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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

GCL New Energy Holdings Limited
協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION; AND (2) CONTINUING CONNECTED TRANSACTION UNDER RULE 14A.60 OF THE LISTING RULES; AND (3) NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser

MESSIS 大有融資

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 16 to 60 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 Friday, 1 December 2023 at 11 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Irrespective of whether you are able to attend the SGM, please complete the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. The address of Tricor Abacus Limited is 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.

15 November 2023

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Unless the context otherwise requires, the following expressions have the following meanings in this circular.

"Amount Payable"	the amount payable (if any) by the Target Companies to the Sellers and their affiliates (if applicable, including other subsidiaries of the Company) under the Share Purchase Agreements
"Amount Receivable"	the amount receivable (if any) by the Target Companies from the Sellers and their affiliates (if applicable, including other subsidiaries of the Company) under the Share Purchase Agreements
"Announcement"	The announcement of the Company dated 12 October 2023 in relation to the Disposals and the Service Agreements
"Announcement of the National Subsidies Compliance Review"	the publication or release of the National Subsidies Compliance Review Documents, or if the parties agree that the verification results of such Projects have been made clear in accordance with such National Subsidies Compliance Review Documents
"Beipiao GCL"	Beipiao GCL Photovoltaic Power Co., Ltd.* (北票協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"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
"Changsha Xinjia"	Changsha Xinjia Photovoltaic Power Co., Ltd.* (長沙鑫佳光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Closing"	the closing in respect of the disposal of the respective Sale Shares under each of the Share Purchase Agreements

"Closing Date"	the date of issuance as stated on the new business certificate of the Target Companies upon the completion of the Registration Procedures in respect of the disposal of the 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
"Consideration"	the First Batch Consideration and the Second Batch Consideration
"Deferred Consideration"	being RMB320 million to be paid by the Purchaser within 15 Business Days upon the publication or release of the Announcement of the National Subsidies Compliance Review
"Designated First Batch Target Companies"	Yixian Guoxin, Weishan Xinneng, Longkou GCL, Tongyu Zanjia Poultry, Jilin Yilian New Energy, Leizhou GCL and Xuzhou Xinri
"Designated Target Companies"	the First Batch Target Companies and Luohe Xierun
"Directors"	the directors of the Company
"Disposals"	the disposals under the Share Purchase Agreements

"Dongsheng Photovoltaic"	Dongsheng Photovoltaic Technology (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by Jurong GCL Integration Technology Co., Ltd.* (句容協鑫集成科技有限公司) which is in turn wholly-owned by GCL System Integration Technology Co., Ltd. ("**GCL System Integration**"). Jiangsu GCL Construction, Golden Concord Group Limited (PRC) and Yingkou Qiyin Investment Management Co., Ltd.* (營口其印投資管理有限公司) owns approximately 24.2% of GCL System Integration in aggregate. Yingkou Qiyin Investment Management Co., Ltd. and Jiangsu GCL Construction are parties acting in concert with Golden Concord Group Limited (PRC). Golden Concord Group Limited (PRC) is 44.61% owned by Shanghai Qixun and 46.68% owned by Jiangsu GCL Construction and 8.71% owned by GCL-Poly (Taicang Harbour) Limited. Shanghai Qixun is directly wholly owned by Mr. Zhu Yufeng while Jiangsu GCL Construction and GCL-Poly (Taicang Harbour) Limited are indirectly wholly-owned by Golden Concord Group Limited (HK) . Golden Concord Group Limited (HK) 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
"Earnest Money"	RMB300 million earnest money paid by the Purchaser into GCL New Energy Investment's designated bank account in respect of the Disposals
"Earnest Money Agreement"	an agreement dated 12 October 2023 entered into between GCL New Energy Investment, the Purchaser and the Company in relation to the payment of Earnest Money for the Disposals
"Exclusivity Period"	The period commencing from the date of payment of the Earnest Money to 31 December 2023
"First Batch Consideration"	the consideration for disposing of the First Batch Sale Shares
"First Batch Equity Pledge"	the existing pledge of the First Batch Sale Shares by the First Batch Sellers in favour of certain financial institutions to secure the existing loans of the First Batch Target Companies

"First Batch Sale Shares"	the entire equity interest in the First Batch Target Companies (except Tongyu GCL) and 88.5833% equity interest in Tongyu GCL held by the First Batch Sellers as at the Latest Practicable Date
"First Batch Sellers"	Hebei GCL Tongxin New Energy, Suzhou GCL New Energy Investment, Shandong GCL New Energy, Suzhou GCL New Energy Kaifa, Nanjing GCL New Energy, Guangdong GCL New Energy, Qinghai GCL New Energy, Shenyang Xinyuan, Suzhou GCL New Energy and Hubei GCL New Energy
"First Batch Share Purchase Agreements"	Hebei GCL Tongxin New Energy Share Purchase Agreement, Suzhou GCL New Energy Investment Share Purchase Agreement, Shandong GCL New Energy Share Purchase Agreement, Suzhou GCL New Energy Kaifa Share Purchase Agreement, Nanjing GCL New Energy Share Purchase Agreement, Guangdong GCL New Energy Share Purchase Agreement, Qinghai GCL New Energy Share Purchase Agreement, Shenyang Xinyuan Share Purchase Agreement, Suzhou GCL New Energy Share Purchase Agreement and Hubei GCL New Energy Share Purchase Agreement
"First Batch Target Companies"	Yixian Guoxin, Huludao Lianshan GCL, Huzhu Haoyang, Haidong Yuantong, Shenyang Yuhong, Zhuanglang Guangyuan, Inner Mongolia Jinxi, Shandong Wanhai, Beipiao GCL, Tongyu GCL, Changsha Xinjia, Xuzhou Xinri, Weishan Xinneng, Longkou GCL, Putian Hanjiang Xinneng, Shanqiu Xieneng, Lankao GCL, Luohe Xinli, Shanghai GCL New Energy, Shanwei GCL, Guangzhou GCL, Qinghai Baineng, Hualong Xiehe, Tongyu Xinyuan, Tongyu Zanjia Poultry, Jilin Yilian New Energy, Leizhou GCL, Yongzhou GCL, Taoyuan Xinyuan, Taoyuan Xinhui and Taoyuan Xinneng
"Gaotang Xiechen"	Gaotang Xiechen Photovoltaic Power Generation Co., Ltd.*(高唐協辰光伏發電有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Gaotang Xierong"	Gaotang County Xierong Photovoltaic Power Generation Co., Ltd.*(高唐縣協榮光伏發電有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company

"Gaotang Xiezhi"	Gaotang Xiezhi Photovoltaic Power Generation Co., Ltd.* (高唐協智光伏發電有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Gaotang Xinwang"	Gaotang Xinwang Photovoltaic Power Generation Co., Ltd.* (高唐鑫旺光伏發電有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"GCL Energy Technology"	GCL Energy Technology Co. Ltd. (協鑫能源科技股份有限公司), a company incorporated in the PRC with its shares listed on the Shenzhen Stock Exchange with stock code 002015
"GCL Innovation"	GCL Innovation Holdings Co., Ltd.* (協鑫創展控股有限公司), a company established in the PRC with limited liability, which is wholly owned by Golden Concord Group Limited (PRC)
"GCL New Energy Investment"	GCL New Energy Investment (China) Co., Ltd* (協鑫新能源投資(中國)有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Golden Concord Group Limited (HK)"	Golden Concord Group Limited (協鑫集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Asia Pacific Energy Fund Limited
"Golden Concord Group Limited (PRC)"	Golden Concord Group Limited * (協鑫集團有限公司), a company established in the PRC with limited liability, which is indirectly wholly-owned by Golden Concord Group Limited (HK)
"Group"	the Company and its subsidiaries
"Guangdong GCL New Energy"	Guangdong GCL New Energy Investment Co., Ltd.* (廣東協鑫新能源投資有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Guangdong GCL New Energy Share Purchase Agreement"	an equity transfer agreement dated 12 October 2023 entered into between the Purchaser and Guangdong GCL New Energy in relation to the sale of the entire equity interest in Shanwei GCL and Guangzhou GCL

"Guangzhou GCL"	Guangzhou GCL Photovoltaic Power Co., Ltd.* (廣州協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Haidong Yuantong"	Haidong Yuantong Photovoltaic Power Generation Co., Ltd.* (海東市源通光伏發電有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Handover of Account Passwords and Seals"	handover of online encryption keys of all bank accounts and all corporate seals of the Target Companies to the Purchaser
"Hebei GCL Tongxin New Energy"	Hebei GCL Tongxin New Energy Development Co., Ltd.* (河北協鑫同心新能源開發有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Hebei GCL Tongxin New Energy Share Purchase Agreement"	an equity transfer agreement dated 12 October 2023 entered into between the Purchaser and Hebei GCL Tongxin New Energy in relation to the sale of the entire equity interest in Yixian Guoxin
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hualong Xiehe"	Hualong Xiehe Solar Power Generation Co., Ltd.* (化隆協合太陽能發電有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Hubei GCL New Energy"	Hubei GCL New Energy Investment Co., Ltd.* (湖北協鑫新能源投資有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Hubei GCL New Energy Share Purchase Agreement"	an equity transfer agreement dated 12 October 2023 entered into between the Purchaser and Hubei GCL New Energy in relation to the sale of the entire equity interest in Yongzhou GCL, Taoyuan Xinyuan, Taoyuan Xinhui and Taoyuan Xinneng

"Huludao Lianshan GCL"	Huludao Lianshan District GCL Photovoltaic Power Co., Ltd.* (葫蘆島市連山區協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Huzhu Haoyang"	Huzhu Haoyang Photovoltaic Electric Power Co., Ltd.* (互助昊陽光伏發電有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Independent Board Committee"	the independent board committee comprising all independent non-executive Directors, to advise the Independent Shareholders on the Share Purchase Agreements and the transactions contemplated thereunder
"Independent Financial Adviser"	Messis Capital Limited, the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms and conditions of the Share Purchase Agreements
"Independent Shareholders"	the Shareholders other than Elite Time Global Limited, Dongsheng Photovoltaic, Golden Concord Group Limited (HK), Highexcel Investments Limited, Happy Genius Holdings Limited, Get Famous Investments Limited, Mr. Wang Dong, Ms. Sun Wei, Mr. Zhu Gongshan, Mr. Zhu Yufeng and their associates (if any)
"Inner Mongolia Jinxi"	Inner Mongolia Jinxi Energy Co., Ltd.* (內蒙古金曦能源有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Jiangsu GCL Construction"	Jiangsu GCL Construction Management Co., Ltd.* (江蘇協鑫建設管理有限公司), a company established in the PRC with limited liability, which is indirectly wholly-owned by Golden Concord Group Limited (HK)
"Jilin Yilian New Energy"	Jilin Yilian New Energy Technology Co., Ltd.* (吉林億聯新能源科技有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Lankao GCL"	Lankao GCL Photovoltaic Power Co., Ltd.* (蘭考協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Latest Practicable Date"	7 November 2023

"Leizhou GCL"	Leizhou GCL Photovoltaic Power Co., Ltd.* (雷州協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Longkou GCL"	Longkou GCL Photovoltaic Power Co., Ltd.* (龍口協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Luohe Xierun"	Luohe Xierun New Energy Co., Ltd.* (漯河協潤新能源有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Luohe Xinli"	Luohe Xinli Photovoltaic Power Co., Ltd.* (漯河鑫力光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Management Rights Transfer Confirmation"	the confirmation to be jointly signed by the Purchaser and the relevant Target Company, which confirm the Handover of Account Passwords and Seals
"Management Service Agreements"	the operational management service agreement(s) entered into between (i) each of First Batch Target Companies and Suzhou GCL New Energy Operations Management on 25 December 2022, and (ii) Luohe Xierun and Suzhou GCL New Energy Operations Management on 9 August 2022
"Multiple First Batch Target Companies Share Purchase Agreements"	Suzhou GCL New Energy Investment Share Purchase Agreement, Shandong GCL New Energy Share Purchase Agreement, Guangdong GCL New Energy Share Purchase Agreement, Qinghai GCL New Energy Share Purchase Agreement, Suzhou GCL New Energy Share Purchase Agreement and Hubei GCL New Energy Share Purchase Agreement
"MW"	megawatt(s)
"Nanjing GCL New Energy"	Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company

"Nanjing GCL New Energy Share Purchase Agreement"	an equity transfer agreement dated 12 October 2023 entered into between the Purchaser and Nanjing GCL New Energy in relation to the sale of the entire equity interest in Shanghai GCL New Energy
"National Subsidies Compliance Review"	the compliance reviews to be conducted on the Projects for the purposes of obtaining national subsidies
"National Subsidies Compliance Review Documents"	the relevant announcement, policies or documents issued by competent authority, confirming the results of the National Subsidies Compliance Review for the Projects
"National Subsidy Catalogue"	National Renewable Energy Tariff Surcharge Subsidy Catalogue (可再生能源電價附加資金補助目錄) under the Renewable Energy Law (中華人民共和國可再生能源法)
"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
"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Projects"	Inner Mongolia Jinxi, Zhuanglang Guangyuan, Tongyu GCL, Shandong Wanhai, Changsha Xinjia, Shanghai GCL New Energy, Qinghai Baineng, Hualong Xiehe, Tongyu Zanjia Poultry, and Jilin Yilian New Energy
"Purchaser" or "Suzhou Industrial"	Suzhou Industrial Zone Xinkunneng Clean Energy Co., Ltd. * (蘇州工業園區鑫坤能清潔能源有限公司), a company established in the PRC, details of which are set out in the paragraph headed "*6. Information On The Parties To The Share Purchase Agreements – Information on the Purchaser*"

"Putian Hanjiang Xinneng"	Putian Hanjiang Xinneng Photovoltaic Power Co., Ltd.* (莆田涵江鑫能光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Qinghai Baineng"	Qinghai Baineng Photovoltaic Investment Management Co., Ltd.* (青海百能光伏投資管理有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Qinghai GCL New Energy"	Qinghai GCL New Energy Co., Ltd.* (青海協鑫新能源有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Qinghai GCL New Energy Share Purchase Agreement"	an equity transfer agreement dated 12 October 2023 entered into between the Purchaser and Qinghai GCL New Energy in relation to the sale of the entire equity interest in Qinghai Baineng and Hualong Xiehe
"Reference Date"	30 June 2023
"Reference Date Audit Report"	the audit report prepared by Moore Stephens Da Hua CPAs (Shanghai Branch) to audit the financial status of each of the Target Companies for a period up to the Reference Date in accordance with the Share Purchase Agreements
"Registration Procedures"	the registration procedures in respect of the change of shareholders of the Target Companies and other relevant filing procedures in respect of the Share Purchase Agreements
"Remaining Group"	The remaining Group after completion of the Disposals
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	First Batch Sale Shares and Second Batch Sale Shares
"Second Batch Consideration"	the consideration for disposing of the Second Batch Sale Shares
"Second Batch Equity Pledge"	the existing pledge of the Second Batch Sale Shares by the Second Batch Sellers in favour of certain financial institutions to secure the existing loans of the Second Batch Target Companies

"Second Batch Sale Shares"	the entire equity interest in the Second Batch Target Companies held by the Second Batch Sellers as at the Latest Practicable Date
"Second Batch Sellers"	Tengzhou GCL, Gaotang Xierong, Zhengzhou Xiejia and Suzhou GCL New Energy
"Second Batch Share Purchase Agreement"	an equity transfer agreement dated 12 October 2023 entered into between the Purchaser with Tengzhou GCL, Gaotang Xierong, Zhengzhou Xiejia and Suzhou GCL New Energy in relation to the sale of the entire equity interest in each of Tengzhou Xintian, Gaotang Xiezhi, Gaotang Xinwang, Luohe Xierun and Gaotang Xiechen
"Second Batch Target Companies"	Tengzhou Xintian, Gaotang Xiezhi, Gaotang Xinwang, Luohe Xierun and Gaotang Xiechen
"Sellers" and each a "Seller"	the First Batch Sellers and the Second Batch Sellers
"Service Agreements"	the Management Service Agreements and Supplemental Operation Management Service Agreement
"SGM"	the special general meeting of the Company dated 1 December 2023, to consider and, if thought fit, approve the Disposals and the entering into and performance of obligations under the 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, which is an indirect subsidiary of the Company
"Shandong GCL New Energy Share Purchase Agreement"	an equity transfer agreement dated 12 October 2023 entered into between the Purchaser and Shandong GCL New Energy in relation to the sale of the entire equity interest in Weishan Xinneng and Longkou GCL
"Shandong Wanhai"	Shandong Wanhai Solar Power Co., Ltd.*(山東萬海電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Shanghai GCL New Energy"	Shanghai GCL New Energy Investment Co., Ltd.*(上海協鑫新能源投資有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company

"Shanghai Qixun"	Shanghai Qixun Investment Management Co., Ltd.* (上海其旬投資管理有限公司), a company established in the PRC with limited liability, which is wholly owned by Mr. Zhu Yufeng
"Shangqiu Xieneng"	Shangqiu Xieneng Photovoltaic Power Co., Ltd.* (商丘協能光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Shanwei GCL"	Shanwei GCL Photovoltaic Power Co., Ltd.* (汕尾市協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Shareholders"	the shareholders of the Company
"Share Purchase Agreements" and each a "Share Purchase Agreement"	the First Batch Share Purchase Agreements and the Second Batch Share Purchase Agreement
"Shenyang Xinyuan"	Shenyang Xinyuan Photovoltaic Power Co., Ltd.* (瀋陽鑫源光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Shenyang Xinyuan Share Purchase Agreement"	an equity transfer agreement dated 12 October 2023 entered into between the Purchaser and Shenyang Xinyuan in relation to the sale of the entire equity interest in Tongyu Xinyuan
"Shenyang Yuhong"	Shenyang Yuhong District GCL Photovoltaic Power Co., Ltd.* (瀋陽市于洪區協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Operation Management Service Agreement"	the supplemental operation management service agreement entered into between each of the Designated Target Companies and Suzhou GCL New Energy Operations Management on 30 June 2023

"Suzhou GCL New Energy"	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, which is an indirect subsidiary of the Company
"Suzhou GCL New Energy Investment"	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, which is an indirect subsidiary of the Company
"Suzhou GCL New Energy Investment Share Purchase Agreement"	an equity transfer agreement dated 12 October 2023 entered into between the Purchaser and Suzhou GCL New Energy Investment in relation to the sale of the entire equity interest in Huludao Lianshan GCL, Huzhu Haoyang, Haidong Yuantong, Shenyang Yuhong, Zhuanglang Guangyuan, Inner Mongolia Jinxi, Shandong Wanhai, Beipiao GCL and 88.5833% equity interest in Tongyu GCL
"Suzhou GCL New Energy Kaifa"	Suzhou GCL New Energy Kaifa Co., Ltd.* (蘇州協鑫新能源開發有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Suzhou GCL New Energy Kaifa Share Purchase Agreement"	an equity transfer agreement dated 12 October 2023 entered into between the Purchaser and Suzhou GCL New Energy Kaifa in relation to the sale of the entire equity interest in Putian Hanjiang Xinneng, Shangqiu Xieneng, Lankao GCL and Luohe Xinli
"Suzhou GCL New Energy Operations Management"	Suzhou GCL New Energy Operations Management Technology Co., Ltd* (蘇州協鑫新能源運營科技有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Suzhou GCL New Energy Share Purchase Agreement"	an equity transfer agreement dated 12 October 2023 entered into between the Purchaser and Suzhou GCL New Energy in relation to the sale of the entire equity interest in Tongyu Zanjia Poultry, Jilin Yilian New Energy and Leizhou GCL
"Taoyuan Xinhui"	Taoyuan Xinhui Photovoltaic Power Co., Ltd.* (桃源縣鑫輝光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company

"Taoyuan Xinneng"	Taoyuan Xinneng Photovoltaic Power Co., Ltd.* (桃源縣鑫能光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Taoyuan Xinyuan"	Taoyuan Xinyuan Photovoltaic Power Co., Ltd.* (桃源縣鑫源光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Target Companies" and each a "Target Company"	the First Batch Target Companies and the Second Batch Target Companies
"Tengzhou GCL"	Tengzhou GCL Photovoltaic Power Generation Co., Ltd.* (滕州協鑫光伏發電有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Tengzhou Xintian"	Tengzhou Xintian Photovoltaic Power Generation Co., Ltd.* (滕州鑫田光伏發電有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Tianjin Qichen"	Tianjin Qichen Investment Management Co., Ltd.* (天津其辰投資管理有限公司), a company established in the PRC with limited liability, which is wholly owned by Golden Concord Group Limited (PRC)
"Tongyu GCL"	Tongyu GCL Photovoltaic Power Co., Ltd.* (通榆協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Tongyu Xinyuan"	Tongyu Xinyuan Photovoltaic Power Co., Ltd.* (通榆鑫源光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Tongyu Zanjia Poultry"	Tongyu County Zanjia Poultry Industry Technology Co., Ltd.* (通榆縣咱家禽業科技有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Total Deferred Amount"	the total sum of Deferred Receivable and Deferred Consideration

"Transition Period"	the period between the Reference Date and the Closing Date
"Weishan Xinneng"	Weishan Xinneng Solar Power Co., Ltd. (微山鑫能光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Xuzhou Xinri"	Xuzhou Xinri Photovoltaic Power Co., Ltd* (徐州鑫日光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Yixian Guoxin"	Yixian Guoxin Energy Co., Ltd.* (易縣國鑫能源有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Yongzhou GCL"	Yongzhou GCL Photovoltaic Power Co., Ltd.* (永州協鑫光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Zhengzhou Xiejia"	Zhengzhou Xiejia New Energy Co., Ltd.* (鄭州協嘉新能源有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Zhuanglang Guangyuan"	Zhuanglang Guangyuan Photovoltaic Power Generation Co.,Ltd.* (莊浪光原光伏發電有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company
"Zhu Family Trust"	the discretionary trust known as the "Asia Pacific Energy Fund", of which Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, an executive Director and son of Mr. Zhu Gongshan) are beneficiaries

* *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)*
Mr. Gu Zengcai

Non-executive Directors:
Ms. Sun Wei
Mr. Yeung Man Chung, Charles
Mr. Fang Jiancai

Independent non-executive Directors:
Mr. Lee Conway Kong Wai
Mr. Wang Yanguo
Dr. Chen Ying
Mr. Cai Xianhe

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Unit 1707A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

15 November 2023

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION; AND (2) CONTINUING CONNECTED TRANSACTION UNDER RULE 14A.60 OF THE LISTING RULES; AND (3) NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcement.

On 12 October 2023 (after trading hours), the First Batch Sellers, being indirect subsidiaries of the Company (as the sellers) and Suzhou Industrial (as the purchaser) entered into the First Batch Share Purchase Agreements. Pursuant to the First Batch Share Purchase Agreements, the First Batch Sellers agreed to sell, and the Purchaser agreed to purchase, among other things, (a) save for Tongyu GCL, the entire equity interest in each of the First Batch Target Companies and (b) approximately 88.58% equity interest in Tongyu GCL.

On 12 October 2023 (after trading hours), the Second Batch Sellers, being indirect subsidiaries of the Company (as the sellers) and Suzhou Industrial (as the purchaser) entered into the Second Batch Share Purchase Agreement. Pursuant to the Second Batch Share Purchase Agreement, the Second Batch Sellers agreed to sell, and the Purchaser agreed to purchase, among other things, the entire equity interest in each of the Second Batch Target Companies.

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

Prior to the date of the Announcement, (i) each of the First Batch Target Companies and Luohe Xierun entered into the Management Service Agreements with Suzhou GCL New Energy Operations Management on 25 December 2022 and 9 August 2022, respectively; and (ii) each of the Designated Target Companies entered into the Supplemental Operation Management Service Agreement with Suzhou GCL New Energy Operations Management on 30 June 2023. Pursuant to the Service Agreements, Suzhou GCL New Energy Operations Management has provided and will continue to provide the Designated Target Companies management services on the operation and maintenance of solar power plants after the Disposals.

The purpose of this circular is to provide you, among other things, (i) further details of the Disposals and Service Agreements; (ii) a letter of advice from the Independent Financial Adviser in relation to the terms and conditions of the Earnest Money Agreement and the Share Purchase Agreements; (iii) a recommendation from the Independent Board Committee in relation to the terms and conditions of the Earnest Money Agreement and the Share Purchase Agreements; and (iv) a notice of SGM.

2. THE FIRST BATCH SHARE PURCHASE AGREEMENTS

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

Date: 12 October 2023 (after trading hours)

Parties:

(i) The Sellers:

1. Hebei GCL Tongxin New Energy Development Co., Ltd.* (河北協鑫同心新能源開發有限公司)
2. Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)

3. Shandong GCL New Energy Co., Ltd.* (山東協鑫新能源有限公司)

4. Suzhou GCL New Energy Kaifa Co., Ltd.* (蘇州協鑫新能源開發有限公司)

5. Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司)

6. Guangdong GCL New Energy Investment Co., Ltd.* (廣東協鑫新能源投資有限公司)

7. Qinghai GCL New Energy Co., Ltd.* (青海協鑫新能源有限公司)

8. Shenyang Xinyuan Photovoltaic Power Co., Ltd.* (瀋陽鑫源光伏電力有限公司)

9. Suzhou GCL New Energy Development Co., Ltd.* (蘇州協鑫新能源發展有限公司)

10. Hubei GCL New Energy Investment Co., Ltd.* (湖北協鑫新能源投資有限公司)

(ii) The Purchaser: Suzhou Industrial Zone Xinkunneng Clean Energy Co., Ltd* (蘇州工業園區鑫坤能清潔能源有限公司)

(iii) Target Companies:

1. Yixian Guoxin Energy Co., Ltd.* (易縣國鑫能源有限公司)

2. Huludao Lianshan District GCL Photovoltaic Power Co., Ltd.* (葫蘆島市連山區協鑫光伏電力有限公司)

3. Huzhu Haoyang Photovoltaic Electric Power Co., Ltd.* (互助昊陽光伏發電有限公司)

4. Haidong Yuantong Photovoltaic Power Generation Co., Ltd.* (海東市源通光伏發電有限公司)

5. Shenyang Yuhong District GCL Photovoltaic Power Co., Ltd.* (瀋陽市于洪區協鑫光伏電力有限公司)

6. Zhuanglang Guangyuan Photovoltaic Power Generation Co., Ltd.* (莊浪光原光伏發電有限公司)

7. Inner Mongolia Jinxi Energy Co., Ltd.* (內蒙古金曦能源有限公司)

8. Shandong Wanhai Solar Power Co., Ltd.* (山東萬海電力有限公司)

9. Beipiao GCL Photovoltaic Power Co., Ltd.* (北票協鑫光伏電力有限公司)

10. Tongyu GCL Photovoltaic Power Co., Ltd.* (通榆協鑫光伏電力有限公司)

11. Changsha Xinjia Photovoltaic Power Co., Ltd.* (長沙鑫佳光伏電力有限公司)

12. Weishan Xinneng Solar Power Co., Ltd.* (微山鑫能光伏電力有限公司)

13. Longkou GCL Photovoltaic Power Co., Ltd.* (龍口協鑫光伏電力有限公司)

14. Putian Hanjiang Xinneng Photovoltaic Power Co., Ltd.* (莆田涵江鑫能光伏電力有限公司)

15. Shangqiu Xieneng Photovoltaic Power Co., Ltd.* (商丘協能光伏電力有限公司)

16. Lankao GCL Photovoltaic Power Co., Ltd.* (蘭考協鑫光伏電力有限公司)

17. Luohe Xinli Photovoltaic Power Co., Ltd.* (漯河鑫力光伏電力有限公司)

18. Shanghai GCL New Energy Investment Co., Ltd.* (上海協鑫新能源投資有限公司)

19. Shanwei GCL Photovoltaic Power Co., Ltd.* (汕尾市協鑫光伏電力有限公司)

20. Guangzhou GCL Photovoltaic Power Co., Ltd.* (廣州協鑫光伏電力有限公司)

21. Qinghai Baineng Photovoltaic Investment Management Co., Ltd.* (青海百能光伏投資管理有限公司)

22. Hualong Xiehe Solar Power Generation Co., Ltd.* (化隆協合太陽能發電有限公司)

23. Tongyu Xinyuan Photovoltaic Power Co., Ltd.* (通榆鑫源光伏電力有限公司)

24. Tongyu County Zanjia Poultry Industry Technology Co., Ltd.* (通榆縣咱家禽業科技有限公司)

25. Jilin Yilian New Energy Technology Co., Ltd.* (吉林億聯新能源科技有限公司)

26. Leizhou GCL Photovoltaic Power Co., Ltd.* (雷州協鑫光伏電力有限公司)

27. Xuzhou Xinri Photovoltaic Power Co., Ltd.* (徐州鑫日光伏電力有限公司)

28. Yongzhou GCL Photovoltaic Power Co., Ltd.* (永州協鑫光伏電力有限公司)

29. Taoyuan Xinyuan Photovoltaic Power Co., Ltd.* (桃源縣鑫源光伏電力有限公司)

30. Taoyuan Xinhui Photovoltaic Power Co., Ltd.* (桃源縣鑫輝光伏電力有限公司)

31. Taoyuan Xinneng Photovoltaic Power Co., Ltd.* (桃源縣鑫能光伏電力有限公司)

Subject Matter

Save for Tongyu GCL, the entire equity interest in each of the First Batch Target Companies, and approximately 88.58% equity interest in Tongyu GCL will be sold by the First Batch Sellers to the Purchaser.

The First Batch Target Companies own 31 operational solar power plants in the PRC with grid-connected capacity of approximately 558MW.

The table below sets out the identity of the First Batch Sellers and the First Batch Target Companies under the First Batch Share Purchase Agreements:

No.	First Batch Share Purchase Agreements	First Batch Sellers	First Batch Target Companies
1.	Hebei GCL Tongxin New Energy Share Purchase Agreement	Hebei GCL Tongxin New Energy	Yixian Guoxin
2.	Suzhou GCL New Energy Investment Share Purchase Agreement	Suzhou GCL New Energy Investment	(i) Huludao Lianshan GCL (ii) Huzhu Haoyang (iii) Haidong Yuantong (iv) Shenyang Yuhong (v) Zhuanglang Guangyuan (vi) Inner Mongolia Jinxi (vii) Shandong Wanhai (viii) Beipiao GCL (ix) Tongyu GCL (x) Changsha Xinjia
3.	Shandong GCL New Energy Share Purchase Agreement	Shandong GCL New Energy	(i) Weishan Xinneng (ii) Longkou GCL
4.	Suzhou GCL New Energy Kaifa Share Purchase Agreement	Suzhou GCL New Energy Kaifa	(i) Putian Hanjiang Xinneng (ii) Shangqiu Xieneng (iii) Lankao GCL (iv) Luohe Xinli
5.	Nanjing GCL New Energy Share Purchase Agreement	Nanjing GCL New Energy	Shanghai GCL New Energy
6.	Guangdong GCL New Energy Share Purchase Agreement	Guangdong GCL New Energy	(i) Shanwei GCL (ii) Guangzhou GCL
7.	Qinghai GCL New Energy Share Purchase Agreement	Qinghai GCL New Energy	(i) Qinghai Baineng (ii) Hualong Xiehe
8.	Shenyang Xinyuan Share Purchase Agreement	Shenyang Xinyuan	Tongyu Xinyuan

No.	First Batch Share Purchase Agreements	First Batch Sellers	First Batch Target Companies
9.	Suzhou GCL New Energy Share Purchase Agreement	Suzhou GCL New Energy	(i) Tongyu Zanjia Poultry (ii) Jilin Yilian New Energy (iii) Leizhou GCL (iv) Xuzhou Xinri
10.	Hubei GCL New Energy Share Purchase Agreement	Hubei GCL New Energy	(i) Yongzhou GCL (ii) Taoyuan Xinyuan (iii) Taoyuan Xinhui (iv) Taoyuan Xinneng

For further information relating to the First Batch Target Companies, please refer to the paragraph headed "*7. Information on the First Batch Target Companies*" below.

First Batch Consideration

The First Batch Consideration under the First Batch Share Purchase Agreements is RMB990,085,200, which comprises:

No.	First Batch Share Purchase Agreements		First Batch Target Companies	Consideration *RMB*
(i)	Hebei GCL Tongxin New Energy Share Purchase Agreement		Yixian Guoxin	49,300,000
(ii)	Suzhou GCL New Energy Investment Share Purchase Agreement	(i)	Huludao Lianshan GCL	57,900,000
		(ii)	Huzhu Haoyang	41,000,000
		(iii)	Haidong Yuantong	21,100,000
		(iv)	Shenyang Yuhong	44,900,000
		(v)	Zhuanglang Guangyuan	8,800,000
		(vi)	Inner Mongolia Jinxi	42,061,400
		(vii)	Shandong Wanhai	10,200,000
		(viii)	Beipiao GCL	8,500,000
		(ix)	Tongyu GCL	39,683,800
		(x)	Changsha Xinjia	52,300,000
(iii)	Shandong GCL New Energy Share Purchase Agreement	(i)	Weishan Xinneng	88,100,000
		(ii)	Longkou GCL	19,600,000
(iv)	Suzhou GCL New Energy Kaifa Share Purchase Agreement	(i)	Putian Hanjiang Xinneng	40,100,000
		(ii)	Shangqiu Xieneng	4,600,000
		(iii)	Lankao GCL	9,300,000
		(iv)	Luohe Xinli	11,200,000

No.	First Batch Share Purchase Agreements	First Batch Target Companies		Consideration
				RMB
(v)	Nanjing GCL New Energy Share Purchase Agreement	Shanghai GCL New Energy		74,700,000
(vi)	Guangdong GCL New Energy Share Purchase Agreement	(i)	Shanwei GCL	25,200,000
		(ii)	Guangzhou GCL	17,700,000
(vii)	Qinghai GCL New Energy Share Purchase Agreement	(i)	Qinghai Baineng	37,300,000
		(ii)	Hualong Xiehe	14,900,000
(viii)	Shenyang Xinyuan Share Purchase Agreement	Tongyu Xinyuan		16,240,000
(ix)	Suzhou GCL New Energy Share Purchase Agreement	(i)	Tongyu Zanjia Poultry	56,000,000
		(ii)	Jilin Yilian New Energy	40,100,000
		(iii)	Leizhou GCL	100,000
		(iv)	Xuzhou Xinri	61,500,000
(x)	Hubei GCL New Energy Share Purchase Agreement	(i)	Yongzhou GCL	48,700,000
		(ii)	Taoyuan Xinyuan	26,400,000
		(iii)	Taoyuan Xinhui	9,800,000
		(iv)	Taoyuan Xinneng	12,800,000
Total				**990,085,200**

Basis of the First Batch Consideration

The First Batch Consideration of RMB990,085,200 includes the Deferred Consideration, that is contingent in nature. The due date of the Deferred Consideration can only be determined upon the publication or release of the Announcement of the National Subsidies Compliance Review. The First Batch Consideration was determined after arm's length negotiations with reference to:

(i) the unaudited net assets of the First Batch Target Companies as at the Reference Date, in the aggregate amount of approximately RMB1,590,543,000;

(ii) the loss making position of certain First Batch Target Companies for the financial years ended 31 December 2022 and 31 December 2021, details of which are set out in the paragraph headed "*7. Information on the First Batch Target Companies*" in this circular;

(iii) the Rectification Cost amounted to the total sum of RMB90,000,000, which will be assumed by the Designated First Batch Target Companies upon execution of the First Batch Share Purchase Agreements, details of which are set out in the paragraph headed "*2. The First Batch Share Purchase Agreements – Rectification Cost*" in this circular; and

(iv) the valuation of the First Batch Target Companies of approximately RMB1,069,000,000 as appraised by Cushman & Wakefield Limited(戴德梁行有限公司), an independent valuer using the market approach valuation techniques known as the guideline transaction method and the guideline publicly-traded comparable method, minus the Rectification Cost amounted to the total sum of RMB90,000,000, which is close to the First Batch Consideration. The guideline transaction method utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value whereas the guideline publicly-traded method utilizes information on publicly-traded comparables that are similar to the subject asset to arrive at an indication of value. Details of which are set out in appendix IV to this circular.

Payment Arrangements of the First Batch Consideration

The First Batch Consideration shall be paid by the Purchaser to the First Batch Sellers in the following manner:

First instalment	Upon obtaining the shareholders' approval for the Disposals, subject to the arrangement described in the paragraph headed "*4. Earnest Money Agreement*" in this circular, the Purchaser shall pay the remainder of RMB362,486,700 to the First Batch Sellers' designated bank account within 20 Business Days upon the First Batch Share Purchase Agreements become effective.
Second instalment	The Purchaser shall pay a total of RMB307,139,200, being the remaining balance of the First Batch Consideration after the payment of the first instalment of the First Batch Consideration and the Deferred Consideration pending the National Subsidies Compliance Review, to the First Batch Sellers' designated bank account, within 20 Business Days after the fulfilment of all of the following conditions: (i) the Handover of Account Passwords and Seals has been delivered and the Management Rights Transfer Confirmation has been signed; and (ii) the Registration Procedures in respect of the disposals of the First Batch Sale Shares have been completed.

The Company expects that the Handover of Account Password and Seals, the execution of the Management Rights Transfer Confirmation and the Registration Procedures for the First Batch Sales Shares could be completed within 3 months after obtaining the relevant shareholders' approval for the Disposals.

For the avoidance of doubt, in the event that any of the First Batch Target Companies under the Multiple First Batch Target Companies Share Purchase Agreements has fulfilled conditions (i) and (ii), the Purchaser shall pay the remaining balance corresponding to such First Batch Target Company(ies) without having to wait until all First Batch Target Companies have fulfilled such conditions.

Payment arrangement of the Net Payable Amount

The Amount Payable and the Account Receivables were merely working capital provided by the shareholders of the First Batch Target Companies. The Amount Payable and the Account Receivables should be determined in accordance with the Reference Date Audit Reports. The Amount Payable will be set off against the Amount Receivable in order to ascertain the Net Payable Amount as at the Reference Date, which will be payable by the First Batch Target Companies to the First Batch Sellers within 30 days from the Closing Date. As at the Reference Date, the Net Payable Amount payable by the First Batch Target Companies to the First Batch Sellers is approximately RMB179,931,400, which comprises:

No.	**First Batch Share Purchase Agreements**	**First Batch Target Companies**		**Net Payable Amount** *RMB*
1.	Suzhou GCL New Energy Investment Share Purchase Agreement	Tongyu GCL		5,385,900
2.	Shenyang Xinyuan Share Purchase Agreement	Tongyu Xinyuan		53,127,200
3.	Hubei GCL New Energy Share Purchase Agreement	(i)	Taoyuan Xinyuan	14,001,700
		(ii)	Taoyuan Xinhui	81,169,600
		(iii)	Taoyuan Xinneng	26,247,000
Total				**179,931,400**

Rectification Cost

The rectification cost for the engineering and compliance defects of the Designated First Batch Target Companies under the First Batch Share Purchase Agreements (the "**Rectification Cost**") is fixed at a total sum of RMB90 million.

Given that the Rectification Cost, which will be assumed by the Designated First Batch Target Companies, has already been taken into account when determining the First Batch Consideration, the parties agree that the obligation of rectifying the deficiencies, relevant liabilities and risks (if any), shall be borne by the Designated First Batch Target Companies instead of the First Batch Sellers upon execution of the First Batch Share Purchase Agreements.

Transition Period

The profits and losses generated by the First Batch Target Companies during the Transition Period shall be enjoyed and borne by the respective shareholders after Closing in proportion to their shareholding.

Pursuant to the First Batch Share Purchase Agreements, the First Batch Sellers and the Purchaser shall jointly ascertain the Net Payable Amount of the First Batch Target Companies and the interest amount incurred during the Transition Period, which shall then be fully paid by the Purchaser and First Batch Target Companies to the First Batch Sellers within 15 Business Days after the Closing Date. The interest on the Net Payable Amount incurred during the Transition Period shall be calculated at the rate of 5.6% per annum until the sum is fully settled (excluding the day of settlement).

Total Deferred Amount pending the National Subsidies Compliance Review

The First Batch Sellers and Purchaser have agreed that upon Announcement of the National Subsidies Compliance Review, in the event that there is no change to national subsidy amount entitled to be receivable by the Projects, the Purchaser shall pay the Total Deferred Amount of RMB719.1 million to the First Batch Sellers, together with the relevant interest of 4.3% per annum, within 15 Business Days upon the publication or release of the Announcement of the National Subsidies Compliance Review.

The Total Deferred Amount was determined based on the value of the First Batch Target Companies, which in turn was determined with reference to the expected revenue to be generated by the First Batch Target Companies. The expected revenue of the First Batch Target Companies was determined with reference to (i) the expected annual aggregated power generation capacity of the power plants; and (ii) the electricity fee to be received by the First Batch Target Companies. As a result, if the National Subsidies Compliance Review will result in a reduction in the national subsidy amount entitled to be receivable by the Projects ("**Subsidy Amount**") or any relevant Project being removed from the National Subsidy Catalogue, it affects the expected revenue of the First Batch Target Companies which in turn affects the value of the First Batch Target Companies.

The Total Deferred Amount is contingent in nature and consists of two parts, namely, the deferred receivable amount to RMB399 million ("**Deferred Receivable**"), and the Deferred Consideration. While the Deferred Consideration forms part of the First Batch Consideration to provide comfort to the Purchaser that the Deferred Consideration will only be payable upon the publication or release of the Announcement of the National Subsidies Compliance Review, the Deferred Receivable does not form part of the First Batch Consideration.

In the event that the National Subsidies Compliance Review will result in a reduction in the national subsidy amount entitled to be receivable by the Projects or any relevant Project being removed from the National Subsidy Catalogue, the parties agree to adjust the First Batch Consideration for the respective First Batch Target Company.

The reduction in the First Batch Consideration ("**Adjusted First Batch Consideration**") shall be firstly offset against the Deferred Receivable, and then offset against the Deferred Consideration. If the Adjusted First Batch Consideration is greater than the Total Deferred Amount, the First Batch Sellers shall pay the shortfall amount to the Purchaser within 5 Business Days after the Announcement of the National Subsidies Compliance Review.

Based on the information set out on the National Enterprise Credit Information Publicity System's website (國家信用系統網), the PRC government completed the first batch of National Subsidies Compliance Review for certain power plants in the PRC in October 2022. Given that the National Subsidies Compliance Review will be conducted and announced by relevant authorities of the PRC government according to their work plan, as at the Latest Practicable Date, despite the Company's effort in consulting the relevant authority about the next announcement date of the National Subsidies Compliance Review, the Company is unable to ascertain the expected date for the Announcement of the National Subsidies Compliance Review. To the best of the Company's knowledge, the Company expects that the National Subsidies Compliance Review will be completed by the end of 2023 or by 2nd quarter of 2024. The Company will actively monitor the progress of the National Subsidies Compliance Review and will provide Shareholders with updates on the status of the National Subsidies Compliance Review in due course.

The Total Deferred Amount comprises of the following:

No.	First Batch Share Purchase Agreements	First Batch Target Companies		Deferred Consideration *(RMB'000)*	Deferred Receivable *(RMB'000)*
1	Suzhou GCL New Energy Investment Share Purchase Agreement	(i)	Zhuanglang Guangyuan	82,156	54,184
		(ii)	Inner Mongolia Jinxi	–	20,130
		(iii)	Shandong Wanhai	157,470	114,300
		(iv)	Tongyu GCL	–	6,458
		(v)	Changsha Xinjia	17,219	59,901
2.	Nanjing GCL New Energy Share Purchase Agreement	(i)	Shanghai GCL New Energy	21,000	30,669
3.	Qinghai GCL New Energy Share Purchase Agreement	(i)	Qinghai Baineng	27,714	12,490
		(ii)	Hualong Xiehe	14,900	86,556
4.	Suzhou GCL New Energy Share Purchase Agreement	(i)	Tongyu Zanjia Poultry	–	4,380
		(ii)	Jilin Yilian New Energy	–	9,600
				320,459	398,668

Other Undertakings

The First Batch Sellers 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 First Batch Target Companies' early repayment of its liabilities owed to the financial institutions in order to release the existing guarantees, being approximately RMB1,721.8 million as of 30 June 2023, provided by the First Batch Sellers or its affiliates in respect of such liabilities;

(ii) within two years from the Closing Date of the First Batch Share Purchases Agreements, if the tax authority imposes cultivated land occupation tax (耕地佔用稅) on the First Batch Target Companies due to occupation of land in accordance with the laws, policies or land-use planning existed before the Closing Date, such amount shall be borne by the First Batch Sellers. To the best of the Company's knowledge, there is no outstanding cultivated land occupation tax for majority of the First Batch Target Companies, the expected tax range for the remaining First Batch Target Companies will range from RMB8 to RMB35 per sq.m. and the First Batch Sellers expects that the maximum amount of such cultivated land occupation tax will be approximately RMB34.9 million;

(iii) the First Batch Sellers and the Purchaser are legally established and validly existing under the laws of the PRC, and possess the necessary licenses or authorizations to conduct business activities;

(iv) the First Batch Sellers have complied with the rules, regulations and internal procedures in relation to the transfer of the First Batch Sale Shares;

(v) all documents and materials provided by the First Batch Sellers and the Purchaser to each other in relation to the transfer of the First Batch Sale Shares are true and accurate;

(vi) the First Batch Sellers ensure that the First Batch Target Companies will operate the existing business in accordance with normal business practices, and the nature, scope, or mode of business shall not be ceased or changed during the Transition Period;

(vii) the Purchaser's source of funding for the First Batch Sale Shares is legitimate;

(viii) the Purchaser will not breach any laws, rules and regulations, articles of associations or contracts by signing or executing the First Batch Share Purchase Agreements; and

(ix) (applicable to Tongyu GCL) in the event that the Purchaser proposes to acquire the minority shareholding in Tongyu GCL, Suzhou GCL New Energy Investment shall assist the Purchaser in such acquisition.

Conditions Precedent

The completion of the Registration Procedures in respect of the disposal of First Batch Sale Shares shall be subject to the fulfilment of all of the following conditions precedent:

(i) the First Batch Share Purchase Agreements have been duly executed by all parties in accordance with the law and is effective;

(ii) the First Batch Equity Pledges have been fully released and relevant equity pledge deregistration procedures have been completed;

(iii) the Company has obtained approvals from the Board and/or the Shareholders in respect of the disposal of the First Batch Sale Shares and made announcement in respect of the Disposals (if necessary);

(iv) GCL Energy Technology has obtained approvals from the Board and/or the shareholders in respect of the acquisition of the First Batch Sale Shares and made announcement in respect of the Disposals (if necessary);

(v) shareholders of the First Batch Target Company agreed in writing to waive the right of first refusal or other similar rights (if any) in respect of the disposal of the First Batch Sale Shares; and

(vi) the First Batch Target Companies have no major production safety incidents.

For the avoidance of doubt, if any of the First Batch Target Companies has fulfilled all the conditions above, the parties shall proceed to Closing of such First Batch Target Company(ies) without having to wait until all the First Batch Target Companies have fulfilled all the conditions.

As at the Latest Practicable Date, save for obtaining approval from the Board in respect of the disposal for the First Batch Sale Shares and issuing announcement in respect of the Disposals, none of the conditions precedent have been fulfilled. The conditions precedent could not be waived by any parties to the First Batch Share Purchase Agreements.

Closing

The Closing Date of the First Batch Share Purchase Agreements shall be the date where the Registration Procedures in respect of the transfer of First Batch Sale Shares have been completed.

The First Batch Sellers shall, within seven days after the Closing Date, deliver the Handover of Account Passwords and Seals. The First Batch Sellers and the Purchaser shall complete the transfer of management rights of the First Batch Target Companies and jointly sign on the Management Rights Transfer Confirmation.

Termination

The First Batch Share Purchase Agreement may be terminated by way of serving writing notice to the other party upon the occurrence of the following circumstances, including:

(i) by any party, in the event that the purpose of the First Batch Share Purchase Agreements cannot be achieved due to force majeure;

(ii) by the non-defaulting party, in the event that the purpose of the First Batch Share Purchase Agreements cannot be achieved as a result of the defaulting party's default;

(iii) by the non-defaulting party, in the event that the purpose of the First Batch Share Purchase Agreements cannot be achieved because a party is unable to perform the agreement as a result of bankruptcy, dissolution, or revocation; and

(iv) by the non-defaulting party, in the event that the defaulting party fails to rectify the breach of agreement within five days after receiving written notice from the non-defaulting party.

For the avoidance of doubt, if the termination condition of any of the First Batch Target Companies is triggered and the transaction in respect of such First Batch Target Company is terminated, the transactions pertaining to the remaining First Batch Target Companies shall continue to proceed.

3. THE SECOND BATCH SHARE PURCHASE AGREEMENT

The principal terms of the Second Batch Share Purchase Agreement are set out below:

Date: 12 October 2023 (after trading hours)

Parties

(i) The Sellers:

1. Tengzhou GCL Photovoltaic Power Generation Co., Ltd.* (滕州協鑫光伏發電有限公司)
2. Gaotang County Xierong Photovoltaic Power Generation Co., Ltd.* (高唐縣協榮光伏發電有限公司)
3. Zhengzhou Xiejia New Energy Co., Ltd.* (鄭州協嘉新能源有限公司)
4. Suzhou GCL New Energy Development Co., Ltd.* (蘇州協鑫新能源發展有限公司)

(ii) The Purchaser: Suzhou Industrial Zone Xinkunneng Clean Energy Co., Ltd.* (蘇州工業園區鑫坤能清潔能源有限公司)

(iii) Target Companies:

1. Tengzhou Xintian Photovoltaic Power Generation Co., Ltd.* (滕州鑫田光伏發電有限公司)
2. Gaotang Xiezhi Photovoltaic Power Generation Co., Ltd.* (高唐協智光伏發電有限公司)
3. Gaotang Xinwang Photovoltaic Power Generation Co., Ltd.* (高唐鑫旺光伏發電有限公司)
4. Luohe Xierun New Energy Co., Ltd.* (漯河協潤新能 源有限公司)
5. Gaotang Xiechen Photovoltaic Power Generation Co., Ltd.* (高唐協辰光伏發電有限公司)

Subject Matter

The entire equity interest held in each of the Second Batch Target Companies will be sold by the Second Batch Sellers to the Purchaser.

The Second Batch Target Companies own 5 operational solar power plants in the PRC with grid-connected capacity of approximately 25.86MW.

The table below sets out the Second Batch Target Companies under the Second Batch Share Purchase Agreement:

No.	**Second Batch Sellers**	**Second Batch Target Companies**
(i)	Tengzhou GCL	Tengzhou Xintian
(ii)	Gaotang Xierong	Gaotang Xiezhi
		Gaotang Xinwang
(iii)	Zhengzhou Xiejia	Luohe Xierun
(iv)	Suzhou GCL New Energy	Gaotang Xiechen

For further information relating to the Second Batch Target Companies, please refer to the paragraph headed "*8. Information on the Second Batch Target Companies*" below.

Second Batch Consideration

The Second Batch Consideration under the Second Batch Share Purchase Agreement is RMB14,315,900, which comprises:

No.	**Second Batch Sales Shares**	**Consideration** *RMB*
1	Tengzhou GCL	100
2	Gaotang Xierong	1,546,420
3	Zhengzhou Xiejia	7,722,480
4	Suzhou GCL New Energy	5,046,900
Total		**14,315,900**

Basis of the Second Batch Consideration

The consideration of RMB14,315,900 under the Second Batch Share Purchase Agreement was determined after arm's length negotiations between the Second Batch Sellers and the Purchaser with reference to:

(i) the unaudited net assets of the Second Batch Target Companies as at the Reference Date, in the aggregate amount of approximately RMB14,937,000, adjusted by applying a discount of approximately 4.2%; and

(ii) the valuation of the Second Batch Target Companies of approximately RMB10,000,000 as appraised by Cushman & Wakefield Limited(戴德梁行有限公司), an independent valuer using the market approach valuation techniques known as guideline transaction method and guideline publicly-traded comparable method which is close to the Second Batch Consideration. The guideline transaction method utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value whereas the guideline publicly-traded method utilizes information on publicly-traded comparables that are similar to the subject asset to arrive at an indication of value. Details of which are set out in appendix IV to this circular.

Payment Arrangements of the Second Batch Consideration

The Second Batch Consideration shall be paid by the Purchaser to the Second Batch Sellers in the following manner:

First instalment	Upon obtaining the shareholders' approval for the Disposals, subject to the arrangement described in the paragraph headed "*4. Earnest Money Agreement*" in this circular, the Purchaser shall pay the remainder of RMB7,157,900 to the Second Batch Sellers' designated bank account within 20 Business Days upon the Second Batch Share Purchase Agreement become effective.
Second instalment	The Purchaser shall pay a total of RMB7,158,000, being the remaining balance of the Second Batch Consideration after the payment of the first instalment of the Second Batch Consideration, to the Second Batch Sellers' designated bank account within 20 Business Days after the fulfilment of all of the following conditions: (i) the Handover of Account Passwords and Seals have been completed and the Management Rights Transfer Confirmation has been signed; and

(ii) the Registration Procedures in respect of the disposals of the Second Batch Sale Shares have been completed.

The Company expects that the Handover of Account Password and Seals, the execution of the Management Rights Transfer Confirmation and the Registration Procedures for the Second Batch Sales Shares could be completed within 3 months after obtaining the relevant shareholders' approval for the Disposals.

For the avoidance of doubt, in the event that any of the Second Batch Target Companies has fulfilled conditions (i) and (ii), the Purchaser shall pay the remaining balance corresponding to such Second Batch Target Company(ies) without holding the payment until all Second Batch Target Companies have fulfilled such conditions.

Payment arrangement of the Net Payable Amount

The total Net Payable Amount as at the Reference Date payable by the Second Batch Target Companies to the Second Batch Sellers under the Second Batch Share Purchase Agreement is RMB19,028,500, which comprises:

No.	**Second Batch Sales Shares**	**Net Payable Amount** *RMB*
1	Tengzhou GCL	–
2	Gaotang Xierong	500,000
3	Zhengzhou Xiejia	15,350,000
4	Suzhou GCL New Energy	3,178,500
Total		**19,028,500**

The Amount Payable of the Second Batch Target Companies as at the Reference Date, which shall be determined in accordance with the Reference Date Audit Report, will be set off against the Amount Receivable of the Second Batch Target Companies as at the Reference Date in order to ascertain the Net Payable Amount as at the Reference Date payable by the Second Batch Target Companies to the Second Batch Sellers. The Purchaser and the Second Batch Target Companies shall pay the Net Payable Amount of the Second Batch Target Companies as at the Reference Date to the Second Batch Sellers within 30 days from the Closing Date.

Transition Period

The profits and losses generated by the Second Batch Target Companies during the Transition Period shall be enjoyed and borne by the respective shareholders after Closing in proportion to their shareholding.

Pursuant to the Second Batch Share Purchase Agreement, the Second Batch Sellers and the Purchaser shall jointly ascertain the Net Payable Amount of the Second Batch Target Companies and the interest amount incurred during the Transition Period, which shall then be fully paid by the Purchaser and Second Batch Target Companies to the Second Batch Sellers within 15 Business Days after the Closing Date. The interest on the Net Payable Amount incurred during the Transition Period shall be calculated at the rate of 5.6% per annum until the sum is fully settled (excluding the day of settlement).

Other Undertakings

The Second Batch Sellers 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 Second Batch Target Companies' early repayment of its liabilities owed to the financial institutions in order to release the existing guarantees, being approximately RMB16.2 million as of 30 June 2023, provided by the Second Batch Sellers or its affiliates in respect of such liabilities;

(ii) within two years from the Closing Date of the Second Batch Share Purchase Agreement, if the tax authority imposes cultivated land occupation tax（耕地佔用稅）on the Second Batch Target Companies due to occupation of land on in accordance with the laws, policies or land-use planning existed before the Closing Date of the Second Batch Share Purchase Agreement, such amount shall be borne by the Second Batch Sellers. To the best of the Company's knowledge, there is no outstanding cultivated land occupation tax for the Second Batch Target Companies;

(iii) the Second Batch Sellers and the Purchaser are legally established and validly existing under the laws of the PRC, and possess the necessary licenses or authorizations to conduct business activities;

(iv) the Second Batch Sellers have complied with the rules, regulations and internal procedures in relation to the transfer of the Second Batch Sale Shares;

(v) all documents and materials provided by the Purchaser to the Second Batch Sellers in relation to the transfer of the Second Batch Sale Shares are true and accurate;

(vi) the Second Batch Sellers ensure that the Second Batch Target Companies will operate the existing business in accordance with normal business practices, and the nature, scope, or mode of business shall not be ceased or changed during the Transition Period;

(vii) the Purchaser's source of funding for the Second Batch Sale Shares is legitimate; and

(viii) the Purchaser will not breach any laws, rules and regulations, articles of associations or contracts by signing or executing the Second Batch Share Purchase Agreement.

Conditions Precedent

The completion of the Registration Procedures in respect of the disposal of Second Batch Sale Shares shall be subject to the fulfilment of all of the following conditions precedent:

(i) the Second Batch Share Purchase Agreement has been duly executed by all parties in accordance with the law and is effective;

(ii) the Second Batch Equity Pledges have been fully released and relevant equity pledge deregistration procedures have been completed;

(iii) the Company has obtained approvals from the Board and/or the Shareholders in respect of the disposal of the Second Batch Sale Shares and made announcement in relation to the Disposals (if necessary);

(iv) GCL Energy Technology has obtained approvals from the board and/or the shareholders in respect of the acquisition of the Second Batch Sale Shares and made announcement in relation to the Disposals (if necessary);

(v) the remaining shareholders of the Second Batch Target Companies agreed in writing to waive the right of first refusal or other similar rights (if any) in respect of the disposal of the Second Batch Sale Shares; and

(vi) the Second Batch Target Companies have no major production safety incidents.

For the avoidance of doubt, if any of the Second Batch Target Companies has fulfilled all the conditions above, the parties shall proceed to Closing of such Second Batch Target Company(ies) without having to wait until all Second Batch Target Companies have fulfilled all the conditions.

As at the Latest Practicable Date, save for obtaining approval from the Board in respect of the disposal for the Second Batch Sale Shares and issuing announcement in respect of the Disposals, none of the conditions precedent have been fulfilled. The conditions precedent could not be waived by any parties to the Second Batch Share Purchase Agreement.

Closing

The Closing Date of the Second Batch Share Purchase Agreement shall be the date of issuance as stated on the new business certificate of the Second Batch Target Companies upon the completion of the Registration Procedures in respect of the disposal of Second Batch Sale Shares. The Second Batch Sellers shall, within seven days after the Closing Date of the Second Batch Share Purchase Agreement, complete the Handover of Account Passwords and Seals.

Termination

The Second Batch Share Purchase Agreement may be terminated by way of serving writing notice to the other party upon the occurrence of any of the following circumstances:

(i) by any party, in the event that the purpose of the Second Batch Share Purchase Agreement cannot be achieved due to force majeure;

(ii) by the non-defaulting party, in the event that the purpose of the Second Batch Share Purchase Agreement cannot be achieved as a result of the defaulting party's default;

(iii) by the non-defaulting party, in the event that the purpose of the Second Batch Share Purchase Agreement cannot be achieved because a party is unable to perform the agreement as a result of bankruptcy, dissolution, or revocation; and

(iv) by the non-defaulting party, in the event that the defaulting party fails to rectify the breach of agreement within five days after receiving written notice from the non-defaulting party.

For the avoidance of doubt, if the termination condition of any of the Second Batch Target Companies is triggered and the transaction in respect of such Second Batch Target Company is terminated, the transactions pertaining to the remaining Second Batch Target Companies shall continue to proceed.

4. EARNEST MONEY AGREEMENT

Date

12 October 2023 (after trading hours)

Parties

1. GCL New Energy Investment (China) Co., Ltd*（協鑫新能源投資（中國）有限公司）

2. Suzhou Industrial Zone Xinkunneng Clean Energy Co., Ltd*（蘇州工業園區鑫坤能清潔能源有限公司）(the Purchaser)

3. GCL New Energy Holdings Limited (the Company)

Subject Matter

On 12 October 2023, GCL New Energy Investment, the Purchaser and the Company entered into an Earnest Money Agreement, pursuant to which the Purchaser shall pay RMB300 million into GCL New Energy Investment's designated bank account as the earnest money ("**Earnest Money**") in respect of the Disposals within 20 Business Days after the execution of the Earnest Money Agreement. The Earnest Money has already been deposited into GCL New Energy Investment's designated bank account as at the Latest Practicable Date.

Use of the Earnest Money

The Earnest Money shall be used to offset the Consideration. After deducting the Earnest Money from the Consideration, the remainder of the Consideration will be paid under the arrangement set out in the paragraph headed "*2. The First Batch Share Purchase Agreements – Payment Arrangements of the First Batch Consideration*" and "*3. The Second Batch Share Purchase Agreement – Payment Arrangements of the Second Batch Consideration*" of this circular.

Return of the Earnest Money

If GCL New Energy Investment and Purchaser fail to complete the Disposals due to the following reasons, including but not limited to, the parties failing to obtain their respective internal approvals and have jointly agreed to terminate the Disposals after the execution of the Share Purchase Agreements, GCL New Energy Investment shall, within 20 Business Days after the receipt of such termination written notice, refund the Earnest Money received in full to the Purchaser.

In the event that GCL New Energy Investment is required to refund the Earnest Money as a result of the termination of the Disposals, the Company shall procure GCL New Energy Investment to refund the Earnest Money to the Purchaser.

Interests on the Earnest Money

In the event that the parties decide to terminate the Disposals due to the failure on the part of the Purchaser in obtaining the relevant internal approval or other reasons caused by the Purchaser, GCL New Energy Investment shall refund all of the Earnest Money to the Purchaser without any interest.

In the event that the Disposals are terminated due to reasons not attributable to the Purchaser, the interest on the Earnest Money shall be calculated in accordance with the formula set out below:

Earnest Money received by GCL New Energy Investment × 5.6% × actual number of days of receipt ÷ 365

Exclusivity Period

During the Exclusivity Period, GCL New Energy Investment shall not, whether directly or indirectly, sell the Target Companies to any third party, or enter into any agreement with any parties that conflict with the Disposals.

5. MANAGEMENT SERVICE AGREEMENTS

Prior to the date of the Announcement, (i) each of the First Batch Target Companies and Luohe Xierun entered into the Management Service Agreements with Suzhou GCL New Energy Operations Management on 25 December 2022 and 9 August 2022, respectively; and (ii) each of the Designated Target Companies entered into the Supplemental Operation Management Service Agreement with Suzhou GCL New Energy Operations Management on 30 June 2023. Pursuant to the Service Agreements, Suzhou GCL New Energy Operations Management has provided and will continue to provide the Designated Target Companies management services on the operation and maintenance of solar power plants after the Disposals. The material terms of the Service Agreements are as follows:

Parties	1.	Designated Target Companies (as service recipients)
	2.	Suzhou GCL New Energy Operations Management Technology Co., Ltd* (蘇州協鑫新能源運營科技有限公司) (as service provider)

Subject Matter	Suzhou GCL New Energy Operations Management shall (i) provide operation and maintenance services to the solar power plants operated by the Designated Target Companies, including negotiation, execution and performance of external contracts, supervision of the procurement process and daily management service; (ii) provide equipment and facilities management services for the equipment and facilities inside the solar power plants (excluding the transmission line and contralateral equipment) operated by the Designated Target Companies, including operation, maintenance and repair of such equipment and facilities; and (iii) be responsible for the implementation of, among other things, cleaning and maintenance, inspection, anti-accident measures, technical supervision and management, preventive testing（預防性試驗）and other equipment management works. The Service Agreements also introduced an annual power generation reward and punishment scheme.
Term of Agreement	The term of the agreement commenced on 1 July 2023 and will end on 31 December 2026. The Service Agreements shall be automatically renewed for an additional period of one year unless either party objects to it. Upon expiration of the Service Agreements, the Designated Target Companies agree to first consider Suzhou GCL New Energy Operations Management as the preferred service provider for management services related to the operation and maintenance of solar power plants.
Service Fees	The service fees payable by each of the Designated Target Companies range from RMB0.04/watt to RMB0.12/watt, which will depends on the scope of services to be provided to each of the Designated Target Companies. The aggregate maximum annual cap for such services will be approximately RMB40.2 million (after taking into account the 15% upper limit of reward). The annual cap is based on (i) the total amount of service fees payable by the Designated Target Companies during each of the contracted years, (ii) the aggregated power generation capacity to be managed by Suzhou GCL New Energy Operations Management, and (iii) the costs associated with managing and servicing power generation facilities similar to those covered under the Service Agreements, and (iv) the 15% upper limit of reward in relation to the annual power generation capacity as described below.

The service fees per watt payable by each of the Designated Target Companies were determined with reference to other existing service contracts with similar service scopes (including the implementation of the reward and penalty policy, details of which are in the paragraph below) that the Company had entered into with other independent third-party customers over the past three years, whereby the relevant service fees of those contracts ranged from RMB0.048/watt to RMB0.098/watt. Considering that the service fees per watt payable by each of the Designated Target Companies are similar to the fee charged to other independent third-party customers, the Company is of the view that the service fees per watt under the Service Agreements are fair and reasonable. The annual cap, which was calculated with reference to the aggregated power generation capacity of each power plant and other factors as set out in the paragraph above, is also considered fair, reasonable, and in the best interests of the Company and the Shareholders as a whole.

Pricing Policies

Apart from making references to other existing services contracts with similar service scopes, the Company will consider various factors such as staff allocation, power plant size, the type of the relevant power plants (ground power station, roof power station, fishery-solar hybrid project etc.), location of power station, and other relevant considerations when determining the service fees per watt to be received by the Company. The Company will also take into account the costs associated with the maintenance of the power plants in order to set a competitive pricing for the services rendered.

Payment arrangement

The Designated Target Companies shall pay the service fees to Suzhou GCL New Energy Operations Management on a quarterly basis.

Upon the receipt of the valid invoice provided by Suzhou GCL New Energy Operations Management at the end of each quarter, (i) the First Batch Target Companies shall pay 25% of the annual service fees to Suzhou GCL New Energy Operations Management's designated bank account within 10 days; and (ii) Luohe Xierun shall pay 25% of the annual service fees to Suzhou GCL New Energy Operations Management's designated bank account within 20 Business Days.

Cost of maintenance of the solar plants

Spare parts in relation to the day-to-day management and operations of the power plant, the unit price of which fall below RMB3,500 (the "**Threshold**") shall be borne by Suzhou GCL New Energy Operations Management, and any costs exceeding the Threshold should be borne by the Designated Target Companies. The Threshold was determined with reference to the Company's experience in the operation and management of the power plants.

Reward and Penalty Policy

In general, the power plant is expected to generate an annual power capacity equal to or exceeding the Assessment Threshold (as defined below).

In the event that the annual power generation capacity fails to reach the assessment threshold as determined by the Designated Target Companies at the beginning of each year, the formula of which is set out below (the "**Assessment Threshold**") due to reasons caused by the management performance on the part of Suzhou GCL New Energy Operations Management, Suzhou GCL New Energy Operations Management will compensate the shortfall to the Designated Target Companies in accordance with the benchmark price of the coals in the relevant solar power plants locations (the "**Benchmark Price**"), which serve as the benchmark price indicator for renewable energy in the PRC. The compensation shall not exceed 15% of the annual service fees in respect of such solar power plant payable by the Designated Target Companies, and such compensation shall be deducted from the amount of service fees payable. If the Designated Target Companies decides to adjust the Assessment Threshold, the adjusted Assessment Threshold (as illustrated below) shall be adopted instead.

In the event that the annual power generation capacity exceeds the Assessment Threshold due to the management performance of the Suzhou GCL New Energy Operations Management, the Designated Target Companies shall reward Suzhou GCL New Energy Operations Management for the surplus based on the Benchmark Price. The reward shall not exceed 15% of the annual service fees for each of the Designated Target Companies.

No rewards or penalties shall be applied if the difference between the annual power generation capacity and the Assessment Threshold (or the adjusted Assessment Threshold) is within 2%.

Assessment Threshold = the actual capacity of the project x the average of the attenuated hours of the solar power plant in the previous three years

Adjusted Assessment Threshold = the actual capacity of the project x adjusted hours (being the number of hours measured according to the radiation level of the irradiator in the year)

For illustration purposes, if the actual capacity of the project is 300 MW, and the average hours of the attenuated hours of the solar power plant for the past three years is 1,000 hours, then the Assessment Threshold shall be 300,000 MWh. In the event that the actual annual power generation capacity of the relevant power plant is 309,000 MWh, as the annual power generation capacity is greater than 300,000 MWh, being the Assessment Threshold, being 300,000 MW in this example, and the difference between the annual power generation capacity and the Assessment Threshold is more than 2%, the Designated Target Companies shall reward Suzhou GCL New Energy Operations Management for the surplus (being 2% and above i.e. 309,000-300,000*1.02=3,000 MWh) with the Benchmark Price.

If the Designated Target Companies decided to adjusted the Assessment Threshold, the calculation to the calculation of rewards and penalties will be as follows:-

For illustration purposes, if the actual capacity of the project is 300 MW, then whether Suzhou GCL New Energy Operations Management meet the adjusted Assessment Threshold will depends on the number of hours measured according to the radiation level of the irradiator in the year. If the number of hours measured according to the radiation level of the irradiator in the year is 900 hours, then the adjusted Assessment Threshold will be 270,000 MWh. In the event that the actual annual power generation capacity of the relevant power plant is 300,000 MWh, as the difference between the annual power generation capacity and the adjusted Assessment Threshold, being 270,000 MW in this example, is more than 2%, the Designated Target Companies shall reward Suzhou GCL New Energy Operations Management for the surplus (being 2% or above i.e. 300,000-270,000*1.02=24,600 MWh) with the Benchmark Price.

Termination

The Service Agreements may be terminated upon the occurrence of certain circumstances, including:

(i) mutual agreement by both parties;

(ii) by the non-defaulting party, in the event that the other party delays or refuses to fulfil its obligations under the Management Service Agreement or its performance does not comply with the Management Service Agreement and causes material damage. If the defaulting party fails to rectify the situation after receiving a written notice from the non-defaulting party, the non-defaulting party may terminate the contract;

(iii) by the non-defaulting party, in the event that a party subcontracts or assigns the Management Service Agreement to any unauthorized parties;

(iv) by Suzhou GCL New Energy Operations Management if any of the Designated Target Companies fails to pay the service fee within 30 days after the issuance of invoice; and

(v) by either party, in the event that the solar power plant cannot operate due to the solar power plants being damaged, suspension by the relevant authorities and the power grid companies refuse to enter into an electricity supply agreement with the Designated Target Companies.

6. INFORMATION ON THE PARTIES TO THE SHARE PURCHASE AGREEMENTS

THE COMPANY

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

INFORMATION ON THE FIRST BATCH SELLERS

1.	Hebei GCL Tongxin New Energy	Hebei GCL Tongxin New Energy is a company established in the PRC with limited liability, which is wholly owned by Nanjing GCL New Energy, an indirect subsidiary of the Company. Hebei GCL Tongxin New Energy is principally engaged in the operation of solar power plants in the PRC.

2.	Suzhou GCL New Energy Investment	Suzhou GCL New Energy Investment is a company established in the PRC with limited liability, which is wholly owned by Nanjing GCL New Energy, an indirect subsidiary of the Company. Suzhou GCL New Energy Investment is principally engaged in the development, operation and management of solar power plants in the PRC.
3.	Shandong GCL New Energy	Shandong GCL New Energy is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy, an indirect subsidiary of the Company. Shandong GCL New Energy is principally engaged in the operation of solar power plants in the PRC.
4.	Suzhou GCL New Energy Kaifa	Suzhou GCL New Energy Kaifa is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy, an indirect subsidiary of the Company. Suzhou GCL New Energy Kaifa is principally engaged in the development, operation and management of solar power plants in the PRC.
5.	Nanjing GCL New Energy	Nanjing GCL New Energy is a company established in the PRC with limited liability, which is 91.58% owned by GCL New Energy Investment and 8.42% owned by Jiangsu GCL New Energy Investment Co., Ltd.* (江蘇協鑫新能源投資有限公司), both are indirect subsidiaries of the Company. Nanjing GCL New Energy is principally engaged in the operation of solar power plants in the PRC.
6.	Guangdong GCL New Energy	Guangdong GCL New Energy is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy, an indirect subsidiary of the Company. Guangdong GCL New Energy is principally engaged in the operation of solar power plants in the PRC.
7.	Qinghai GCL New Energy	Qinghai GCL New Energy is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy, an indirect subsidiary of the Company. Qinghai GCL New Energy is principally engaged in the operation of solar power plants in the PRC.

8.	Shenyang Xinyuan	Shenyang Xinyuan is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy, an indirect subsidiary of the Company. Shenyang Xinyuan is principally engaged in the operation of solar power plants in the PRC.
9.	Suzhou GCL New Energy	Suzhou GCL New Energy is a company established in the PRC with limited liability, which is wholly owned by GCL New Energy Investment, an indirect subsidiary of the Company. Suzhou GCL New Energy is principally engaged in the operation of solar power plants in the PRC.
10.	Hubei GCL New Energy	Hubei GCL New Energy is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy, an indirect subsidiary of the Company. Hubei GCL New Energy is principally engaged in the operation of solar power plants in the PRC.

INFORMATION ON THE SECOND BATCH SELLERS

1.	Tengzhou GCL	Tengzhou GCL is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company. Tengzhou GCL is principally engaged in the operation of solar power plants in the PRC.
2.	Gaotang Xierong	Gaotang Xierong is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company. Gaotang Xierong is principally engaged in the operation of solar power plants in the PRC.
3.	Zhengzhou Xiejia	Zhengzhou Xiejia is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Kaifa, an indirect subsidiary of the Company. Zhengzhou Xiejia is principally engaged in the operation of solar power plants in the PRC.
4.	Suzhou GCL New Energy	Suzhou GCL New Energy is a company established in the PRC with limited liability, which is wholly owned by GCL New Energy Investment, an indirect subsidiary of the Company. Suzhou GCL New Energy is principally engaged in the operation of solar power plants in the PRC.

INFORMATION ON THE PURCHASER

Suzhou Industrial is a company established in the PRC and an indirect wholly-owned subsidiary of GCL Energy Technology, which is a company established in the PRC with its shares listed on the Shenzhen Stock Exchange (stock code: 002015). To the best knowledge of the Company, as of the Latest Practicable Date, GCL Energy Technology is indirectly owned (i) as to approximately 42.72% by Tianjin Qichen; and (ii) as to approximately 5.31% owned by GCL Innovation. Tianjin Qichen and GCL Innovation are wholly owned by Golden Concord Group Limited (PRC). Golden Concord Group Limited (PRC) is 44.61% owned by Shanghai Qixun and 46.68% owned by Jiangsu GCL Construction and 8.71% owned by GCL-Poly (Taicang Harbour) Limited. Shanghai Qixun is directly wholly owned by Mr. Zhu Yufeng while Jiangsu GCL Construction and GCL-Poly (Taicang Harbour) Limited are indirectly wholly-owned by Golden Concord Group Limited (HK). Golden Concord Group Limited (HK) 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. Suzhou Industrial is principally engaged in the production and supply of clean energy, electricity, heat and cooling energy.

7. INFORMATION ON THE FIRST BATCH TARGET COMPANIES

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

No.	First Batch Share Purchase Agreements	Information on the First Batch Target Companies
1.	Hebei GCL Tongxin New Energy Share Purchase Agreement	Yixian Guoxin is a company established in the PRC with limited liability, which is wholly owned by Hebei GCL Tongxin New Energy, an indirect subsidiary of the Company. Yixian Guoxin is principally engaged in the operation of solar power plants in the PRC.
2.	Suzhou GCL New Energy Investment Share Purchase Agreement	Huludao Lianshan GCL is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company. Huludao Lianshan GCL is principally engaged in the operation of solar power plants in the PRC. Huzhu Haoyang is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company. Huzhu Haoyang is principally engaged in the operation of solar power plants in the PRC.

Haidong Yuantong is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company. Haidong Yuantong is principally engaged in the operation of solar power plants in the PRC.

Shenyang Yuhong is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company. Shenyang Yuhong is principally engaged in the operation of solar power plants in the PRC.

Zhuanglang Guangyuan is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company. Zhuanglang Guangyuan is principally engaged in the operation of solar power plants in the PRC.

Inner Mongolia Jinxi is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company. Inner Mongolia Jinxi is principally engaged in the operation of solar power plants in the PRC.

Shandong Wanhai is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company. Shandong Wanhai is principally engaged in the operation of solar power plants in the PRC.

Beipiao GCL is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company. Beipiao GCL is principally engaged in the operation of solar power plants in the PRC.

Tongyu GCL is a company established in the PRC with limited liability, which is 88.5833% owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company and 11.4167% owned by Baicheng Tongyu County Energy Development Co., Ltd.* (白城市通榆縣能源開發有限公司), an independent third company to the Company. Baicheng Tongyu County Energy Development Co., Ltd.* (白城市通榆縣能源開發有限公司) is wholly owned by Tongyu County State-owned Assets Management Service Center* (通榆縣國有資產管理服務中心). Tongyu GCL is principally engaged in the operation of solar power plants in the PRC.

Changsha Xinjia is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Investment, an indirect subsidiary of the Company. Changsha Xinjia is principally engaged in the operation of solar power plants in the PRC.

3. Shandong GCL New Energy Share Purchase Agreement

Weishan Xinneng is a company established in the PRC with limited liability, which is wholly owned by Shandong GCL New Energy, an indirect subsidiary of the Company. Weishan Xinneng is principally engaged in the operation of solar power plants in the PRC.

Longkou GCL is a company established in the PRC with limited liability, which is wholly owned by Shandong GCL New Energy, an indirect subsidiary of the Company. Longkou GCL is principally engaged in the operation of solar power plants in the PRC.

4. Suzhou GCL New Energy Kaifa Share Purchase Agreement

Putian Hanjiang Xinneng is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Kaifa, an indirect subsidiary of the Company. Putian Hanjiang Xinneng is principally engaged in the operation of solar power plants in the PRC.

Shangqiu Xieneng is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Kaifa, an indirect subsidiary of the Company. Shangqiu Xieneng is principally engaged in the operation of solar power plants in the PRC.

Lankao GCL is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Kaifa, an indirect subsidiary of the Company. Lankao GCL is principally engaged in the operation of solar power plants in the PRC.

Luohe Xinli is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy Kaifa, an indirect subsidiary of the Company. Luohe Xinli is principally engaged in the operation of solar power plants in the PRC.

5. Nanjing GCL New Energy Share Purchase Agreement

Shanghai GCL New Energy is a company established in the PRC with limited liability, which is wholly owned by Nanjing GCL New Energy, an indirect subsidiary of the Company. Shanghai GCL New Energy is principally engaged in the operation of solar power plants in the PRC.

6. Guangdong GCL New Energy Share Purchase Agreement

Shanwei GCL is a company established in the PRC with limited liability, which is wholly owned by Guangdong GCL New Energy, an indirect subsidiary of the Company. Shanwei GCL is principally engaged in the operation of solar power plants in the PRC.

Guangzhou GCL is a company established in the PRC with limited liability, which is wholly owned by Guangdong GCL New Energy, an indirect subsidiary of the Company. Guangzhou GCL is principally engaged in the operation of solar power plants in the PRC.

7. Qinghai GCL New Energy Share Purchase Agreement

Qinghai Baineng is a company established in the PRC with limited liability, which is wholly owned by Qinghai GCL New Energy, an indirect subsidiary of the Company. Qinghai Baineng is principally engaged in the operation of solar power plants in the PRC.

Hualong Xiehe is a company established in the PRC with limited liability, which is wholly owned by Qinghai GCL New Energy, an indirect subsidiary of the Company. Hualong Xiehe is principally engaged in the operation of solar power plants in the PRC.

8.	Shenyang Xinyuan Share Purchase Agreement	Tongyu Xinyuan is a company established in the PRC with limited liability, which is wholly owned by Shenyang Xinyuan, an indirect subsidiary of the Company. Tongyu Xinyuan is principally engaged in the operation of solar power plants in the PRC.
9.	Suzhou GCL New Energy Share Purchase Agreement	Tongyu Zanjia Poultry is a company incorporated in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy, an indirect subsidiary of the Company. Tongyu Zanjia Poultry is principally engaged in the operation of solar power plants in the PRC. Jilin Yilian New Energy is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy, an indirect subsidiary of the Company. Jilin Yilian New Energy is principally engaged in the operation of solar power plants in the PRC. Leizhou GCL is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy, an indirect subsidiary of the Company. Leizhou GCL is principally engaged in the operation of solar power plants in the PRC. Xuzhou Xinri is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy, an indirect subsidiary of the Company. Xuzhou Xinri is principally engaged in the operation of solar power plants in the PRC.
10.	Hubei GCL New Energy Share Purchase Agreement	Yongzhou GCL is a company established in the PRC with limited liability, which is wholly owned by Hubei GCL New Energy, an indirect subsidiary of the Company. Yongzhou GCL is principally engaged in the operation of solar power plants in the PRC. Taoyuan Xinyuan is a company established in the PRC with limited liability, which is wholly owned by Hubei GCL New Energy, an indirect subsidiary of the Company. Taoyuan Xinyuan is principally engaged in the operation of solar power plants in the PRC.

Taoyuan Xinhui is a company established in the PRC with limited liability, which is wholly owned by Hubei GCL New Energy, an indirect subsidiary of the Company. Taoyuan Xinhui is principally engaged in the operation of solar power plants in the PRC.

Taoyuan Xinneng is a company established in the PRC with limited liability, which is wholly owned by Hubei GCL New Energy, an indirect subsidiary of the Company. Taoyuan Xinneng is principally engaged in the operation of solar power plants in the PRC.

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 First Batch Target Companies prepared in accordance with China Accounting Standards:

		For the year ended 31 December			
		2022		2021	
No.	**First Batch Target Companies**	**Profit/(loss) before taxation**	**Profit/(loss) after taxation**	Profit/(loss) before taxation	Profit/(loss) after taxation
		RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
1.	Beipiao GCL	**(3,522)**	**(3,522)**	(9,384)	(9,384)
2.	Changsha Xinjia	**1,554**	**898**	10,491	9,115
3.	Guangzhou GCL	**845**	**739**	1,082	1,082
4.	Haidong Yuantong	**(1,202)**	**(1,202)**	(3,046)	(3,046)
5.	Hualong Xiehe	**(814)**	**(856)**	(1,390)	(1,390)
6.	Huludao Lianshan GCL	**(1,758)**	**(1,992)**	(1,965)	(2,497)
7.	Huzhu Haoyang	**2,600**	**2,406**	(1,673)	(1,704)
8.	Inner Mongolia Jinxi	**2,414**	**2,052**	1,202	1,032
9.	Jilin Yilian New Energy	**3,066**	**2,104**	1,367	1,228
10.	Lankao GCL	**(808)**	**(812)**	(267)	(267)
11.	Leizhou GCL	**(5,892)**	**(5,892)**	(4,585)	(4,585)
12.	Longkou GCL	**334**	**304**	(147)	(127)
13.	Luohe Xinli	**523**	**500**	1,028	1,002
14.	Putian Hanjiang Xinneng	**2,457**	**2,658**	5,436	4,756
15.	Qinghai Baineng	**833**	**759**	(485)	(485)
16.	Shandong Wanhai	**1,909**	**1,839**	470	425
17.	Shanghai GCL New Energy	**(5,216)**	**(5,216)**	730	730
18.	Shangqiu Xieneng	**(763)**	**(763)**	(53)	(53)

		For the year ended 31 December			
		2022		2021	
No.	**First Batch Target Companies**	**Profit/(loss) before taxation**	**Profit/(loss) after taxation**	Profit/(loss) before taxation	Profit/(loss) after taxation
		RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
19.	Shanwei GCL	**2,717**	**2,378**	1,901	1,663
20.	Shenyang Yuhong	**3,641**	**3,113**	1,511	1,324
21.	Taoyuan Xinhui	**135**	**135**	(593)	(593)
22.	Taoyuan Xinneng	**(3,103)**	**(2,860)**	3,389	2,919
23.	Taoyuan Xinyuan	**699**	**922**	5,366	4,400
24.	Tongyu GCL	**5,034**	**3,775**	5,728	4,815
25.	Tongyu Xinyuan	**4,020**	**3,097**	655	459
26.	Tongyu Zanjia Poultry	**62**	**52**	(6,425)	(6,416)
27.	Weishan Xinneng	**1,277**	**1,029**	300	300
28.	Xuzhou Xinri	**(2,379)**	**(2,379)**	(3,822)	(3,822)
29.	Yixian Guoxin	**(11,861)**	**(11,861)**	(13,964)	(13,964)
30.	Yongzhou GCL	**(643)**	**(568)**	3,126	2,724
31.	Zhuanglang Guangyuan	**(3,782)**	**(3,782)**	(2,238)	(2,238)

The audited net assets as at 31 December 2022 and unaudited net assets as at the Reference Date (i.e. 30 June 2023) of the First Batch Target Companies amounted to approximately RMB913,076,000 and approximately RMB1,590,440,000, respectively. The difference of the net asset values as at 31 December 2022 and the Reference Date is due to the capitalisation of certain shareholders' loan into equity of the First Batch Target Companies by the relevant shareholders.

8. INFORMATION ON THE SECOND BATCH TARGET COMPANIES

The table below sets out the information on the Second Batch Target Companies under the Second Batch Share Purchase Agreement:

No.	The Second Batch Target Companies	Information on the Second Batch Target Companies
1.	Tengzhou Xintian	Tengzhou Xintian is a company established in the PRC with limited liability, which is wholly owned by Tengzhou GCL, an indirect subsidiary of the Company. Tengzhou Xintian is principally engaged in the operation of solar power plants in the PRC.
2.	Gaotang Xiezhi	Gaotang Xiezhi is a company established in the PRC with limited liability, which is wholly owned by Gaotang Xierong, an indirect subsidiary of the Company. Gaotang Xiezhi is principally engaged in the operation of solar power plants in the PRC.
3.	Gaotang Xinwang	Gaotang Xinwang is a company established in the PRC with limited liability, which is wholly owned by Gaotang Xierong, an indirect subsidiary of the Company. Gaotang Xinwang is principally engaged in the operation of solar power plants in the PRC.
		Luohe Xierun is a company established in the PRC with limited liability, which is wholly owned by Zhengzhou Xiejia, an indirect subsidiary of the Company. Luohe Xierun is principally engaged in the operation of solar power plants in the PRC.
4.	Gaotang Xiechen	Gaotang Xiechen is a company established in the PRC with limited liability, which is wholly owned by Suzhou GCL New Energy, an indirect subsidiary of the Company. Gaotang Xiechen is principally engaged in the operation of solar power plants in the PRC.

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 Second Batch Target Companies prepared in accordance with China Accounting Standards:

		For the year ended 31 December			
		2022		2021	
No.	**Second Batch Target Companies**	**Profit/(loss) before taxation**	**Profit/(loss) after taxation**	Profit/(loss) before taxation	Profit/(loss) after taxation
		RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
1.	Tengzhou Xintian	–	–	–	–
2.	Gaotang Xiezhi	–	–	–	–
3.	Gaotang Xinwang	–	–	–	–
4.	Luohe Xierun	**657**	**657**	–	–
5.	Gaotang Xiechen	**(12)**	**(12)**	–	–

The audited net assets as at 31 December 2022 and unaudited net assets as at the Reference Date (i.e. 30 June 2023) of the Second Batch Target Companies amounted to approximately RMB6,225,000 and approximately RMB14,937,000, respectively.

Note:

Tengzhou Xintian, Gaotang Xiezhi and Gaotang Xinwang started operation in 2023 and thus there was no profit/(loss) before and after taxation recorded for the years ended 31 December 2022 and 2021. Luohe Xierun and Gaotang Xiechen started operation in 2022 and thus there was no profit/(loss) before and after taxation recorded for the year ended 31 December 2021.

9. INFORMATION ON GCL NEW ENERGY INVESTMENT

GCL New Energy Investment is a company established in the PRC with limited liability, which is indirectly wholly owned by the Company. GCL New Energy Investment is principally engaged in the operation of solar power plants in the PRC.

10. INFORMATION ON SUZHOU GCL NEW ENERGY OPERATIONS MANAGEMENT

Suzhou GCL New Energy Operations Management is a company established in the PRC with limited liability, which is indirectly wholly owned by the Company. Suzhou GCL New Energy Operations Management is principally engaged in the management and operation of solar power plants in the PRC.

11. FINANCIAL IMPACT OF THE DISPOSALS

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

The Company has been selling its power plants since 2019. However, despite the Company's efforts in identifying potential buyers for the disposal of the Target Companies, the Company and the potential buyers of the Target Companies are unable to reach consensus and a conclusion on the terms of the share purchase agreements. After taking into account the reasons as set out in *13. Reasons for and benefits of the Disposals* below, the Company is of the view that the Disposals are in the interest of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, it is estimated that the Group will realise a net loss on the Disposals of approximately RMB601,000,000 and such loss is calculated with reference to the difference between the sum of the Consideration of approximately RMB1,004,000,000, and the net asset value of the Target Companies of approximately RMB1,605,000,000 as at the Reference Date. The actual loss as a result of the Disposals to be recorded by the Group is subject to audit and will be reassessed after completion of the Disposals.

12. USE OF PROCEEDS FROM THE DISPOSALS

The net cash proceeds from the Transactions (being the sum of (i) the Consideration amounting to approximately RMB1,004,401,100, (ii) the Deferred Receivable of RMB398,668,200 and (iii) the total Net Payable Amount amounting to approximately RMB198,959,900) is expected to be approximately RMB1,602,029,200, which the Company intends to use for debts repayment and to support the investment of natural gas, liquefied natural gas and operating and management services sectors. The Company expects that the proceeds will be fully utilized by 30 June 2024.

13. REASONS FOR AND BENEFITS OF THE DISPOSALS

Upon completion of the Disposals, the Target Companies will no longer be subsidiaries of the Group, and the profit and loss as well as the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group. The liabilities of the Group will decrease by approximately RMB2,142,825,000 and the gearing ratio of the Group will decrease by approximately 13%, calculated with reference to the unaudited condensed interim consolidated financial information of the Group as at 30 June 2023, thus effectively reducing the financial risks.

The Disposals are the final steps taken by the Group to dispose all its solar power plants except for the solar power plants in the United States of America and achieve its "transformation and upgrade" development objective and transformation to an asset-light model. Solar power generating business is a capital intensive industry, which 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. Also, the tariff adjustments (i.e. the government subsidies) accounted for more than 50% of our total revenue for each of the financial year. The prolonged delay in receiving the tariff adjustments has seriously affected the cashflow of the Group. Given the Target Companies highly rely on external financing in order to obtain investment capital for new solar power plant project development and operating cashflow for daily operation, any interest rate changes will have an impact on the capital expenditure and finance expense of the Target Companies, hence, affecting operating results of the Group. Furthermore, it is highly uncertain as to whether the Target Companies can successfully renew its existing loans or obtain new capital in the current economic environment. It will increase the liquidity risks of the Group. Therefore, transformation into an asset-light model, being the business model adopted by the Company, by disposing all its solar power plants is an effective way to reduce its debts and interest rate exposure.

In addition to optimizing the finances structure under the asset-light model, the Group sought to explore opportunities to expand its business by providing 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. Also, 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 continuing to reduce its finance cost and the size of debts. As at 30 June 2023, the Group had entered into various contracts with 134 solar power plants to provide operation and maintenance services with total installed capacity of approximately 4,695MW to successfully accomplished market-oriented reform and asset-light transformation. For the six months ended 30 June 2023, the revenue from the solar power plants operation and management services and solar related supporting services income of the Group amounted to RMB66 million and RMB39 million respectively.

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

14. REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SERVICE AGREEMENTS

In line with the Group's asset-light transformation business strategy as described in the paragraph headed under "*13. Reasons For And Benefits Of The Disposals*", the Group has been actively developing its operation and management outsourcing business to expand its source of income, and for the purpose of creating a more sustainable business model. By entering into the Service Agreements, the Group has provided and will continue to provide management services on the operation and maintenance of solar power plants to the Designated Target Companies.

Based on the above reasons and having considered all relevant factors, the Directors believed and considered that the terms of the Service Agreements were on normal commercial terms, were fair and reasonable and that the entering into of the Service Agreements was in the interests of the Company and the Shareholders as a whole.

15. LISTING RULES IMPLICATIONS

The Disposals

Since one of the applicable percentage ratios in respect of the Disposals exceeds 75%, the entering into of the 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.

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

As of the Latest Practicable Date, given that (i) Mr. Zhu Gongshan, Mr. Zhu Yufeng, and Zhu Family Trust indirectly held 48.03% equity interest in the Purchaser; (ii) the Zhu Family Trust is a substantial Shareholder that indirectly holds 284,022,559 shares of the Company (representing approximately 24.32% of the total issued share capital of the Company), and therefore a connected person of the Company; and (iii) Mr. Zhu Gongshan and Mr. Zhu Yufeng are executive Directors, and therefore considered as connected persons of the Company, the Purchaser is considered to be an associate of connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Share Purchase Agreements constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The SGM will be convened to consider and, if thought fit, to pass the resolution 1(a) to 1(d) set out in the notice of SGM to approve the Share Purchase Agreements and the Disposals.

The Service Agreements

Given that the Purchaser is an associate of the connected persons of the Company, upon completion of the Disposals, except for Tongyu GCL which will become a non-wholly owned subsidiary of the Purchaser, the Target Companies will become wholly-owned subsidiaries of the Purchaser. As a result, the Designated Target Companies will also be considered as connected persons of the Company under Chapter 14A of the Listing Rules and the Service Agreements and the transactions contemplated thereunder will be considered as continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable annual review and disclosure requirements under Chapter 14A of the Listing Rules regarding such continuing connected transaction, including issuance of announcements and annual reporting. The Company will comply in full with all applicable reporting, disclosure and, if applicable, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Service Agreements.

16. SGM

Set out on pages SGM-1 to SGM-3 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 Friday, 1 December 2023 at 11 a.m..

At the SGM, ordinary resolution(s) for approving the Disposals and the transactions contemplated under the Share Purchase Agreements will be proposed for the Shareholder's approval.

The resolution(s) will be voted by way of poll at the SGM. To the best of the Directors' knowledge, information and belief, as at the Latest Practicable Date, other than Dongsheng Photovoltaic Technology, Elite Time Global Limited, Highexcel Investments Limited, Happy Genius Holdings Limited, Get Famous Investments Limited, Golden Concord Group Limited (HK), Mr. Wang Dong, Ms. Sun Wei, Mr. Zhu Gongshan, Mr. Zhu Yufeng and their associates (if any), no Shareholder is required to abstain from voting to approve the Disposals and the transactions contemplated under the Share Purchase Agreements.

As at the Latest Practicable Date, given that (i) Mr. Zhu Gongshan, Mr. Zhu Yufeng and Zhu Family Trust indirectly held 48.03% equity interest in the Purchaser; (ii) the Zhu Family Trust is a substantial Shareholder that indirectly held 284,022,559 shares of the Company (representing approximately 24.32% of the total issued share capital of the Company); and (iii) Mr. Zhu Gongshan and Mr. Zhu Yufeng are executive Directors, it is considered that Mr. Mr. Zhu Gongshan and Mr. Zhu Yufeng have material interest in the transactions contemplated under the Share Purchase Agreements. In addition, given that Mr. Wang Dong, Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai are executives of the companies controlled by the Zhu Family Trust, to avoid potential conflict of interest from a good corporate governance perspective, Mr. Zhu Gongshan, Mr. Zhu Yufeng, Mr. Wang Dong, Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai have also abstained from voting on the resolution(s) of the Board in respect of the approval of the Disposals and the transactions contemplated under the Share Purchase Agreements and the Earnest Money Agreement.

Save as disclosed above, no other Directors and/or Shareholders would be required to abstain from voting on the resolution 1(a) to 1(d) set out in the notice of SGM at the SGM to approve the Disposals and the transactions contemplated under the Share Purchase Agreements and the Earnest Money Agreement.

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.

17. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 29 November 2023 to Friday, 1 December 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, all duly completed transfer forms accompanied by the relevant share certificates 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 Tuesday, 28 November 2023.

18. RECOMMENDATION

The Directors are of the view that the terms of the Disposals are fair and reasonable, and are on normal commercial terms and that the entering into of the Share Purchase Agreements and the Earnest Money Agreement are 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 Disposals, the entering into and performance of obligations under the Share Purchase Agreements and the Earnest Money Agreement are as set out in the notice of the SGM.

19. 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.

20. 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

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)

15 November 2023

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed by the Board as the Independent Board Committee to advise you in connection with the Share Purchase Agreements, the Earnest Money Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 15 November 2023 (the "**Circular**"), of which this letter forms part. We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages 62 to 81 of the Circular. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires. Having considered the information set out in the letter from the Board, the terms of the Share Purchase Agreements, the Earnest Money Agreement, and the transactions contemplated thereunder and the advice of the Independent Financial Adviser in relation thereto as set out on pages 62 to 81 of the Circular, we are of the view that the terms of Share Purchase Agreements and the Earnest Money Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Disposals and the transactions contemplated under the Share Purchase Agreements and the Earnest Money Agreement are in the interests of the Company and the Shareholders as a whole although it is not conducted in the normal and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Share Purchase Agreements, the Earnest Money Agreement, and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee

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

Independent non-executive Directors

The following is the full text of the letter from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Share Purchase Agreements, the Earnest Money Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this Circular.

MESSIS 大有融資

15 November 2023

To: The Independent Board Committee and the Independent Shareholders of GCL New Energy Holdings Limited

Dear Sirs and Madams,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Share Purchase Agreements, the Earnest Money Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 15 November 2023 (the "**Circular**"), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular. Reference is made to the announcement of the Company dated 12 October 2023, according to which, (i) the First Batch Sellers, being indirect subsidiaries of the Company (as the sellers) and Suzhou Industrial (as the purchaser) entered into the First Batch Share Purchase Agreements; (ii) the Second Batch Sellers, being indirect subsidiaries of the Company (as the sellers) and Suzhou Industrial (as the purchaser) entered into the Second Batch Share Purchase Agreement; and (iii) GCL New Energy Investment, being an indirect subsidiary of the Company, the Purchaser and the Company entered into an Earnest Money Agreement. The First Batch Share Purchase Agreements and the Second Batch Share Purchase Agreements, collectively refer to as the Share Purchase Agreements, stipulated the terms and conditions of the disposal of equity interest in the First Batch Target Companies and the Second Batch Target Companies. The Earnest Money Agreement sets out the arrangement of earnest money to be given by the Purchaser in respect of the Disposals.

Upon completion of the Disposals, the Target Companies will cease to be subsidiaries of the Company. The First Batch Target Companies own 31 operational solar power plants in the PRC with grid-connected capacity of approximately 558MW while the Second Batch Target Companies own 5 operational solar power plants in the PRC with grid-connected capacity of approximately 25.86MW. With reference to the Circular, the Disposals are the final steps taken by the Group to dispose all its solar power plants except for the solar power plants in the United States of America and achieve its "transformation and upgrade" development objective and transformation to an asset-light model.

As at the Latest Practicable Date, given that (i) Mr. Zhu Gongshan, Mr. Zhu Yufeng and Zhu Family Trust indirectly held 48.03% equity interest in the Purchaser; (ii) the Zhu Family Trust is a substantial Shareholder that indirectly held 284,022,559 shares of the Company (representing approximately 24.32% of the total issued share capital of the Company), and therefore a connected person of the Company; and (iii) Mr. Zhu Gongshan and Mr. Zhu Yufeng are executive Directors, and therefore considered as connected persons of the Company, the Purchaser is considered to be an associate of connected persons of the Company under Chapter 14A of the Listing Rule. Therefore, the entering into of the Share Purchase Agreements constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The SGM will be convened to consider and, if thought fit, to pass the resolution 1(a) to 1(d) set out in the SGM Notice to approve the Share Purchase Agreements and the Disposals.

According to the Letter from the Board, as at the Latest Practicable Date, (i) Mr. Zhu Gongshan, Mr. Zhu Yufeng and the Zhu Family Trust, being a substantial Shareholder indirectly holding 284,022,559 shares of the Company (representing approximately 24.32% of the total issued share capital of the Company) have material interest in the transactions contemplated under the Share Purchase Agreements; (ii) Mr. Wang Dong, the executive Director of the Company, executive of the companies controlled by the Zhu Family Trust, as well as a shareholder of the Company, holding 11,496 shares of the Company (representing approximately 0.001% of the total issued share capital of the Company); (iii) Ms Sun Wei, the non-executive Director of the Company, executive of the companies controlled by the Zhu Family Trust, as well as a shareholder of the Company, holding 90,995 shares of the Company (representing approximately 0.01% of the total issued share capital of the Company); and (iv) Dongsheng Photovoltaic Technology, Elite Time Global Limited, Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, all having the ultimate beneficial owners who are either Mr. Zhu Gongshan, Mr. Zhu Yufeng, the Zhu Family Trust or parties acting in concert with any of them. Therefore, the parties mentioned in (i) to (iv) above are required to abstain from voting to approve the Disposals and the transactions contemplated under the Share Purchase Agreements and the Earnest Money Agreement.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all of the four independent non-executive Directors, namely Mr. Lee Conwey Kong Wai, Mr. Wang Yanguo, Dr. Chen Ying and Mr. Cai Xianhe, has been established to advise the Independent Shareholders regarding the terms of the Share Purchase Agreements, the Earnest Money Agreement and the transactions contemplated thereunder.

We, Messis Capital Limited, have been appointed by the Company as the Independent Financial Adviser in accordance with the requirements of the Listing Rules to advise the Independent Board Committee and the Independent Shareholders regarding the Share Purchase Agreements, the Earnest Money Agreement and the transactions contemplated thereunder. Our appointment has been approved by the Independent Board Committee.

During the past two years, save for the engagement in connection with the Share Purchase Agreements, the Earnest Money Agreement and the transactions contemplated thereunder, we had not been engaged by the Company for the provision of other services that would affect our independence. Apart from the normal professional fees for our services to the Company in connection with the engagement to act as the Independent Financial Adviser, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Group, the Purchaser, Mr. Zhu Gongshan, Mr. Zhu Yufeng, the Zhu Family Trust, Mr. Wang Dong, Ms. Sun Wei, Dongsheng Photovoltaic Technology, Elite Time Global Limited, Highexcel Investments Limited, Happy Genius Holdings Limited, Get Famous Investments Limited or any of their respective substantial shareholders, directors or chief executives, or of their respective associates that could reasonably be regarded as relevant to our independence. We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Share Purchase Agreements and the transactions contemplated thereunder.

BASIS OF OUR ADVICE

In formulating our opinions and recommendations, we have reviewed, inter alia, (i) the Share Purchase Agreements; (ii) the Earnest Money Agreement; (iii) the announcement of the Company dated 12 October 2023; (iv) the annual report of the Company for the financial year ended 31 December 2022 (the "**2022 Annual Report**"), and the interim report of the Company for the six months ended 30 June 2023 (the "**2023 Interim Report**"); and (v) the valuation report compiled by Cushman & Wakefield Limited (the "**Valuation Report**"). We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true up to the Latest Practicable Date.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Letter from the Board and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Letter from the Board have been arrived at after due and careful consideration and there are no other facts not contained in the Letter from the Board, the omission of which would make any statement herein or in the Letter from the Board misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of and reasons for entering into the Share Purchase Agreements, the Earnest Money Agreement and the transactions contemplated thereunder. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the business or affairs or future prospects of the Target Companies and the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us as at the Latest Practicable Date.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Share Purchase Agreements, the Earnest Money Agreement and the transactions contemplated thereunder. Except for its inclusion in the Circular, this letter shall not be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions in respect of the Share Purchase Agreements, the Earnest Money Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Financial information of the Group

The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. Revenue of the Group are generated from (i) sales of electricity and tariff adjustments; (ii) provision of operation and management services; and (iii) solar related supporting services. The following table sets forth the financial information of the Group for the two years ended 31 December 2022 and six months ended 30 June 2023 as extracted from the 2022 Annual Report and 2023 Interim Report:

	Six months ended 30 June		**Year ended 31 December**	
	2023	**2022**	**2022**	**2021**
	(1H2023)	**(1H2022)**	**(FY2022)**	**(FY2021)**
	(unaudited)	(unaudited)	(audited)	(audited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue				
– Sales of electricity and tariff adjustment	317,793	410,224	758,461	2,694,979
– Operation and management services	65,503	73,995	151,991	79,637
– Solar related supporting services	39,468	73,817	18,605	70,283
Total revenue	422,764	558,036	929,057	2,844,899
Gross profit	195,476	254,697	451,068	1,778,776
Finance cost	(193,073)	(319,322)	(571,543)	(1,578,409)
Loss for the period/year	(115,680)	(410,401)	(1,288,381)	(561,724)

	As at 30 June	As at 31 December	
	2023	**2022**	**2021**
	(unaudited)	(audited)	(audited)
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	5,277,837	6,573,445	7,714,442
Current assets	5,848,661	5,590,111	8,202,227
Current liabilities	(3,137,200)	(1,795,802)	(3,643,971)
Net current assets	2,711,461	3,794,309	4,558,256
Non-current liabilities	(2,143,778)	(4,389,722)	(5,318,825)
Net assets	5,845,520	5,978,032	6,953,873

For the six months ended 30 June 2023

With reference to the 2023 Interim Report, the decrease in revenue by approximately RMB135.3 million or 24.2% from RMB558.0 million in 1H2022 to RMB422.8 million in 1H2023 was mainly attributable to the disposal of solar power plants during year 2022 that resulted in the grid-connected capacity decrease from 830MW as at 30 June 2022 to 816MW as at 30 June 2023. As discussed in the 2023 Interim Report, tariff adjustment amounted to approximately RMB167 million represents government subsidies received and receivable and accounted for approximately 52.5% of the revenue generated from sales of electricity in 1H2023. Gross profit margin remained stable at 46.2% in 1H2023 and 45.6% in 1H2022. Finance cost decreased significantly by approximately RMB126.2 million or 39.5% from RMB319.3 million in 1H2022 to RMB193.1 million in 1H2023, mainly due to the decrease in business scale and repayment of debts as a result of the disposal of solar power plants. Loss for the period reduced significantly by approximately RMB294.7 million or 71.8% from RMB410.4 million in 1H2022 to RMB115.7 million in 1H2023.

As at 30 June 2023, the Group recorded net current assets of RMB2,711.5 million and net assets of RMB5,845.5 million. With reference to the 2023 Interim Report, the net debt to total equity ratio improved from 59.8% as at 31 December 2022 to 45.4% as at 30 June 2023.

For the year ended 31 December 2022

With reference to the 2022 Annual Report, the decrease in revenue by approximately RMB1,915.8 million or 67.3% from RMB2,844.9 million in FY2021 to RMB929.1 million in FY2022 was mainly attributable to the disposal of solar power plants during year 2021 and 2022 that resulted in the grid-connected capacity decrease from 1.0GW as at 31 December 2021 to 0.84GW as at 31 December 2022. As discussed in the 2022 Annual Report, tariff adjustment amounted to approximately RMB415 million represents government subsidies received and receivable and accounted for approximately 54.7% of the revenue generated from sales of electricity in FY2022. Gross profit margin decreased from 62.5% in FY2021 to 48.6% in FY2022, mainly due to the lower gross profit margin for procurement service business when compare with sales of electricity business. Finance cost decreased significantly by approximately RMB1,006.9 million or 63.8% from RMB1,578.4 million in FY2021 to RMB571.5 million in FY2022, mainly due to the decrease in business scale and repayment of debts as a result of the disposal of solar power plants. Loss for the year increased significantly by approximately RMB726.7 million or 129.4% from RMB561.7 million in FY2021 to RMB1,288.4 million in FY2022.

As at 31 December 2022, the Group recorded net current assets of RMB3,794.3 million and net assets of RMB5,978.0 million. With reference to the 2022 Annual Report, the net debt to total equity ratio improved from 86.8% as at 31 December 2021 to 59.8% as at 31 December 2022.

2. Background information of the Target Companies

The table below sets forth the background information of the Target Companies as extracted from the Circular:

No.	Target Companies	Category	Principal business	Equity interest of the Group	Profit/(loss) after taxation in FY2022 *(RMB'000)*	Consideration *(RMB'000)*	P/E
1	Beipiao GCL	First batch	Operation of solar power plants in the PRC	100%	(3,522)	8,500	NA
2	Changsha Xinjia	First batch	Operation of solar power plants in the PRC	100%	898	52,300	58
3	Guangzhou GCL	First batch	Operation of solar power plants in the PRC	100%	739	17,700	24
4	Haidong Yuantong	First batch	Operation of solar power plants in the PRC	100%	(1,202)	21,100	NA
5	Hualong Xiehe	First batch	Operation of solar power plants in the PRC	100%	(856)	14,900	NA
6	Huludao Lianshan GCL	First batch	Operation of solar power plants in the PRC	100%	(1,992)	57,900	NA

No.	Target Companies	Category	Principal business	Equity interest of the Group	Profit/(loss) after taxation in FY2022 *(RMB'000)*	Consideration *(RMB'000)*	P/E
7	Huzhu Haoyang	First batch	Operation of solar power plants in the PRC	100%	2,406	41,000	17
8	Inner Mongolia Jinxi	First batch	Operation of solar power plants in the PRC	100%	2,052	42,061	20
9	Jilin Yilian New Energy	First batch	Operation of solar power plants in the PRC	100%	2,104	40,100	19
10	Lankao GCL	First batch	Operation of solar power plants in the PRC	100%	(812)	9,300	NA
11	Leizhou GCL	First batch	Operation of solar power plants in the PRC	100%	(5,892)	100	NA
12	Longkou GCL	First batch	Operation of solar power plants in the PRC	100%	304	19,600	64
13	Luohe Xinli	First batch	Operation of solar power plants in the PRC	100%	500	11,200	22
14	Putian Hanjiang Xinneng	First batch	Operation of solar power plants in the PRC	100%	2,658	40,100	15
15	Qinghai Baineng	First batch	Operation of solar power plants in the PRC	100%	759	37,300	49
16	Shandong Wanhai	First batch	Operation of solar power plants in the PRC	100%	1,839	10,200	6
17	Shanghai GCL New Energy	First batch	Operation of solar power plants in the PRC	100%	(5,216)	74,700	NA
18	Shangqiu Xieneng	First batch	Operation of solar power plants in the PRC	100%	(763)	4,600	NA
19	Shanwei GCL	First batch	Operation of solar power plants in the PRC	100%	2,378	25,200	11
20	Shenyang Yuhong	First batch	Operation of solar power plants in the PRC	100%	3,113	44,900	14
21	Taoyuan Xinhui	First batch	Operation of solar power plants in the PRC	100%	135	9,800	73
22	Taoyuan Xinneng	First batch	Operation of solar power plants in the PRC	100%	(2,860)	12,800	NA
23	Taoyuan Xinyuan	First batch	Operation of solar power plants in the PRC	100%	922	26,400	29
24	Tongyu GCL	First batch	Operation of solar power plants in the PRC	88.58%	3,775	39,684	11
25	Tongyu Xinyuan	First batch	Operation of solar power plants in the PRC	100%	3,097	16,240	5

No.	Target Companies	Category	Principal business	Equity interest of the Group	Profit/(loss) after taxation in FY2022 *(RMB'000)*	Consideration *(RMB'000)*	P/E
26	Tongyu Zanjia Poultry	First batch	Operation of solar power plants in the PRC	100%	52	56,000	1077
27	Weishan Xinneng	First batch	Operation of solar power plants in the PRC	100%	1,029	88,100	86
28	Xuzhou Xinri	First batch	Operation of solar power plants in the PRC	100%	(2,379)	61,500	NA
29	Yixian Guoxin	First batch	Operation of solar power plants in the PRC	100%	(11,861)	49,300	NA
30	Yongzhou GCL	First batch	Operation of solar power plants in the PRC	100%	(568)	48,700	NA
31	Zhuanglang Guangyuan	First batch	Operation of solar power plants in the PRC	100%	(3,782)	8,800	NA
32	Tengzhou Xintian	Second batch	Operation of solar power plants in the PRC	100%	–	– *(Note 1)*	NA
33	Gaotang Xiezhi	Second batch	Operation of solar power plants in the PRC	100%	–	773 *(Note 2)*	NA
34	Gaotang Xinwang	Second batch	Operation of solar power plants in the PRC	100%	–	773 *(Note 2)*	NA
35	Luohe Xierun	Second batch	Operation of solar power plants in the PRC	100%	657	7,722	12
36	Gaotang Xiechen	Second batch	Operation of solar power plants in the PRC	100%	(12)	5,047	NA

Note:

1. The consideration is less than RMB1,000.

2. The consideration represents 50% of the aggregate consideration of two Target Companies amounted to RMB1,546,420.

As shown in the table above and for illustrative purpose only, assuming the disposal of each of the Target Companies is considered separately and individually, the implied price-to-earnings ratio (**P/E**) of the Target Companies could range from 5 times to 1,077 times. However, pursuant to the Share Purchase Agreements where Target Companies are to be disposed of on a package basis, the combined losses of the Target Companies in FY2022 amounted to approximately RMB12.3 million and therefore P/E multiple is not applicable. With reference to the Circular, the combined unaudited net assets of the Target Companies as at the Reference Date (i.e. 30 June 2023) amounted to RMB1,605,480,000. Based on the aggregate consideration of RMB1,004,401,100, the implied price-to-book ratio (**P/B**) is 0.6 times.

The First Batch Target Companies own 31 operational solar power plants in the PRC with grid-connected capacity of approximately 558MW while the Second Batch Target Companies own 5 operational solar power plants in the PRC with grid-connected capacity of approximately 25.86MW. Upon completion of the Disposals, the Target Companies will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Companies will no longer be consolidated into the financial statements of the Company upon the completion of the Disposals.

3. Reasons for and benefits of the Disposals

In assessing the fairness and reasonableness of entering into the Share Purchase Agreements, the Earnest Money Agreement and the transactions contemplated thereunder, we have taken into account the business development of the Group.

According to the management of the Group, the Group has been in the process of strategic transformation into an asset-light business model and actively handling the assets disposal with an aim to reduce debts and interest rate exposure. The result of the transformation is evidenced by the significant decrease in finance cost and improvement of net debt to total equity ratio as discussed in the section "1. Financial information of the Group" above.

Tariff adjustment which represents government subsidies received and receivable accounted for over 50% of the revenue generated from sales of electricity (FY2022: 54.7% and FY2021: 57.9%). As discussed with the management of the Company, application for tariff adjustment is a lengthy process which requires assessments by the relevant government authorities with respect to conditions as stipulated on the Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法), before the eventual registration of solar power plant to the National Subsidy Catalogue, at which point corresponding tariff adjustment shall be approved. Certain applications for tariffs of the solar power plants under the Disposals have been made for three to four years and are still ongoing as at the Latest Practicable Date, and is no indications as to when such applications will be approved. Such circumstance has created a mismatch between the Group's investing cash flow and operating cash flow that has locked up the Group's resources and placed undue pressure to the Group's working capital which would ultimately hinder its future development.

Despite that there is a significant drop in revenue and gross profit of the Group due to the scale down of solar power generating business through a series of disposal of solar power plants over the years, having considered that (i) an uncertainty associated with the approval for tariff adjustment which accounted for over 50% of the revenue generated from sales of electricity; and (ii) the capital intensive nature of the solar power generating business coupled with the interest rate rising environment, we concur with the Directors' view that transformation into an asset light model by disposing of all solar power plants to lower financing pressure and liquidity risk is in the interest of the Company and the Shareholders as a whole.

4. Principal terms of the Share Purchase Agreements

Pursuant to the Share Purchase Agreements, among other things, the First Batch Sellers and the Second Batch Sellers conditionally agreed to sell and the Purchaser conditionally agreed to acquire (i) save for Tongyu GCL, the entire equity interest in each of the Target Companies; and (ii) approximately 88.58% equity interest in Tongyu GCL.

The total consideration amounted to approximately RMB1,004,401,100 (subject to adjustment to the Deferred Consideration) comprising (i) the First Batch Consideration of RMB990,085,200 (subject to adjustment to the Deferred Consideration) in relation to the disposal of First Batch Target Companies; and (ii) the Second Batch Consideration of RMB14,315,900 in relation to the disposal of Second Batch Target Companies, shall be payable in cash by the Purchaser.

Pursuant to the Earnest Money Agreement, the Purchaser shall pay RMB300 million into GCL New Energy Investment's designated bank account as the earnest money in respect of the Disposals which shall be used to offset the Consideration.

The closing of the Disposals will be conditional upon the fulfilment of all the conditions precedent to the Share Purchase Agreements, details of which are set out in the subsection headed "Conditions Precedent" in the Letter from the Board.

The Share Purchase Agreements also stipulated the payment arrangement of (i) Net Payable Amount payable by the Purchaser, the First Batch Target Companies and the Second Batch Target Companies following the closing of the Disposals; and (ii) the payment arrangement of the Total Deferred Amount in relation to the First Batch Target Companies.

4.1 Evaluation of the Consideration of the Disposals

The Consideration was determined with reference to, among others, the valuation of the First Batch Target Companies and Second Batch Target Companies as of 30 June 2023 (the "**Valuation**") as appraised by the Independent Valuer, Cushman & Wakefield Limited. As set out in the Valuation Report contained in Appendix IV of the Circular, the appraised fair value as of 30 June 2023 of (i) 100% equity interest in the First Batch Target Companies is RMB1,069,000,000; and (ii) 100% equity interest in the Second Batch Target Companies is RMB10,000,000.

(i) Scope of work and qualifications of the Independent Valuer

We have complied with all the requirements under Rule 13.80(2)(b) Note 1(d) of the Listing Rules. In particular, we have reviewed the supporting documents on the qualifications, experience and expertise of the Independent Valuer and discussed the same with the Independent Valuer. We noted that the person signing the Valuation Report, being the senior director of the Independent Valuer, has over 15 years of experience in providing business valuation services. Furthermore, we also reviewed the Independent Valuer's terms of engagement and discussed with the Independent Valuer the work it has performed as regards the Valuation.

(ii) Valuation methodologies

As set out in the Valuation Report and based on our discussions with the Independent Valuer, market approach with the use of a combination of guideline public company method and the guideline transaction method is adopted in deriving the Valuation. We have discussed with the Independent Valuer on their valuation methodologies and understand that there are three generally accepted approaches to appraise the fair value of equity interest, namely market approach, income approach and asset based approach. In the Valuation, the Independent Valuer adopted the market approach as this approach is the most direct valuation approach which reflects the value obtained as a result of a consensus of what others in the market place have judged it to be. As advised by the Independent Valuer, the market approach comprises two methods namely the guideline public company method and the guideline transaction method. The guideline public company method focuses on analyzing the data and valuation multiples of companies that can be considered comparable to those being valued while the guideline transaction method measures value based on what other purchasers in the market have paid for companies that can be considered reasonably similar to those being valued. The Independent Valuer will then take average of the two methods to arrive at the Valuation based on market approach. The Independent Valuer further advised that the asset based approach and the income approach are considered inappropriate for appraising the fair value of 100% equity interest of the Target Companies as the asset based approach does not capture future earning potential of the business while the income approach requires detailed financial forecast of the Target Companies, which involves adoption of much more subjective assumptions than the other two approaches, not all of which can be easily quantified or ascertained.

Based on our discussion with the Independent Valuer and the fact that the Target Companies are in continuing operation and going concern, we concur with the Independent Valuer's view that asset based approach which disregards the future earning potential of the business of the Target Companies is not appropriate. On the other hand, based on the fact that profitability and financial performance varies among the Target Companies and financial forecast is subject to, among others, uncertainty of income to be receivable from national subsidies due to lengthy approval process of tariff adjustment, we concur with the Independent Valuer's view that financial forecast required in income approach would be subjective and involves assumptions not easily quantified or ascertained and therefore income approach is not appropriate. Having taken into account the above, in particular the availability of sufficient and objective market data, we concur with the Independent Valuer that the market approach is commonly used and is an appropriate method for deriving the fair value of 100% equity interest of the Target Companies under the above circumstances.

As advised by the Independent Valuer, under the guideline public company method, comparable companies are identified and selected based on the following selection criteria: (i) is principally engaged in operation of solar power plants in the PRC, with more than 50% of the revenue generated from operation of solar power plants; (ii) has positive equity attributable to shareholders as at the Valuation Date, which is essential in determining the P/B multiple; and (iii) is listed in the Stock Exchange of Hong Kong, where company's financial information is publicly available.

We have reviewed the latest financial statements of the list of comparable companies and notice that they are in line with the selection criteria set by the Independent Valuer. We have also conducted independent research for companies listed on the Stock Exchange based on the selection criteria above to confirm the comparable companies are fair and representative samples and is an exhaustive list. Having considered that (i) the principal businesses of the Target Companies are operation of solar power plants in the PRC which are similar to principal businesses of the comparable companies; (ii) not all Target Companies are profitable as at the Valuation Date and therefore P/E multiple and EV/EBIT multiple are not applicable and P/B multiple is the most relevant valuation metric to adopt in this exercise; (iii) companies listed on the stock exchanges of Hong Kong provide objective public available information for assessing the fair value of the equity interest in the Target Companies, we are of the view that the use of P/B of Comparable Companies as objective benchmarks for valuing the fair value of 100% equity interest of Target Companies and the selection criteria adopted by the Independent Valuer in identifying the comparable companies are appropriate and fair and reasonable.

Moreover, as discussed in the section headed "2. Background information of the Target Companies", we have also calculated the P/B of the Target Companies based on combined unaudited net assets of the Target Companies as at 30 June 2023 and the aggregate consideration of the Disposals. With reference to the Valuation Report, P/B of Comparable Companies ranged from 0.19 times to 1.65 times, with an average of 0.66 times and a median of 0.56 times. Therefore, the P/B of the Target Companies as represented by the Consideration of approximately 0.6 times falls within range and is close to the average and median of that of the Comparable Companies.

The Independent Valuer has applied a discount for lack of marketability of 10.2% in the Valuation. We understand from the Independent Valuer that such discount is adopted based on their professional judgement with reference to a global study report "Stout Restricted Stock Study Companion Guide 2023 Edition" published by Stout Risius Ross, LLC, which is publicly available on the website of Business Valuation Resources, LLC (https://www.bvresources.com/). We have obtained from the Independent Valuer an extract of the study report and confirmed with the Independent Valuer that such study report is the latest publicly available source of the lack of marketability discount as at the date of the Valuation Report. Taking into account the above, we consider it is appropriate for the Independent Valuer to adopt such discount for lack of marketability in the valuation under the guideline public company method.

The Independent Valuer has also applied a control premium of 26.1% in the Valuation. We understand from the Independent Valuer that such premium is adopted based on their professional judgement with reference to FactSet Mergerstat/BVR Control Premium Study, an online source that provides empirical support for quantifying control premiums and implied minority discounts. We have obtained from the Independent Valuer an extract of the study report and understand that the control premium represents premium an investor is willing to pay in addition to a marketable minority equity value to obtain controlling interest in a business subject. Taking into account the above, we consider it is appropriate for the Independent Valuer to adopt such control premium to the 100% equity interests in the Target Companies in the valuation under the guideline public company method.

As advised by the Independent Valuer, under the guideline transaction method, comparable transactions are identified and selected based on the following selection criteria: (i) transactions involved solely solar power plant companies and the solar power plant in each transaction was fully commercial operational and located in the PRC; (ii) equity interest being transacted in each transaction was over 50%; (iii) target company in each transaction had a positive net assets value as at the reference date of the transaction; (iv) transactions were undertaken by listed companies in the Stock Exchange of Hong Kong, where transaction information is publicly available; and (v) transactions were announced within twelve months period prior to the Valuation Date, namely June 30, 2022 to June 30, 2023, to reflect the timeliness of the transactions.

We have reviewed the public announcement of the list of comparable transactions and notice that they are in line with the selection criteria set by the Independent Valuer. Based on our discussion with the Independent Valuer, we notice that two out of four comparable transactions involve disposal transactions of the Group with independent third parties. Given that these disposal transactions of the Group were arm's length transactions conducted with independent third parties, we are of the view that they also represent valid market reference and are appropriate to be selected as comparable transactions. Having considered that (i) the Disposals are related to disposal of 100% equity interests in the Target Companies whose principal businesses are all operation of solar power plants in the PRC and therefore similar to the background of the comparable transactions; (ii) the target company in each comparable transaction had a positive net assets value and therefore can determine the P/B multiple; (iii) the comparable transactions provide objective public available information for assessment; and (iv) the comparable transactions are recent to reflect the latest market terms, we are of the view that the selection criteria adopted by the Independent Valuer in identifying the comparable transactions are appropriate and fair and reasonable.

As discussed with the Independent Valuer, similar to the guideline public company method, P/B of the comparable transactions are applied as objective benchmarks for valuing the fair value of 100% equity interest of Target Companies under the guideline transaction method.

The Independent Valuer then takes average of the result from the guideline public company method and the guideline transaction method to arrive at the Valuation based on market approach.

(iii) Our view

We reviewed the calculations in the Valuation and also reviewed and discussed with the Independent Valuer the key basis and assumptions adopted for the Valuation and noted that such assumptions are commonly adopted in business valuation. During our discussions with the Independent Valuer, we did not identify any major factors which cause us to doubt the reasonableness of such assumptions adopted in the Valuation Report. Based on the discussions above and taking into account that (i) the market approach is commonly used and is the only appropriate method for deriving the fair value of 100% equity interest of the Target Companies as set out above; (ii) the selection criteria adopted by the Independent Valuer in identifying the comparable companies and comparable transactions are considered appropriate; (iii) it is appropriate to apply P/B multiples for the valuation of 100% equity interest of the Target Companies; (iv) the First Batch Sellers and the Purchaser mutually agreed that the rectification cost for the engineering and compliance defects of the First Batch Target Companies amounting to RMB90 million will be borne by the First Batch Target Companies and therefore is deducted from the Consideration; and (v) the Consideration of RMB1,004,401,100 represents a premium of approximately 1.6% to the adjusted valuation of the Target Companies of RMB989,000,000 based on the appraised fair value of 100% equity interest of Target Companies of approximately RMB1,079,000,000, minus the rectification cost amounting to RMB90 million, we consider the Consideration is fair and reasonable.

4.2 Rectification cost

As set out in the Circular, the rectification cost for the engineering and compliance defects of the Designated First Batch Target Companies at a fixed amount of RMB90 million will be assumed by the Designated First Batch Target Companies and has already been taken into account when determining the First Batch Consideration. Accordingly, the obligation of rectifying the deficiencies, relevant liabilities and risks (if any), shall be borne by the Designated First Batch Target Companies instead of the First Batch Sellers upon execution of the First Batch Share Purchase Agreements.

As discussed with management of the Group, the arrangement of rectification cost is to ascertain the duty and obligation of rectifying the deficiencies are offloaded to the Purchaser and the Target Companies upon completion of the Disposals. Based on our review of relevant disposal transactions conducted between the Group and independent third parties, we notice that the Group as vendor used to undertake the obligation of rectification of deficiencies which, in the opinion of the management, is burdensome to the Group because manpower and cost are devoted to take care of the defects of the disposal companies up till the satisfaction of the purchaser.

Given that the arrangement of rectification cost pursuant to the Share Purchase Agreements effectively discharges the Group from bearing any liabilities and obligation of rectification of deficiencies of the Target Companies after Closing, we are of the view that the term of rectification is no less favorable than the arrangement in other disposal transactions with independent third parties, is fair and reasonable and in the interest of the Group and the Shareholders as a whole.

4.3 Payment arrangement of the Net Payable Amount

As set out in the Circular, the Amount Payable and the Account Receivables should be determined in accordance with the Reference Date Audit Reports. The Amount Payable will be set off against the Amount Receivable in order to ascertain the Net Payable Amount as at the Reference Date (i.e. 30 June 2023), which will be payable by the Purchaser and the First Batch Target Companies to the First Batch Sellers and the Second Batch Sellers. As at the Reference Date, the Net Payable Amount payable by the First Batch Target Companies to the First Batch Sellers is approximately RMB179.9 million. With reference to the Circular, the parties further agreed that the Net Payable Amount is interest bearing at the rate of 5.6% per annum payable by the Purchaser and First Batch Target Companies to the First Batch Sellers until the sum is fully settled (excluding the day of settlement). As discussed with the management of the Group and with reference to the 2022 Annual Report, the interest rate of 5.6% per annum is determined with reference to the cost of floating rate RMB borrowings of the Group ranging from 4.58% per annum to 7.14% per annum. We consider that the repayment of Net Payable Amount due to the Group on a dollar-to-dollar basis is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

4.4 Total Deferred Amount pending the National Subsidies Compliance Review

As set out in the Circular, the First Batch Sellers and Purchaser have agreed that upon Announcement of the National Subsidies Compliance Review, in the event that there is no change to national subsidy amount entitled to be receivable by the Projects, the Purchaser shall pay the Total Deferred Amount of RMB719.1 million to the First Batch Sellers, together with the relevant interest of 4.3% per annum, within 15 Business Days upon the publication or release of the Announcement of the National Subsidies Compliance Review. As discussed with the management of the Group, the interest rate of 4.3% per annum is determined with reference to the 5-year benchmark loan prime rate of RMB of 4.2% per annum quoted on the China Foreign Exchange Trade System of the People’s Bank of China.

As discussed in the section headed "3. Reasons for and benefits of the Disposals" in this letter, tariff adjustment which represents government subsidies received and receivable accounted for over 50% of the revenue generated from sales of electricity. Accordingly, government subsidies represent a material income source that could affect the future earnings and prospects of the Target Companies. With reference to the Letter from the Board, if the National Subsidies Compliance Review will result in a reduction in the national subsidy amount entitled to be receivable by the Projects or any relevant Project being removed from the National Subsidy Catalogue, it affects the expected revenue of the First Batch Target Companies which in turn affects the value of the First Batch Target Companies. Therefore, the parties agree to adjust the First Batch Consideration in the event of negative outcomes of the National Subsidies Compliance Review. The reduction in the First Batch Consideration shall be firstly offset against the Deferred Receivable, and then offset against the Deferred Consideration. If the reduction amount is greater than the Total Deferred Amount, the First Batch Sellers shall pay the shortfall amount to the Purchaser. The following table sets forth the Projects and/or Target Companies that are subject to this potential consideration reduction:

First Batch Sellers	**Target Companies**	**Deferred Consideration**	**Deferred Receivable**
		RMB'000	*RMB'000*
Suzhou GCL New Energy Investment	Zhuanglang Guangyuan	82,156	54,184
Suzhou GCL New Energy Investment	Inner Mongolia Jinxi	–	20,130
Suzhou GCL New Energy Investment	Shandong Wanhai	157,470	114,300
Suzhou GCL New Energy Investment	Tongyu GCL	–	6,458
Suzhou GCL New Energy Investment	Changsha Xinjia	17,219	59,901
Nanjing GCL New Energy	Shanghai GCL New Energy	21,000	30,669
Qinghai GCL New Energy	Qinghai Baineng	27,714	12,490
Qinghai GCL New Energy	Hualong Xiehe	14,900	86,556
Suzhou GCL New Energy	Tongyu Zanjia Poultry	–	4,380
Suzhou GCL New Energy	Jilin Yilian New Energy	–	9,600
	Total	320,459	398,668

The Deferred Consideration represents approximately 32.4% of the total consideration for the First Batch Target Companies of RMB990.1 million and is of similar size to the first instalment and second instalment of the First Batch Consideration.

We conducted desktop research on the recent transactions of disposal of solar power projects by companies listed on the Stock Exchange of Hong Kong and identified one disposal transaction conducted by Kong Sun Holdings Limited (Stock code: 0295) on 11 August 2023. We notice the following disclosure in the announcement:

> *"……the balance of approximately RMB407,000, representing approximately 67.1% of the consideration for the First Disposal, shall be paid to Tianhao New Energy within fifteen (15) business days after the First Project having* ***passed the relevant verification process and becoming included in the list of projects qualified for state renewable energy subsidies*** *as published by the relevant PRC authority." (Reference: https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0811/2023081101664.pdf)*

In light of the above, we are of the view that it is not uncommon for disposal of solar power projects in the market to include a term of deferred consideration, the payment of which is subject to the grant of government energy subsidies to the disposal companies.

Given that the timing and progress of National Subsidies Compliance Review is determined by the relevant authorities and is out of the control of the contract parties and having considered that (i) national subsidy is an important factor that affect the earning power of the Target Companies; (ii) the deduction to the Total Deferred Amount triggered by reduction in the national subsidy is a reasonable protective clause requested by the Purchaser; and (iii) any reduction will be firstly offset against the Deferred Receivable which does not form part of the First Batch Consideration, we concur with the Directors' view that the deduction of Total Deferred Amount triggered by National Subsidies Compliance Review is on normal commercial terms and fair and reasonable.

5. Principal terms of the Earnest Money Agreement

Pursuant to the Earnest Money Agreement, the Purchaser shall pay RMB300 million into GCL New Energy Investment's designated bank account as the earnest money in respect of the Disposals which shall be used to offset the Consideration.

In the event that the parties decide to terminate the Disposals due to the failure on the part of the Purchaser in obtaining the relevant internal approval or other reasons caused by the Purchaser, GCL New Energy Investment shall refund all of the Earnest Money to the Purchaser without any interest.

In the event that the Disposals are terminated due to reasons not attributable to the Purchaser, the interest on the Earnest Money shall be calculated at an interest rate of 5.6% per annum.

The Earnest Money Agreement also stipulated an exclusivity clause up to 31 December 2023.

Having considered that the earnest money provided by the Purchaser can demonstrate its good faith and financial competence in the transaction and the interest rate applied to the repayment of earnest money in the event of termination of the Disposals is a mutually agreed rate applied during the Transition Period, we concur with the Directors' view that the entering into of Earnest Money Agreement is on normal commercial terms and fair and reasonable.

6. Financial impacts of the Disposals

For illustrative purpose, the financial effects of the Disposals are summarized below with reference to the unaudited pro forma financial information of the Group as set out in Appendix III of the Circular.

Revenue

For the year ended 31 December 2022, the Group recorded an audited consolidated revenue for the year of approximately of RMB929 million. With reference to the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular and assuming that the Disposals had taken place on 1 January 2022, the unaudited pro forma consolidated revenue for the Remaining Group for the year ended 31 December 2022 would decrease by approximately RMB440.5 million or 47.4% to approximately RMB488.6 million.

Earnings

For the year ended 31 December 2022, the Group recorded an audited consolidated loss for the year of approximately of RMB1,288.4 million. With reference to the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular and assuming that the Disposals had taken place on 1 January 2022, the unaudited pro forma consolidated loss for the Remaining Group for the year ended 31 December 2022 would be reduced by approximately RMB455.9 million or 35.4% to approximately RMB832.5 million.

Asset and liabilities

The consolidated total assets and total liabilities of the Group as at 30 June 2023 were approximately RMB11,126.5 million and RMB5,281.0 million respectively. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular and assuming that the Disposals had taken place on 30 June 2023, the unaudited pro forma consolidated total assets and total liabilities would be approximately RMB8,598.0 million and RMB3,357.5 million respectively.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that (i) the terms of the Share Purchase Agreements and Earnest Money Agreement are on normal commercial terms and fair and reasonable so far as the Shareholders are concerned; and (ii) the Disposals are, though not in the ordinary course of business of the Group, in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Share Purchase Agreements and the Earnest Money Agreement.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Thomas Lai
Chief Executive Officer

Mr. Thomas Lai is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of Messis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 28 years of experience in corporate finance industry.

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 September 2023, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

		The Group	
	Secured	**Unsecured**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of bank and other borrowings	1,610,209	154,955	1,765,164
Principal amount of senior notes	486,414	–	486,414
Carrying amount of loans from related companies	–	4,811	4,811
Lease liabilities	–	217,211	217,211
	2,096,623	376,977	2,473,600

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 September 2023, certain bank and other borrowings and senior notes of the Group amounting to approximately RMB1,560,519,000 and RMB486,414,000, 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 RMB426,667,000 are not guaranteed.

As at 30 September 2023, the Group provided a total guarantee of approximately RMB1,502 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 RMB1,064 million and RMB323 million in total of such facilities as at 30 September 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 September 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 September 2023.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration and taking into account the proceeds from the Disposals, the timely settlement of the proceeds from previous disposals of equity interest in other subsidiaries, 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 RMB929 million, whilst the total revenue for the year ended 31 December 2021 was approximately RMB2,845 million. 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 RMB1,779 million 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 Latest Practicable Date, the Group is not aware of any material adverse effects on its consolidated financial statements as a result of the COVID-19 outbreak.

UNAUDITED FINANCIAL INFORMATION OF THE TARGET COMPANIES

Set out below are the unaudited combined statements of financial position of the Target Companies as of 31 December 2020, 2021 and 2022, and the unaudited combined statements of profit or loss and other comprehensive income, the unaudited combined statements of changes in equity and the unaudited combined 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 Disposals.

JFY CPA Limited, Certified Public Accountants, was engaged to review the Unaudited Financial Information of the Target Companies set out on pages II-2 to II-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 the Target Companies, 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 COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*
Revenue	499,659	475,861	440,458	199,807	234,964
Cost of sales	(230,525)	(214,763)	(217,597)	(104,903)	(100,073)
Gross profit	269,134	261,098	222,861	94,904	134,891
Other income	8,061	9,573	467	546	1,825
Impairment loss on expected credit loss model, net of reversal	(5)	(10,821)	(12,280)	–	–
Impairment loss on property, plant and equipment	(75,766)	(145,031)	(102,553)	–	–
Administrative expenses	(8,661)	(21,172)	(10,864)	(3,714)	(11,640)
Finance costs	(156,927)	(250,530)	(262,760)	(145,637)	(127,010)
Profit (loss) before taxation	35,836	(156,883)	(165,129)	(53,901)	(1,934)
Income tax expenses	(7,609)	(7,322)	(5,597)	(4,459)	(8,798)
Profit (loss) and total comprehensive income (expense) for the year/period	28,227	(164,205)	(170,726)	(58,360)	(10,732)

UNAUDITED COMBINED STATEMENT OF FINANCIAL POSITION

At 31 December 2020, 2021 and 2022 and 30 June 2023

	At 31 December			At 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
NON-CURRENT ASSETS				
Property, plant and equipment	3,173,653	2,906,389	2,715,934	2,705,190
Right-of-use assets	117,087	110,766	122,837	119,436
Other non-current assets	146,288	132,625	57,093	65,987
	3,437,028	3,149,780	2,895,864	2,890,613
CURRENT ASSETS				
Trade and other receivables	1,051,557	1,179,330	1,058,889	1,161,897
Amounts due from Remaining Group	25,268	9,836	3,605	3,834
Bank balances	100,863	147,927	286,445	73,978
	1,177,688	1,337,093	1,348,939	1,239,709
CURRENT LIABILITIES				
Other payables	146,115	165,881	60,020	49,190
Amounts due to related companies	31,300	45	13,236	38,797
Amounts due to Remaining Group	1,389,366	1,513,482	1,716,159	597,567
Lease liabilities – current portion	11,327	6,546	8,120	8,120
Bank and other borrowings	174,854	395,107	291,477	209,442
	1,752,962	2,081,061	2,089,012	903,116
NET CURRENT (LIABILITIES) ASSETS	(575,274)	(743,968)	(740,073)	336,593
TOTAL ASSETS LESS CURRENT LIABILITIES	2,861,754	2,405,812	2,155,791	3,227,206
NON-CURRENT LIABILITIES				
Lease liabilities – non-current portion	97,947	93,597	108,066	109,570
Bank and other borrowings	1,930,154	1,597,018	1,491,174	1,512,156
	2,028,101	1,690,615	1,599,240	1,621,726
NET ASSETS	833,653	715,197	556,551	1,605,480
CAPITAL AND RESERVES				
Paid-up capital	895,260	917,910	929,990	994,940
Reserves	(61,607)	(202,713)	(373,439)	610,540
TOTAL EQUITY	833,653	715,197	556,551	1,605,480

UNAUDITED COMBINED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023

	Paid-up capital	Share premium	Legal reserve	Retained earnings (accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	895,260	376	38,230	44,255	978,121
Profit and total comprehensive income for the year	–	–	–	28,227	28,227
Transfer to legal reserve	–	–	11,659	(11,659)	–
Dividends recognised as distribution	–	–	–	(172,695)	(172,695)
At 31 December 2020 and 1 January 2021	895,260	376	49,889	(111,872)	833,653
Loss and total comprehensive expense for the year	–	–	–	(164,205)	(164,205)
Transfer to legal reserve	–	–	4,391	(4,391)	–
Capital injection	22,650	–	–	–	22,650
Capitalisation of shareholders' loan	–	42,000	–	–	42,000
Dividends recognised as distribution	–	–	–	(18,901)	(18,901)
At 31 December 2021 and 1 January 2022	917,910	42,376	54,280	(299,369)	715,197
Loss and total comprehensive expense for the year	–	–	–	(170,726)	(170,726)
Transfer to legal reserve	–	–	2,893	(2,893)	–
Capital injection	12,080	–	–	–	12,080
At 31 December 2022 and 1 January 2023	929,990	42,376	57,173	(472,988)	556,551
Loss and total comprehensive expense for the period	–	–	–	(10,732)	(10,732)
Capital injection	1,500	–	–	–	1,500
Capitalisation of shareholders' loan	63,450	994,711	–	–	1,058,161
At 30 June 2023	994,940	1,037,087	57,173	(483,720)	1,605,480
At 1 January 2022	917,910	42,376	54,280	(299,369)	715,197
Loss and total comprehensive expense for the period	–	–	–	(58,360)	(58,360)
Capital injection	7,500	–	–	–	7,500
At 30 June 2022	925,410	42,376	54,280	(357,729)	664,337

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
OPERATING ACTIVITIES					
Profit (loss) before tax	35,836	(156,883)	(165,129)	(53,901)	(1,934)
Adjustments for:					
Depreciation of property, plant and equipment	139,151	117,717	119,605	59,803	68,399
Depreciation of right-of-use assets	7,541	8,379	8,864	3,488	3,401
Impairment loss on expected credit loss model, net of reversal	5	10,821	12,280	–	–
Impairment loss on property, plant and equipment	75,766	145,031	102,553	–	–
(Gain) loss on disposal of property, plant and equipment	(45)	4,368	–	–	–
Interest income	(860)	(1,005)	(448)	(228)	(45)
Finance costs	156,927	250,530	262,760	145,637	127,010
Operating profits before working capital changes	414,321	378,958	340,485	154,799	196,831
Decrease (increase) in other non-current assets	25,123	13,663	75,532	99,646	(8,894)
Increase in trade and other receivables	(4,594)	(138,594)	108,161	(134,441)	(103,008)
(Increase) decrease in other payables	(198,689)	19,766	(105,861)	(71,408)	(10,830)
(Increase) decrease in amounts due to related companies	(93,052)	(31,255)	13,191	2,941	25,561
Cash generated from operations	143,109	242,538	431,508	51,537	99,660
Income taxes paid	(7,609)	(7,322)	(5,597)	(4,459)	(8,798)
NET CASH GENERATED FROM OPERATING ACTIVITIES	135,500	235,216	425,911	47,078	90,862

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INVESTING ACTIVITIES					
Interest received	860	1,005	448	228	45
Payments for purchase of property, plant and equipment	(22,143)	(34,908)	(50,735)	(25,368)	(43,241)
Repayment from Remaining Group	192,383	15,432	6,231	4,739	–
Advance to Remaining Group	–	–	–	–	(229)
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	171,100	(18,471)	(44,056)	(20,401)	(43,425)
FINANCING ACTIVITIES					
Interest paid	(156,927)	(250,530)	(262,760)	(145,637)	(127,010)
Repayment of bank and other borrowings	(279,189)	(112,883)	(209,474)	(42,427)	(61,053)
Proceeds from capital injection	–	22,650	12,080	7,500	1,500
Advance from the Remaining Group	111,170	173,522	218,671	129,781	–
Repayment to the Remaining Group	–	–	–	–	(72,305)
Repayment of lease liabilities	(928)	(2,440)	(1,854)	(927)	(1,036)
NET CASH USED IN FINANCING ACTIVITIES	(325,874)	(169,681)	(243,337)	(51,710)	(259,904)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(19,274)	47,064	138,518	(25,033)	(212,467)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	120,137	100,863	147,927	147,927	286,445
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/ PERIOD	100,863	147,927	286,445	122,894	73,978

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. Corporate information

The Target Companies were established in the PRC with limited liabilities. Their holding company during the Relevant Periods and up to the date of issuance of the Unaudited Financial Information is GCL New Energy Holdings Limited (the "**Company**"), 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 Target Companies are principally engaged in the operation of solar power plants in the PRC.

The Unaudited Financial Information is presented in RMB, which is the same as the functional currency of the Target Companies.

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

The Unaudited Financial Information of the Target Companies for the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 and 2022 (the "**Relevant Periods**") has been prepared on a combined basis solely for the purpose of inclusion in the circular to be issued by the Company, in connection with the Disposals in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rules.

Throughout the Relevant Periods and up to the date of issuance of the Unaudited Financial Information and the date of the Disposals, the Target Companies were the indirectly owned subsidiaries of GCL New Energy Holdings Limited. There is no change in any management or holding company of the Target Companies during the Relevant Periods.

The amounts included in the combined Unaudited Financial Information of the Target Companies have been recognised and measured on a combined basis and in accordance with the relevant accounting policies adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the relevant years and periods (the "**Consolidated Financial Statements**"), which conform with International Financial Reporting Standards ("**IFRS**", which collective term include all applicable IFRSs, International Accounting Standards and Interpretations) issued by the International Accounting Standards Board (the "**IASB**") and accounting principles generally accepted in Hong Kong. The combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows of the Target Companies for the Relevant Periods and the combined statement of financial position of the Target Companies as at 31 December 2020, 2021 and 2022 and 30 June 2023 comprising the Unaudited Financial Information of the Target Companies include the financial performance, cash flows, assets and liabilities of all companies comprising the Target Companies based on the amounts that have been included in the consolidation of these companies in the preparation of the Consolidated Financial Statements for the respective years or periods in the Relevant Periods.

All significant intra-group transactions and balances between the Target Companies have been eliminated on combination.

The Unaudited Financial Information of the Target Companies 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 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 Disposals on the Group's financial position as at 30 June 2023 as if the Disposals had taken place as at 30 June 2023 and on the Group's financial performance and cash flows for the year ended 31 December 2022 as if the Disposals had taken place as at 1 January 2022.

The unaudited pro forma consolidated statement of financial position as at 30 June 2023 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 unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 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 interim report of the Company for the six month ended 30 June 2023 issued on 20 September 2023 and annual report of the Company for the year ended 31 December 2022 issued on 28 April 2023, respectively.

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 Disposals that are (i) directly attributable to the 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 Disposals been completed on 30 June 2023 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 30 June 2023	Exclusion of equity interest in Target Companies	Recognition of impact on consideration and estimated loss on the Disposals	Reinstatement of intra-group balances	Estimated costs and expenses in respect of the Disposals	The Remaining Group after the completion of the Disposals
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)					
	Note 1	*Note 2*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*	
NON-CURRENT ASSETS						
Property, plant and equipment	3,120,577	(2,705,190)	–	–	–	415,387
Right-of-use assets	194,787	(119,436)	–	–	–	75,351
Interests in associates	1,488,864	–	–	–	–	1,488,864
Interests in joint ventures	3,202	–	–	–	–	3,202
Amounts due from related companies	17,443	–	–	–	–	17,443
Other investments	45,643	–	–	–	–	45,643
Other non-current assets	132,309	(65,987)	–	–	–	66,322
Contract assets	64,192	–	–	–	–	64,192
Pledged bank and other deposits	188,734	–	–	–	–	188,734
Deferred tax assets	22,086	–	–	–	–	22,086
	5,277,837	(2,890,613)	–	–	–	2,387,224
CURRENT ASSETS						
Trade and other receivables	2,394,828	(1,161,897)	–	–	–	1,232,931
Amounts due from related companies	227,105	–	–	–	–	227,105
Amounts due from the Target Company	–	(3,834)	–	601,401	–	597,567
Tax recoverable	106	–	–	–	–	106
Pledged bank and other deposits	67,422	–	–	–	–	67,422
Bank balances and cash	853,463	(73,978)	1,004,401	–	(4,000)	1,779,886
	3,542,924	(1,239,709)	1,004,401	601,401	(4,000)	3,905,017
Assets classified as held for sale	2,305,737	–	–	–	–	2,305,737
	5,848,661	(1,239,709)	1,004,401	601,401	(4,000)	6,210,754
CURRENT LIABILITIES						
Other payables and deferred income	905,573	(49,190)	–	–	–	856,383
Amounts due to related companies	170,072	(38,797)	–	–	–	131,275
Amounts due to the Target Company	–	(597,567)	–	601,401	–	3,834
Tax payable	6,532	–	–	–	–	6,532
Loans from related companies	4,811	–	–	–	–	4,811
Bank and other borrowings	378,827	(209,442)	–	–	–	169,385
Senior notes	1,030,726	–	–	–	–	1,030,726
Lease liabilities	11,610	(8,120)	–	–	–	3,490
	2,508,151	(903,116)	–	601,401	–	2,206,436
Liabilities directly associated with assets classified as held for sale	629,049	–	–	–	–	629,049
	3,137,200	(903,116)	–	601,401	–	2,835,485

	The Group As at 30 June 2023	Exclusion of equity interest in Target Companies	Recognition of impact on consideration and estimated loss on the Disposals	Reinstatement of intra-group balances	Estimated costs and expenses in respect of the Disposals	The Remaining Group after the completion of the Disposals
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)					
	Note 1	*Note 2*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*	
NET CURRENT ASSETS	2,711,461	(336,593)	1,004,401	–	(4,000)	3,375,269
TOTAL ASSETS LESS CURRENT LIABILITIES	7,989,298	(3,227,206)	1,004,401	–	(4,000)	5,762,493
NON-CURRENT LIABILITIES						
Bank and other borrowings	1,543,550	(1,512,156)	–	–	–	31,394
Lease liabilities	250,089	(109,570)	–	–	–	140,519
Deferred income	349,460	–	–	–	–	349,460
Deferred tax liabilities	679	–	–	–	–	679
	2,143,778	(1,621,726)	–	–	–	522,052
NET ASSETS	5,845,520	(1,605,480)	1,004,401	–	(4,000)	5,240,441
CAPITAL AND RESERVES						
Share capital	81,773	–	–	–	–	81,773
Reserves	2,925,725	–	(601,079)	–	(4,000)	2,320,646
Equity attributable to owners of the Company	3,007,498	–	(601,079)	–	(4,000)	2,402,419
Equity attributable to non-controlling interests						
– Owners of perpetual notes	2,838,022	–	–	–	–	2,838,022
– Other non-controlling interests	–	–	–	–	–	–
TOTAL EQUITY	5,845,520	–	(601,079)	–	(4,000)	5,240,441

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 equity interest in Target Companies RMB'000 Note 2	Recognition of impact on consideration and estimated loss on Disposals RMB'000 Note 4(b)	Reinstatement of intra-group transactions RMB'000 Note 4(c)	Estimated costs and expenses in respect of the Disposals RMB'000 Note 4(d)	The Remaining Group after the completion of the Disposals RMB'000
Revenue	929,057	(440,458)	–	–	–	488,599
Cost of Sales	(477,989)	217,597	–	(7,626)	–	(268,018)
Gross profit	451,068	(222,861)	–	(7,626)	–	220,581
Other income	149,488	(467)	–	141,045	–	290,066
Other gains and losses, net	(104,526)	–	289,204	–	–	184,678
Impairment loss on expected credit loss model, net of reversal	(386,156)	12,280	–	–	–	(373,876)
Impairment loss on property, plant and equipment	(358,968)	102,553	–	–	–	(256,415)
Administrative expenses						
– share-based payment expenses	(17,121)	–	–	–	–	(17,121)
– other administrative expenses	(554,505)	10,864	–	(2,378)	(4,000)	(550,019)
Share of profits of associates	122,768	–	–	–	–	122,768
Share of profits (losses) of joint ventures	25	–	–	–	–	25
Finance costs	(571,543)	262,760	–	(131,041)	–	(439,824)
Loss before tax	(1,269,470)	165,129	289,204	–	(4,000)	(819,137)
Income tax expenses	(18,911)	5,597	–	–	–	(13,314)
Loss for the year	(1,288,381)	170,726	289,204	–	(4,000)	(832,451)
Other comprehensive income(expenses):						
Item that may be reclassified subsequently to profit or loss						
Exchange differences arising on translation of foreign operation	47,291	–	–	–	–	47,291
Total comprehensive expenses for the year	(1,241,090)	170,726	289,204	–	(4,000)	(785,160)
Loss for the year attributable to:						
Owners of the Company	(1,492,546)	170,726	289,204	–	(4,000)	(1,036,616)
Non-controlling interests						
– Owners of perpetual notes	200,750	–	–	–	–	200,750
– Other non-controlling interests	3,415	–	–	–	–	3,415
	(1,288,381)	170,726	289,204	–	(4,000)	(832,451)
Total comprehensive expenses for the year attributable to:						
Owners of the Company	(1,445,255)	170,726	289,204	–	(4,000)	(989,325)
Non-controlling interests						
– Owners of perpetual notes	200,750	–	–	–	–	200,750
– Other non-controlling interests	3,415	–	–	–	–	3,415
	(1,241,090)	170,726	289,204	–	(4,000)	(785,160)

UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group As at 31 December 2022	Exclusion of equity interest in Target Companies	Recognition of proceeds on the Disposals	Reinstatement of intra-group cash flows	Estimated costs and expenses in respect of the Disposals	The Remaining Group after the completion of the Disposals
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)					
	Note 1	*Note 2*	*Note 4(b)*	*Note 4(c)*	*Note 4(d)*	
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,258,318	(425,911)	–	–	(4,000)	828,407
INVESTING ACTIVITIES						
Interest received	36,346	(448)	–	131,041	–	166,939
Payments for construction and purchase of property, plant and equipment	(696,726)	50,735	–	–	–	(645,991)
Payments of right-of use assets	(28,144)	–	–	–	–	(28,144)
Proceeds from disposal of property, plant and equipment	29,616	–	–	–	–	29,616
Payment for acquisition of other investments	(1,930)	–	–	–	–	(1,930)
Proceeds from disposal of subsidiaries with solar power plant projects	228,335	–	1,004,401	–	–	1,232,736
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)
Investment in Target Companies	–	–	–	(12,080)	–	(12,080)
Repayment from Remaining Group	–	(6,231)	–	6,231	–	–
Advance to Target Companies	–	–	–	(218,671)	–	(218,671)
Dividend received from associates	42,240	–	–	–	–	42,240
NET CASH GENERATED FROM INVESTING ACTIVITES	1,535,526	44,056	1,004,401	(93,479)	–	2,490,504

	The Group As at 31 December 2022	Exclusion of equity interest in Target Companies	Recognition of proceeds on the Disposals	Reinstatement of intra-group cash flows	Estimated costs and expenses in respect of the Disposals	The Remaining Group after the completion of the Disposals
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)					
	Note 1	*Note 2*	*Note 4(b)*	*Note 4(c)*	*Note 4(d)*	
FINANCING ACTIVITIES						
Interest paid	(972,110)	262,760	–	(131,041)	–	(840,391)
Proceeds from bank and other borrowings	2,011,290	–	–	–	–	2,011,290
Repayment of bank and other borrowings	(2,476,544)	209,474	–	–	–	(2,267,070)
Repayment of lease liabilities	(35,012)	1,854	–	–	–	(33,158)
Repayment of loans from related companies	(27,652)	–	–	–	–	(27,652)
Proceeds from capital injection through placement	269,716	(12,080)	–	12,080	–	269,716
Transaction costs paid for the capital injection through placement	(3,115)	–	–	–	–	(3,115)
Redemption of senior notes	(1,115,640)	–	–	–	–	(1,115,640)
Repayment of bonds payable	(253,689)	–	–	–	–	(253,689)
Advances from related companies	29,081	–	–	–	–	29,081
Repayment to related companies	(156)	–	–	–	–	(156)
Repayment to Target Companies	–	–	–	(6,231)	–	(6,231)
Advance from Remaining Group	–	(218,671)	–	218,671	–	–
Dividend paid to non-controlling interests	(13,844)	–	–	–	–	(13,844)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	(2,587,675)	243,337	–	93,479	–	(2,250,859)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	206,169	(138,518)	1,004,401	–	(4,000)	1,068,052
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR						
Represented by						
– bank balances and cash	586,050	(147,927)	–	–	–	438,123
– bank balances and cash classified as held for sale	23,351	–	–	–	–	23,351
	609,401	(147,927)	–	–	–	461,474
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	(286,445)	1,004,401	–	(4,000)	1,511,081
– bank balances and cash classified as held for sale	53,208	–	–	–	–	53,208
	850,333	(286,445)	1,004,401	–	(4,000)	1,564,289

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023, 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 interim report of the Company for the six month ended 30 June 2023 issued on 20 September 2023 and annual report of the Company for the year ended 31 December 2022 issued on 28 April 2023, respectively.

2. The amounts are extracted from the unaudited combined statement of financial position as at 30 June 2023, unaudited combined statement of profit or loss and other comprehensive income and unaudited combined 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 Disposals had taken place on 30 June 2023:

   a. The adjustments represent the de-recognition of assets and liabilities of the Target Companies as at 30 June 2023, recognition of the estimated gain on the Disposals by the Remaining Group, assuming the Disposals had taken place on 30 June 2023. The combined assets and liabilities of the Target Companies are extracted from the statement of financial position as at 30 June 2023 set out in Appendix II to this Circular.

   b. The adjustments represent the estimated loss on the Disposals charged to profit or loss, assuming the Disposals of each of the Target Companies had concurrently taken place on 30 June 2023 and is calculated as follows:

		RMB'000
Consideration for disposal of first batch target companies	(i)	990,085
Consideration for disposal of second batch target companies	(i)	14,316
Carrying amount of combined net assets of Target Companies	(ii)	(1,605,480)
Estimated loss on the Disposals		(601,079)

(i) The aggregate consideration for the disposals is approximately RMB1,004,401,000. For more details of consideration, please refer to "Basis of the First Batch Consideration" and "Basis of the Second Batch Consideration" set out in the announcement of the Company published on 12 October 2023.

In the opinion of the Directors, the current and deferred tax impact in relation to the Disposals are insignificant and therefore, have not been taken into account in the estimated loss on the Disposals.

(ii) The amount represents the carrying amount of the net assets of the Target Companies as at 30 June 2023 which is extracted from the statement of financial position of the Target Companies as at 30 June 2023 as set out in Appendix II. There is no non-controlling interests disposed of arising from the disposal of Tongyu GCL as the non-controlling interests of Tongyu GCL agreed not to share any profit of Tongyu GCL since its establishment.

(iii) Since the carrying amount of net assets of the Target Companies on the date of actual completion of the 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 Disposals is for illustrative purpose only and subject to change upon the actual completion of 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. Transaction costs representing professional fees directly attributable to the Disposals are estimated to be RMB4,000,000 and it is assumed that the amounts will be settled by cash. The amounts are subject to change upon the actual completion of the Disposals. According to the First Batch Share Purchase Agreement, the consideration of RMB990,085,000 has included the Rectification Cost amounting to RMB90,000,000.

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 consolidated statement of cash flows for the year ended 31 December 2022, assuming the 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 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 combined statement of profit or loss and other comprehensive income or the combined statement of cash flows of each of the Target Companies set out in Appendix II to this Circular.

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

		RMB'000
Consideration for disposal of first batch target companies	(i)	990,085
Consideration for disposal of second batch target companies	(i)	14,316
Carrying amount of combined net assets of Target Companies	(ii)	(715,197)
Estimated gain on the Disposals		289,204

(i) The aggregate consideration for the disposals is approximately RMB1,004,401,000. For more details of consideration, please refer to "Basis of the First Batch Consideration" and "Basis of the Second Batch Consideration" set out in the announcement of the Company published on 12 October 2023.

In the opinion of the Directors, the current and deferred tax impact in relation to the Disposals are insignificant and therefore, have not been taken into account in the estimated loss on the Disposals.

(ii) The amount represents the carrying amount of the combined net assets of the Target Companies as at 31 December 2021 which is extracted from the combined statement of financial position of the Target Companies as at 31 December 2021 as set out in Appendix II. There is no non-controlling interests disposed of arising from the disposal of Tongyu GCL as the non-controlling interests of Tongyu GCL agreed not to share any profit of Tongyu GCL since its establishment.

(iii) Since the carrying amount of net assets of the Target Companies on the date of actual completion of the 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 Disposals is for illustrative purpose only and subject to change upon the actual completion of 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. Transaction costs representing professional fees directly attributable to the Disposals are estimated to be RMB4,000,000 and it is assumed that the amounts will be settled by cash. The amounts are subject to change upon the actual completion of the Disposals. According to the First Batch Share Purchase Agreement, the consideration of RMB990,085,000 has included the Rectification Cost amounting to RMB90,000,000.

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 30 June 2023 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.

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-11 to III-13 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 30 June 2023, 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-10 of the circular issued by the Company dated 15 November 2023 (the "**Circular**") in connection with the disposal of the Target Companies (as defined in "**Definitions**" section in this circular), which constitute a very substantial disposal transaction and connected transaction (the "**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-10 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Disposals on the Group's financial position as at 30 June 2023 and the Group's financial performance and cash flows for the year ended 31 December 2022 as if the Disposals had taken place at 30 June 2023 and 1 January 2022 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023, on which a review report has been published, and the Group's financial performance and cash flows has been extracted by the Directors from audited consolidated financial statements for the year ended 31 December 2022, on which an audit report has been published.

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 30 June 2023 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, 15 November 2023

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent valuer, in connection with their valuation as at 30 June 2023 of the 100% equity interest in the Target Companies.

CUSHMAN & WAKEFIELD
戴德梁行

27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

15 November 2023

The Directors
GCL New Energy Holdings Limited
Clarendon House, 2 Church Street, Hamilton
Bermuda

Dear Sirs,

Re: The fair value of 100 percent equity interest in 36 Solar Power Plants Held by GCL New Energy Holdings Limited

INSTRUCTIONS, PURPOSE & VALUATION DATE

We refer to the instructions from GCL New Energy Holdings Limited (the "**Company**") to us to conduct a valuation of the fair value of 100 percent equity interest in 36 solar power plants held by the Company. These 36 solar power plants, which are divided into two batches, are listed in Section 4 of this valuation report and are hereinafter referred to as the "**First Batch Target Companies**" and the "**Second Batch Target Companies**" respectively, and collectively as the "**Target Companies**". We are pleased to report that we have made relevant enquiries and obtained necessary information for the purpose of providing you with our fair value estimate of 100 percent equity interest in the Target Companies as at June 30, 2023 (the "**Valuation Date**").

The purpose of this valuation is for circular reference for the Company.

DEFINITION OF FAIR VALUE

Our valuation was carried out on a fair value basis. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the Valuation Date".

METHOD OF VALUATION

In arriving at our assessed value for the equity interest, we have considered three generally accepted approaches, namely, Market Approach, Asset Based Approach and Income Approach. The selection of a valuation approach is based on, among others, the quantity and quality of the information provided, access to available data, availability of relevant market transactions, type and nature of subject assets, purpose and objective of the valuation and professional judgment and technical expertise. Among the three approaches, we consider that the Market Approach is more appropriate for this valuation.

SOURCE OF INFORMATION

We have relied to a considerable extent on information provided by the management of the Company (the "**Management**") in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

Our opinion of the fair value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. In the implementation of the valuation, we adhere to the principles of independence, objectivity and fairness. According to the information we collected during the course of valuation, the contents of the valuation report are objective. The evaluation conclusion should not be regarded as any guarantee for the valuation object's achievable price.

Unless otherwise stated, all monetary amounts stated in this valuation report are in RENMINBI ("**RMB**").

Based on the results of our investigation and analysis outlined in the report which follows, we are of the opinion that the fair value of 100 percent equity interest in the Target Companies as at the Valuation Date is reasonably stated as below:

Valuation Date	**June 30, 2023**
Fair Value of 100% Equity Interest in the First Batch Target Companies	RMB1,069,000,000 (RENMINBI ONE BILLION SIXTY-NINE MILLION ONLY)
Fair Value of 100% Equity Interest in the Second Batch Target Companies	RMB10,000,000 (RENMINBI TEN MILLION ONLY)

The following pages outline the factors considered, methodologies and assumptions employed in formulating our opinions and conclusions. All opinions are subject to the assumptions and limiting conditions contained therein.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited

Bruce Oong
CPA
Senior Director
Valuation & Advisory Services, Greater China

This report has been reviewed by

Grace S.M. Lam
MRICS, MHKIS, RPS (GP)
Senior Director
Valuation & Advisory Services, Greater China

TABLE OF CONTENTS

1. INTRODUCTION

This report has been prepared in accordance with instructions from GCL New Energy Holdings Limited to express an independent opinion of the fair value of 100 percent equity interest in 36 solar power plants held by GCL New Energy Holdings Limited as at June 30, 2023.

2. PURPOSE OF VALUATION

The purpose of this valuation is for circular reference for the Company.

3. BASIS OF VALUE

Our valuation has been carried out on a fair value basis. Fair value is defined as "*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the Valuation Date*."

We have conducted our valuation in accordance with International Valuation Standards issued by the International Valuation Standards Council. We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the Target Companies. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

4. BACKGROUND

The Target Companies were established in the People's Republic of China, and are all principally engaged in solar power generation business in the People's Republic of China (the "**PRC**").

The Target Companies are divided into two batches, The First Batch Target Companies includes 31 solar power plants and the Second Batch Target Companies includes 5 solar power plants. The composition of the Target Companies are set out below:

The First Batch Target Companies:

	Company name*	Translated name
1	蘭考協鑫光伏電力有限公司	Lankao GCL Photovoltaic Power Co., Ltd.
2	漯河鑫力光伏電力有限公司	Luohe Xinli Photovoltaic Power Co., Ltd.
3	商丘協能光伏電力有限公司	Shangqiu Xieneng Photovoltaic Power Co., Ltd.
4	易縣國鑫能源有限公司	Yixian Guoxin Energy Co., Ltd.
5	莆田涵江鑫能光伏電力有限公司	Putian Hanjiang Xinneng Photovoltaic Power Co., Ltd.
6	雷州協鑫光伏電力有限公司	Leizhou GCL Photovoltaic Power Co., Ltd.
7	廣州協鑫光伏電力有限公司	Guangzhou GCL Photovoltaic Power Co., Ltd.
8	汕尾市協鑫光伏電力有限公司	Shanwei GCL Photovoltaic Power Co., Ltd.
9	內蒙古金曦能源有限公司	Inner Mongolia Jinxi Energy Co., Ltd.
10	吉林億聯新能源科技有限公司	Jilin Yilian New Energy Technology Co., Ltd.
11	通榆縣咱家禽業科技有限公司	Tongyu County Zanjia Poultry Industry Technology Co., Ltd.
12	通榆協鑫光伏電力有限公司	Tongyu GCL Photovoltaic Power Co., Ltd.
13	通榆鑫源光伏電力有限公司	Tongyu Xinyuan Photovoltaic Power Co., Ltd.
14	葫蘆島市連山區協鑫光伏電力有限公司	HuLudao Lianshan District GCL Photovoltaic Power Co., Ltd.
15	瀋陽市于洪區協鑫光伏電力有限公司	Shenyang Yuhong District GCL Photovoltaic Power Co., Ltd.
16	北票協鑫光伏電力有限公司	Beipiao GCL Photovoltaic Power Co., Ltd.
17	龍口協鑫光伏電力有限公司	Longkou GCL Photovoltaic Power Co., Ltd.
18	山東萬海電力有限公司	Shandong Wanhai Solar Power Co., Ltd.
19	微山鑫能光伏電力有限公司	Weishan Xinneng Solar Power Co., Ltd.
20	徐州鑫日光伏電力有限公司	Xuzhou Xinri Photovoltaic Power Co., Ltd.
21	莊浪光原光伏發電有限公司	Zhuanglang Guangyuan Photovoltaic Power Generation Co., Ltd.
22	上海協鑫新能源投資有限公司	Shanghai GCL New Energy Investment Co., Ltd.
23	海東市源通光伏發電有限公司	Haidong Yuantong Photovoltaic Power Generation Co., Ltd.
24	互助昊陽光伏發電有限公司	Huzhu Haoyang Photovoltaic Electric Power Co., Ltd.
25	化隆協合太陽能發電有限公司	Hualong Xiehe Solar Power Generation Co., Ltd.
26	青海百能光伏投資管理有限公司	Qinghai Baineng Photovoltaic Investment Management Co., Ltd.
27	永州協鑫光伏電力有限公司	Yongzhou GCL Photovoltaic Power Co., Ltd.
28	長沙鑫佳光伏電力有限公司	Changsha Xinjia Photovoltaic Power Co., Ltd.
29	桃源縣鑫輝光伏電力有限公司	Taoyuan Xinhui Photovoltaic Power Co., Ltd.
30	桃源縣鑫能光伏電力有限公司	Taoyuan Xinneng Photovoltaic Power Co., Ltd.
31	桃源縣鑫源光伏電力有限公司	Taoyuan Xinyuan Photovoltaic Power Co., Ltd.

The Second Batch Target Companies:

	Company name*	Translated name
1	漯河協潤新能源有限公司	Luohe Xierun New Energy Co., Ltd.
2	高唐協辰光伏發電有限公司	Gaotang Xiechen Photovoltaic Power Generation Co., Ltd.
3	滕州鑫田光伏發電有限公司	Tengzhou Xintian Photovoltaic Power Generation Co., Ltd.
4	高唐協智光伏發電有限公司	Gaotang Xiezhi Photovoltaic Power Generation Co., Ltd.
5	高唐鑫旺光伏發電有限公司	Gaotang Xinwang Photovoltaic Power Generation Co., Ltd.

* *For identification purposes only*

5. QUALIFICATION

The subject valuation exercise is led and signed by Mr. Bruce Oong, and reviewed by Ms. Grace S.M. Lam.

Mr. Oong is a Senior Director of Cushman & Wakefield Limited. He is a Chartered Professional Accountant of Canada and has over 15 years' experience in business valuation.

Ms. Lam is a Senior Director of Cushman & Wakefield Limited. She is a registered professional surveyor and also is a member of the Royal Institution of Chartered Surveyors as well as a member the Hong Kong Institute of Surveyors, and has over 30 years' experience in property valuation.

6. SCOPE OF WORK

In the course of our valuation work, the following processes had been conducted to evaluate the reasonableness of the adopted bases and assumptions provided by the Management:

- Discussed with the Management and obtained relevant financial information in respect of the Target Companies;

- Examined the relevant bases and assumptions of the financial information in respect of the Target Companies;

- Conducted appropriate research to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and

- Presented the purpose and basis of valuation, scope of work, overview of the Target Companies, related key business descriptions, source of information, major assumptions, valuation methodology and our opinion of value in this report.

7. SOURCE OF INFORMATION

To perform our valuation of the fair value of the Target Companies' equity interest, we have relied on the following information provided by the Management, as well as other publicly available information that we have gathered through our own research, including, but not limited to, the following:

- Copies of business licenses and other relevant documents of the Target Companies;
- Unaudited management accounts of each of the Target Companies as at June 30, 2023;
- Publicly available information of comparable companies;
- Financial information obtained from iFinD Terminal™ and Bloomberg Terminal™; and
- Other public information relating to the valuation.

We have not independently verified any of the information which has been provided to us. In analyzing the information, we have held discussions with Management. We have had no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

8. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the fair value of 100 percent equity interest in the Target Companies, namely the Market Approach, the Income Approach and the Asset Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

Market Approach

The Market Approach values a business entity by comparing prices at which other business entities of a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. The Market Approach comprises two methods namely the Guideline Public Company Method and the Guideline Transaction Method.

The Guideline Public Company Method focuses on analyzing the data and valuation multiples of companies that can be considered comparable to those being valued. Adjustments are made to the comparable companies to compensate for differences between those companies and the Target Companies. Finally, appropriate valuation multiples are applied to the subject company's normalized financial data to arrive at an indication of the value of the subject company.

The Guideline Transaction Method measures value based on what other purchasers in the market have paid for companies that can be considered reasonably similar to those being valued. When the Guideline Transaction Method is utilized, data are collected on the prices paid for reasonably comparable companies. Adjustments are made to the comparable companies to compensate for differences between those companies and the Target Companies being valued. The application of the Guideline Transaction Method results in an estimate of the price reasonably expected to be realized from the sale of the Target Companies.

Income Approach

The Income Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

Asset Based Approach

The Asset Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and is equal to the value of its invested capital. In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed. This money comes from investors who buy stocks of the business entity and investors who lend money to the business entity. After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

Selection of Valuation Methodology

The selection of a valuation approach is based on, among others, the quantity and quality of information provided, access to available data, availability of relevant market transactions, type and nature of subject assets, purpose and objective of the valuation and professional judgment and technical expertise. Among the three approaches, we consider that the Market Approach is more appropriate for this valuation.

While useful for certain purposes, the Asset Based Approach is not considered applicable to the valuation of the Target Companies, as it does not capture future earning potential of the business. Also, we consider that the Income Approach is inappropriate as it requires detailed financial forecast of the Target Companies, which involves adoption of much more subjective assumptions than the other two approaches, not all of which can be easily quantified or ascertained. Thus, we consider the Market Approach to be more appropriate for valuing the 100 percent equity interest in the Target Companies as it is the most direct valuation approach which reflects the value obtained as a result of a consensus of what others in the market place have judged it to be.

In adopting the Market Approach, we have used the Guideline Public Company Method and the Guideline Transaction Method in this valuation.

9. MAJOR ASSUMPTIONS

In determining the fair value of 100 percent equity interest of the Target Companies, the following principal assumptions have been adopted:

- The information provided has been prepared on a reasonable basis after due and careful consideration by the Management;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Companies operate or intend to operate would be officially obtained and renewable upon expiry;

- There will be no major change in the current taxation laws in the localities in which the Target Companies operate or intend to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major changes in the political, legal, economic, or financial conditions in the localities in which the Target Companies operate or intend to operate, which would adversely affect the revenues attributable to and profitability of the Target Companies;

- Interest rates and exchange rates in the localities for the operation of the Target Companies will not differ materially from those presently prevailing;

- The core business operation of the Target Companies will not differ materially from those of present or expected; and

- The information regarding the Target Companies provided by the Management is true and accurate.

The valuation result as at the Valuation Date is mainly based on the following assumptions:

A. Guideline Public Company Method

Selection Criteria for Comparable Companies

In the valuation, we used the Market Approach by referring to companies engaging in solar power generation business. Comparable companies were identified and selected from iFinD Terminal™ and Bloomberg Terminal™ based on the following criteria:

- The subject company is principally engaged in operation of solar power plants in the PRC, with more than 50% of the revenue generated from operation of solar power plants;

- The subject company has positive equity attributable to shareholders as at the Valuation Date, which is essential in determining the price-to-book multiple;

- The subject company is listed in the Stock Exchange of Hong Kong, where company's financial information is publicly available;

Comparable Companies

A list of five comparable companies (referred to as the "**Comparable Companies**") satisfying the above selection criteria were identified. Details of the Comparable Companies are as follows:

Comparable Companies	1	
Company Name	Xinyi Energy Holdings Limited (3868:HK)	
Description	Xinyi Energy Holdings Limited operates as a renewable energy project development company. The Company provides installation, construction, and maintenance of solar plant, as well as offers photovoltaic transformation systems. Xinyi Energy Holdings serves customers in China.	
Market Capitalisation as at the Valuation Date	HKD20,952,179,921	
Financial Information	as at December 31, 2022	as at June 30, 2023
Revenue	HKD2,315,275,000	HKD1,288,554,000
Net Profit	HKD973,971,000	HKD567,709,000
Equity Attributable to Shareholders	HKD11,753,060,000	HKD12,697,174,000

Comparable Companies	2	
Company Name	Kong Sun Holdings Limited (295:HK)	
Description	Kong Sun Holdings Limited, through its subsidiaries, invests, develops and operates solar PV power plants.	
Market Capitalisation as at the Valuation Date	HKD673,399,913	
Financial Information	as at December 31, 2022	as at June 30, 2023
Revenue	RMB555,727,000	RMB232,658,000
Net Profit	RMB-290,319,000	RMB-4,180,000
Equity Attributable to Shareholders	RMB3,346,066,000	RMB3,345,519,000

Comparable Companies	3	
Company Name	Beijing Energy International Holding Co., Ltd. (686:HK)	
Description	Beijing Energy International Holding Co., Ltd. provides eco development solutions. The Company engages in the development, investment, operation, and management of solar power plants and other renewable energy projects.	
Market Capitalisation as at the Valuation Date	HKD4,412,711,435	
Financial Information	as at December 31, 2022	as at June 30, 2023
Revenue	RMB4,115,000,000	RMB2,574,000,000
Net Profit	RMB472,000,000	RMB247,000,000
Equity Attributable to Shareholders	RMB5,991,000,000	RMB5,746,000,000

Comparable Companies	4	
Company Name	GCL New Energy Holdings Limited (451:HK)	
Description	GCL New Energy Holdings Limited, through its subsidiaries, offers solar plant operation and maintenance. The Company also offers energy storage technology, micro-grid and intelligent integration capabilities.	
Market Capitalisation as at the Valuation Date	HKD618,740,959	
Financial Information	as at December 31, 2022	as at June 30, 2023
Revenue	RMB929,057,000	RMB422,764,000
Net Profit	RMB-1,288,381,000	RMB-115,680,000
Equity Attributable to Shareholders	RMB3,204,676,000	RMB3,007,498,000
Comparable Companies	5	
Company Name	Shandong Hi-Speed New Energy Group Limited (1250:HK)	
Description	Shandong Hi-Speed New Energy provides renewable energy services. The Company operates photovoltaic power and wind power businesses. Shandong Hi-Speed New Energy also involves in energy storage, micro-grid network, electricity sales, geothermal power generation, regional energy systems, and other new energy fields.	
Market Capitalisation as at the Valuation Date	HKD7,840,594,654	
Financial Information	as at December 31, 2022	as at June 30, 2023
Revenue	HKD5,296,197,000	HKD2,769,414,000
Net Profit	HKD225,811,000	HKD355,418,000
Equity Attributable to Shareholders	HKD14,556,221,000	HKD13,934,959,000

Selection of Value Multiples

In this valuation task, we have considered various commonly used value multiples, including (i) price to earnings ("**P/E**"); (ii) price to sales ("**P/S**"); (iii) price to net book value ("**P/B**") and enterprise value to earning before interests and taxes ("**EV/EBIT**"). P/S multiple is commonly used in the valuation of start-up enterprises. However, it ignores the cost structure of a company and hence the profitability of a company, which is critical in reflecting the fair value of the entire equity interest in the Target Companies. P/E multiple and EV/EBIT multiple are usually adopted in the valuation of profitable companies. However, not all the Target Companies are profitable as at the Valuation Date. We consider P/B multiple as the most relevant and therefore has been adopted in this valuation task.

P/B Multiples of the Comparable Companies

The P/B multiple of each of the Comparable Companies was arrived at based on the stock price and the equity attributable to shareholders as at the Valuation Date. Details are listed below:

Stock Code	**Company Name**	**P/B**
3868 HK	Xinyi Energy Holdings Limited	1.65
0295 HK	Kong Sun Holdings Limited	0.19
0686 HK	Beijing Energy International Holding Co., Ltd.	0.71
0451 HK	GCL New Energy Holdings Ltd.	0.19
1250 HK	Shandong Hi-Speed New Energy	0.56
	Median	**0.56**

Discount for Lack of Marketability ("DLOM")

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company. In the valuation, we consider 10.2% is deemed to be sufficient to reflect the lack of marketability of the 100% equity interests in the Target Companies, which was with reference to Stout Restricted Stock Study, an online resource that provides empirical support for quantifying DLOM.

Control Premium ("CP")

A control premium is the premium an investor is willing to pay in addition to a marketable minority equity value to obtain controlling interest in a business subject. The published market price of each of the identified comparable companies was on a minority stake of the subject company, therefore adjustment has been made to reflect the degree of control associated with the 100% equity interest in the Target Companies. In the valuation, we consider 26.1% is deemed to be sufficient to reflect the control premium of the 100% equity interests in the Target Companies, which was with reference to FactSet Mergerstat/BVR Control Premium Study, an online source that provides empirical support for quantifying control premiums and implied minority discounts.

Applying the Median P/B Multiple, DLOM and CP to the Total Adjusted Equity attributable to Shareholders of the Target Companies

The median P/B of the Comparable Companies ("**Median P/B**") was then applied to the total adjusted equity attributable to shareholders of the Target Companies as at the Valuation Date ("**B**"), and adjusted with DLOM and CP, to arrive at the fair value of the 100% equity interests in the Target Companies ("**FV**"). Details are listed below:

FV of the Target Companies = Median P/B x B x (1 – DLOM) x (1 + CP), where:

Median P/B of the Comparable Companies	0.56x
Total adjusted equity attributable to shareholders of the First Batch Target Companies as at the Valuation Date	RMB1,590,543,370
DLOM	10.2%
CP	26.1%
Fair value of the First Batch Target Companies under Guideline Public Company Method (Rounded)	**RMB1,009,000,000**

Median P/B of the Comparable Companies	0.56x
Total adjusted equity attributable to shareholders of the Second Batch Target Companies as at the Valuation Date	RMB14,936,153
DLOM	10.2%
CP	26.1%
Fair value of the Second Batch Target Companies under Guideline Public Company Method (Rounded)	**RMB9,000,000**

B. Guideline Transaction Method

Selection Criteria for Comparable Transactions

In the valuation, we used the Market Approach by referring to transactions of solar power plants which are located in the PRC. Comparable transactions were identified and selected from iFinD Terminal™ and Bloomberg Terminal™ based on the following criteria:

- The transactions involved solely solar power plant companies and the solar power plant in each transaction was fully commercial operational and located in PRC;
- The equity interest being transacted in each transaction was over 50%;
- The target company in each transaction had a positive net assets value as at the reference date of the transaction;
- The subject transactions were undertaken by listed companies in the Stock Exchange of Hong Kong, where transaction information is publicly available;
- The subject transactions were announced within twelve months period prior to the Valuation Date, namely June 30, 2022 to June 30, 2023, to reflect the timeliness of the transactions.

Comparable Transactions

A list of four comparable transactions (referred to as the "Comparable Transactions") satisfying the above selection criteria were identified. Details of the Comparable Transactions are as follows:

Transactions	1
Listed Company	Beijing Energy International Holding Co., Ltd (686:HK)
Announcement Date	November 11, 2022
Target Companies	廣宗縣國瑞能源有限公司(translated as Guangzong County Guorui Energy Co., Ltd.) 隆堯縣國昌新能源科技有限公司(translated as Longyao County Guochang New Energy Technology Co., Ltd.) 南宮市國順新能源科技有限公司(translated as Nangong City Guoshun New Energy Technology Co., Ltd.)
Installed Capacity	300MW – 400MW per plant
Equity Interest	100%
Net asset	RMB139,300,000
Consideration	RMB14,790,000
PB ratio	0.11

Transactions	2
Listed Company	GCL New Energy Holdings Limited (451:HK)
Announcement Date	January 2, 2023
Target Companies	磴口協鑫光伏電力有限公司(translated as Dengkou Xiqun Photovoltaic Power Co., Ltd.) 鄆城鑫華能源開發有限公司(translated as Yuncheng Xinhua Energy Development Co., Ltd.)
Installed Capacity	50MW
Equity Interest	磴口協鑫光伏電力有限公司: 100% 鄆城鑫華能源開發有限公司: 51%
Net asset	RMB47,436,585
Consideration	RMB26,370,000
PB ratio	0.56

Transactions	3
Listed Company	China Boqi Environmental Holding Co., Ltd. (2377:HK)
Announcement Date	May 12, 2023
Target Companies	無錫華東壹號智慧能源有限公司(translated as Wuxi Huadong No.1 Intelligent Energy Co., Ltd.)
Installed Capacity	20MW
Equity Interest	51%
Net asset	RMB23,600,000
Consideration	RMB11,260,000
PB ratio	0.94

Transactions	4
Listed Company	GCL New Energy Holdings Limited (451:HK)
Announcement Date	May 19, 2023
Target Companies	高唐縣協鑫晶輝光伏有限公司(translated as Gaotang County Xiqun Jinghui Photovoltaic Co., Ltd.) 內蒙古香島新能源發展有限公司(translated as Inner Mongolia Xiangdao New Energy Development Co., Ltd.)
Installed Capacity	191 MW
Equity Interest	100%
Net asset	RMB386,888,000
Consideration	RMB336,000,000
PB ratio	0.87

Selection of Value Multiples

We consider P/B multiple as the most relevant as not all the Target Companies are profitable as at the Valuation Date, therefore P/E multiple is not applicable.

Applying the Median P/B Multiple to the Total Adjusted Equity attributable to Shareholders of the Target Companies

The median P/B of the Comparable Transactions was then applied to the total adjusted equity attributable to shareholders of the Target Companies as at the Valuation Date to arrive at the fair value of the entire equity interests in the Target Companies. Details are listed below:

FV of the Target Companies = Median P/B x B, where:

Median P/B of the Comparable Transactions	0.71x
Total adjusted equity attributable to shareholders of the First Batch Target Companies as at the Valuation Date	RMB1,590,543,370
Fair value of the First Batch Target Companies under Guideline Transaction Method (Rounded)	**RMB1,129,000,000**

Median P/B of the Comparable Transactions	0.71x
Total adjusted equity attributable to shareholders of the Second Batch Target Companies as at the Valuation Date	RMB14,936,153
Fair value of the Second Batch Target Companies under Guideline Transaction Method (Rounded)	**RMB11,000,000**

C. Result Summary

Based on the Market Approach assumptions outlined above, the result is calculated by taking the average of values under the Guideline Public Company Method and the Guideline Transaction Method. Details are listed below:

The First Batch Target Companies:

Fair Value of the First Batch Target Companies	**Weighting**	**Fair Value**
Guideline Public Company Method	50%	RMB1,009,000,000
Guideline Transaction Method	50%	RMB1,129,000,000
Fair value of the First Batch Target Companies (Rounded)		**RMB1,069,000,000**

The Second Batch Target Companies:

Fair value of the Second Batch Target Companies	**Weighting**	**Fair Value**
Guideline Public Company Method	50%	RMB9,000,000
Guideline Transaction Method	50%	RMB11,000,000
Fair value of the Second Batch Target Companies (Rounded)		**RMB10,000,000**

10. LIMITING CONDITION

The valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability is assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management of the Company in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

Our opinion of the fair value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

Neither the whole nor any part of this report or any reference hereto may be included in any published document, circular or statement, or published in any way, without our prior written approval of the form and context in which it may appear.

Finally and in accordance with our standard practice, we must state that this report and valuations are for the exclusive use only of the addressee and for the purpose stated herein. No responsibility is accepted to any third party for the whole or any part of the contents.

11. REMARKS

We hereby confirm that we have neither present nor prospective interests in the Target Companies.

12. OPINION OF VALUE

Based on the results of our investigation and analysis outlined in the report which follows, we are of the opinion that the fair values of 100 percent equity interest in the Target Companies as at the Valuation Date are reasonably stated as below:

Valuation Date	**June 30, 2023**
Fair Value of 100% Equity Interest in the First Batch Target Companies	RMB1,069,000,000 (RENMINBI ONE BILLION SIXTY-NINE MILLION ONLY)
Fair Value of 100% Equity Interest in the Second Batch Target Companies	RMB10,000,000 (RENMINBI TEN MILLION ONLY)

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited

Bruce Oong
CPA
Senior Director
Valuation & Advisory Services, Greater China

This report has been reviewed by

Grace S.M. Lam
MRICS, MHKIS, RPS (GP)
Senior Director
Valuation & Advisory Services, Greater China

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 disposals of solar power plants as part of its transition to become an asset-light enterprise. As at 31 December 2022, 2021 and 2020, the total installed capacity of the Remaining Group's subsidiary power plants was approximately 256MW, 412MW and 4,201MW 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 RMB489 million, RMB2,369 million and RMB4,524 million respectively. As of 31 December 2022, 31 December 2021 and 31 December 2020, the gross profit margin of the Remaining Group were approximately 46.7%, 64.1% and 65.2% 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 RMB511 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 RMB438 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 RMB1,043 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**
	RMB' million	*RMB' million*	*RMB' million*
RMB	170	424	1,034
Hong Kong dollars	118	6	2
United States dollars	223	8	7
	511	438	1,043

Indebtedness and Gearing Ratio

The Remaining Group was in net current assets position of approximately RMB2,725 million and RMB3,623 million as at 31 December 2022 and 2021, respectively, but was in a net liabilities position of RMB10,222 million as at 31 December 2020.

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 RMB2,790 million, RMB4,989 million and RMB28,716 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 RMB2,618 million (31 December 2021: RMB4,524 million; 31 December 2020: RMB26,948 million), RMB172 million (31 December 2021: RMB1,219 million; 31 December 2020: RMB16,344 million) will be due in the coming 12 months from the end of the Reporting Periods.

There are 0%, approximately 2% and 5% 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 *RMB' million*	**31 December 2021** *RMB' million*	**31 December 2020** *RMB' million*
RMB	660	1,281	23,840
Hong Kong dollars	–	178	181
United States dollars	2,130	3,530	4,695
	2,790	4,989	28,716

The maturity of indebtedness of the Remaining Group as at the end of each Reporting Period is as follows:

	31 December 2022 *RMB' million*	**31 December 2021** *RMB' million*	**31 December 2020** *RMB' million*
Within one year	345	1,685	18,113
More than one year, but not exceeding two years	1,790	2,935	2,355
More than two years, but not exceeding five years	237	128	4,226
More than five years	418	241	4,022
	2,790	4,989	28,716

The Directors have reviewed the Remaining Group's cash flow projections which cover a period of not less than 12 months from 30 September 2023. 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 30 September 2023, 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 30.6%, 62.8% and 346.1%, respectively. The total liabilities to total assets gearing ratio as at 31 December 2022, 31 December 2021 and 31 December 2020 were approximately 43.4%, 51.9%, and 81.5%, 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 RMB1,203 million, RMB1,731 million and RMB11,982 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 RMB227 million, RMB296 million and RMB541 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 RMB32 million, RMB153 million and RMB6,441 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 RMB140 million, RMB250 million and RMB852 million were recognised in respect of right-of-use assets amounting to approximately RMB81 million, RMB198 million and RMB1,113 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 RMB3,050 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 and 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

From the year ended 31 December 2022 to the Latest Practicable Date

Disposals

In May 2023, Suzhou GCL New Energy Investment (as the seller) and Hunan Xinhua Water Conservancy and Electric Power Co.,Ltd.* (湖南新華水利電力有限公司) ("**Hunan Xinhua**") entered into share purchase agreements ("**Sixth Phase Share Purchase Agreements**"). Pursuant to the Sixth Phase Share Purchase Agreements, Suzhou GCL New Energy Investment agreed to, among other things, (a) sell 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) sell 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) sell the remaining 9.9% equity interest in Inner Mongolia Xiangdao New Energy to Hunan Xinhua in the event that the Suzhou GCL New Energy Investment 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 disposal was completed in the 2nd half of 2023.

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*（寧夏鑫墾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 Zhuiri 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 Dongtou 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.* (玉溪市中太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.* (碭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.* (碭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, therefore solar power tariff has been lowered to the level of coal-fired power 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 704, 790 and 1,022 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 RMB265 million, RMB308 million and RMB254 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 Latest Practicable Date, 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

	Number of Shares				
Name of Director	**Beneficiary of a trust**	**Personal Interests**	**Number of underlying Shares** *(Note 1)*	**Total**	**Approximate percentage of issued Shares** *(Note 2)*
Mr. ZHU Gongshan	284,022,559 *(Note 3)*	–	–	284,022,559	24.32%
Mr. ZHU Yufeng	284,022,559 *(Note 3)*	–	875,000	284,897,559	24.40%
Mr. WANG Dong	–	11,496	–	11,496	0.001%
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, Elite Time Global Limited and Golden Concord Group Limited (HK). For further information of the shareholding structure of Dongsheng Photovoltaic, Elite Time Global Limited and Golden Concord Group Limited (HK), 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:

Long position in the Shares

Name	**Nature of interest**	**Number of Shares**	**Approximate percentage in issued Shares** *(Note 1)*
Credit Suisse Trust Limited *(Note 2)*	Trustee	284,022,559	24.32%
Asia Pacific Energy Fund Limited *(Note 2)*	Interest in controlled corporation	284,022,559	24.32%
Asia Pacific Energy Holdings Limited *(Note 2)*	Interest in controlled corporation	284,022,559	24.32%
Golden Concord Group Limited (HK) *(Note 2)*	Interest in controlled corporation	284,022,559	24.32%
Elite Time Global Limited *(Note 3)*	Beneficial owner	86,878,864	7.44%

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares *(Note 1)*
GCL Technology Holdings Limited *(Note 3)*	Interest in controlled corporation	86,878,864	7.44%
GCL System Integration *(Note 2)*	Interest in controlled corporation	95,298,915	8.16%
句容協鑫集成科技有限公司*(Note 2)*	Interest in controlled corporation	95,298,915	8.16%
Dongsheng Photovoltaic *(Note 2)*	Beneficial owner	95,298,915	8.16%
Invesco Exchange – Traded Fund Trust II – Invesco Solar ETF	Person having a security interest in shares	61,811,027	5.29%

Notes:

(1) The percentage was calculated based on 1,167,435,772 Shares in issue as at the Latest Practicable Date.

(2) (i) Dongsheng Photovoltaic Technology (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by Jurong GCL Integration Technology Co., Ltd.* (句容協鑫集成科技有限公司) which is in turn wholly-owned by GCL System Integration Technology Co., Ltd. ("**GCL System Integration**"). Jiangsu GCL Construction, Golden Concord Group Limited (PRC) and Yingkou Qiyin Investment Management Co., Ltd.* (營口其印投資管理有限公司) owns approximately 24.2% of GCL System Integration in aggregate. Yingkou Qiyin Investment Management Co., Ltd. and Jiangsu GCL Construction are parties acting in concert with Golden Concord Group Limited (PRC). Golden Concord Group Limited (PRC) is 44.61% owned by Shanghai Qixun and 46.68% owned by Jiangsu GCL Construction and 8.71% owned by GCL-Poly (Taicang Harbour) Limited. Shanghai Qixun is directly wholly owned by Mr. Zhu Yufeng while Jiangsu GCL Construction and GCL-Poly (Taicang Harbour) Limited are indirectly wholly-owned by Golden Concord Group Limited (HK). Golden Concord Group Limited (HK) 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 101,844,780 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 (HK).

(3) Elite Time Global Limited is wholly-owned by GCL Technology Holdings 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 By-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 Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any subsisting contract or arrangement which was significant in relation to the business of the Group.

(iii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 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 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;

(ii) 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;

(iii) 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;

(iv) 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;

(v) the Sixth Phase Share Purchase Agreements dated 19 May 2023 in relation to the Sixth Phase Disposals at a total consideration of RMB336,000,000, as detailed in the announcement of the Company dated 19 May 2023; and

(vi) The Share Purchase Agreements, the Earnest Money Agreement, and the Service Agreements, as set out in the Announcement 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 experts who have given their opinions or advice which are included in this circular:

Name	Qualifications
Messis Capital Limited	a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
JFY CPA Limited	Certified Public Accountants Registered Public Interest Entity Auditors
Cushman & Wakefield Limited	Independent valuer

As at the Latest Practicable Date, each of the above experts 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 Latest Practicable Date, each of the above experts 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, each of the above experts 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 Share Purchase Agreements;

(ii) the Earnest Money Agreement;

(iii) the Service Agreements;

(iv) the written consents referred to in the paragraph headed "*7. Expert's Qualifications And Consents*" in this Appendix;

(v) the valuation report issued by Cushman & Wakefield Limited as set out in Appendix IV to this circular;

(vi) the unaudited financial information of the Target Companies reviewed by JFY CPA Limited as set out in Appendix II to this circular; and

(vii) the report on the unaudited pro forma financial information of the Remaining Group from JFY CPA Limited, the text of which is set out in Appendix III to this circular.

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 Friday, 1 December 2023 at 11 a.m. for the purpose of considering and, if thought fit, approving the following resolution 1(a) to 1(d) as an ordinary resolution of the Company.

The following resolution 1(a) to 1(d) will be considered and, if thought fit, approved by the Shareholders, with or without amendments, at the SGM:

ORDINARY RESOLUTION

1. "**THAT**:

(a) the entering into of the First Batch Share Purchase Agreements (as defined in the circular of the Company dated 15 November 2023 (the "**Circular**")) dated 12 October 2023 between the First Batch Sellers (as defined in the Circular and Suzhou Industrial Zone Xinkunneng Clean Energy Co., Ltd.* (蘇州工業園區鑫坤能清潔能源有限公司) (the "**Purchaser**") (a copy of which is tabled before the meeting marked "A" and initiated by the Chairperson of the meeting for identification purpose), and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the entering into of the Second Batch Share Purchase Agreement (as defined in the Circular) dated 12 October 2023 between the Second Batch Sellers (as defined in the Circular) and the Purchaser (a copy of which is tabled before the meeting marked "B" and initiated by the Chairperson of the meeting for identification purpose), and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

(c) the entering into of the Earnest Money Agreement (as defined in the Circular) dated 12 October 2023 entered into between the Company, the Purchaser, and GCL New Energy Investment (China) Co., Ltd*（協鑫新能源投資（中國）有限公司）(a copy of which is tabled before the meeting marked "C" and initiated by the Chairperson of the meeting for identification purpose), and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

(d) 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 bye-laws of the Company to) all such documents and do all such acts and things as he/she may in his/her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or to give effect to the transactions contemplated under the First Batch Share Purchase Agreements, the Second Batch Share Purchase Agreement, the Earnest Money Agreement, 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, 15 November 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 Wednesday, 29 November 2023 to Friday, 1 December 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 Friday, 1 December 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 Tuesday, 28 November 2023.

(6) Pursuant to Rule 13.39(4) of the Listing Rules, resolution(s) 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.