THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in GCL New Energy Holdings Limited 協鑫新能源控股有限公司, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 451)

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF A SUBSIDIARY
AND
NOTICE OF SPECIAL GENERAL MEETING

Capitalised terms used in this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 10 to 24 of this circular.

A notice convening the SGM of the Company to be held at Studio 2, Level 7, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Tuesday, 31 May 2022 at 9:45 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Irrespective of whether you are able to attend the SGM, please complete the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. The address of Tricor Abacus Limited is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

5 May 2022

PRECAUTIONARY MEASURES FOR THE SGM

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

- compulsory body temperature checks;
- scan the "LeaveHomeSafe" venue QR code;
- comply with the requirements of the "Vaccine Pass Direction"*;
- compulsory wearing of surgical face masks (please bring your own mask);
- no refreshment will be served; and
- no souvenirs will be distributed.

* *The definition of "Vaccine Pass Direction" is set out in the Prevention and Control of Disease (Vaccine Pass) Regulation (Chapter 599L of the Laws of Hong Kong).*

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

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

(i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee. Any person with a body temperature of 37 degrees Celsius or higher may be denied entry into the SGM venue or be required to leave the SGM venue;

(ii) the Company will require all attendees to scan the "LeaveHomeSafe" venue QR code;

(iii) the Company will require all attendees to comply with the requirements of the "Vaccine Pass Direction"*;

(iv) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the SGM at all times, and to maintain a safe distance between seats (please bring your own mask);

(v) no refreshment will be served at the SGM; and

(vi) no souvenirs will be distributed at the SGM.

* *The definition of "Vaccine Pass Direction" is set out in the Prevention and Control of Disease (Vaccine Pass) Regulation (Chapter 599L of the Laws of Hong Kong).*

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

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

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

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

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

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

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the SGM arrangements at short notice. Shareholders should check the websites of the Company at www.gclnewenergy.com and the Stock Exchange at www.hkexnews.hk for further announcements and updates on the SGM arrangements.

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

"affiliates"	for the purpose of this circular, means affiliates of the Target Company, which shall include Suzhou GCL New Energy
"Amount Payable"	the amount payable (if any) by the Target Company to the Seller and its affiliates (if applicable, including other subsidiaries of the Company) under the Fourth Phase Share Purchase Agreement
"Amount Receivable"	the amount receivable (if any) by the Target Company from the Seller and its affiliates (if applicable, including other subsidiaries of the Company) under the Fourth Phase Share Purchase Agreement
"Announcement"	the announcement of the Company dated 21 March 2022 in relation to the Fourth Phase Disposal
"Board"	the board of Directors
"Business Day"	a day on which banks in China are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
"Bye-laws"	the Bye-laws of the Company, as amended from time to time
"Closing Audit Report"	the closing audit report prepared by an auditing agency appointed by the Purchaser to audit the financial status of the Target Company in the period from the Reference Date to the Fourth Phase Initial Closing Date in accordance with the Fourth Phase Share Purchase Agreement
"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 Fourth Phase Initial Consideration and the Fourth Phase Subsequent Consideration
"Director(s)"	the director(s) of the Company
"Disposals"	the Previous Disposals and the Fourth Phase Disposal

"Existing Share Pledges"	the pledges of the Fourth Phase Initial Sale Shares by Suzhou GCL New Energy to certain financial institutions
"First Phase 10% Equity Interest Share Purchase Agreements"	a series of four equity transfer agreements dated 30 August 2021 entered into between Suzhou GCL New Energy, Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 10% equity interest in each of Shenmu Pingyuan, Shenmu Pingxi, Shenmu County Jingdeng and Xixian New District GCL
"First Phase 90% Equity Interest Share Purchase Agreements"	a series of four equity transfer agreements dated 30 August 2021 entered into between Suzhou GCL New Energy, Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 90% equity interest in each of Shenmu Pingyuan, Shenmu Pingxi, Shenmu County Jingdeng and Xixian New District GCL
"First Phase Disposals"	the disposal of the entire equity interest in Shenmu Pingyuan, Shenmu Pingxi, Shenmu County Jingdeng and Xixian New District GCL by stages as contemplated under the First Phase Share Purchase Agreements
"First Phase Share Purchase Agreements"	the First Phase 90% Equity Interest Share Purchase Agreements and the First Phase 10% Equity Interest Share Purchase Agreements
"Fourth Phase Disposal"	the Fourth Phase Initial Disposal and Fourth Phase Subsequent Disposal
"Fourth Phase Initial Closing"	closing of the Fourth Phase Initial Disposal in accordance with the Fourth Phase Share Purchase Agreement
"Fourth Phase Initial Closing Date"	the date of completion of the Registration Procedures in respect of the Fourth Phase Initial Disposal
"Fourth Phase Initial Disposal"	the proposed disposal of 90.1% equity interest in the Target Company by Suzhou GCL New Energy to Hunan Xinhua as contemplated under the Fourth Phase Share Purchase Agreement
"Fourth Phase Initial Sale Shares"	90.1% equity interest in the Target Company held by the Seller as at the Latest Practicable Date

"Fourth Phase Share Purchase Agreement"	an equity transfer agreement dated 21 March 2022 entered into between Suzhou GCL New Energy and Hunan Xinhua in relation to the sale of the Fourth Phase Initial Sale Shares and Fourth Phase Subsequent Sale Shares
"Fourth Phase Sale Shares"	the Fourth Phase Initial Sale Shares and the Fourth Phase Subsequent Sale Shares
"Fourth Phase Subsequent Disposal"	the proposed disposal of 9.9% equity interest in the Target Company by Suzhou GCL New Energy to Hunan Xinhua as contemplated under the Fourth Phase Share Purchase Agreement
"Fourth Phase Subsequent Sale Shares"	9.9% equity interest in the Target Company held by Qingdao Changsheng as at the Latest Practicable Date, which will be acquired by the Seller before disposing the same to the Purchaser
"GCL Technology"	GCL Technology Holdings Limited 協鑫科技控股有限公司 (formerly known as "GCL-Poly Energy Holdings Limited 保利協鑫能源控股有限公司"), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800. As at the Latest Practicable Date, the Company is a subsidiary of GCL Technology
"Group"	the Company and its subsidiaries
"Handover of Account Passwords and Seals"	handover of online encryption keys of all bank accounts and all corporate seals of the Target Company by Suzhou GCL New Energy or the Target Company to Hunan Xinhua
"Handover of Assets and Information"	handover of all assets and information of the Target Company, including but not limited to financial data, operational information and project approval status, by Suzhou GCL New Energy or the Target Company to Hunan Xinhua
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hunan Xinhua" or "Purchaser"	Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司), a company established in the PRC with limited liability and an independent third party to the Company

"Latest Practicable Date"	28 April 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"McMillan"	McMillan Woods (Hong Kong) CPA Limited
"MW"	megawatt(s)
"Net Payable Amount"	the amount equivalent to the difference between the Amount Payable and the Amount Receivable in the event that the Amount Payable is more than the Amount Receivable
"Net Receivable Amount"	the amount equivalent to the difference between the Amount Payable and the Amount Receivable in the event that the Amount Payable is less than the Amount Receivable
"Ningxia GCL New Energy"	Ningxia GCL New Energy Investment Co., Ltd.* (寧夏協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
"Ningxia Hanguang"	Ningxia Hanguang New Energy Co., Ltd.* (寧夏含光新能源有限公司), a company established in the PRC with limited liability and an independent third party to the Company
"Ningxia Xinken"	Ningxia Xin Ken Jiangquan Photovoltaic Power Company Limited* (寧夏鑫墾簡泉光伏電力有限公司), a company established in the PRC with limited liability and ceased to be an indirect subsidiary of the Company in January 2022
"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
"Previous De Minimis Agreement"	an equity transfer agreement dated 12 July 2021 entered into between Suzhou GCL New Energy and Hunan Xinhua in relation to the sale of the entire equity interest in Yanyuan Xian Baiwu
"Previous De Minimis Disposal"	the disposal of the entire equity interest in Yanyuan Xian Baiwu by Suzhou GCL New Energy to Hunan Xinhua as contemplated under the Previous De Minimis Agreement

"Previous Disposals"	the Previous De Minimis Disposal, the First Phase Disposals, the Second Phase Disposals and the Third Phase Disposal
"Qingdao Changsheng"	Qingdao Changsheng Ridian Solar Technology Co., Ltd.* (青島昌盛日電太陽能科技股份有限公司), an independent third party to the Company and a minority shareholder of the Target Company which held the Fourth Phase Subsequent Sale Shares as at the Latest Practicable Date. As at the Latest Practicable Date, Qingdao Changsheng is held as to (i) 99.5% by Qingdao Changsheng New Energy Holding Co., Ltd.* (青島昌盛日電新能源控股有限公司) ("**Qingdao Changsheng New Energy**") and (ii) 0.5% by Qingdao Changsheng Electric Investment Development Co., Ltd.* (青島昌盛日電投資發展有限公司), which is in turn wholly-owned by Qingdao Changsheng New Energy. Qingdao Changsheng New Energy is owned as to (i) approximately 57.02% by Qingdao Changsheng Oriental Industrial Group Co., Ltd.* (青島昌盛東方實業集團有限公司), which is in turn held as to approximately 99.37% by Li Jianzhi* (李堅之) and approximately 0.63% by Wu Xiaofeng* (吳曉峰) and (ii) approximately 42.98% by 11 other entities, amongst which, no individual entity owned over 16.27% equity interest in Qingdao Changsheng New Energy
"Rectification Amount"	the agreed rectification amount for the engineering and compliance defects of the Target Company under the Fourth Phase Share Purchase Agreement
"Reference Date"	31 August 2021
"Registration Procedures"	the registration procedures in respect of the change of shareholders of the Target Company and other relevant filing procedures in respect of the Fourth Phase Initial Disposal and the Fourth Phase Subsequent Disposal (as the case may be) in the PRC
"Remaining Group"	for the purpose of the "Letter from the Board", the Remaining Group shall mean the Group after completion of the 2021 Disposals and the 2022 Disposals. For the purpose of the Appendix IV, the Remaining Group shall mean the Group excluding the Target Company under the Fourth Phase Share Purchase Agreement
"RMB"	Renminbi, the lawful currency of the PRC

"Sale Shares"	the Fourth Phase Initial Sale Shares and the Fourth Phase Subsequent Sale Shares
"Second Phase 10% Equity Interest Share Purchase Agreements"	a series of two equity transfer agreements dated 13 September 2021 entered into between Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 10% equity interest in each of Shenmu Jingfu and Shenmu Jingpu
"Second Phase 90% Equity Interest Share Purchase Agreements"	a series of two equity transfer agreements dated 13 September 2021 entered into between Xian GCL New Energy and Ningxia Hanguang in relation to the sale of the 90% equity interest in each of Shenmu Jingfu and Shenmu Jingpu
"Second Phase Disposals"	the disposal of the entire equity interest in Shenmu Jingfu and Shenmu Jingpu by stages as contemplated under the Second Phase Share Purchase Agreements
"Second Phase Share Purchase Agreements"	the Second Phase 90% Equity Interest Share Purchase Agreements and the Second Phase 10% Equity Interest Share Purchase Agreements
"Seller" or "Suzhou GCL New Energy"	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company as at the Latest Practicable Date
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Transactions and the entering into and performance of obligations under the Fourth Phase Share Purchase Agreement
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK0.0041\dot{6}$) in the share capital of the Company
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the same meaning ascribed to it under the Listing Rules

"Target Company"	Ningxia Shengjing Solar Power Technology Company Limited (寧夏盛景太陽能科技有限公司), a company established in the PRC with limited liability, which is directly owned as to 90.1% by Suzhou GCL New Energy and 9.9% by Qingdao Changsheng, an independent third party to the Company, and an indirect subsidiary of the Company as at the Latest Practicable Date
"Third Phase Disposal"	the disposal of the entire equity interest in Ningxia Xinken by Ningxia GCL New Energy to Hunan Xinhua as contemplated under the Third Phase Share Purchase Agreement
"Third Phase Share Purchase Agreement"	an equity transfer agreement dated 25 January 2022 entered into between Ningxia GCL New Energy and Hunan Xinhua in relation to the sale of the entire equity interest in Ningxia Xinken
"Transactions"	the transactions contemplated under the Fourth Phase Share Purchase Agreement
"Transition Period"	the period between the Reference Date and the Fourth Phase Initial Closing Date
"Xinhua Hydropower Group"	Hunan Xinhua and Ningxia Hanguang, which are owned as to approximately 99.63% and 42% by Xinhua Hydropower as at the Latest Practicable Date, respectively and whose decisions to entered into the Disposals are subject to the approval of Xinhua Hydropower
"%"	per cent

* *All of the English titles or names of the PRC entities, as well as certain items contained in this circular have been included for identification purpose only and may not necessarily be the official English translations of the corresponding Chinese titles or names. If there is any inconsistency between the English translations and the Chinese titles or names, the Chinese titles or names shall prevail.*

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 451)

Executive Directors:
Mr. Zhu Yufeng *(Chairman and President)*
Mr. Liu Genyu *(Vice Chairman)*
Ms. Hu Xiaoyan

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

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

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

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

5 May 2022

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF A SUBSIDIARY
AND
NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

We refer to the (i) joint announcement of GCL Technology and the Company dated 30 August 2021 in relation to the Previous De Minimis Disposal and the First Phase Disposals, (ii) the announcement of the Company dated 13 September 2021 and the circular of the Company dated 29

October 2021 in relation to the Second Phase Disposals, (iii) the announcement of the Company dated 25 January 2022 in relation to the Third Phase Disposal and the Announcement published on 21 March 2022.

On 12 July 2021 (after trading hours), Suzhou GCL New Energy, an indirect subsidiary of the Company (as the seller) and Hunan Xinhua (as the purchaser) entered into the Previous De Minimis Agreement. Pursuant to the Previous De Minimis Agreement, Suzhou GCL New Energy agreed to, among other things, sell the entire equity interest in Yanyuan Xian Baiwu New Energy Technology Co., Ltd.* (鹽源縣白烏新能源科技有限公司) ("**Yanyuan Xian Baiwu**") to Hunan Xinhua.

On 30 August 2021 (after trading hours), Suzhou GCL New Energy and Xian GCL New Energy, indirect subsidiaries of the Company (as the sellers) and Ningxia Hanguang (as the purchaser) entered into the First Phase 90% Equity Interest Share Purchase Agreements and the First Phase 10% Equity Interest Share Purchase Agreements. Pursuant to the First Phase Share Purchase Agreements, Suzhou GCL New Energy and Xian GCL New Energy agreed to, among other things, 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 Pingyuan**"), Shenmu Pingxi Power Co., Ltd.* (神木市平西電力有限公司) ("**Shenmu Pingxi**"), Shenmu County Jingdeng Power Co., Ltd.* (神木縣晶登電力有限公司) ("**Shenmu County Jingdeng**") and Xixian New District GCL Photovoltaic Power Co., Ltd.* (西咸新區協鑫光伏電力有限公司) ("**Xixian New District GCL**") to Ningxia Hanguang by stages.

On 13 September 2021 (after trading hours), Xian GCL New Energy, an indirect subsidiary of the Company (as the seller) and Ningxia Hanguang (as the purchaser) entered into the Second Phase 90% Equity Interest Share Purchase Agreements and the Second Phase 10% Equity Interest Share Purchase Agreements. Pursuant to the Second Phase Share Purchase Agreements, Xian GCL New Energy agreed to, among other things, sell the entire equity interest in each of Shenmu Jingfu Power Co., Ltd.* (神木市晶富電力有限公司) ("**Shenmu Jingfu**") and Shenmu Jingpu Power Co., Ltd.* (神木市晶普電力有限公司) ("**Shenmu Jingpu**") to Ningxia Hanguang by stages.

On 25 January 2022 (after trading hours), Ningxia GCL New Energy, an indirect subsidiary of the Company (as the seller) and Hunan Xinhua (as the purchaser) entered into the Third Phase Share Purchase Agreement. Pursuant to the Third Phase Share Purchase Agreement, Ningxia GCL New Energy agreed to, among other things, sell the entire equity interest in Ningxia Xinken to Hunan Xinhua.

On 21 March 2022 (after trading hours), Suzhou GCL New Energy, an indirect subsidiary of the Company (as the seller) and Hunan Xinhua (as the purchaser) entered into the Fourth Phase Share Purchase Agreement. Pursuant to the Fourth Phase Share Purchase Agreement, Suzhou GCL New Energy agreed to, among other things, (a) sell 90.1% equity interest in the Target Company to Hunan Xinhua and (b) sell 9.9% equity interest in the Target Company to Hunan Xinhua after the Seller acquiring such equity interest from Qingdao Changsheng.

Upon completion of the Fourth Phase Initial Disposal, the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of the Company upon completion of the Fourth Phase Initial Disposal.

2. THE FOURTH PHASE SHARE PURCHASE AGREEMENT

The principal terms of the Fourth Phase Share Purchase Agreement are set out below:

Date

21 March 2022

Parties

(i)	The Seller:	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)
(ii)	The Purchaser:	Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司)

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

Subject Matter

The 90.1% equity interest held in the Target Company will be sold by the Seller to the Purchaser. The Seller shall further sell 9.9% equity interest in the Target Company to the Purchaser after the Seller acquiring such equity interest from Qingdao Changsheng.

The Target Company owns a operational solar power plant in the PRC with grid-connected capacity of approximately 30MW.

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

Consideration

The aggregate consideration for the Sale Shares under the Fourth Phase Share Purchase Agreement is RMB153,913,000, which comprises:

(i) RMB138,522,000, being the consideration for the Fourth Phase Initial Sale Shares held by the Seller (the "**Fourth Phase Initial Consideration**"); and

(ii) RMB15,391,000, being the consideration for the Fourth Phase Subsequent Sale Shares which will be held by the Seller after acquiring the same from Qingdao Changsheng (the "**Fourth Phase Subsequent Consideration**").

Basis of the Consideration

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

(i) the net asset value of the Target Company as at the Reference Date;

(ii) the profitability of the Target Company for the financial years ended 31 December 2020 and 31 December 2019, details of which can be found in the section headed "Information on the Target Company" of this circular;

(iii) the reasons for the Fourth Phase Disposal as discussed in the paragraph headed "Reasons for and Benefits of the Transactions" below; and

(iv) the cash flow position of the Target Company as at the Reference Date.

Payment Arrangement of the Consideration

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

First instalment:	The Purchaser shall pay a total of RMB83,112,000 (the "**First Instalment**") to the Seller within five Business Days upon the signing of the Fourth Phase Share Purchase Agreement.
Second instalment	Subject to the deduction of the Rectification Amount, the Purchaser shall pay a total of RMB55,410,000, being the remaining balance of the Fourth Phase Initial Consideration (the "**Second Instalment**"), to the Seller within five Business Days after the fulfilment of all of the following conditions: (i) the Handover of Account Passwords and Seals and the Handover of Assets and Information have been completed; (ii) the Shareholders have approved the Transactions; and (iii) the Registration Procedures in respect of the Fourth Phase Initial Disposal have been completed.

Third instalment:	The Purchaser shall pay a total of RMB15,391,000, being the Fourth Phase Subsequent Consideration (the "**Third Instalment**"), to the Seller within five Business Days after the fulfilment of all of the following conditions: (i) the Shareholders have approved the Transactions; (ii) the Seller has acquired the Fourth Phase Subsequent Sale Shares from Qingdao Changsheng; and (iii) the Registration Procedures in respect of the Fourth Phase Subsequent Disposal have been completed.

Payment arrangement of the Net Receivable Amount

The Amount Payable as at the Closing Date will be set off against the Amount Receivable as at the Closing Date in order to ascertain (i) the Net Payable Amount as at the Closing Date payable by the Target Company to the Seller, which such payment of the Target Company shall be procured by the Purchaser and paid to the Seller within 45 days from the Fourth Phase Initial Closing, or (ii) the Net Receivable Amount as at the Closing Date payable by the Seller to Target Company within 45 days from the Fourth Phase Initial Closing.

The Net Payable Amount or the Net Receivable Amount (as the case may be) shall be determined in accordance with the Closing Audit Report. As at the Reference Date, the Net Receivable Amount payable by the Seller to the Target Company is approximately RMB6,402,777.

Payment arrangement of the Rectification Amount

The Seller undertakes to rectify the engineering and compliance defects specified under the Fourth Phase Share Purchase Agreement within one month from the Fourth Phase Initial Closing Date. The maximum Rectification Amount under the Fourth Phase Share Purchase Agreement amounts to RMB3,470,000.

If the Seller fails to rectify certain engineering and compliance defects within the agreed deadline, the Purchaser shall be entitled to deduct the Rectification Amount from the Second Instalment payable by the Purchaser to the Seller.

Other Undertakings

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

(i) the Handover of Account Passwords and Seals shall complete on the Fourth Phase Initial Closing Date and the Handover of Assets and Information shall complete within 10 Business Days from the Fourth Phase Initial Closing Date;

(ii) within six months after the Fourth Phase Initial Closing Date, the Purchaser undertakes to provide guarantee substitution or procure the Target Company's early repayment of its liabilities owed to the financial institutions in order to release the existing guarantees provided by the Seller or its affiliates in respect of such liabilities;

(iii) within three years from the Fourth Phase Initial Closing Date, if the tax authority imposes any supplemental tax amount, surcharge or penalty on the Target Company in connection to the laws and policies existed prior to the Fourth Phase Initial Closing Date, such amount payable by the Target Company to the tax authority shall be borne by the Seller and the Purchaser is entitled to recover such amount paid by the Purchaser and Target Company to the tax authority from the Seller;

(iv) in the event of any other circumstance specified in the Fourth Phase Share Purchase Agreement that may cause the Seller to be liable for any damages or compensation to the Target Company, the Purchaser is entitled to request the Seller to pay the amount of such damages or compensation; and

(v) the Purchaser shall acquire the Fourth Phase Subsequent Sale Shares from the Seller within seven Business Days after the Seller has acquired the Fourth Phase Subsequent Sale Shares from Qingdao Changsheng.

Conditions Precedent

The Fourth Phase Initial Closing under the Fourth Phase Share Purchase Agreement shall take place within five Business Days upon the fulfilment of all of the following conditions:

(i) the relevant procedures in relation to the discharge of the Existing Share Pledges have been completed;

(ii) the relevant permits, approvals and authorisations specified in the Fourth Phase Share Purchase Agreement have been obtained in accordance with the applicable laws; and

(iii) the Shareholders have approved the Transactions.

As at the Latest Practicable Date, none of the conditions precedents above has been fulfilled.

The Seller and the Purchaser shall cooperate to discharge the Existing Share Pledges within 90 Business Days from the date of Fourth Phase Share Purchase Agreement. In the event that the Seller fails to complete the relevant procedures in relation to the discharge of Existing Share Pledges within 90 Business Days from the date of Fourth Phase Share Purchase Agreement, either party is entitled to terminate the Fourth Phase Share Purchase Agreement.

If the Seller fails to complete the Registration Procedures in respect of the Fourth Phase Initial Disposal within 90 days after the discharge of the Existing Share Pledges due to the reasons caused by the Seller, such as failure to obtain the relevant permits, approvals, authorisations, including but not limited to consent from the minority shareholder of the Target Company (i.e. Qingdao Changsheng) in relation to the Fourth Phase Initial Disposal and the Shareholders' approval as set out in conditions precedents (ii) and (iii), the Purchaser is entitled to terminate the Fourth Phase Share Purchase Agreement. As at the Latest Practicable Date, the Seller has obtained consent from Qingdao Changsheng in relation to the Fourth Phase Initial Disposal.

If the Registration Procedures in respect of the Fourth Phase Initial Disposal do not complete within 120 Business Days from the payment of the First Instalment due to the reasons caused by the Seller, the Purchaser shall have the right to unilaterally terminate the Fourth Phase Share Purchase Agreement. The Registration Procedures in relation to the Fourth Phase Initial Disposal are expected to complete on or before 31 August 2022.

Transition Period Arrangement

During the Transition Period, the profit or loss of the Target Company shall be enjoyed or borne by the Purchaser.

Closing Audit Report

Pursuant to the Fourth Phase Share Purchase Agreement, the Purchaser shall engage an auditing agency to audit the financials of the Target Company for the period from the Reference Date to the Fourth Phase Initial Closing Date and prepare the Closing Audit Report within a month after the Fourth Phase Initial Closing Date.

Termination Clauses

The Fourth Phase Share Purchase Agreement shall be terminated upon the occurrence of any of the following circumstances:

(i) the Fourth Phase Share Purchase Agreement has been terminated by the mutual agreement of the Seller and the Purchaser prior to the Fourth Phase Initial Closing Date;

(ii) if either the Seller or Purchaser has seriously breached the terms of the Fourth Phase Share Purchase Agreement or requirements under the applicable laws, which results in any substantial obstacles to the performance of the Fourth Phase Share Purchase Agreement, or causes the commercial interests and transaction purposes reasonably expected by the non-defaulting party at the time of entering into the Fourth Phase Share Purchase Agreement unable to be achieved despite the continued performance of the Fourth Phase Share Purchase Agreement, the non-defaulting party shall have the right to unilaterally terminate the Fourth Phase Share Purchase Agreement;

(iii) any reasons beyond control of either the Seller or the Purchaser, such as reasons relating to the laws and regulations, government authorities or securities regulators;

(iv) any of the force majeure events (including the earthquake, typhoon, flood, fire, war and administrative intervention of the government) and its impacts last for 30 days or more, which causes either party losing its ability to continue the performance of the Fourth Phase Share Purchase Agreement. Either party is entitled to terminate the Fourth Phase Share Purchase Agreement;

(v) prior to the Fourth Phase Initial Closing Date, if the equity interest or assets of the Target Company has been frozen in any lawsuits or arbitration as a result of reasons caused by the Seller or the Target Company and the Seller fails to resolve the matter within 180 days after the signing of the Fourth Phase Share Purchase Agreement, the Purchaser is entitled to terminate the Fourth Phase Share Purchase Agreement;

(vi) prior to the Fourth Phase Initial Closing Date, if the Target Company is liable for any undisclosed liabilities amounting to RMB10 million and the Seller and Target Company fail to repay such liabilities before the Fourth Phase Initial Closing Date, the Purchaser is entitled to terminate the Fourth Phase Share Purchase Agreement; and

(vii) if the Seller fails to complete the Handover of Assets and Information within 90 days of the timeline specified in the Fourth Phase Share Purchase Agreement, the Purchaser is entitled to terminate the Fourth Phase Share Purchase Agreement.

3. INFORMATION ON THE PARTIES TO THE FOURTH PHASE SHARE PURCHASE AGREEMENT

The Company

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

The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. As at the Latest Practicable Date, the Company is a subsidiary of GCL Technology.

Suzhou GCL New Energy

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

4. INFORMATION ON THE PURCHASER

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

As confirmed by Hunan Xinhua and as at the Latest Practicable Date, Hunan Xinhua is held as to approximately 99.63% by Xinhua Hydropower Company Limited* (新華水力發電有限公司) (“**Xinhua Hydropower**”) and approximately 0.37% by Hunan Sheng Hydropower Company Limited* (湖南省水利電力有限責任公司) (“**Hunan Sheng Hydropower**”). Xinhua Hydropower is owned as to (i) 55% by China National Nuclear Corporation* (中國核工業集團有限公司), which is in turn wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council in the PRC, and (ii) 45% by Xinhua Water Conservancy Holding Group Co., Ltd.* (新華水利控股集團有限公司), which is in turn wholly-owned by Comprehensive Affairs Bureau of the Ministry of Water Resources* (水利部綜合事業局) in the PRC. Hunan Sheng Hydropower is owned as to (i) approximately 95.38% by Hunan Water Conservancy Development Investment Co., Ltd.* (湖南省水利發展投資有限公司), which is in turn indirectly owned as to 91% by the State-owned Assets Supervision and Administration Commission of the People’s Government of Hunan Province in the PRC and 9% by the People’s Government of Hunan Province, and (ii) approximately 4.62% by 31 other entities, amongst which, no individual entity owned over 0.8% equity interest in Hunan Sheng Hydropower.

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

5. INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and an indirect subsidiary of the Company, which is directly owned as to 90.1% by Suzhou GCL New Energy and 9.9% by Qingdao Changsheng Ridian Solar Technology Co., Ltd.* (青島昌盛日電太陽能科技股份有限公司), an independent third party to the Company. The Target Company 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 year ended 31 December 2019 and financial year ended 31 December 2020 and the unaudited financial statements prepared for the year ended 31 December 2021 of the Target Company prepared in accordance with China Accounting Standards:

For the year ended 31 December					
2021		**2020**		**2019**	
Profit before taxation (unaudited)	**Profit after taxation (unaudited)**	**Profit before taxation (audited)**	**Profit after taxation (audited)**	**Profit before taxation (audited)**	**Profit after taxation (audited)**
RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
13,677,134	11,625,845	12,085,670	11,257,243	12,039,451	11,117,258

The unaudited net assets as at 31 December 2021, the unaudited net assets as at the Reference Date (i.e. 31 August 2021) and the audited net assets as at 31 December 2020 of the Target Company amounted to approximately RMB139,443,271, RMB136,824,500 and RMB127,817,426, respectively.

6. FINANCIAL IMPACT OF THE TRANSACTIONS

Upon the Fourth Phase Initial Closing, the Target Company will cease to be a subsidiary of the Group, and the profit and loss, as well as the assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

As at the Latest Practicable Date, it is estimated that the Group will realise a net gain on the Fourth Phase Disposal of approximately RMB12,618,500 and such gain is calculated with reference to the difference between the Consideration of approximately RMB153,913,000 and the net asset value of the Target Company based on the unaudited financial statements of the Target Company as at the Reference Date of approximately RMB136,824,500, after deducting expected Rectification Amount amounting to approximately RMB3,470,000 and related transaction costs amounting to approximately RMB1,000,000. The actual gain as a result of the Fourth Phase Disposal to be recorded by the Group is subject to audit and will be reassessed after completion of the Fourth Phase Disposal.

7. USE OF PROCEEDS FROM THE TRANSACTIONS

The net cash proceeds from the Transactions (being the sum of (i) the Consideration amounting to approximately RMB153,913,000 minus (ii) expected maximum Rectification Amount amounting to approximately RMB3,470,000, (iii) the Net Receivable Amount amounting to approximately RMB6,402,777 and (iv) transaction costs amounting to approximately RMB1,000,000) is expected to be approximately RMB143,040,223, which the Company intends to use for repayment of its bonds and senior notes and other loans from independent third parties.

8. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Upon the Fourth Phase Initial Closing, the Target Company will no longer be a subsidiary of the Group, and the profit and loss as well as the assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the Group. The liabilities of the Group will decrease by approximately RMB141,697,452. Furthermore, the cash derived from the Transactions amounting to approximately RMB143,040,223 will be used for further repayment of debts, and the gearing ratio of the Group will decrease by approximately 0.8%, calculated with reference to the audited financial statements of the Group as at 31 December 2021, thus effectively reducing the financial risks.

The Transactions are one of the important steps taken by the Company to achieve its "transformation and upgrade" development objective and transformation to an asset-light model.

Solar power generating business is the principal business engaged by the Company. Solar power generating business is also a capital intensive industry, which highly relies on external financing in order to fund for the construction of solar power plants while the recovery of capital investment takes a long period of time. Given the Company highly relies on external financing in order to obtain investment capital for new solar power plant project development, any interest rate changes will have an impact on the capital expenditure and finance expenses of the Company, hence, affecting its operating results. Therefore, transformation into an asset-light model, being the business model adopted by the Company, is an effective way to reduce its debts and interest rate exposure. The Company intends to reinforce the strategic cooperation with domestic centralised management enterprises and local state-owned enterprises, including the Purchaser to achieve an asset-light model.

In 2021 and until the Latest Practicable Date, the Group has entered into various share purchase agreements to dispose its equity interests in its subsidiaries. As disclosed in the circular of the Company dated 29 October 2021, the Group had entered into a series of share purchase agreements in the year of 2021 to dispose its equity interest in certain subsidiaries (the "**2021 Disposals**").

On 25 January 2022 and 21 March 2022, the Group and Hunan Xinhua have entered into the Third Phase Share Purchase Agreement and the Fourth Phase Share Purchase Agreement (the "**2022 Hunan Xinhua Disposals**").

On 16 March 2022, the Group and Jiangsu Hesheng New Energy Co., Ltd.* (江蘇和盛新能源有限公司) ("**Jiangsu Hesheng**") have entered into a series of six share purchase agreements, pursuant to which the Group agreed to, among other things, sell (i) the entire equity interest in each of Gaoyou GCL Photovoltaic Power Company Limited (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) to Jiangsu Hesheng (the "**Jiangsu Hesheng Disposals**", together with the 2022 Hunan Xinhua Disposals, the "**2022 Disposals**"). Please refer to the announcement of the Company dated 16 March 2022 in relation to the Jiangsu Hesheng Disposals for further details.

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

The table below sets out the respective number of solar power plants operated by the Remaining Group and their respective locations upon the completion of the 2021 Disposals and the 2022 Disposals:

Geographic location	**Number of solar power plant(s)**	**Grid-connected Capacity** *(MW)*
Jiangsu	2	23
Inner Mongolia	4	189
Henan	3	9
Shandong	5	149
Hebei	1	21
Jilin	4	51
Liaoning	3	60
Gansu	1	20
Zhejiang	1	21
Guangdong	4	13
Shanghai	1	7
Fujian	3	56
United States	2	134
Total	34	753

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

In addition to optimising the finance structure under the asset-light model, the Group sought to explore opportunities to expand its business by providing more operation, management and maintenance services, in particular to other solar power plant operators in the PRC (including purchasers of certain solar power plant projects disposed by the Group), thereby generating an additional and stable source of income. Furthermore, the Group will continue to explore new mode of collaboration between central enterprises and state-owned enterprises and private enterprises using a "development-build-transfer" and "joint development with external parties" under the asset-light model. As such, the Group could leverage on its established development strength, scientific research capabilities and extensive experience in intelligent operation in the solar energy development and power operation sector while continue to reduce its finance cost and the size of debts.

The Group continued to provide operation and maintenance services for most of the disposed solar power plant projects under the 2021 Disposals and the 2022 Disposals. As of 31 December 2021, the Group had entered into various contracts to provide operation and maintenance services for solar power plants with total installed capacity of approximately 2,963 MW to successfully accomplish market-oriented reform and asset-light transformation.

9. LISTING RULES IMPLICATIONS

As the Seller, Xian GCL New Energy and Ningxia GCL New Energy, being the indirect subsidiaries of the Company, entered into the Previous De Minimis Agreement, the First Phase Share Purchase Agreements, the Second Phase Share Purchase Agreements, the Third Phase Share Purchase Agreement and the Fourth Phase Share Purchase Agreement with Xinhua Hydropower Group within a 12-month period, the Disposals shall be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

Since the highest of the applicable percentage ratios of the Disposals (on an aggregated basis) exceeds 75%, the entering into of the Fourth Phase Disposal 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.

As at the Latest Practicable Date, it is expected that the acquisition of the Fourth Phase Subsequent Sale Shares by the Seller from Qingdao Changsheng will not constitute a notifiable transaction under Chapter 14 of the Listing Rules. The Company will comply with the Listing Rules as and when required in the unlikely event that such acquisition constitutes a notifiable transaction under the Listing Rules.

10. SGM

Set out on pages SGM-1 to SGM-3 of this circular is a notice convening the SGM to be held at Studio 2, Level 7, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Tuesday, 31 May 2022 at 9:45 a.m..

At the SGM, ordinary resolution(s) for approving the Transactions and the entering into and performance of obligations under the Fourth Phase Share Purchase Agreement will be proposed for the Shareholder's approval.

The resolution(s) will be voted by way of poll at the SGM. As at the Latest Practicable Date, no Shareholder has material interest in the Transactions (other than being a Shareholder) and therefore no Shareholder is required to abstain from voting on the relevant resolution at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited, as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. The address of Tricor Abacus Limited is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM should you so wish and in such event, the proxy form shall be deemed to be revoked.

11. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26 May 2022 to 31 May 2022, both days inclusive, during which period no transfer of Shares will be registered, in order to determine the entitlement to attend and vote at the SGM. In order to be entitled to attend and vote at the SGM, unregistered holders of Shares should ensure that all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 25 May 2022.

12. RECOMMENDATION

The Directors are of the view that the terms of the Transactions are fair and reasonable, and are on normal commercial terms and that the entering into of the Fourth Phase Share Purchase Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to approve the Transactions, the entering into and performance of obligations under the Fourth Phase Share Purchase Agreement as set out in the notice of the SGM.

13. ADDITIONAL INFORMATION

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

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 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 2019 published on 29 April 2020 (page 72–205);
- the annual report of the Company for the year ended 31 December 2020 published on 21 April 2021 (pages 69–205); and
- the annual report of the Company for the year ended 31 December 2021 published on 26 April 2022 (pages 70–213)

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES OF THE GROUP

At the close of business on 31 March 2022, 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	3,056,851	268,658	3,325,509
Principal amount of senior notes	2,363,238	—	2,363,238
Carrying amount of loans from related companies	—	27,811	27,811
Lease liabilities	9,905	380,576	390,481
	5,429,994	677,045	6,107,039

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 31 March 2022, certain bank and other borrowings and senior notes of the Group amounting to approximately RMB2,798,754,000 and RMB2,363,238,000, 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 RMB945,047,000 are not guaranteed.

As at 31 March 2022, the Group provided a total guarantee of approximately RMB1,541 million and RMB477 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 RMB1,107 million and RMB392 million in total of such facilities as at 31 March 2022, 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 31 March 2022, 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 31 March 2022.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration and taking into account the proceeds from the Fourth Phase Initial Disposal, the timely settlement of the proceeds from the 2021 Disposals and 2022 Disposals, the Group's certain renewable energy subsidy receivables from the State Grid Companies as expected, present internal resources and banking and other facilities, are of the opinion that the Group would have sufficient working capital 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 2021, 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 2021, the Group recorded a total revenue of approximately RMB2,845 million, whilst the total revenue for the year ended 31 December 2020 was approximately RMB5,024 million. Gross profit and gross profit margin for the year ended 31 December 2021 were approximately RMB1,779 million and approximately 62.5% respectively, whilst the gross profit and gross profit margin for the year ended 31 December 2020 were approximately RMB3,220 million and approximately 64.1% respectively. Loss attributable to owners of the Company for the year ended 31 December 2021 amounted to approximately RMB790 million as compared to the loss attributable to owners of the Company for the year ended 31 December 2020 amounted to approximately RMB1,368 million.

As at 31 December 2021, the Group operated 47 solar power plants, as compared to 159 plants as at 31 December 2020, spanning across different provinces in China and overseas. Total installed capacity of the Group's subsidiary power plants reached approximately 1,051MW (31 December 2020: approximately 4,964MW) and grid-connected capacity reached approximately 996MW (31 December 2020: approximately 4,785MW). Total sales of electricity was approximately 3,868 million kWh in 2021, a decrease of approximately 44.3% as compared to 2020.

The Group will continuously strengthen its strategic cooperation with large enterprises to form strong alliances. As domestic centralised management enterprises (the "**Central Enterprises**") and local state-owned enterprises have competitive advantages in different aspects such as financing, the Group will extend its strategic cooperation with the Central Enterprises and the state-owned enterprises at the level of domestic holding companies, and at the project level of provincial companies to introduce strategic cooperation partners and leverage on competitive advantages of each other to accelerate the introduction of capital, optimise the shareholding structure and fasten the development of co-developed solar projects, thereby enhancing profitability of projects.

Meanwhile, the Group will further accelerate the asset-light transformation model of "Development-Construction-Cooperation-O&M" with the provision of management services while creating strategic cooperation to complement competitive advantages of each other. It is expected that, by transferring the controlling interests of solar power plant projects, the Group will be able to recycle capital, reduce its debts and mitigate the pressure on project financing, while further improve the return on capital and receive stable fees annually by providing project management services.

In addition, the Group will proactively extend its financing resources, apply diversified and innovative financing models and issue medium-term notes when appropriate to optimise its financing structure and increase the long-term facilities replacement. The Group expects that through introducing strategic investors, firmly promoting its asset-light transformation, expanding its financing channels and adopting a series of measures to reduce debt, the gearing ratio of the Group will be lowered.

Despite the outbreak of Coronavirus disease ("**COVID-19**") in the PRC in early 2020, the subsequent quarantine measures imposed by the PRC government and the latest COVID-19 development in 2022, the solar power plants of the Group continuously operate as usual without any suspension or interruption to the operation. The Group has been paying close attention to the development of the COVID-19 outbreak, and implemented a series of precautionary and control measures, as well as evaluates the impact of the COVID-19 outbreak on the financial position and operating results of the Group. Given the dynamic nature of these circumstances, the Directors will continue to assess the financial effects on the Group but as of the date of this circular, the Group is not aware of any material adverse effects on its consolidated financial statements as a result of the COVID-19 outbreak.

UNAUDITED FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are the unaudited statements of financial position of the Target Company as of 31 December 2019, 2020 and 2021, and the unaudited statements of profit or loss and other comprehensive income, the unaudited statements of changes in equity and the unaudited statements of cash flows for each of the periods then ended (the "**Relevant Periods**"), and explanatory notes (collectively referred to as the "**Unaudited Financial Information**")

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

McMillian Woods (Hong Kong) CPA Limited, Certified Public Accountants, was engaged to review the Unaudited Financial Information of Target Company 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 Company, nothing has come to the auditor's attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December 2019, 2020 and 2021

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
Revenue	32,959	31,344	32,590
Cost of sales	(12,376)	(11,460)	(11,985)
Gross profit	20,583	19,884	20,605
Other income	85	24	15
Administrative expenses	(436)	(508)	(387)
Finance costs	(8,193)	(7,315)	(6,556)
Profit before taxation	12,039	12,085	13,677
Income tax expenses	(922)	(828)	(2,051)
Profit and total comprehensive income for the year	11,117	11,257	11,626

UNAUDITED STATEMENT OF FINANCIAL POSITION

31 December 2019, 2020 and 2021

	At 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
NON-CURRENT ASSETS			
Property, plant and equipment	198,235	188,451	178,522
Other non-current asset	6,746	77	—
	204,981	188,528	178,522
CURRENT ASSETS			
Trade and other receivables	49,410	63,881	81,878
Amounts due from related companies	7,204	11,347	1,964
Bank balances	9,644	4,080	3,014
	66,258	79,308	86,856
CURRENT LIABILITIES			
Other payables	1,857	1,373	1,068
Amounts due to a related company	171	—	—
Amounts due to a shareholder	5,569	5,569	5,569
Tax payable	82	77	298
Bank borrowing	14,000	14,000	14,000
	21,679	21,019	20,935
NET CURRENT ASSETS	44,579	58,289	65,921
TOTAL ASSETS LESS CURRENT LIABILITIES	249,560	246,817	244,443
NON-CURRENT LIABILITY			
Bank borrowing	133,000	119,000	105,000
NET ASSETS	116,560	127,817	139,443
CAPITAL AND RESERVES			
Paid-up capital	75,000	75,000	75,000
Reserves	41,560	52,817	64,443
TOTAL EQUITY	116,560	127,817	139,443

UNAUDITED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2019, 2020 and 2021

	Paid-up capital	**Legal reserve**	**Retained earnings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	75,000	3,044	27,399	105,443
Profit and total comprehensive income for the year	—	—	11,117	11,117
Transfer to legal reserve	—	1,112	(1,112)	—
At 31 December 2019 and 1 January 2020	75,000	4,156	37,404	116,560
Profit and total comprehensive income for the year	—	—	11,257	11,257
Transfer to legal reserve	—	1,126	(1,126)	—
At 31 December 2020 and 1 January 2021	75,000	5,282	47,535	127,817
Profit and total comprehensive income for the year	—	—	11,626	11,626
Transfer to legal reserve	—	1,163	(1,163)	—
At 31 December 2021	75,000	6,445	57,998	139,443

UNAUDITED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2019, 2020 and 2021

	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:	12,039	12,085	13,677
Adjustments for:			
Depreciation of property, plant and equipment	10,062	10,065	10,053
Loss on disposal of property, plant and equipment	—	—	132
Interest income	(44)	(24)	(8)
Finance costs	8,193	7,315	6,556
Operating profits before working capital changes	30,250	29,441	30,410
Decrease in other non-current asset	4,170	6,669	77
Decrease (increase) in trade and other receivables	1,365	(14,471)	(17,997)
Increase (decrease) in other payables	619	(484)	(305)
Decrease in amounts due to related companies	(24,485)	(171)	—
Cash generated from operations	11,919	20,984	12,185
Income taxes paid	(878)	(833)	(1,830)
NET CASH GENERATED FROM OPERATING ACTIVITIES	11,041	20,151	10,355
INVESTING ACTIVITIES			
Interest received	44	24	8
Payments for purchase of property, plant and equipment	(670)	(281)	(256)
Advance to related companies	—	(4,143)	—
Repayment from related companies	11,623	—	9,383
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	10,997	(4,400)	9,135

	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
FINANCING ACTIVITIES			
Interest paid	(8,193)	(7,315)	(6,556)
Repayment of bank borrowings	(14,000)	(14,000)	(14,000)
NET CASH USED IN FINANCING ACTIVITIES	(22,193)	(21,315)	(20,556)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(155)	(5,564)	(1,066)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	9,799	9,644	4,080
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9,644	4,080	3,014

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. Corporate information

The Target Company was established in the PRC on 10 April 2014. Its immediate holding company is Suzhou GCL New Energy Investment Co., Ltd., a company established in PRC. Its intermediate holding company is GCL New Energy Holdings Limited, an exempted company with limited liability incorporated in Bermuda. The shares of the Company are listed on the Main Board of the Stock Exchange. Its ultimate holding company is GCL Technology Holdings Limited (formerly knowns as "GCL-Poly Energy Holdings Limited"), a company incorporated in the Cayman Islands and listed on the Stock Exchange. The address of the registered office and principal place of the business of Yuanlong Village, Minning Town, Yongning Country, Yinchuan City, Ningxia Hui Autonomous Region, PRC.

Target Company is principally engaged in the sale of electricity in the PRC.

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

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

The Unaudited Financial Information of Target Company for the years ended 31 December 2019, 2020 and 2021 has been prepared solely for the purpose of inclusion in the circular to be issued by the Company, in connection with the Fourth Phase Initial Disposal in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rules.

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

The Unaudited Financial Information of Target Company 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 Fourth Phase Initial Disposal, 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 Disposal on the Group's financial position as at 31 December 2021 as if the Fourth Phase Initial Disposal had taken place as at 31 December 2021 and on the Group's financial performance and cash flows for the year ended 31 December 2021 as if the Fourth Phase Initial Disposal had taken place as at 1 January 2021.

The unaudited pro forma consolidated statement of financial position as at 31 December 2021 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 2021 (hereinafter collectively referred to as "**Unaudited Pro Forma Financial Information**") of the Remaining Group are prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2021 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 2021 as extracted from the annual report of the Company for the year ended 31 December 2021 issued on 26 April 2022.

The Unaudited Pro Forma Financial Information of the Remaining Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Fourth Phase Initial Disposal that are (i) directly attributable to the Fourth Phase Initial Disposal; 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 Fourth Phase Initial Disposal been completed on 31 December 2021 or 1 January 2021 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 PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group As at 31 December 2021	Exclusion of 90.1% equity interest in The Target Company	Recognition of impact on consideration and estimated gain on the Fourth Phase Initial Disposal	Reinstatement of intra-group balances	Estimated costs and expenses in respect of the Fourth Phase Initial Disposal	The Remaining Group after the completion of the Fourth Phase Initial Disposal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)					
	Note 1	*Note 2*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*	
NON-CURRENT ASSETS						
Property, plant and equipment	5,520,394	(178,522)	—	—	—	5,341,872
Right-of-use assets	316,517	—	—	—	—	316,517
Interests in associates	1,350,913	—	—	—	—	1,350,913
Interests in joint ventures	3,151	—	—	—	—	3,151
Amounts due from related companies	24,481	—	—	—	—	24,481
Other investments	43,714	—	—	—	—	43,714
Other non-current assets	203,701	—	—	—	—	203,701
Contract assets	40,941	—	—	—	—	40,941
Pledged bank and other deposits	181,366	—	—	—	—	181,366
Deferred tax assets	29,264	—	—	—	—	29,264
	7,714,442	(178,522)	—	—	—	7,535,920
CURRENT ASSETS						
Trade and other receivables	6,319,867	(81,878)	—	—	—	6,237,989
Amounts due from related companies	262,839	(1,964)	—	1,964	—	262,839
Amount due from the Target Company	—	—	—	3,605	—	3,605
Tax recoverable	1,691	—	—	—	—	1,691
Pledged bank and other deposits	248,396	—	—	—	—	248,396
Bank balances and cash	586,050	(3,014)	138,522	—	(4,470)	717,088
	7,418,843	(86,856)	138,522	5,569	(4,470)	7,471,608
Assets classified as held for sale	783,384	—	—	—	—	783,384
	8,202,227	(86,856)	138,522	5,569	(4,470)	8,254,992
CURRENT LIABILITIES						
Other payables and deferred income	1,340,231	(1,068)	—	—	—	1,339,163
Amounts due to related companies	114,220	(5,569)	—	5,569	—	114,220
Tax payable	4,763	(298)	—	—	—	4,465
Loans from related companies	32,325	—	—	—	—	32,325
Bank and other borrowings	1,084,285	(14,000)	—	—	—	1,070,285
Senior notes	467,305	—	—	—	—	467,305
Lease liabilities	38,477	—	—	—	—	38,477
	3,081,606	(20,935)	—	5,569	—	3,066,240
Liabilities directly associated with assets classified as held for sale	562,365	—	—	—	—	562,365
	3,643,971	(20,935)	—	5,569	—	3,628,605
NET CURRENT ASSETS	4,558,256	(65,921)	138,522	—	(4,470)	4,626,387
TOTAL ASSETS LESS CURRENT LIABILITIES	12,272,698	(244,443)	138,522	—	(4,470)	12,162,307

	The Group As at 31 December 2021 *RMB'000* (Audited) *Note 1*	Exclusion of 90.1% equity interest in The Target Company *RMB'000* *Note 2*	Recognition of impact on consideration and estimated gain on the Fourth Phase Initial Disposal *RMB'000* *Note 3(b)*	Reinstatement of intra-group balances *RMB'000* *Note 3(c)*	Estimated costs and expenses in respect of the Fourth Phase Initial Disposal *RMB'000* *Note 3(d)*	The Remaining Group after the completion of the Fourth Phase Initial Disposal *RMB'000*
NON-CURRENT LIABILITIES						
Bank and other borrowings	2,009,185	(105,000)	—	—	—	1,904,185
Senior notes	2,648,062	—	—	—	—	2,648,062
Lease liabilities	332,887	—	—	—	—	332,887
Deferred income	327,850	—	—	—	—	327,850
Deferred tax liabilities	841	—	—	—	—	841
	5,318,825	(105,000)	—	—	—	5,213,825
NET ASSETS	6,953,873	(139,443)	138,522	—	(4,470)	6,948,482
CAPITAL AND RESERVES						
Share capital	73,629	—	—	—	—	73,629
Reserves	4,292,580	—	12,883	—	(4,470)	4,300,993
Equity attributable to owners of the Company	4,366,209	—	12,883	—	(4,470)	4,374,622
Equity attributable to non-controlling interests						
— Owners of perpetual notes	2,537,722	—	—	—	—	2,537,722
— Other non-controlling interests	49,942	—	(13,804)	—	—	36,138
TOTAL EQUITY	6,953,873	—	(921)	—	(4,470)	6,948,482

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	The Group As at 31 December 2021	Exclusion of the results of The Target Company	Recognition of impact on consideration and estimated gain on the Fourth Phase Initial Disposal	Reinstatement of intra-group transactions	Estimated costs and expenses in respect of the Fourth Phase Initial Disposal	The Remaining Group after the completion of the Fourth Phase Initial Disposal
	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)*	
Revenue	2,844,899	(32,590)	—	—	—	2,812,309
Cost of Sales	(1,066,123)	11,985	—	—	—	(1,054,138)
Gross profit	1,778,776	(20,605)	—	—	—	1,758,171
Other income	95,911	(15)	—	443	—	96,339
Other gains and losses, net	(153,411)	—	23,358	—	—	(130,053)
Impairment loss on expected credit loss model, net of reversal	(60,515)	—	—	—	—	(60,515)
Administrative expenses						
— share-based payment expenses	(20,718)	—	—	—	—	(20,718)
— other administrative expenses	(675,791)	387	—	—	(4,470)	(679,874)
Share of profits of associates	99,461	—	—	—	—	99,461
Share of profits of joint ventures	16	—	—	—	—	16
Finance costs	(1,578,409)	6,556	—	—	—	(1,571,853)
Loss before tax	(514,680)	(13,677)	23,358	443	(4,470)	(509,026)
Income tax expenses	(47,044)	2,051	—	—	—	(44,993)
Loss for the year	(561,724)	(11,626)	23,358	443	(4,470)	(554,019)
Other comprehensive income(expenses):						
Item that may be reclassified subsequently to profit or loss						
Exchange differences arising on translation of foreign operation	26,554	—	—	—	—	26,554
Total comprehensive expenses for the year	(535,170)	(11,626)	23,358	443	(4,470)	(527,465)

	The Group As at 31 December 2021	Exclusion of the results of The Target Company	Recognition of impact on consideration and estimated gain on the Fourth Phase Initial Disposal	Reinstatement of intra-group transactions	Estimated costs and expenses in respect of the Fourth Phase Initial Disposal	The Remaining Group after the completion of the Fourth Phase Initial Disposal
	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)*	
Loss for the year attributable to:						
Owners of the Company	(790,274)	(10,475)	23,358	443	(4,470)	(781,418)
Non-controlling interests						
— Owners of perpetual notes	207,786	—	—	—	—	207,786
— Other non-controlling interests	20,764	(1,151)	—	—	—	19,613
	(561,724)	(11,626)	23,358	443	(4,470)	(554,019)
Total comprehensive expenses for the year attributable to:						
Owners of the Company	(763,720)	(10,475)	23,358	443	(4,470)	(754,864)
Non-controlling interests						
— Owners of perpetual notes	207,786	—	—	—	—	207,786
— Other non-controlling interests	20,764	(1,151)	—	—	—	19,613
	(535,170)	(11,626)	23,358	443	(4,470)	(527,465)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group As at 31 December 2021	Exclusion of the cash flow of the Target Company	Recognition of proceeds on the Fourth Phase Initial Disposal	Reinstatement of intra-group cash flows	Estimated costs and expenses in respect of the Fourth Phase Initial Disposal	The Remaining Group after the completion of the Fourth Phase Initial Disposal
	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	602,584	(10,355)	—	—	(4,470)	587,759
INVESTING ACTIVITIES						
Interest received	18,997	(8)	—	—	—	18,989
Payments for construction and purchase of property, plant and equipment	(2,960,268)	256	—	—	—	(2,960,012)
Payments of right-of use assets	(12,823)	—	—	—	—	(12,823)
Acquisition of additional equity interest in non-wholly owned subsidiaries	(1,586,572)	—	—	—	—	(1,586,572)
Proceeds from disposal of subsidiaries with solar power plant projects/Property, plant and equipment	4,231,193	—	138,522	—	—	4,369,715
Settlement of consideration receivables from disposal of subsidiaries with solar power plant projects	225,080	—	—	—	—	225,080
Withdrawal of pledged bank and other deposits	435,513	—	—	—	—	435,513
Placement of pledged bank and other deposits	(121,269)	—	—	—	—	(121,269)
Advance to related companies	(3,634)	—	—	—	—	(3,634)
Repayment from related companies	108,087	(9,383)	—	9,383	—	108,087
Dividend received from associates	28,572	—	—	—	—	28,572
Repayment from non-controlling interests	18,750	—	—	—	—	18,750
NET CASH GENERATED FROM INVESTING ACTIVITIES	381,626	(9,135)	138,522	9,383	—	520,396
FINANCING ACTIVITIES						
Interest paid	(1,235,203)	6,556	—	—	—	(1,228,647)
Proceeds from bank and other borrowings	1,359,837	—	—	—	—	1,359,837
Repayment of bank and other borrowings	(903,011)	14,000	—	—	—	(889,011)
Repayment of lease liabilities	(33,287)	—	—	—	—	(33,287)
Proceeds from loans from related companies	10,000	—	—	—	—	10,000
Repayment of loans from related companies	(886,183)	—	—	—	—	(886,183)
Proceeds from issue of shares through placement	759,486	—	—	—	—	759,486
Transaction costs paid for the issue of shares through placement	(12,405)	—	—	—	—	(12,405)
Repayment of bonds payable	(161,795)	—	—	—	—	(161,795)
Advances from related companies	32,721	—	—	—	—	32,721
Repayment to related companies	(211,425)	—	—	—	—	(211,425)
Repayment to the Target Company	—	—	—	(9,383)	—	(9,383)
Dividend paid to non-controlling interests	(283,082)	—	—	—	—	(283,082)

	The Group As at 31 December 2021	Exclusion of the cash flow of the Target Company	Recognition of proceeds on the Fourth Phase Initial Disposal	Reinstatement of intra-group cash flows	Estimated costs and expenses in respect of the Fourth Phase Initial Disposal	The Remaining Group after the completion of the Fourth Phase Initial Disposal
	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 USED IN FINANCING ACTIVITIES	(1,564,347)	20,556	—	(9,383)	—	(1,553,174)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(580,137)	1,066	138,522	—	(4,470)	(445,019)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR						
Represented by						
— bank balances and cash	1,143,481	(4,080)	—	—	—	1,139,401
— bank balances and cash classified as held for sale	48,018	—	—	—	—	48,018
	1,191,499	(4,080)	—	—	—	1,187,419
Effect of exchange rate changes on the balance of cash held in foreign currencies	(1,961)	—	—	—	—	(1,961)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR						
Represented by						
— bank balance and cash	586,050	(3,014)	138,522	—	(4,470)	717,088
— bank balances and cash classified as held for sale	23,351	—	—	—	—	23,351
	609,401	(3,014)	138,522	—	(4,470)	740,439

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. The amounts are extracted from the consolidated statement of financial position of the Group as at 31 December 2021, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2021 as extracted from the annual report of the Company for the year ended 31 December 2021 issued on 26 April 2022.

2. The amounts are extracted from the unaudited statement of financial position as at 31 December 2021, unaudited statement of profit or loss and other comprehensive income and unaudited statement of cash flows for the year ended 31 December 2021 of the Target Company 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 Fourth Phase Initial Disposal had taken place on 31 December 2021:

   (a) The adjustments represent the de-recognition of assets and liabilities of the Target Company as at 31 December 2021, de-recognition of the non-controlling interests of the Target Company recognised as at 31 December 2021 and recognition of the estimated gain on the Fourth Phase Initial Disposal by the Remaining Group, assuming the Fourth Phase Initial Disposal had taken place on 31 December 2021. The assets and liabilities of the Target Company are extracted from the unaudited statement of financial position as at 31 December 2021 set out in Appendix II to this Circular.

   (b) The adjustments represent the estimated gain on the Fourth Phase Initial Disposal charged to profit or loss, assuming the Fourth Phase Initial Disposal of the Target Company had taken place on 31 December 2021 and is calculated as follows:

	RMB'000
Cash Consideration (i)	138,522
Carrying amount of net assets of the Target Company (ii)	(139,443)
Non-controlling interests disposed of (iii)	13,804
Estimated gain on the Fourth Phase Initial Disposal	12,883

Notes:

(i) The aggregate consideration for the 90.1% of the equity interests of the Target Company under the Fourth Phase Share Purchase Agreement is RMB138,522,000. For more details of consideration, please refer to "Basis of Consideration" set out in the announcement of the Company published on 21 March 2022.

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

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

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

	RMB'000
Carrying amount of net assets of the Target Company	139,443
Percentage of equity interests held by the Group	90.10%
Carrying amount of net assets attributable to the Group	125,639
Non-controlling interests disposed of	13,804

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

(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 Company owned by the Group is insignificant.

(d) Rectification Amount and the transaction costs representing professional fee directly attributable to the Fourth Phase Initial Disposal are estimated to be RMB3,470,000 and RMB1,000,000 respectively and it is assumed that the amounts will be settled by cash. The amounts are subject to change upon the actual completion of the Fourth Phase Initial Disposal.

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 2021, assuming the Fourth Phase Initial Disposal of each of the Target Company had taken place on 1 January 2021.

(a) The adjustments represent the exclusion of the results and cash flows of each of the Target Company for the year ended 31 December 2021, assuming the Fourth Phase Initial Disposal of each of the Target Company had taken place on 1 January 2021. The results and cash flows of each of the Target Company for the year ended 31 December 2021 are extracted from the unaudited statement of profit or loss and other comprehensive income or the unaudited statement of cash flows of each of the Target Company set out in Appendix II to this Circular.

(b) The adjustments represent the estimated gain on the Fourth Phase Initial Disposal charged to profit or loss, assuming the Fourth Phase Initial Disposal of each of the Target Company had taken place on 1 January 2021 and is calculated as follows:

	RMB'000
Cash Consideration (i)	138,522
Carrying amount of net assets of the Target Company (ii)	(127,817)
Non-controlling interests disposed of (iii)	12,653
Estimated gain on the Fourth Phase Initial Disposal	23,358

Notes:

(i) The aggregate consideration for the 90.1% of the equity interests of the Target Company under the Fourth Phase Share Purchase Agreement is RMB138,522,000. For more details of consideration, please refer to "Basis of Consideration" set out in the announcement of the Company published on 21 March 2022.

In the opinion of the Directors, the current and deferred tax impact in relations to the Fourth Phase Initial Disposal granted are insignificant and therefore, has not been taken into account in the estimated loss on the Fourth Phase Initial Disposal.

(ii) The amount represents the carrying amount of the net assets of the Target Company as at 31 December 2020 which is extracted from the unaudited statement of financial position of the Target Company as at 31 December 2020 as set out in Appendix II.

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

	RMB'000
Carrying amount of net assets of the Target Company	127,817
Percentage of equity interests held by the Group	90.10%
Carrying amount of net assets attributable to the Group	115,164
Non-controlling interests disposed of	12,653

(c) The adjustment represents the reinstatement of intra-group transactions or cash flows between the Target Company and the Remaining Group, which had been eliminated at consolidation, when preparing the Unaudited Pro Forma Financial Information for the year ended 31 December 2021.

(d) Rectification Amount and the transaction costs representing professional fee directly attributable to the Fourth Phase Initial Disposal are estimated to be RMB3,470,000 and RMB1,000,000 respectively and it is assumed that the amounts will be settled by cash. The amounts are subject to change upon the actual completion of the Fourth Phase Initial Disposal.

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 2021 or 31 December 2021 for the purpose of preparation of the Unaudited Pro-Forma Financial Information.

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

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

The following is the text of the report, set out on pages III-1 to III-10 received from McMillan Woods (Hong Kong) 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.

McMillanWoods
Professionalism at the forefront

24/F, Siu On Centre,
188 Lockhart Road,
Wan Chai, Hong Kong

TO THE DIRECTORS OF GCL NEW ENERGY HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of GCL New Energy Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2021 and related notes as set out on pages III-1 to III-10 of the circular issued by the Company dated 5 May 2022 (the "**Circular**") in connection with the disposal of 90.1% of the equity interests in Ningxia Shengjing Solar Power Technology Company Limited* (寧夏盛景太陽能科技有限公司), which in aggregate constitute a very substantial disposal transaction (the "**Disposal**"). 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 Disposal on the Group's financial position as at 31 December 2021 and the Group's financial performance and cash flows for the year ended 31 December 2021 as if the Disposal had taken place at 31 December 2021 and 1 January 2021 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 December 2021, on which an audited report has been published.

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

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Control

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

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

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

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

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

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2021 or 1 January 2021 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.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Chan Chun Sing
Audit Engagement Director
Practising Certificate Number: P05537
Hong Kong, 5 May 2022

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 2019, 2020 and 2021 (the "**Reporting Periods**").

BUSINESS REVIEW

During the Reporting Periods, the Remaining Group's asset-light transformation pace was accelerated. As at 31 December 2021, the total installed capacity of the Remaining Group's subsidiary power plants was approximately 1,021MW. The total installed capacity of the Remaining Group's subsidiary power plants as at 31 December 2020 and 31 December 2019 were 4,934MW and 5,680MW respectively.

During the Reporting Periods, the revenue of the Remaining Group was mainly derived from (i) solar power electricity generation; (ii) service fee income from the provision of the solar power plants operation and management services; and (iii) income from provision of engineering, procurement and construction consultancy and technical 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. 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 2021, 2020 and 2019, revenue of the Remaining Group comprised (i) solar power electricity generation; (ii) service fee income from the provision of the solar power plants operation and management services; and (iii) income from provision of engineering, procurement and construction consultancy and technical services amounting to approximately RMB2,813 million, RMB4,993 million and RMB6,019 million respectively. As of 31 December 2021, 31 December 2020 and 31 December 2019, the gross profit margin of the Remaining Group were approximately 62.5%, 64.1% and 65.3% 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 2021, bank balances and cash of the Remaining Group were approximately RMB606 million, including bank balances and cash 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 RMB1,187 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.

As at 31 December 2019, bank balances and cash of the Remaining Group were approximately RMB1,064 million. For the year ended 31 December 2019, 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 2021	**31 December 2020**	**31 December 2019**
	RMB' million	*RMB' million*	*RMB' million*
RMB	592	1,178	953
Hong Kong dollars	6	2	31
United States dollars	8	7	28
Japanese yen	—	—	52
	606	1,187	1,064

Indebtedness and Gearing Ratio

The Remaining Group was in net current assets position of approximately RMB4,492 million as at 31 December 2021. Because of the nature of the solar energy industry in the PRC, the Remaining Group was in net current liabilities position of approximately RMB9,288 million and RMB11,312 million as at 31 December 2020 and 31 December 2019, respectively. To address the net current liabilities position, the Remaining Group has taken several measures to generate sufficient cash inflow to the Remaining Group.

As at 31 December 2021, 31 December 2020 and 31 December 2019, the Remaining Group's total borrowings comprised bank and other borrowings and senior notes, loans from related companies and lease liabilities amounted to approximately RMB6,957 million, RMB30,797 million and RMB37,254 million respectively. As at 31 December 2021, 31 December 2020 and 31 December 2019, the amounts included bank and other borrowings and lease liabilities classified as liabilities directly associated with assets classified as held for sales of approximately RMB465 million, RMB1,768 million and nil. For the remaining balance of approximately RMB6,492 million (31 December 2020: RMB29,029 million; 31 December 2019: RMB37,254 million), RMB213 million (31 December 2020: RMB16,517 million; 31 December 2019: RMB12,493 million) will be due in the coming 12 months from the end of the Reporting Periods, including bank and other borrowings of approximately RMB89 million, which shall be due after 12 months from the end of the Reporting Periods in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified as current liabilities as a result of the triggering of the cross default clauses in several banks of the Remaining Group given the Remaining Group's involvement in certain litigation cases relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain other borrowings.

Approximately 11%, 26% and 22% of the indebtedness of the Remaining Group are charged with a fixed interest rate as at 31 December 2021, 31 December 2020 and 31 December 2019, respectively.

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

	31 December 2021	**31 December 2020**	**31 December 2019**
	RMB' million	*RMB' million*	*RMB' million*
RMB	3,249	25,216	31,775
Hong Kong dollars	178	201	197
United States dollars	3,530	5,360	5,282
	6,957	30,797	37,254

The Directors have reviewed the Remaining Group's cash flow projections which cover a period of not less than 12 months from 31 December 2021. They are of the opinion that the Remaining Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures, that will be due in the coming 12 months from 31 December 2021, 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 2021, 31 December 2020 and 31 December 2019 were approximately 102%, 366% and 378%, respectively. The total liabilities to total assets gearing ratio as at 31 December 2021, 31 December 2020 and 31 December 2019 were approximately 44%, 69%, and 69%, respectively.

FUNDRAISING ACTIVITIES

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 and 31 December 2019, 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 RMB4,106 million, RMB14,938 million and RMB21,027 million as of 31 December 2021, 31 December 2020 and 31 December 2019 respectively;

— bank and other deposits (including deposits for projects classified as held for sale and deposits placed at a related company) of approximately RMB430 million, RMB744 million and RMB1,709 million as of 31 December 2021, 31 December 2020 and 31 December 2019 respectively;

— rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2021, 31 December 2020 and 31 December 2019, the trade receivables and contract assets of those subsidiaries amounted to approximately RMB1,538 million, RMB7,823 million and RMB4,143 million respectively; and

— right-of-use assets of nil, approximately RMB12 million and RMB15 million as of 31 December 2021, 31 December 2020 and 31 December 2019 respectively.

Besides, lease liabilities of approximately RMB371 million, RMB988 million and RMB1,162 million were recognised in respect of right-of-use assets amounting to approximately RMB317 million, RMB1,558 million and RMB1,395 million as at 31 December 2021, 31 December 2020 and 31 December 2019.

CONTINGENT LIABILITIES

As at 31 December 2021, 31 December 2020 and 31 December 2019, 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 RMB1,541 million, RMB3,050 million and RMB5,369 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 RMB477 million, RMB1,385 million and RMB540 million as at 31 December 2021, 31 December 2020 and 31 December 2019, respectively.

In July 2019, the Remaining Group discounted certain bills provided from third parties with a total face value of approximately RMB1,136 million for short-term financing, and the liabilities relating to these arrangements were fully settled to these relevant third parties during the year. As at 31 December 2019, these bills were not yet matured and outstanding. In accordance with the relevant regulations in the PRC, the Remaining Group, being an endorser of the bills, is jointly and severally liable if the relevant bills are not settled by the issuer upon maturity. However, in the opinion of the Directors, the risk of default in payment of these bills is remote because they are guaranteed by reputable PRC banks. The maximum exposure to the Remaining Group of these outstanding bills was approximately RMB1,136 million as at 31 December 2019. The entire amount was matured and settled in September 2020.

Save for the above, as at 31 December 2021, 31 December 2020 and 31 December 2019, the Remaining Group did not have any other significant contingent liabilities.

CAPITAL AND OTHER COMMITMENTS

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

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

As at 31 December 2019, 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 RMB377 million and other commitments for anti-poverty funds of approximately RMB1,176 million.

MATERIAL ACQUISITIONS AND DISPOSALS

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 (the "**Three Gorges First Phase 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 "**Three Gorges First Phase Disposals**"). 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 (the "**Three Gorges Second Phase Share Purchase Agreements**") 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 "**Three Gorges Second Phase Disposals**"). 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 (the "**Weining Group Second Phase 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 "**Weining Group Second Phase Disposals**"). 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 (the "**Weining Group Third Phase 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 "**Weining Group Third Phase Disposals**"). 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 (the "**SPIC Chongqing First Phase 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 "**SPIC Chongqing First Phase Disposal**"). 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.* (勐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 plaint 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, Shenmu Pingxi, Shenmu County Jingdeng and Xixian New District GCL 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 Jingpu and Shenmu Jingfu 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 "**Huaneng First Phase Share Purchase Agreements**") 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 (the "**Huaneng First Phase Disposals**"). 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 (the "**CDB New Energy Share Purchase Agreement**") with China Development Bank New Energy Technology Co., Ltd.* (國開新能源科技有限公司) ("**CDB New Energy**"), 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 "**CDB New Energy Disposal**"). 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 (the "**Huaneng Second Phase 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 "**Huaneng Second Phase Disposals**"). The disposals were completed during the year ended 31 December 2021.

In November 2020, the Remaining Group entered into five share purchase agreements (the "**Xuzhou State Investment First Phase 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 ''**Xuzhou State Investment First Phase Disposals**''). 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 (the ''**Huaneng Third Phase 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 ''**Huaneng Third Phase Disposals**''). The disposals were completed during the year ended 31 December 2021.

In November 2020, the Remaining Group entered into five share purchase agreements (the ''**Xuzhou State Investment Second Phase 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 ''**Xuzhou State Investment Second Phase Disposals**''). 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 (the ''**Beijing United Rongbang 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) (''**Beijing United Rongbang**''), 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 ''**Beijing United Rongbang Disposal**''). 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 (the ''**Weining Group First Phase 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 ''**Weining Group First Phase Disposals**''). 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.

For the year ended 31 December 2019

Acquisitions

For the year ended 31 December 2019, the Remaining Group acquired two subsidiaries, which were engaged in solar power plant business in the PRC of approximately 135MW at a total consideration of approximately RMB264 million. The construction of the solar power plant projects has been completed as at the date of acquisitions. Thus, the acquisitions were classified as business combination.

Disposals

On 24 October 2018, Suzhou GCL New Energy entered into share transfer agreements with CGN Solar Energy Development Co., Ltd* (中廣核太陽能開發有限公司), an independent third party, to sell 80% equity interests in Linzhou Xinchuang* (林州市新創太陽能有限公司). Besides, on 30 December 2018, the Remaining Group entered into share transfer agreements with China Three Gorges New Energy Company Limited* (中國三峽新能源有限公司), an independent third party, to sell 100% equity interest of several wholly-owned subsidiaries. During the year ended 31 December 2019, disposals of the above subsidiaries were completed.

On 28 March 2019, the Remaining Group announced that it has entered into share transfer agreements with Wuling Power Corporation Ltd.* (五凌電力有限公司), a subsidiary of China Power International Development Limited (中國電力國際發展有限公司), for the disposal of 55% equity interest in Ruzhou GCL Photovoltaic Power Co. Ltd.* (汝州協鑫光伏電力有限公司)) ("**Ruzhou**"), Jiangling Xian GCL Solar Power Co., Ltd.* (江陵縣協鑫光伏電力有限公司)) ("**Jiangling**") and Xinan Xian GCL Solar Power Co., Ltd.* (新安縣協鑫光伏電力有限公司)) ("**Xinan**") for a consideration of approximately RMB328 million in aggregate. Ruzhou, Jiangling and Xinan operated a number of solar power plants with a capacity of approximately 280MW in the PRC. The disposals were completed during the year ended 31 December 2019.

On 23 May 2019 the Remaining Group announced that it has entered into share transfer agreements with Shanghai Rongyao New Energy Co., Ltd* (上海榕耀新能源有限公司)， an independent third party, for the disposal of 70% equity interest in a number of subsidiaries of the Remaining Group of which these subsidiaries owned operational solar power plants in the PRC with an aggregate installed capacity of approximately 977MW. The disposals were completed during the year ended 31 December 2019.

Save as disclosed above, there were no other significant investments during the year ended 31 December 2019, or plans for material investments as at 31 December 2019, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2019.

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. Grid curtailment risk

With the growth in power generating capacity outpaced electricity consumption growth, it has led to utilisation decline for power generating capacity across the country since 2014. Although solar power has a higher dispatch priority over conventional power generation in China, given electricity generated from areas with rich solar energy resources cannot be fully consumed in the provinces, and the excess electricity cannot be transmitted to other regions with higher power demand given limited power transmission capacity, grid curtailment has become an issue with high degree of concern for solar power. In this regard, the Remaining Group mainly focuses on developing solar power projects in regions with well-developed inter-province power transmission network or with strong domestic power demand such as zone 2 and 3, as well as actively participating in electricity transactions trade, hence, minimising grid curtailment risk.

3. Risk associated with tariff

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

4. Risk related to high gearing ratio

Solar power generating business is a capital intensive industry, which highly relies on external financing in order to fund the construction of solar power plants while the recovery of capital investment takes a long period of time. To cope with the gearing risk, the Remaining Group will pay close attention to the market dynamics, and to avoid any unfavorable changes to the Remaining Group. Additionally, the Remaining Group is constantly seeking alternative financing tools and pursing asset-light model to optimise its finance structure and lower its gearing ratio.

5. 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.

6. 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.

7. 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 2021, 31 December 2020 and 31 December 2019, the Remaining Group had 896, 1,122 and 1,460 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 2021, 2020 and 2019 were approximately RMB331 million, RMB268 million and RMB397 million, respectively.

PROSPECTS

The Remaining Group will continuously strengthen its strategic cooperation with large enterprises to form strong alliances. As the Central Enterprises and local state-owned enterprises have competitive advantages in different aspects such as financing, the Remaining Group will extend its strategic cooperation with the Central Enterprises and the state-owned enterprises at the level of domestic holding companies, and at the project level of provincial companies to introduce strategic cooperation partners and leverage on competitive advantages of each other to accelerate the introduction of capital, optimise the shareholding structure and fasten the development of codeveloped solar projects, thereby enhancing profitability of projects.

Meanwhile, the Remaining Group will further accelerate the asset-light transformation model of "Development-Construction-Cooperation-O&M" with the provision of management services while creating strategic cooperation to complement competitive advantages of each other. It is expected that by transferring the controlling interests of solar power plant projects, the Remaining Group will be able to recycle capital, reduce its debts and mitigate the pressure on project financing, while further improve the return on capital and receive stable fees annually by providing project management services.

In addition, the Remaining Group will proactively extend its financing resources, apply diversified and innovative financing models and issue medium-term notes when appropriate to optimise its financing structure and increase the long-term facilities replacement. The Remaining Group expects that through introducing strategic investors, firmly promoting its asset-light transformation, expanding its financing channels and adopting a series of measures to reduce debt, the gearing ratio of the Remaining Group will be lowered.

Despite the outbreak of Coronavirus disease ("**COVID-19**") in the PRC in early 2020, the subsequent quarantine measures imposed by the PRC government and the latest COVID-19 development in 2022, the solar power plants of the Remaining Group continuously operate as usual without any suspension or interruption to the operation. The Remaining Group has been paying close attention to the development of the COVID-19 outbreak, and implemented a series of precautionary and control measures, as well as evaluates the impact of the COVID-19 outbreak on the financial position and operating results of the Remaining Group. Given the dynamic nature of these circumstances, the Directors will continue to assess the financial effects on the Remaining Group but as of the date of this circular, the Remaining Group is not aware of any material adverse effects on its consolidated financial statements as a result of the COVID-19 outbreak.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

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

(a) ***Long position in the Shares of the Company***

		Number of Shares		
Name of Director	**Beneficiary of a trust**	**Number of underlying Shares** *(Note 1)*	**Total**	**Approximate percentage of issued Shares** *(Note 2)*
Mr. ZHU Yufeng	—	17,500,000	17,500,000	0.08%
	1,905,978,301 *(Note 3)*	—	1,905,978,301	9.04%
Ms. HU Xiaoyan	—	15,000,000	15,000,000	0.07%
Ms. SUN Wei	—	10,000,000	10,000,000	0.05%
Mr. YEUNG Man Chung, Charles	—	5,000,000	5,000,000	0.02%
Mr. FANG Jiancai		5,000,000	5,000,000	0.02%
Mr. XU Songda	—	2,000,000	2,000,000	0.01%
Mr. LEE Conway Kong Wai	—	2,000,000	2,000,000	0.01%
Mr. WANG Yanguo	—	2,000,000	2,000,000	0.01%
Dr. CHEN Ying	—	2,000,000	2,000,000	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 21,073,715,441 Shares in issue as at the Latest Practicable Date.

3. Those Shares were beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited ("**Dongsheng Photovoltaic**"). For further information of the shareholding structure of Dongsheng Photovoltaic, please refer to note 3 under section (ii) "Interests of substantial shareholders" below.

(b) *Long or short position in Shares of associated corporations*

		Number of ordinary shares in GCL Technology				
Name of Director	Long position/ short position	Beneficiary of a trust	Personal interests	Number of underlying Shares	Total	Approximate percentage of issued Shares *(Note 1)*
Mr. ZHU Yufeng	Long position	6,370,388,156 *(Note 2)*	—	1,510,755 *(Note 3)*	6,371,898,911	23.51%
	Short position	240,000,000 *(Note 4)*	—	—	—	0.89%
Ms. SUN Wei	Long position	—	5,723,000	1,712,189 *(Note 3)*	7,435,189	0.03%
Mr. YEUNG Man Chung, Charles	Long position	—	—	1,700,000 *(Note 3)*	1,700,000	0.01%

Notes:

1. The percentage was calculated based on 27,099,010,448 shares of GCL Technology in issue as at the Latest Practicable Date.

2. Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL Technology. An aggregate of 6,370,388,156 shares in GCL Technology are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan (an executive director and the chairman of GCL Technology) and his family (including Mr. Zhu Yufeng, a director of the Company and GCL Technology respectively, and the son of Mr. Zhu Gongshan) as beneficiaries.

3. These are share options granted by GCL Technology to the eligible persons, pursuant to the share option scheme of GCL Technology, adopted by the shareholders of GCL Technology on 22 October 2007. Such granted share options can be exercised by Mr. Zhu Yufeng and Mr. Yeung Man Chung, Charles during the period from 18 April 2016 to 28 March 2026 at an exercise price

of HK$1.324 per share of GCL Technology and Ms. Sun Wei during the period from 15 March 2016 to 18 February 2026 at an exercise price of HK$1.160 per share of GCL Technology.

4. The short position was held as a result of an equity derivative agreement entered by Happy Genius Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

(ii) Interests of substantial shareholders

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had interests in the Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

Name	**Nature of interest**	**Number of Shares**	**Approximate percentage in issued Shares** *(Note 1)*
Elite Time Global Limited *(Note 2)*	Beneficial owner	10,376,602,000	49.24%
GCL Technology *(Note 2)*	Interest in controlled corporation	10,376,602,000	49.24%
Asia Pacific Energy Fund Limited *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.04%
Asia Pacific Energy Holdings Limited *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.04%
Credit Suisse Trust Limited *(Note 3)*	Trustee	1,905,978,301	9.04%
Dongsheng Photovoltaic *(Note 3)*	Beneficial owner	1,905,978,301	9.04%
Golden Concord Group Limited *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.04%
Golden Concord Group Management Limited *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.04%

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares *(Note 1)*
Zhu Gongshan *(Note 3)*	Founder of trust	1,905,978,301	9.04%
營口其印投資管理有限公司*(Note 3)*	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	1,905,978,301	9.04%
協鑫新能科技(深圳)有限公司*(Note 3)*	Interest in controlled corporation	1,905,978,301	9.04%
協鑫集團有限公司*(Note 3)*	Interest in controlled corporation	1,905,978,301	9.04%
GCL System Integration *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.04%
句容協鑫集成科技有限公司*(Note 3)*	Interest in controlled corporation	1,905,978,301	9.04%
江蘇協鑫建設管理有限公司*(Note 3)*	Interest in controlled corporation	1,905,978,301	9.04%
協鑫(遼寧)實業有限公司*(Note 3)*	Interest in controlled corporation	1,905,978,301	9.04%

Notes:

1. The percentage was calculated based on 21,073,715,441 Shares of the Company in issue as at the Latest Practicable Date.

2. Elite Time Global Limited is wholly-owned by GCL Technology.

3. Dongsheng Photovoltaic is wholly-owned by 句容協鑫集成科技有限公司, which is in turn wholly-owned by GCL System Integration. 江蘇協鑫建設管理有限公司, 協鑫集團有限公司 and 營口其印投資管理有限公司 are controlling shareholders of GCL System Integration. 營口其印投資管理有限公司 is a party acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 44.61% owned by 協鑫(遼寧)實業有限公司, 46.68% owned by 江蘇協鑫建設管理有限公司 and 8.71% owned by GCL-Poly (Taicang Harbour) Limited. 協鑫(遼寧)實業有限公司 and GCL-Poly (Taicang Harbour) Limited are wholly-owned by Mr. Zhu Gongshan (an executive director and the chairman of GCL Technology and Mr. Zhu Yufeng's father). 江蘇協鑫建設管理有限公司 is wholly-owned by 協鑫新能科技(深圳)有限公司. 協鑫新能科技(深圳)有限公司 is wholly-owned by Golden Concord Group Management Limited which is in turn wholly-owned by Golden Concord Group Limited. Golden Concord Group Limited is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family, including Mr. Zhu Gongshan as beneficiaries.

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

3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

(i) Interests in competing interests

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

The Directors are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and the Directors would comply with the relevant requirements of the Bye-laws and the Listing Rules whenever a Director has any conflict of interest in the transaction(s) with the Company. Therefore, the Directors believe that the Company is capable of carrying out its business independently of, and at arm's length from the Golden Concord Group.

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

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

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group required to be disclosed under the Listing Rules.

(ii) Interests in contracts or arrangements

As at the date of this circular, none of the Directors was materially interested, directly or indirectly, in any subsisting contract or arrangement which was significant in relation to the business of the Group.

(iii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2021 (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 CDB New Energy Share Purchase Agreement dated 29 June 2020 in relation to the CDB New Energy Disposal at a consideration of RMB136,624,000, as detailed in the announcement of the Company dated 29 June 2020;

(ii) the Huaneng Second Phase Share Purchase Agreements dated 29 September 2020 in relation to the Huaneng Second Phase Disposals at a total consideration of RMB576,001,213 and the grant of put options to Huaneng No. 1 Fund and Huaneng No. 2 Fund, as detailed in the joint announcement of GCL Technology and the Company dated 29 September 2020;

(iii) the Xuzhou State Investment First Phase Share Purchase Agreements dated 16 November 2020 in relation to the Xuzhou State Investment First Phase Disposals at a total consideration of RMB276,436,993, as detailed in the joint announcement of GCL Technology and the Company dated 16 November 2020;

(iv) the Huaneng Third Phase Share Purchase Agreements dated 19 November 2020 in relation to the Huaneng Third Phase Disposals at a total consideration of RMB666,653,912 and grant of put options to Huaneng No. 1 Fund and Huaneng No. 2 Fund, as detailed in the joint announcement of GCL Technology and the Company dated 19 November 2020;

(v) the Xuzhou State Investment Second Phase Share Purchase Agreements dated 22 November 2020 in relation to Xuzhou State Investment Second Phase Disposals at a total consideration of RMB312,728,221, as detailed in the joint announcement of GCL Technology and the Company dated 22 November 2020;

(vi) the Beijing United Rongbang Share Purchase Agreement dated 4 December 2020 in relation to the Beijing United Rongbang Disposal at a consideration of RMB211,100,000, as detailed in the announcement of the Company dated 4 December 2020;

(vii) the Weining Group First Phase Share Purchase Agreements dated 10 December 2020 in relation to the Weining Group First Phase Disposals at a total consideration of RMB291,300,000, as detailed in the joint announcement of GCL Technology and the Company dated 10 December 2020;

(viii) the amended and restated restructuring support agreement dated 5 February 2021 entered into by the Company and certain subsidiaries of the Company which provide unconditional and irrevocable guarantees to secure the Company's obligations under certain notes issued by the Company, as detailed in the joint announcements of GCL Technology and the Company dated 23 December 2020, 12 January 2021, 26 January 2021, 1 February 2021, 5 February 2021, 7 February 2021 and 9 February 2021;

(ix) the placing agreement dated 10 February 2021 entered into between the Company, Elite Time Global, UBS AG Hong Kong Branch, CCB International Capital Limited and Haitong International Securities Company Limited (as placing agents) in relation to the placing of up to a total of 2,000,000,000 Shares held by Elite Time Global, with maximum possible proceeds amounting to approximately HK$910 million, as detailed in the joint announcement of GCL Technology and the Company dated 10 February 2021;

(x) the subscription agreement dated 10 February 2021 entered into between the Company and Elite Time Global in relation to the subscription of a total of 2,000,000,000 new Shares by Elite Time Global, at a total consideration amounting to approximately HK$910 million, as detailed in the joint announcement of GCL Technology and the Company dated 10 February 2021;

(xi) the Three Gorges First Phase Share Purchase Agreements dated 31 March 2021 in relation to the Three Gorges First Phase Disposals at a total consideration of approximately RMB364,650,000, as detailed in the joint announcement of GCL Technology and the Company dated 31 March 2021;

(xii) the Three Gorges Second Phase Share Purchase Agreements dated 1 April 2021 in relation to the Three Gorges Second Phase Disposals at a total consideration of approximately RMB1,250,207,400, as detailed in the joint announcement of GCL Technology and the Company dated 1 April 2021;

(xiii) the Weining Group Second Phase Share Purchase Agreements dated 26 April 2021 in relation to the Weining Group Second Phase Disposals at a total consideration of RMB146,950,300, as detailed in the joint announcement of GCL Technology and the Company dated 26 April 2021;

(xiv) the Weining Group Third Phase Share Purchase Agreements dated 30 April 2021 in relation to the Weining Group Third Phase Disposals at a total consideration of RMB310,210,800, as detailed in the joint announcement of GCL Technology and the Company dated 30 April 2021;

(xv) the SPIC Chongqing First Phase Share Purchase Agreement dated 7 May 2021 in relation to the SPIC Chongqing First Phase Disposal at a consideration of RMB193,000,000, as detailed in the joint announcement of GCL Technology and the Company dated 7 May 2021;

(xvi) the SPIC Chongqing Second Phase Share Purchase Agreements dated 24 June 2021 in relation to the SPIC Chongqing Second Phase Disposals at a total consideration of RMB275,263,600, as detailed in the joint announcement of GCL Technology and the Company dated 24 June 2021;

(xvii) the Guizhou West Power First Phase Share Purchase Agreements dated 25 June 2021 in relation to the Guizhou West Power First Phase Disposals at a total consideration of RMB218,960,000, as detailed in the joint announcement of GCL Technology and the Company dated 25 June 2021;

(xviii) the Guizhou West Power Second Phase Share Purchase Agreement dated 5 July 2021 in relation to the Guizhou West Power Second Phase Disposal at a consideration of RMB43,100,000, as detailed in the announcement of the Company dated 5 July 2021;

(xix) the Sumin Ruineng Share Purchase Agreement dated 6 July 2021 in relation to the Sumin Ruineng Acquisition at a consideration of RMB1,219,000,000, as detailed in the announcement of the Company dated 6 July 2021;

(xx) the Yixing Hechuang Share Purchase Agreements dated 21 July 2021 in relation to the Yixing Hechuang Disposals at a total consideration of RMB481,313,800, as detailed in the announcement of the Company dated 21 July 2021;

(xxi) the First Phase Share Purchase Agreements dated 30 August 2021 in relation to the First Phase Disposals at a total consideration of RMB301,037,700, as detailed in the joint announcement of GCL Technology and the Company dated 30 August 2021;

(xxii) the Second Phase Share Purchase Agreements dated 13 September 2021 in relation to the Second Phase Disposals at a total consideration of RMB239,528,900, as detailed in the announcement of the Company dated 13 September 2021;

(xxiii) 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;

(xxiv) a series of six share purchase agreements dated 16 March 2022 entered into between Suzhou GCL New Energy and Suzhou GCL New Energy Development Co., Ltd.* (蘇州協鑫新能源開發有限公司) as sellers and Jiangsu Hesheng as purchaser 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; and

(xxv) the Fourth Phase Share Purchase Agreement dated 21 March 2022 in relation to the Fourth Phase Disposal, as detailed in the announcement of the Company dated 21 March 2022.

6. CLAIMS AND LITIGATION

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

7. EXPERT'S QUALIFICATIONS AND CONSENTS

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

Name	Qualifications
McMillan Woods (Hong Kong) CPA Limited	Certified Public Accountants Registered Public Interest Entity Auditors

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

As at the date of this circular, McMillan 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, McMillan 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 2021, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(iv) The company secretary of the Company is Mr. Ho Yuk Hay, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and an associate member of both The Hong Kong 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 Fourth Phase Share Purchase Agreement;

(ii) the unaudited financial information of the Target Company reviewed by McMillan as set out in Appendix II to this circular;

(iii) the report on the unaudited pro forma financial information of the Remaining Group from McMillan, the text of which is set out in Appendix III to this circular; and

(iv) the written letter of consent referred to in the section headed "7. Expert's Qualifications and Consents" in this appendix.

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 Studio 2, Level 7, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Tuesday, 31 May 2022 at 9:45 a.m. for the purpose of considering and, if thought fit, approving the following resolution as an ordinary resolution of the Company.

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

ORDINARY RESOLUTION

1. "**THAT**:

   (a) the share purchase agreement dated 21 March 2022 entered into between Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司) (the "**Seller**") and Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司) (the "**Purchaser**") (the "**Fourth Phase Share Purchase Agreement**") in relation to the sale and purchase of (a) 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) (the "**Target Company**") and (b) 9.9% equity interest in the Target Company after the Seller 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**"), be and is herely approved, ratified and confirmed; and

(b) any director of the Company be and is hereby authorised for and on behalf of the Company to execute (including affixing the seal of the Company in accordance with the articles of association of the Company to) all such documents and do all such acts and things as he/she may in his/her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or to give effect to the Fourth Phase Disposal and the transactions contemplated under the Fourth Phase Share Purchase 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 Yufeng
Chairman

Hong Kong, 5 May 2022

* *For identification purpose only*

Notes:

(1) Any shareholder of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.

(2) In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited with the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof.

(3) Completion and delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the SGM convened and in such event, the form of proxy shall be deemed to be revoked. It is advised that all Shareholders, particularly Shareholders who are subject to quarantine in relation to Coronavirus Disease 2019 (COVID-19), that they may appoint any person or the chairman of the SGM as a proxy to vote on the resolution, instead of attending the SGM in person. The form of proxy can be downloaded from the website of the Company at www.gclnewenergy.com or HKEXnews at www.hkexnews.hk.

(4) In the case of joint registered holders of any share, any one of such joint registered holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint registered holders be present at the SGM, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

(5) The register of members of the Company will be closed from 26 May 2022 to 31 May 2022, 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 31 May 2022 at 9:45 a.m.. In order to be eligible to attend and vote at the SGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 25 May 2022.

(6) Pursuant to Rule 13.39(4) of the Listing Rules, resolutions will be put to vote at the SGM by way of poll.

(7) If Typhoon Signal No. 8 or above, or "extreme conditions" is caused by super typhoon announced by the Government of Hong Kong, or a "black" rainstorm warning is in effect any time after 8 a.m. on the date of the SGM, the SGM will be postponed. Shareholders may visit the website of the Company at www.gclnewenergy.com for details of the postponement and alternative meeting arrangement.

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

(i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee. Any person with a body temperature of 37 degrees Celsius or higher may be denied entry into the SGM venue or be required to leave the SGM venue;

(ii) the Company will require all attendees to scan the "LeaveHomeSafe" venue QR code;

(iii) the Company will require all attendees to comply with the requirements of the "Vaccine Pass Direction"*;

(iv) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the SGM at all times, and to maintain a safe distance between seats (please bring your own mask);

(v) no refreshment will be served at the SGM; and

(vi) no souvenirs will be distributed at the SGM.

* *The definition of "Vaccine Pass Direction" is set out in the Prevention and Control of Disease (Vaccine Pass) Regulation (Chapter 599L of the Laws of Hong Kong).*