for material investments as at 31 December 2022, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2022.

For the year ended 31 December 2021

Acquisition

In July 2021, the Remaining Group entered into a share purchase agreement (the “**Sumin Ruineng Share Purchase Agreement**”) with Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)* (蘇民睿能無錫股權投資合夥企業(有限合夥)) to acquire approximately 5.835% equity interest in Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司). The target company owns a majority of solar power plants of the Company with an aggregate grid-connected capacity of approximately 2,700MW in the PRC (the “**Sumin Ruineng Acquisition**”). The acquisition was completed in the second half of 2021.

Disposals

In March 2021, the Remaining Group entered into six share purchase agreements with Three Gorges Asset Management Co., Ltd* (三峽資產管理有限公司) (“**Three Gorges**”), an independent third party, to sell the entire equity interest in each of Kaifeng Huaxin New Energy Development Company Limited* (開封華鑫新能源開發有限公司), Sanmenxia GCL New Energy Co., Ltd* (三門峽協立光伏電力有限公司), Queshan Zhuiji New Energy Electric Power Co, Ltd.* (確山追日新能源電力有限公司) and Shang Shui GCL Photovoltaic Electric Power Co, Ltd.* (商水協鑫光伏電力有限公司) and 50% equity interest in each of Nanzhao Xin Li Photovoltaic Electric Farms Co., Ltd.* (南召鑫力光伏電力有限公司) and Taiqian GCL New Energy Company Limited* (台前協鑫光伏電力有限公司). The six target companies owned six operational solar power plants with an aggregate grid-connected capacity of approximately 321MW in the PRC. The disposals were completed during the year ended 31 December 2021.

In April 2021, the Remaining Group entered into four share purchase agreement with Three Gorges to sell the (i) entire equity interest in each of Yulin Longyuan Solar Power Company Limited* (榆林隆源光伏電力有限公司) and Yulin City Yushen Industrial Zone Dongtuo Energy Co., Ltd.* (榆林市榆神工業區東投能源有限公司), (ii) 98.4% equity interest in Jingbian GCL Photovoltaic Energy Co., Ltd.* (靖邊協鑫光伏電力有限公司) and (iii) 80.35% equity interest in Hengshan Jinghe Solar Energy Co., Ltd.* (橫山晶合太陽能發電有限公司). The four target companies owned five operational solar power plants with an aggregate grid-connected capacity of approximately 469MW in the PRC. The disposals were completed during the year ended 31 December 2021.

In April 2021, the Remaining Group entered into four share purchase agreements with Guangdong Jinyuan New Energy Co., Ltd.* (廣東金元新能源有限公司) (“**Guangdong Jinyuan**”) 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**”), each an independent third party, to sell 99.0% equity interest in Ceheng Precision Photovoltaic Power Co., Ltd.* (冊亨精準光伏電力有限公司) and the entire equity interest in each of Dingan GCL Photovoltaic Power Co., Ltd.* (定安協鑫光伏電力有限公司), Luodian GCL Photovoltaic Power Co., Ltd.* (羅甸協鑫光伏電力有限公司) and Suixi GCL Photovoltaic Power Co., Ltd.* (遂溪協鑫光伏電力有限公司). The four target companies owned four operational solar power plants with an aggregate grid-connected capacity of approximately 127MW in the PRC. The disposals were completed during the year ended 31 December 2021.

In April 2021, the Remaining Group entered into four share purchase agreements with Guangdong Jinyuan and Weining Energy to sell (i) 88.37% equity interest in Hainan Yicheng New Energy Co., Ltd.* (海南意晟新能源有限公司), (ii) 90.10% equity interest in Yingde GCL Photovoltaic Power Co., Ltd.* (英德協鑫光伏電力有限公司) and (iii) the entire equity interest in each of Ceheng GCL Photovoltaic Power Co., Ltd.* (冊亨協鑫光伏電力有限公司) and Liuzhi GCL Photovoltaic Power Co., Ltd.* (六枝協鑫光伏電力有限公司). The four target companies owned five operational solar power plants with an aggregate grid-connected capacity of approximately 183MW in the PRC. The disposals were completed during the year ended 31 December 2021.

In May 2021, the Remaining Group entered into a share purchase agreement with State Power Investment Corporation Chongqing Electric Power Co., Ltd.* (國家電投集團重慶電力有限公司) to sell the entire equity interest in Yongcheng Xin Neng Photovoltaic Electric Power Co., Ltd.* (永城鑫能光伏電力有限公司). The target company owned an operational solar power plants with an aggregate grid-connected capacity of approximately 86MW in the PRC. The disposal was completed in the first half of 2021.

In June 2021, the Remaining Group entered into six share purchase agreements (the “**SPIC Chongqing Second Phase Share Purchase Agreements**”) with Chongqing Lvxin Energy Development Co., Ltd.* (重慶綠欣能源發展有限公司), an independent third party, to sell (i) the entire equity interest in Shiyan Yunneng Photovoltaic Energy Development Co., Ltd.* (十堰鄖能光伏電力開發有限公司), Jingshan GCL Photovoltaic Energy Co., Ltd.* (京山協鑫光伏電力有限公司), Jingshan Xinhui Photovoltaic Energy Co., Ltd.* (京山鑫輝光伏電力有限責任公司) and Shanggao County Lifeng New Energy Co., Ltd.* (上高縣利豐新能源有限公司), (ii) 70% equity interest in Shicheng GCL Photovoltaic Energy Co., Ltd.* (石城協鑫光伏電力有限公司) and (iii) 51% equity interest in Anfu GCL New Energy Co., Ltd.* (安福協鑫新能源有限公司) (the “**SPIC Chongqing Second Phase Disposals**”). The six target companies owned seven operational solar power plants with an aggregate grid-connected capacity of approximately 149MW in the PRC. The disposals were completed in the first half of 2021.

In June 2021, the Remaining Group entered into seven share purchase agreements (the “**Guizhou West Power First Phase Share Purchase Agreements**”) with Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) (“**Guizhou West Power**”), an independent third party, to sell 80% equity interest in Yuanmou Green Power New Energy Development Limited* (元謀綠電新能源開發有限公司) and the entire equity interest in each of Honghe Xian Ruixin Photovoltaic Power Generation Company Limited* (紅河縣瑞欣光伏發電有限公司), Kunming Xufeng Photovoltaic

Power Generation Company Limited* (昆明旭峰光伏發電有限公司), Luquan GCL Photovoltaic Power Co., Ltd.* (祿勸協鑫光伏發電有限公司), Heqing Xinhua Photovoltaic Power Co., Ltd.* (鶴慶鑫華光伏發電有限公司), Menghai GCL Solar Agricultural Power Co., Ltd.* (猛海協鑫光伏農業電力有限公司) and Yuxi Zhongtai New Energy Technology Co., Ltd.* (玉溪市太新新能源科技有限公司) (the “**Guizhou West Power First Phase Disposals**”). The seven target companies owned seven operational solar power plants with an aggregate grid-connected capacity of approximately 229MW in the PRC. The disposals were completed during the year ended 31 December 2021.

In July 2021, the Remaining Group entered into a share purchase agreement (the “**Guizhou West Power Second Phase Share Purchase Agreement**”) with Guizhou West Power to sell the entire equity interest in Eshan GCL Solar Power Generation Company Limited* (峨山永鑫光伏發電有限公司) (the “**Guizhou West Power Second Phase Disposal**”). The target company owned an operational solar power plant with an aggregate grid-connected capacity of approximately 50MW in the PRC. The disposal was completed in the second half of 2021.

In July 2021, the Remaining Group entered into 16 share purchase agreement (the “**Yixing Hechuang Share Purchase Agreements**”) with Yixing Hechuang New Energy Co., Ltd.* (宜興和創新能源有限公司), an independent third party, to sell the entire equity interest in each of Funing Xinyuan Photovoltaic Power Co., Ltd.* (阜寧縣鑫源光伏電力有限公司), Guanyun GCL Photovoltaic Power Co., Ltd.* (灌雲縣協鑫光伏電力有限公司), Donghai GCL Photovoltaic Power Co., Ltd.* (東海縣協鑫光伏電力有限公司), Peixian Xinri Photovoltaic Power Co., Ltd.* (沛縣鑫日光伏電力有限公司), Xuzhou Xinhui Photovoltaic Power Co., Ltd.* (徐州鑫輝光伏電力有限公司), Huaian Xinyuan Photovoltaic Power Co., Ltd.* (淮安鑫源光伏電力有限公司), Huaian Ronggao Photovoltaic Power Generation Co., Ltd.* (淮安融高光伏發電有限公司), Zhenjiang Xinli Photovoltaic Power Co., Ltd.* (鎮江鑫利光伏電力有限公司), Zhenjiang Xinlong Photovoltaic Power Co., Ltd.* (鎮江鑫龍光伏電力有限公司), Zhangjiagang GCL Photovoltaic Power Co., Ltd.* (張家港協鑫光伏電力有限公司), Nantong GCL New Energy Co., Ltd.* (南通協鑫新能源有限公司), Lianyungang Xinzhong Photovoltaic Power Co., Ltd.* (連雲港鑫眾光伏電力有限公司), Xinyi Xinri Photovoltaic Power Co., Ltd.* (新沂鑫日光伏電力有限公司), Jurong Xinda Photovoltaic Power Generation Co., Ltd.* (句容信達光伏發電有限公司), Nanjing Xinri Photovoltaic Power Generation Co., Ltd.* (南京鑫日光伏發電有限公司) and Baoying GCL Photovoltaic Power Co., Ltd.* (寶應協鑫光伏電力有限公司) (the “**Yixing Hechuang Disposals**”). The 16 target companies owned 28 operational solar power plants with an aggregate grid-connected capacity of approximately 301MW in the PRC. The disposals were completed in the second half of 2021.

In August 2021, the Remaining Group entered into the First Phase Share Purchase Agreements with Ningxia Hanguang to sell the entire equity interest in each of Shenmu Pingyuan Power Co., Ltd.* (神木市平元電力有限公司), Shenmu Pingxi Power Co., Ltd.* (神木市平西電力有限公司), Shenmu County Jingdeng Power Co., Ltd.* (神木縣晶登電力有限公司) and Xixian New District GCL Photovoltaic Power Co., Ltd.* (西鹹新區協鑫光伏電力有限公司) by stages. The four target companies owned seven operational solar power plants with an aggregate grid-connected capacity of approximately 271MW in the PRC. The disposals were completed during the year ended 31 December 2021.

In September 2021, the Remaining Group entered into the Second Phase Share Purchase Agreements with Ningxia Hanguang to sell the entire equity interest in each of Shenmu Jingfu Power Co., Ltd.* (神木市晶富電力有限公司) and Shenmu Jingpu Power Co., Ltd.* (神木市晶普電力有限公司) by stages. The two target companies owned six operational solar power plants with an aggregate grid-connected capacity of approximately 198MW in the PRC. The disposals were completed during the year ended 31 December 2021.

Save as disclosed above, there were no other significant investments during the year ended 31 December 2021, or plans for material investments as at 31 December 2021, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2021.

For the year ended 31 December 2020

Disposals

In January 2020, the Remaining Group has entered into two share transfer agreements with CNI (Nanjing) Energy Development Company Limited* (中核(南京)能源發展有限公司), an independent third party, to sell the entire equity interest in each of Fuyang Hengming Solar Power Company Limited* (阜陽衡銘太陽能電力有限公司) and Zhenjiang GCL New Energy Limited* (鎮江協鑫新能源有限公司). The two target companies owned two solar power plants with an aggregate installed capacity of approximately 40MW in the PRC. The disposals were completed in the first half of 2020.

In January 2020, the Remaining Group entered into share purchase agreements (the with 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**”), each an independent third party, for the disposal of seven operational solar power plants with an aggregate installed capacity of approximately 294MW in the PRC. One of the solar power plants with a capacity of 30MW has been completed during the six months ended 30 June 2020. The remaining disposals was completed in the second half of 2020.

In June 2020, the Remaining Group entered into a share purchase agreement with China Development Bank New Energy Technology Co., Ltd.* (國開新能源科技有限公司), an independent third party, to sell 75% of the equity interest in Jinhu Zhenghui Solar Power Co., Ltd.* (金湖正輝太陽能電力有限公司). The target company owned an operational solar power plant with an installed capacity of approximately 100MW in the PRC. The disposal was completed in July 2020.

In September 2020, the Remaining Group entered into six share purchase agreements with Huaneng No. 1 Fund and Huaneng No. 2 Fund for the disposal of 10 operational solar power plants with an aggregate grid-connected capacity of approximately 403MW in the PRC. The disposals were completed during the year ended 31 December 2021.

In November 2020, the Remaining Group entered into five share purchase agreements with Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司) (“**Xuzhou State Investment**”), an independent third party, to sell 90% equity interest in each of 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 67% equity interest in Dangshan Xinneng Solar Power Co., Ltd.* (蕩山鑫能光伏電力有限公司). The five target companies owned six operational solar power plants with an aggregate grid-connected capacity of approximately 174MW in the PRC. The disposals were completed during the year ended 31 December 2021.

In November 2020, the Remaining Group entered into 14 share purchase agreements with Huaneng No.1 Fund and Huaneng No.2 Fund for the disposal of 18 operational solar power plants projects with an aggregate grid connected capacity of approximately 430MW in the PRC. The disposals were completed during the year ended 31 December 2021.

In November 2020, the Remaining Group entered into five share purchase agreements with Xuzhou State Investment to sell 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 50% equity interest in Taihu Xinneng Solar Power Co., Ltd.* (太湖鑫能光伏電力有限公司). The five target companies owned seven operational solar power plants with an aggregate grid-connected capacity of approximately 217MW in the PRC. The disposals were completed during the year ended 31 December 2021.

In December 2020, the Remaining Group entered into a share purchase agreement with Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司), an independent third party, to sell 99.2% equity interest in Zhenglanqi State Power Photovoltaic Co., Ltd.* (正藍旗國電光伏發電有限公司). The target company owned an operational solar power plant with the grid-connected capacity of approximately 50MW in the PRC. The disposal was completed during the year ended 31 December 2021.

In December 2020, the Remaining Group entered into four share purchase agreements with Weining Energy to sell (i) 70.36% equity interest in Qinzhou Xin Jin Solar Power Co., Ltd.* (欽州鑫金光伏電力有限公司), (ii) 67.95% equity interest in Shanglin GCL Solar Power Co., Ltd.* (上林協鑫光伏電力有限公司), (iii) the entire equity interest in Nanning Jinfu Electric Power Co., Ltd.* (南寧金伏電力有限公司) and (iv) 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). The four target companies owned four operational solar power plants with an aggregate grid-connected capacity of approximately 185MW in the PRC. The disposals were completed in the second half of 2020.

Save as disclosed above, there were no other significant investments during the year ended 31 December 2020, or plans for material investments as at 31 December 2020, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2020.

RISK FACTORS AND RISK MANAGEMENT

During the Reporting Periods, the Remaining Group's business and financial results of operations were subject to various business risks and uncertainties. The factors set out below are those that the management believes could affect the Remaining Group's financial results of operations differing materially from expected or historical results. However, there can be other risks which are immaterial now but could turn out to be material in the future.

1. Policy risk

Policies made by the government have a pivotal role in the solar power industry. Any alternation in the preferential tax policies, on-grid tariff subsidies, generation dispatch priority, incentives, issuance of green electricity certificates, laws and regulations would cause substantial impact on the solar power industry. Although the PRC government has been supportive in aiding the growth of the renewable industry by carrying out a series of favorable measures, it is possible that these measures will be modified abruptly. In order to minimise risks, the Remaining Group will follow rules set out by the government strictly, and will pay close attention to policy makers in order to foresee any disadvantageous movements.

2. Risk associated with tariff

Power tariff is one of the key earning drivers for the Remaining Group. Any adjustment in tariff might have an impact on the profitability of new solar power projects. Given the National Development and Reform Commission targets to accelerate the technology development for solar energy industry in order to bring down development costs, solar power tariff may be lowered to the level of coal-fired power by near future and government subsidy for solar energy industry will finally be faded out. To minimise this risk, the Remaining Group will continue to increase the pace of technology development and implement cost control measures in order to lower development cost for new projects.

3. Risk related to interest rate

Interest risk may result from fluctuations in bank loan rates. Given the Remaining Group highly relies on external financing in order to obtain capital for new solar power project development, any interest rate changes will have an impact on the Remaining Group's capital expenditure and finance expenses, which in turn affect the Remaining Group's operating results. Transformation into asset-light model is an effective way to reduce debts, and interest rate exposure.

4. Foreign currency risk

As most of the Remaining Group's solar power plants are located in the PRC, substantial revenues, capital expenditures, assets and liabilities are denominated in RMB. Apart from using RMB denominated loans to finance project development in the PRC, the Remaining Group also uses foreign currencies such as US dollars to inject into projects in the form of equity. As the Remaining Group has not purchased any foreign currency derivatives or related hedging instruments to hedge for foreign currencies loans, any changes in the exchange rate of foreign currency to RMB will have impact on the Remaining Group's operating results.

5. Risk related to disputes with joint venture partners

The Remaining Group's joint ventures may involve risks associated with the possibility that the Remaining Group's joint venture partners may have financial difficulties or have disputes with the Remaining Group as to the scope of their responsibilities and obligations. The Remaining Group may encounter problems with respect to the Remaining Group's joint venture partners which may have an adverse effect on the Remaining Group's business operations, profitability and prospects.

EMPLOYEE AND REMUNERATION POLICIES

The Remaining Group considers its employees to be its most important resource. As at 31 December 2022, 31 December 2021 and 31 December 2020, the Remaining Group had 792, 896 and 1,122 employees in the PRC and overseas. During the Reporting Periods, employees were remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

Total staff costs of the Remaining Group (including directors' emoluments, retirement benefits schemes contributions and share option expenses) for the years ended 31 December 2022, 2021 and 2020 were approximately RMB282 million, RMB331 million and RMB268 million, respectively.

PROSPECTS

The Remaining Group will continuously strengthen its strategic cooperation with large enterprises to form strong alliances. As the Central Enterprises and local state-owned enterprises have competitive advantages in different aspects such as financing, the Remaining 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, optimise the shareholding structure and fasten the development of codeveloped solar projects, thereby enhancing profitability of projects.

Meanwhile, the Remaining 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 by transferring the controlling interests of solar power plant projects, the Remaining 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 Remaining Group will proactively extend its financing resources, apply diversified and innovative financing models and issue medium-term notes when appropriate to optimise its financing structure and increase the long-term facilities replacement. The Remaining 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 Remaining Group will be lowered.

Despite the outbreak of Coronavirus disease (“**COVID-19**”) in the PRC in early 2020, the subsequent quarantine measures imposed by the PRC government and the latest COVID-19 development in 2022, the solar power plants of the Remaining Group continuously operate as usual without any suspension or interruption to the operation. The Remaining 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 Remaining Group. Given the dynamic nature of these circumstances, the Directors will continue to assess the financial effects on the Remaining Group but as of the date of this circular, the Remaining 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:

Long position in the Shares

Name of Director	Beneficiary of a trust	Number of Shares		Approximate percentage of issued Shares (Note 2)
		Personal Interests	Number of underlying Shares (Note 1) Total	
Mr. ZHU Gongshan	197,143,696 (Note 3)		197,143,696	16.89%
Mr. ZHU Yufeng	197,143,696 (Note 3)		875,000 198,018,696	16.96%
Mr. WANG Dong		11,496	— 11,496	0.001%
Ms. HU Xiaoyan	—		750,000 750,000	0.06%
Ms. SUN Wei		90,995	500,000 590,995	0.05%
Mr. YEUNG Man Chung, Charles			250,000 250,000	0.02%
Mr. FANG Jiancai	—		250,000 250,000	0.02%
Mr. LEE Conway Kong Wai	—		100,000 100,000	0.01%
Mr. WANG Yanguo	—		100,000 100,000	0.01%
Dr. CHEN Ying	—		100,000 100,000	0.01%

Notes:

1. These are share options granted by the Company to the Directors pursuant to the share option scheme of the Company on 3 November 2021. For further details, please refer to the Company's announcement dated 3 November 2021.
2. The percentage was calculated based on 1,167,435,772 Shares in issue as at the Latest Practicable Date.
3. Those Shares were beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited ("**Dongsheng Photovoltaic**") and Golden Concord Group Limited. For further information of the shareholding structure of Dongsheng Photovoltaic and Golden Concord Group Limited, please refer to note 3 under section (ii) "Interests of substantial shareholders" below.

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 (L)*	Approximate percentage in issued Shares (Note 1)
Elite Time Global Limited (Note 2)	Beneficial owner	86,878,864(L)	7.44%
GCL Technology Holdings Limited (" GCL Technology ") (Note 2)	Interest in controlled corporation	86,878,864(L)	7.44%
Asia Pacific Energy Fund Limited (Note 3)	Interest in controlled corporation	197,143,696(L)	16.89%
Asia Pacific Energy Holdings Limited (Note 3)	Interest in controlled corporation	197,143,696(L)	16.89%
Credit Suisse Trust Limited (Note 3)	Trustee	197,143,696(L)	16.89%

Name	Nature of interest	Number of Shares (L)*	Approximate percentage in issued Shares (Note 1)
Golden Concord Group Limited (Note 3)	Interest in controlled corporation	197,143,696(L)	16.89%
Dongsheng Photovoltaic (Note 3)	Beneficial owner	95,298,915(L)	8.16%
GCL System Integration (Note 3)	Interest in controlled corporation	95,298,915(L)	8.16%
句容協鑫集成科技有限公司 (Note 3)	Interest in controlled corporation	95,298,915(L)	8.16%
Invesco Exchange-Traded Fund Trust II — Invesco Solar ETF	Person having a security interest in shares	61,811,027(L)	5.29%

* (L) represents (Long position)

Notes:

- The percentage was calculated based on 1,167,435,772 Shares of the Company in issue as at the Latest Practicable Date.
- Elite Time Global Limited is wholly-owned by GCL Technology.
- (i) Dongsheng Photovoltaic is wholly-owned by 句容協鑫集成科技有限公司, which is in turn wholly-owned by GCL System Integration. 江蘇協鑫建設管理有限公司, 協鑫集團有限公司 and 營口其印投資管理有限公司 owns approximately 24.2% of GCL System Integration in aggregate. 營口其印投資管理有限公司 and 江蘇協鑫建設管理有限公司 are parties acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 44.61% owned by 上海其句投資管理有限公司 and 46.68% owned by 江蘇協鑫建設管理有限公司 and 8.71% owned by GCL-Poly (Taicang Harbour) Limited. 上海其句投資管理有限公司 is wholly-owned by Mr. Zhu Yufeng. GCL-Poly (Taicang Harbour) Limited is wholly-owned by Golden Concord Group Limited. 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 Gongshan as beneficiaries.

(ii) An aggregate of 101,844,781 shares in the Company, being approximately 8.72% equity interest of the Company, 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.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares, the underlying Share or debentures which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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.

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 date of this circular, 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 2022 (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 SPIC Chongqing Second Phase Share Purchase Agreements dated 24 June 2021 in relation to the SPIC Chongqing Second Phase Disposals at a total consideration of RMB275,263,600, as detailed in the joint announcement of GCL Technology and the Company dated 24 June 2021;
- (ii) the Guizhou West Power First Phase Share Purchase Agreements dated 25 June 2021 in relation to the Guizhou West Power First Phase Disposals at a total consideration of RMB218,960,000, as detailed in the joint announcement of GCL Technology and the Company dated 25 June 2021;
- (iii) the Guizhou West Power Second Phase Share Purchase Agreement dated 5 July 2021 in relation to the Guizhou West Power Second Phase Disposal at a consideration of RMB43,100,000, as detailed in the announcement of the Company dated 5 July 2021;
- (iv) the Sumin Ruineng Share Purchase Agreement dated 6 July 2021 in relation to the Sumin Ruineng Acquisition at a consideration of RMB1,219,000,000, as detailed in the announcement of the Company dated 6 July 2021;
- (v) the Yixing Hechuang Share Purchase Agreements dated 21 July 2021 in relation to the Yixing Hechuang Disposals at a total consideration of RMB481,313,800, as detailed in the announcement of the Company dated 21 July 2021;
- (vi) the First Phase Share Purchase Agreements dated 30 August 2021 in relation to the First Phase Disposals at a total consideration of RMB301,037,700, as detailed in the joint announcement of GCL Technology and the Company dated 30 August 2021;
- (vii) the Second Phase Share Purchase Agreements dated 13 September 2021 in relation to the Second Phase Disposals at a total consideration of RMB239,528,900, as detailed in the announcement of the Company dated 13 September 2021;
- (viii) the Third Phase Share Purchase Agreement dated 25 January 2022 in relation to the Third Phase Disposal at a total consideration of RMB8,800,000, as detailed in the announcement of the Company dated 25 January 2022;
- (ix) the Jiangsu Hesheng Share Purchase Agreements dated 16 March 2022 in relation to the Jiangsu Hesheng Disposals at a total consideration of RMB90,379,800, as detailed in the announcement of the Company dated 16 March 2022;

- (x) the Fourth Phase Share Purchase Agreement dated 21 March 2022 in relation to the Fourth Phase Disposal at a total consideration of RMB153,913,000, as detailed in the announcement of the Company dated 21 March 2022;
- (xi) the Fifth Phase Share Purchase Agreements dated 31 December 2022 in relation to the Fifth Phase Disposals at a total consideration of RMB26,370,000, as detailed in the announcement of the Company dated 2 January 2023; and
- (xii) the Sixth Phase Share Purchase Agreements dated 19 May 2023 in relation to the Sixth Phase Disposals at a total consideration of RMB 336,000,000, as detailed in the announcement of the Company dated 19 May 2023 and this circular.

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. EXPERT'S QUALIFICATIONS AND CONSENTS

The following are the qualifications of the expert who has given its opinions or advice which are included in this circular:

Name	Qualifications
JFY CPA Limited	Certified Public Accountants Registered Public Interest Entity Auditors

As at the Latest Practicable Date, JFY did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the date of this circular, JFY had given and had not withdrawn its written consent to the issue of this circular, with the inclusion herein and the references to its name and/or its opinion or statements in the form and context in which they respectively appear.

As at the Latest Practicable Date, JFY did not have any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2022, the date to which the latest published audited financial statements of the Group were made up.

8. 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (v) In case of inconsistencies, the English texts of this circular shall prevail over the Chinese texts thereof.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on both the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.gclnewenergy.com) for a period of 14 days from the date of this circular:

- (i) the Sixth Phase Share Purchase Agreements;
- (ii) the unaudited financial information of the Target Companies reviewed by JFY as set out in Appendix II to this circular;
- (iii) the report on the unaudited pro forma financial information of the Remaining Group from JFY, the text of which is set out in Appendix III to this circular; and
- (iv) the written letter of consent referred to in the section headed "7. Expert's Qualifications and Consents" in this appendix.

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 21st Floor, Grand Millennium Plaza, 181 Queen’s Road Central, Sheung Wan, Hong Kong on Wednesday, 28 June 2023 at 11 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 share purchase agreements dated 19 May 2023 entered into between Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司) (the “**Seller**”) and Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司) (the “**Purchaser**”) (the “**Sixth Phase Share Purchase Agreements**”) in relation to the sale and purchase of (a) the entire equity interest in Gaotang GCL Jinghui Photovoltaic Power Co., Ltd.* (高唐縣協鑫晶輝光伏有限公司); (b) 90.1% equity interest in Inner Mongolia Xiangdao New Energy Development Co., Ltd.* (內蒙古香島新能源發展有限公司) (“**Inner Mongolia Xiangdao New Energy**”); and (c) 9.9% equity interest in Inner Mongolia Xiangdao New Energy in the event that the Seller acquires such equity interest from Inner Mongolia Xiangdao Ecological Agriculture Development Co., Ltd.* (內蒙古香島生態農業開發有限公司) (the “**Sixth Phase Disposals**”), be and is hereby approved, ratified and confirmed; and
- (b) any director of the Company be and is hereby authorised for and on behalf of the Company to execute (including affixing the seal of the Company in accordance with the articles of association of the Company to) all such documents and do all such acts and things as he/she may in his/her absolute discretion consider to be necessary,

NOTICE OF SPECIAL GENERAL MEETING

desirable, appropriate or expedient to implement and/or to give effect to the Sixth Phase Disposals and the transactions contemplated under the Sixth 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 Gongshan
Chairman

Hong Kong, 8 June 2023

* 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 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.
- (5) The register of members of the Company will be closed from 26 June 2023 to 28 June 2023, 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 Wednesday, 28 June 2023 at 11 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, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 23 June 2023.
- (6) Pursuant to Rule 13.39(4) of the Listing Rules, resolutions will be put to vote at the SGM by way of poll.
- (7) 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.