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

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GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

- (1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION;
(2) THE ISSUE OF CONSIDERATION SHARES AND
CONVERSION SHARES UNDER SPECIFIC MANDATE;
(3) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE LOANS;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to the Company



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

MESSIS 大有融資

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the SGM to be held at 21st Floor, Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong on Tuesday, 18 February 2025 at 11 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

A letter from the Board is set out on pages 10 to 58 of this circular. A letter from the Independent Board Committee is set out on page 59 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 60 to 90 of this circular.

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 not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. The address of Tricor Abacus Limited is 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM should you so wish and in such event, the proxy form shall be deemed to be revoked.

24 January 2025

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	10
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	59
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	60
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — ACCOUNTANT’S REPORT ON THE TARGET GROUP	II-1
APPENDIX III — MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP	III-1
APPENDIX IV — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP	IV-1
APPENDIX V — VALUATION REPORT OF THE TARGET COMPANY	V-1
APPENDIX VI — GENERAL INFORMATION	VI-1
NOTICE OF SPECIAL GENERAL MEETING	SGM-1

DEFINITIONS

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

“Acquisition”	the sale and purchase of the Sale Share from the Seller to the Company;
“Announcement”	the announcement of the Company dated 9 January 2025 in relation to, among others, the Acquisition, the proposed issue of the Consideration Shares and the Conversion Shares under the Specific Mandate and the Loans;
“Asia Pacific Energy Fund”	Asia Pacific Energy Fund Limited, a company incorporated in the Bahamas with limited liability, which was 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, as at the Latest Practicable Date;
“associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	a day (excluding Saturday, Sunday and public holidays) on which commercial banks are open for business in Hong Kong and the PRC;
“Cash Consideration”	cash in the amount of RMB200 million (approximately HK\$212.40 million) to be paid by the Purchaser to the Seller on the Completion Date to partially settle the Consideration pursuant to the Sale and Purchase Agreement;
“Company” or “Purchaser”	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 (stock code: 451);
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement;
“Completion Date”	the fifth Business Day after which all Conditions Precedent have been fulfilled (or waived), or any other date as the Purchaser and the Seller may agree in writing, but in any event, not later than the Long Stop Date;
“Conditions Precedent”	the conditions precedent in relation to the sale and purchase of the Sale Share in accordance with the terms of the Sale and Purchase Agreement;

DEFINITIONS

“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration payable for the Sale Share under the Sale and Purchase Agreement;
“Consideration Share(s)”	153,400,000 Shares to be allotted and issued by the Company to the Seller as partial settlement of the Consideration pursuant to the Sale and Purchase Agreement;
“Conversion Price ”	HK\$0.45 per Conversion Share, subject to any adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds;
“Conversion Shares”	Shares of the Company to be issued to the holder(s) of the Convertible Bonds upon the exercise of the conversion rights pursuant to the terms and conditions of the Convertible Bonds;
“Convertible Bonds”	the convertible bonds to be created and issued by the Company to settle part of the Consideration, and convertible into Shares pursuant to the terms and conditions of the Convertible Bonds and the Sale and Purchase Agreement;
“Director(s)”	director(s) of the Company;
“Enlarged Group”	the Group including the Target Group after Completion;
“Golden Concord Group Limited (PRC)”	Golden Concord Group Limited* (協鑫集團有限公司), a company established in the PRC with limited liability;
“GCL Petroleum”	GCL Petroleum and Natural Gas Co. Ltd.* (協鑫石油天然氣有限公司), a company incorporated in the PRC with limited liability, which was an indirect non wholly-owned subsidiary of the Target Company as at the Latest Practicable Date;
“GCL Technology”	GCL Technology Holdings Limited (協鑫科技控股有限公司), 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 (stock code: 3800);
“Group”	the Company and its subsidiaries before Completion;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

DEFINITIONS

“IFRS”	the International Financial Reporting Standards issued by the International Accounting Standards Board;
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Lee Conway Kong Wai, Mr. Wang Yanguo, Dr. Chen Ying and Mr. Cai Xianhe, established for the purpose of advising the Independent Shareholders in connection with, among other things, the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder, and the grant of the Specific Mandate;
“Independent Financial Adviser” or “Messis Capital”	Messis Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Loan Agreements, and the transactions contemplated thereunder, and the grant of the Specific Mandate;
“Independent Shareholder(s)”	the Shareholder(s) other than the Zhu Family Group and any Shareholders who have a material interest in the resolutions to be passed at the SGM and must abstain from voting on the resolutions under the Listing Rules;
“independent third party(ies)”	person(s) who or company(ies) which is/are third party(ies) independent of the Company and its connected persons;
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer engaged by the Company;
“Jiangsu Xiexin”	Jiangsu Xiexin Electric Power Co., Ltd.* (江蘇協鑫電力有限公司), a company incorporated in the PRC with limited liability;
“Kumulla”	Kumulla Investments Limited, a company established in the British Virgin Islands with limited liability, and to the best knowledge of the Directors after making reasonable enquiry with Kumulla, was indirectly owned by RGE Limited and was ultimately controlled by the family of Mr. Sukanto Tanoto (陳江和先生家族), as at the Latest Practicable Date;
“Kunlun GCL Huidong”	Kunlun GCL Huidong LNG Terminal Rudong Co., Ltd.* (昆侖協鑫匯東液化天然氣碼頭如東有限公司), a company incorporated in the PRC with limited liability;

DEFINITIONS

“Latest Practicable Date”	21 January 2025, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LNG”	liquefied natural gas;
“LNG Receiving Terminal Projects”	collectively, the Rudong LNG Receiving Terminal Project and the Maoming LNG Receiving Terminal Project;
“Loan 1”	the term loan in the principal amount of RMB111,025,453.80, provided by GCL Petroleum to Jiangsu Xiexin in accordance with the terms of the Loan Agreement 1;
“Loan 2”	the term loan in the principal amount of RMB70,000,000, provided by GCL Petroleum to Taicang Harbour in accordance with the terms of the Loan Agreement 2;
“Loans”	collectively, Loan 1 and Loan 2;
“Loan Agreements”	collectively, the Loan Agreement 1 and the Loan Agreement 2;
“Loan Agreement 1”	the loan agreement dated 31 December 2023 as supplemented by the supplemental loan agreement dated 31 July 2024 and the second supplemental loan agreement dated 1 August 2024 each entered into between GCL Petroleum and Jiangsu Xiexin relating to Loan 1, details of which are disclosed in the section headed “4. FINANCIAL ASSISTANCE IN RELATION TO THE LOANS PROVIDED BY GCL PETROLEUM – The Loan Agreement 1” in the letter from the Board of this circular;
“Loan Agreement 2”	the loan agreements dated 18 January 2023, 10 February 2023 and 17 February 2023, and the loan agreement dated 31 December 2023 as supplemented by the supplemental loan agreement dated 31 July 2024 and the second supplemental loan agreement dated 1 August 2024 each entered into between GCL Petroleum and Taicang Harbour relating to Loan 2, details of which are disclosed in the section headed “4. FINANCIAL ASSISTANCE IN RELATION TO THE LOANS PROVIDED BY GCL PETROLEUM – The Loan Agreement 2” in the letter from the Board of this circular;

DEFINITIONS

“Long Stop Date”	30 June 2025 or such later date as may be agreed in writing by the Seller and the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement;
“LSCCB”	Leshan City Commercial Bank Co., Ltd. (樂山市商業銀行股份有限公司);
“Maoming Bohe”	Maoming Bohe LNG Co., Ltd.* (茂名博賀液化天然氣有限公司), a company incorporated in the PRC with limited liability;
“Maoming LNG Company”	GCL Liquefied Natural Gas (Maoming) Co., Ltd.* (協鑫液化天然氣(茂名)有限公司), a company incorporated in the PRC with limited liability;
“Maoming LNG Receiving Terminal Project”	the LNG receiving terminal project located in Maoming County, Guangdong Province of the PRC being carried out by Maoming Bohe;
“Material Adverse Effect”	(i) a material adverse effect on (a) the business, assets, properties, financial condition, operation, prospects or results of operations of the Target Group taken as a whole or any member of the Target Group, and (b) the ability of the Seller to perform its obligations under the Sale and Purchase Agreement, or (ii) other significant obstacles or delays for the Seller in completing the transactions contemplated under the Sale and Purchase Agreement;
“Ningbo Zhongping”	Ningbo Zhongping Corporate Management Co., Ltd* (寧波仲平企業管理有限公司), a company established in the PRC with limited liability and to the best knowledge of the Directors after making reasonable enquiry, was owned as to approximately 51.075% by Wang Kaiguo (王開國), approximately 21.102% by Qian Hong (錢紅), and approximately 27.823% by 12 other individual shareholders with each holding no more than 10% equity interests in Ningbo Zhongping respectively, as at the Latest Practicable Date;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;

DEFINITIONS

“Rudong LNG Company”	GCL Huidong LNG Rudong Co., Ltd.* (協鑫匯東液化天然氣如東有限公司), a company incorporated in the PRC with limited liability;
“Rudong LNG Receiving Terminal Project”	the LNG receiving terminal project located in Rudong County, Jiangsu Province of the PRC being carried out by Rudong LNG Company;
“Sale and Purchase Agreement”	the sale and purchase agreement between the Company and the Seller dated 9 January 2025, pursuant to which the Company conditionally agreed to acquire and the Seller conditionally agreed to sell the Sale Share;
“Sale Share”	1 ordinary share of US\$1 each of the Target Company beneficially owned by the Seller;
“Seller” or “Golden Concord Group”	Golden Concord Group Limited (協鑫集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Asia Pacific Energy Fund, which in turn was 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, as at the Latest Practicable Date;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to consider and, if thought fit, approve, among others, the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder, and the grant of the Specific Mandate;
“Shanghai Guoping”	Shanghai Guoping Private Investment Equity Fund Partnership (Limited Partnership)* (上海國珲私募投資基金合夥企業(有限合夥)), a limited partnership established in the PRC for equity investment;
“Shanghai Qixun”	Shanghai Qixun Investment Management Co., Ltd.* (上海其旬投資管理有限公司), a company incorporated in the PRC with limited liability;
“Share(s)”	ordinary share(s) of one-twelfth (1/12) of a Hong Kong dollar each (equivalent to HK\$0.083) in the share capital of the Company;

DEFINITIONS

“Share Option(s)”	the 18,695,263 outstanding option(s) to subscribe for 18,695,263 new Shares granted under the share option scheme adopted by the Company on 15 October 2014, consisting of (i) 2,175,000 outstanding options to subscribe for 2,175,000 new Shares at an exercise price of HK\$7.14 per Share Option which is exercisable from 3 November 2021 to 2 November 2031; (ii) 12,924,187 outstanding options to subscribe for 12,924,187 new Shares at an exercise price of HK\$7.68 per Share Option which is exercisable from 26 February 2021 to 25 February 2031; and (iii) 3,596,076 outstanding options to subscribe for 3,596,076 new Shares at an exercise price of HK\$12.12 per Share Option which is exercisable from 24 July 2015 to 23 July 2025;
“Shareholder(s)”	the holder(s) of the Shares;
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders at the SGM to the Directors to allot and issue the Consideration Shares and the Conversion Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Strategic Investor 1”	Jiaxing Guomao Carbon Neutrality Equity Investment Partnership (Limited Partnership)* (嘉興國瑁碳中和股權投資合夥企業(有限合夥)), a limited partnership established in the PRC for equity investment pursuant to the partnership agreement(s) entered into by and among Ningbo Zhongping and Xuzhou Xinyuhong as the general partners and Jiangsu Xiexin and Shanghai Guoping as the limited partners, as at the Latest Practicable Date, and according to the best knowledge of the Directors after making reasonable enquiry;
“Strategic Investor 2”	Pacific Energy Investment (Nantong) Co., Ltd.* (太平洋能源投資(南通)有限公司), a company established in the PRC with limited liability and to the best knowledge of the Directors after making reasonable enquiry, was owned as to 93.92% by Kumulla, as at the Latest Practicable Date;

DEFINITIONS

“Strategic Investor 3”	PetroChina Jiangsu LNG Co., Ltd* (中石油江蘇液化天然氣有限公司), a company established in the PRC with limited liability and to the best knowledge of the Directors after making reasonable enquiry, was owned as to 55%, 35% and 10% by Strategic Investor 4, Pacific Energy Corporation Limited (太平洋能源有限公司) (a company incorporated in Hong Kong with limited liability which was majority-owned by Kumulla) and Jiangsu Guoxin Group Limited* (江蘇省國信集團有限公司) (a company established in the PRC with limited liability which in turn was wholly-owned by the Jiangsu Provincial People’s Government (江蘇省人民政府)) respectively, as at the Latest Practicable Date;
“Strategic Investor 4”	Kunlun Energy Company Limited (昆侖能源有限公司), a company established in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 135);
“Strategic Investor 5”	Guangzhou Development Gas Investment Co., Ltd.* (廣州發展燃氣投資有限公司), a company established in the PRC with limited liability and to the best knowledge of the Directors after making reasonable enquiry, was wholly-owned by Guangzhou Development Group Incorporated (廣州發展集團股份有限公司), a company established in the PRC with limited liability and with its A shares listed on the Shanghai Stock Exchange (stock code: 600098), as at the Latest Practicable Date;
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules;
“Taicang Harbour”	Taicang Harbour Golden Concord Electric-power Generation Co., Ltd.* (太倉港協鑫發電有限公司), a company incorporated in the PRC with limited liability;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“Target Company”	Harmonic Century Global Limited (和世環球有限公司), a company incorporated in the British Virgin Islands with limited liability;
“Target Group”	the Target Company and its subsidiaries;
“Treasure Creation”	Treasure Creation International Holding Limited (創富國際控股有限公司), a company incorporated in Hong Kong with limited liability;

DEFINITIONS

“U.S.”	The United States of America;
“US\$”	U.S. dollars, the lawful currency of the U.S.;
“Valuation”	valuation of the Target Company as at the Valuation Date as set out in the Valuation Report;
“Valuation Date”	31 July 2024, being the valuation date for the purpose of the Valuation Report;
“Valuation Report”	the valuation report of the Target Company as at the Valuation Date prepared by the Independent Valuer, the text of which is set out in Appendix V to this circular;
“Xuzhou Xinyuhong”	Xuzhou Xinyuhong Corporate Management Co., Ltd.* (徐州鑫禦泓企業管理有限公司), a company established in the PRC with limited liability, and to the best knowledge of the Directors after making reasonable enquiry, was ultimately owned as to 51% and 49% by Taicang Harbour and Golden Concord Group Limited (PRC) respectively, as at the Latest Practicable Date;
“Zhu Family Group”	Mr. Zhu Gongshan (an executive Director) and his family (including Mr. Zhu Yufeng, an executive Director and the son of Mr. Zhu Gongshan), Golden Concord Group, Happy Genius Holdings Limited, Highexcel Investments Limited, Get Famous Investments Limited, Dongsheng Photovoltaic Technology (Hong Kong) Limited, Elite Time Global Limited, Mr. Wang Dong (an executive Director) and Ms. Sun Wei (a non-executive Director);
“Zhu Family Trust”	the discretionary trust known as the “Asia Pacific Energy Fund”, of which Mr. Zhu Gongshan (an executive Director) and his family (including Mr. Zhu Yufeng, an executive Director and the son of Mr. Zhu Gongshan) are beneficiaries; and
%	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.*

For the purpose of this circular, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.062. This should not be taken as a representation that Renminbi could actually be converted into Hong Kong dollar at that rate or at all.

LETTER FROM THE BOARD



GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

Executive Directors:

Mr. Zhu Gongshan (*Chairman*)
Mr. Zhu Yufeng (*Vice Chairman*)
Mr. Wang Dong (*President*)
Mr. Gu Zengcai

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

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

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

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

Independent non-executive Directors:

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

24 January 2025

Dear Shareholders,

**(1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION;
(2) THE ISSUE OF CONSIDERATION SHARES AND
CONVERSION SHARES UNDER SPECIFIC MANDATE;
(3) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE LOANS;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Announcement.

LETTER FROM THE BOARD

On 9 January 2025 (after trading hours), the Purchaser (being the Company) and the Seller (being a company ultimately wholly-owned by the Zhu Family Trust) entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire and the Seller conditionally agreed to sell the Sale Share, being the entire issued share capital of the Target Company, at the Consideration of RMB325 million (approximately HK\$345.15 million). The Consideration shall be satisfied by the Purchaser (i) as to RMB200 million (approximately HK\$212.40 million) by way of cash; (ii) as to RMB65 million (approximately HK\$69.03 million) by way of allotment and issue of Consideration Shares at the issue price of HK\$0.45 per Consideration Share; and (iii) as to HK\$63.72 million (approximately RMB60 million) by way of issue of Convertible Bonds on the Completion Date.

It is proposed that the Directors be given a Specific Mandate to allot and issue the Consideration Shares and the Conversion Shares pursuant to the Sale and Purchase Agreement. Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company.

Prior to entering into the Sale and Purchase Agreement, GCL Petroleum (being an indirect non wholly-owned subsidiary of the Target Company) had entered into the Loan Agreement 1 and the Loan Agreement 2 with Jiangsu Xiexin and Taicang Harbour (being companies ultimately non wholly-owned by the Zhu Family Trust) respectively, pursuant to which GCL Petroleum provided Loan 1 and Loan 2 to Jiangsu Xiexin and Taicang Harbour respectively, subject to the terms and conditions contained therein.

Upon Completion, GCL Petroleum will become an indirect non wholly-owned subsidiary of the Company and will continue to provide Loan 1 and Loan 2 to Jiangsu Xiexin and Taicang Harbour, respectively, pursuant to the terms and conditions contained in the Loan Agreement 1 and the Loan Agreement 2.

The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreement, the Loan Agreements and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing the view of the Independent Board Committee on the Sale and Purchase Agreement, the Loan Agreements and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser advising the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM.

LETTER FROM THE BOARD

2. THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 9 January 2025

Parties: (1) the Company, as the purchaser; and
(2) Golden Concord Group, as the seller.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company conditionally agreed to acquire and the Seller conditionally agreed to sell, the Sale Share, being the entire issued share capital of the Target Company.

2.1. Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration payable by the Purchaser for the Sale Share is RMB325 million (approximately HK\$345.15 million) and shall be satisfied by the Purchaser on the Completion Date in the following manner:

- (i) as to RMB200 million (approximately HK\$212.40 million) to be settled by way of cash;
- (ii) as to RMB65 million (approximately HK\$69.03 million) to be settled by way of allotment and issue of Consideration Shares at the issue price of HK\$0.45 per Consideration Share; and
- (iii) as to HK\$63.72 million (approximately RMB60 million) to be settled by way of issue of Convertible Bonds.

The allotment and issue of Consideration Shares and Conversion Shares (upon exercise of the conversion rights attached to the Convertible Bonds) are subject to the Specific Mandate to be approved by the Independent Shareholders at the SGM by ordinary resolution.

As disclosed in the Announcement, in accordance with the Sale and Purchase Agreement, within two (2) Business Days after the signing of the Sale and Purchase Agreement, the Purchaser shall pay to the Seller a sum of RMB35 million (approximately HK\$37.17 million), being seventeen point five percent (17.5%) of the Cash Consideration, as refundable deposit (the “**Deposit**”). The Purchaser’s payment of the Deposit is solely to assure the performance of the Purchaser’s obligations in accordance with the terms and conditions of the Sale and Purchase Agreement. On 10 January 2025, the Deposit had been paid by the Purchaser to the Seller.

LETTER FROM THE BOARD

According to the Sale and Purchase Agreement, on the Completion Date, the Deposit shall offset part of the Cash Consideration so that the Deposit shall be credited and applied towards the payment of the Cash Consideration, and the Purchaser shall pay to the Seller the remaining balance of the Cash Consideration, being RMB165 million (approximately HK\$175.23 million).

Taking into account the SGM being scheduled for 18 February 2025, the advanced state of the transaction, and the time required for the fulfillment of the Conditions Precedent, as at the Latest Practicable Date, the Company anticipated that the Completion will take place, and the outstanding Cash Consideration will be settled, by the end of February 2025. The Company will make further announcement(s) as and when appropriate to update the Shareholders and potential investors of the Company on the latest progress.

If Completion does not occur in accordance with the terms and conditions of the Sale and Purchase Agreement, the Deposit shall be refunded to the Purchaser, without any interests, within three (3) Business Days after the Purchaser provides written instruction to the Seller.

As the Acquisition had been negotiated over a long period before the signing of the Sale and Purchase Agreement, the Deposit signifies the Company's commitment to complete the Acquisition. The Deposit represents only around 17.5% of the Cash Consideration which aligns with general market and commercial practice. Based on the Company's review of recent connected and acquisition transactions carried out by companies listed on the Stock Exchange requiring payment of deposit post-signing, such deposits are typically non interest-bearing. In addition, based on the timetable of the transaction, the Completion is expected to occur by the end of February 2025. Considering the expected time span from the date of payment of the Deposit to a potential refund (assuming Completion is not reached) and the low prevailing RMB deposit rate, any interest income accrued would be immaterial compared to the amount of Consideration.

Having considered the benefits of the Acquisition as stated under the paragraph headed "5. REASONS FOR AND BENEFITS OF THE ACQUISITION", and the above, the Directors consider that the interest-free Deposit is fair, reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

2.2. Basis of the Consideration

The Consideration was arrived at after arm's length negotiation between the Purchaser and the Seller, after taking into account, among others, (i) the valuation of 100% equity interest of the Target Company of RMB530 million as at the Valuation Date prepared by the Independent Valuer as set out in the Valuation Report in Appendix V to this circular, using the market approach, after deducting the present value of the Unpaid Capital (as defined below) of approximately RMB204.7 million to be paid up by the Purchaser; (ii) the future prospects of the businesses operated by the Target Group; and (iii) the reasons for and benefits of the Acquisition as stated under the paragraph headed "5. REASONS FOR AND BENEFITS OF THE ACQUISITION" in this letter from the Board.

The major asset of the Target Company comprises its 48% equity interest in GCL Petroleum, which is engaged in the investment in the LNG Receiving Terminal Projects. As at the Latest Practicable Date, the registered capital of GCL Petroleum was RMB800 million, of which RMB246.5 million (the "Unpaid Capital") had not been paid up by the Seller and RMB47.5 million had not been paid up by Shanghai Qixun, in respect of their equity interests in GCL Petroleum, respectively. According to the articles of association of GCL Petroleum, both the Seller and Shanghai Qixun are required to contribute their respective unpaid registered capital to GCL Petroleum by 30 June 2029. Pursuant to the Sale and Purchase Agreement, subsequent to the Completion, the Purchaser will pay up the Unpaid Capital to GCL Petroleum by 30 June 2029 in accordance with the articles of association of GCL Petroleum.

Upon receipt of the remaining balance of the unpaid registered capital from its shareholders, it is expected that GCL Petroleum will apply such sum towards the development of the LNG Receiving Terminal Projects, including a possible expansion of the storage capacity of the facilities of the Rudong LNG Receiving Terminal Project and further development of the Maoming LNG Receiving Terminal Project, depending on the then levels of utilisation of the respective projects and assuming the government's approval for the Maoming LNG Receiving Terminal Project having been obtained.

LETTER FROM THE BOARD

2.3. Valuation

Valuation approaches

The Independent Valuer has adopted the summation method under the cost approach, which is suitable for a valuation subject when its value is primarily a factor of the values of the valuation subject's holding assets and liabilities, to estimate the value of the equity interest of the Target Company as at the Valuation Date. The summation method estimates the value of the equity interest of the Target Company as at the Valuation Date based on the following four major components: (i) GCL Petroleum's 51% direct equity interest in Rudong LNG Company; (ii) GCL Petroleum's 48% indirect equity interest in Maoming Bohe; (iii) the Unpaid Capital; and (iv) the other assets and liabilities of GCL Petroleum.

(i) 51% Equity Interest in Rudong LNG Company

The equity interest of Rudong LNG Company was valued by using the market approach. The Independent Valuer is of the view that the market approach is more appropriate in valuing the equity value of Rudong LNG Company as compared to cost approach or income approach for the following reasons:

- (1) assets for which there is an established secondary market may be valued by market approach;
- (2) using market approach has the benefits of simplicity, clarity, speed and the need for fewer subjective assumptions; and
- (3) applying market approach introduces objectivity as publicly available inputs are used.

There are two common methods under the market approach, namely, guideline public companies method and guideline transaction method. Guideline public company method requires identification of suitable guideline public companies and selection of appropriate trading multiples, while guideline transactions method utilises information on recent transactions between unrelated parties involving assets with financial metrics that are the same or similar to the subject asset to arrive at an indication of value.

The guideline public company method was not adopted as the number of publicly listed companies with businesses similar to Rudong LNG Company (i.e., only holding LNG ports in the PRC that are under construction) was insufficient to provide a reasonable valuation benchmark. Therefore, the market value of equity interest in Rudong LNG Company was developed through the guideline transaction method in the valuation exercise.

LETTER FROM THE BOARD

Comparable transactions

Selection criteria for market comparable transactions include:

- (1) the subject companies of the comparable transactions mainly engage in the construction and management of LNG receiving terminal in the PRC (i.e. within the same industry as Rudong LNG Company);
- (2) the availability of sufficient operational and financial data of the subject companies, including the price-to-book (“**P/B**”) multiple, as at the Valuation Date; and
- (3) the comparable transactions were announced within the three-year period preceding the Valuation Date.

The Independent Valuer is of the view that the LNG terminal industry is highly regulated with significant entry barriers, resulting in a scarcity of related transactions in the PRC. The Independent Valuer has identified an exhaustive list of comparable transactions with their respective acquirers and target companies satisfying the above-mentioned selection criteria, details of which are set out below:

LETTER FROM THE BOARD

Company name of the acquirer (stock code)	Target company and its business description	Implied valuation ⁽¹⁾ of the target company <i>(approximately RMB million)</i>	Latest available net book value ⁽²⁾ of the target company <i>(approximately RMB million)</i>	Implied P/B multiple ⁽³⁾ of the target company
ENN Natural Gas Co., Ltd. (SHSE: 600803)	ENN (Zhoushan) LNG Co., Ltd. (“ENN Zhoushan”)	9,500	2,929	3.24

ENN Zhoushan is mainly engaged in the construction, management and operation of Zhoushan LNG receiving terminal which is the first large-scale LNG receiving terminal approved by the National Energy Administration of the PRC to be invested, constructed and managed by a private enterprise (“Comparable Transaction 1”).

Binhai Investment Company Limited (SEHK:2886)	Sinopec Tianjin LNG Co., Ltd. (“Sinopec Tianjin”)	9,653	4,491	2.15
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Sinopec Tianjin is principally engaged in the construction and operation of LNG receiving terminals and piers, as well as the storage, processing and sales of LNG products (“Comparable Transaction 2”, together with the Comparable Transaction 1, the “Comparable Transactions”).

Notes:

- (1) Data of the Comparable Transactions, including the implied valuation of the respective target companies, based on the percentage ownership forming the subject of the transaction and the consideration, as at the respective transaction dates, were sourced from Capital IQ.
- (2) The latest available net book values of the subject companies in the Comparable Transactions represented their respective net asset values as extracted from their respective latest published annual reports, interim reports or quarterly reports as at the respective transaction dates.
- (3) The implied P/B multiples of the subject companies in the Comparable Transactions were calculated by dividing the implied valuation of the target companies of the Comparable Transactions by the latest available net book value of the target companies as at the respective transaction dates.

LETTER FROM THE BOARD

As (i) the dates of the Comparable Transactions are different from the Valuation Date, and the market conditions as at those transaction dates are different from that as at the Valuation Date; and (ii) the equity interests forming the subject of Comparable Transaction 1 was over 50% such that the acquirer was obtaining control in the target company while GCL Petroleum has no control over Rudong LNG Company despite its 51% equity interests, adjustments had been made with regard to differences in market conditions and minority discounts have been applied in the Valuation.

As a result, the implied P/B multiples were further adjusted downwards taking into consideration (i) the market condition adjustment of 81% (i.e. a discount of 19%) to reflect the different market conditions and the changes in the general industry risks between the Valuation Date and the respective transaction dates; and (ii) a discount for lack of control (“DLOC”) of 23.6% for Comparable Transaction 1 to arrive at the average of the adjusted P/B ratio of the Comparable Transactions of 1.87, which was adopted in the valuation of Rudong LNG Company as set out in the Valuation Report.

	Comparable Transaction 1	Comparable Transaction 2
Implied P/B multiples before adjustments	3.24	2.15
Market condition adjustments	81%	81%
DLOC	23.6%	N/A
Adjusted P/B multiples	2.00	1.74

The average of the adjusted P/B multiples of the Comparable Transactions, i.e. 1.87 was adopted in the Valuation.

The Independent Valuer observed that the LNG terminals in the Comparable Transactions were in operation, whereas Rudong LNG Company’s terminal is still under construction. However, with the construction of the LNG terminal nearing 90% completion and with government approvals having been obtained, the risk associated with an unfinished project is minimal.

(ii) 48% Equity Interest in the Maoming Bohe

For valuation of the equity interest in Maoming LNG Company, as the Maoming LNG Receiving Terminal Project is still in research phase and the government has yet to grant the relevant approvals, the valuation of Maoming LNG Company is mainly based on its book value.

(iii) Unpaid Capital

According to the articles of association of GCL Petroleum, the latest date for the relevant shareholder of GCL Petroleum to pay up the Unpaid Capital is on 30 June 2029.

LETTER FROM THE BOARD

It is assumed that GCL Petroleum will receive the Unpaid Capital on 30 June 2029 which is less than 4.91 years from the Valuation Date. Based on the RMB benchmark loan rate over 5 years published by the People's Bank of China as at the Valuation Date, a discount rate of 3.85% was adopted. The present value of the Unpaid Capital was calculated based on the 3.85% discount rate and a 4.91-year term.

The Directors consider that the utilisation of present value of the Unpaid Capital, on the basis of (i) the benchmark loan rate published by the People's Bank of China and (ii) the term of 4.91 years according to the articles of association of GCL Petroleum, is fair and reasonable for the valuation of the Unpaid Capital and the equity interest in the Target Group as a whole.

(iv) Other Assets and Liabilities

The other assets and liabilities of GCL Petroleum were valued based on their respective book values with adjustment considering their market values.

As a result, the Independent Valuer arrived at the valuation of the equity value in the Target Group as a whole of approximately RMB530 million as at the Valuation Date after taking into account (i) an adjusted P/B multiple of 1.87 times, which was determined based on the P/B multiples of the above identified Comparable Transactions after adjustments for DLOC and the market condition movements between the transaction dates and the Valuation Date, (ii) the audited net asset value of Rudong LNG Company and Maoming Bohe as at 31 July 2024, (iii) the present value of the Unpaid Capital of approximately RMB204.7 million and (iv) the book values for the other assets and liabilities of GCL Petroleum as at the Valuation Date.

Please refer to the Valuation Report in Appendix V to this circular for further details.

2.4. The Consideration Shares and the Issue Price

The Consideration Shares comprise 153,400,000 Shares to be allotted and issued pursuant to the Specific Mandate. The Consideration Shares (i) represent approximately 10.94% of the issued share capital of the Company as at the Latest Practicable Date and (ii) represent approximately 9.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there will be no change in the issued share capital of the Company other than the allotment and issue of Consideration Shares).

LETTER FROM THE BOARD

The issue price of HK\$0.45 per Consideration Share was arrived at after arm's length negotiation between the Purchaser and the Seller after taking into account the prevailing market price of the Shares and recent market conditions which represents:

- (i) a discount of approximately 2.17% to the closing price of HK\$0.460 per Share as quoted on the Stock Exchange on 21 January 2025, being the Latest Practicable Date;
- (ii) a discount of approximately 2.17% to the closing price of HK\$0.460 per Share as quoted on the Stock Exchange on 9 January 2025, being the date of the Sale and Purchase Agreement;
- (iii) a discount of approximately 4.86% to the average of the closing price of HK\$0.473 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to 9 January 2025, being the date of the Sale and Purchase Agreement;
- (iv) a discount of approximately 3.02% to the average of the closing price of HK\$0.464 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to 9 January 2025, being the date of the Sale and Purchase Agreement; and
- (v) a discount of approximately 69.39% to the unaudited net asset value per Share of approximately HK\$1.467, which was calculated based on the unaudited consolidated net assets attributable to owners of the Company of approximately RMB1,935,798,000 (equivalent to approximately HK\$2,055,817,476) as at 30 June 2024 extracted from the interim report of the Company for the six months ended 30 June 2024 divided by 1,400,922,926 issued Shares as at the date of the Sale and Purchase Agreement.

The aggregate nominal value of share capital for the Consideration Shares is approximately HK\$12.73 million. The Consideration Shares, when allotted and issued, will rank *pari passu* in all aspects with, and have the same rights in all aspects with the other Shares in issue on the date of allotment and issue of the Consideration Shares.

The issue of the Consideration Shares will have a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 0.48%, represented by the theoretical diluted price of approximately HK\$0.471 per Share as compared to the benchmarked price of approximately HK\$0.473 per Share (as defined under Rule 7.27B of the Listing Rules), being the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Announcement of HK\$0.460 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange in the five trading days immediately prior to the date of the Announcement of HK\$0.473 per Share.

LETTER FROM THE BOARD

The issue of the Consideration Shares will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the issue of the Consideration Shares is in compliance with Rule 7.27B of the Listing Rules.

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to allot, issue and deal in the Consideration Shares. The grant of the Specific Mandate will be sought from the Independent Shareholders at the SGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Company conducted the following issue of equity securities in the past 12 months immediately preceding the date of the Announcement:

Date of announcement	Fund raising activity	Net proceeds	Intended use of net proceeds	Actual use of net proceeds
22 April 2024	Issue of new Shares under general mandate	Approximately HK\$59.7 million	To support the cost relating to the investment, research and development of natural gas, liquefied natural gas and integrated energy project management business and to develop the operation and maintenance services for other energy sectors and general working capital of the Group.	HK\$59.7 million

Save as disclosed above, the Company had not conducted any equity fund raising activity in the 12 months immediately preceding the date of the Announcement.

2.5 Convertible Bonds

The Convertible Bonds in the principal amount of HK\$63.72 million (approximately RMB60 million) shall be issued by the Company to the Seller as part settlement of the Consideration. The Convertible Bonds entitle the holder(s) thereof to convert into a total of 141,600,000 Conversion Shares at the initial Conversion Price of HK\$0.45 per Conversion Share.

The principal terms of the Convertible Bonds are summarized as follows:

Issuer: The Company

Principal amount: HK\$63.72 million (approximately RMB60 million)

LETTER FROM THE BOARD

- Maturity date: 36 months from the date of issue of the Convertible Bonds or any such other date as mutually agreed to in writing between, and shortened or extended by, the Company and the holder(s) of the Convertible Bonds (the “**Maturity Date**”)
- Interest rate: 1.0 % per annum payable in every six calendar months
- Conversion period: The period commencing from the date of issue of the Convertible Bonds up to the close of business on the seventh Business Day immediately preceding the Maturity Date (the “**Conversion Period**”)
- Conversion rights: Holder of the Convertible Bonds will have the right, during the Conversion Period, to convert the Convertible Bonds in whole or in part (in integral multiples of HK\$3,186,000 as stated in the Convertible Bonds instrument to be executed by the Company on the Completion Date (the “**CB Instrument**”)) of the outstanding principal amount of the Convertible Bonds into Conversion Shares, provided that:
- (i) upon exercise of the conversion rights, the holder(s) of the Convertible Bonds and their respective associates, together with any parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a change of control of the Company (as defined in the Takeovers Code) or a mandatory offer obligation under Rule 26 of the Takeovers Code; and
 - (ii) the exercise of the conversion rights will not result in the public float of the Shares being less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares.
- Conversion Price: The initial Conversion Price of the Convertible Bonds shall be HK\$0.45 per Conversion Share, subject to any adjustments as set out and in accordance with the terms and conditions of the CB Instrument, and represents:
- (i) a discount of approximately 2.17% to the closing price of HK\$0.460 per Share as quoted on the Stock Exchange on 21 January 2025, being the Latest Practicable Date;

LETTER FROM THE BOARD

- (ii) a discount of approximately 2.17% to the closing price of HK\$0.460 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (iii) a discount of approximately 4.86% to the average closing price of approximately HK\$0.473 per Share as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;
- (iv) a discount of approximately 3.02% to the average closing price of approximately HK\$0.464 per Share as quoted on the Stock Exchange in the ten (10) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and
- (v) a discount of approximately 69.39% to the unaudited net asset value per Share of approximately HK\$1.467, which is calculated based on the Company's unaudited consolidated net assets attributable to owners of the Company of approximately RMB1,935,798,000 (equivalent to approximately HK\$ 2,055,817,476) as at 30 June 2024 extracted from the interim report of the Company for the six months ended 30 June 2024 divided by 1,400,922,926 issued Shares as at the date of the Sale and Purchase Agreement.

The initial Conversion Price was determined after arm's length negotiation between the Purchaser and the Seller with reference to, among others, the prevailing trading prices of the Shares. The Directors (including the independent non-executive Directors whose recommendations in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder are set out in the letter from the Independent Board Committee) are of the view that the Conversion Price is fair and reasonable.

LETTER FROM THE BOARD

The issue of the Conversion Shares will have a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 0.45%, represented by the theoretical diluted price of approximately HK\$0.471 per Share as compared to the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.473 per Share, being the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Announcement of HK\$0.460 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange in the five (5) trading days immediately prior to the date of the Announcement of HK\$0.473 per Share.

The issue of the Conversion Shares will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the issue of the Conversion Shares is in compliance with Rule 7.27B of the Listing Rules.

The issue of both the Consideration Shares and the Conversion Shares will have a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 0.85%, represented by the theoretical diluted price of approximately HK\$0.469 per Share as compared to the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.473 per Share, being the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Announcement of HK\$0.460 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange in the five (5) trading days immediately prior to the date of the Announcement of HK\$0.473 per Share.

The issue of both the Consideration Shares and the Conversion Shares will not result in a theoretical dilution effect of 25% or more on their own. As such, the theoretical dilution impact of the issue of both the Consideration Shares and the Conversion Shares is also in compliance with Rule 7.27B of the Listing Rules.

LETTER FROM THE BOARD

Adjustment to
Conversion Price:

The Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the CB Instrument upon the occurrence of certain events, including but not limited to the following:

- (i) If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation or subdivision, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (ii) If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) including Shares paid up out of distributable profits or reserves and/or share premium account issued (except any scrip dividend (as such term is defined in the CB Instrument)) and which would not have constituted a distribution (as such term is defined in the CB Instrument), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

LETTER FROM THE BOARD

Where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue; and
- B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective (if appropriate, retrospectively) from the commencement of the day following the record date for such issue. If the capitalisation of profits or reserves of the type described in (ii) is ultimately not implemented, the Conversion Price will be immediately readjusted, retroactive to such record date to the Conversion Price that had been in effect prior to such adjustment (subject to intervening subsequent adjustments if any).

- (iii) (a) Subject to (iii)(b) below, if and whenever the Company shall pay or make any distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under (ii) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such distribution by the following fraction:

$$\frac{A - B}{A}$$

LETTER FROM THE BOARD

Where:

- A is the current market price (as such term is defined in the CB Instrument) of one Share on the last trading day preceding the date on which the distribution is publicly announced; and
- B is the fair market value (as such term is defined in the CB Instrument) of the portion of the distribution attributable to one Share on the date of such announcement.

Such adjustment shall become effective on the date that such distribution is actually made.

- (b) If and whenever the Company shall pay or make any distribution in cash only to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the current market price of one Share on the record date for the determination of Shareholders entitled to receive such distribution in cash; and
- B is the amount of cash so distributed attributable to one Share.

LETTER FROM THE BOARD

Such adjustment shall become effective on the record date for the determination of Shareholders entitled to receive such distribution in cash. If such distribution of the type described in (iii)(b) is declared, but not so made, the Conversion Price will be immediately readjusted effective as of the date the Board determines not to make such distribution to the Conversion Price that had been in effect prior to such adjustment (subject to intervening subsequent adjustments if any).

- (iv) If and whenever the Company shall (a) issue Shares to all or substantially all of the Shareholders as a class by way of rights, or (b) issue or grant to all or substantially all of the Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than eighty percent (80%) of the current market price per Share on the last trading day preceding the date of the announcement of the terms of the issue or grant or if there is any modification of the rights of conversion, exchange or subscription attached to any of the Shares or rights, options, warrants or other rights to subscribe for or purchase any Shares mentioned in (a) or (b) above such that the effective consideration per Share is less than eighty percent (80%) of the current market price per Share on the last trading day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

LETTER FROM THE BOARD

Where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would purchase at such current market price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on (x) with respect to the situation envisaged in (iv)(a) above, the date of issue of such Shares or (y) with respect to the situation envisaged in sub-paragraph (iv)(b) above, on the date when the said issue or grant of such options, warrants or other rights occurs.

However, to the extent such options, warrants, or other rights expire without being exercised, then the Conversion Price will be immediately readjusted effective as of the date of issue of such options, warrants, or other rights to the Conversion Price that either had been in effect prior to such adjustment if all such options, warrants, or other rights expire or that would have resulted had the adjustment been made only with respect to that number of options, warrants, or other rights that were exercised, (in all cases subject to intervening subsequent adjustments if any).

LETTER FROM THE BOARD

- (v) Subject to the Exceptions (as defined below), if and whenever the Company or any of its subsidiary (as such term ascribed to it under the Listing Rules) or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity wholly for cash (A) issues any Shares, or (B) issues or grants any options, warrants, convertible notes or other rights to subscribe or purchase Shares (“**Share Equivalents**”), in each case at a price per Share, or (C) issues other securities (“**Securities**”) which by their terms of issue carry rights of conversion into, or exchange or subscription for (“**Rights**”), Shares to be issued by the Company on conversion, exchange or subscription at a price per Share (including any consideration received by the Company upon issuance of such Share Equivalents and securities), (such price per Share is referred to as the “**Issue Price**”) which is less than eighty percent (80%) of the current market price per Share on the last trading day preceding the date of the announcement of the terms of the issue or grant or if there is any modification of the rights of conversion, exchange or subscription attached to any of the Shares, Share Equivalents or Securities mentioned in (A), (B) or (C) above such that the Issue Price is less than eighty percent (80%) of the current market price per Share on the last trading day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$(A+B)/C$$

LETTER FROM THE BOARD

Where:

- A is the number of Shares in issue plus the number of additional Shares (as such term is defined in the CB Instrument);
- B is the number of Shares which the aggregate Issue Price receivable by the Company for the issue of such additional Shares, Share Equivalents or Securities (and the Shares to be issued upon the exercise, conversion, exchange or subscription of the Share Equivalents or Rights), would purchase at such current conversion price per Share; and
- C is the number of Shares in issue immediately after the issue of such additional Shares or the Shares to be issued upon the exercise, conversion, exchange, or subscription of the Share Equivalents or Rights, plus the number of additional Shares.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue of such Share Equivalents or Rights. However, to the extent such Share Equivalents or Rights expire without being exercised, converted, exchanged or subscribed, then the Conversion Price will be immediately readjusted effective as of the date of issue of such Share Equivalents or Rights to the Conversion Price that either had been in effect prior to such adjustment if all such Share Equivalents or Rights expire or that would have resulted had the adjustment been made only with respect to that number of Share Equivalents or Rights that were exercised, converted, exchanged or subscribed, (in all cases subject to intervening subsequent adjustments if any).

LETTER FROM THE BOARD

Exceptions: There would be no anti-dilution adjustment under this paragraph (v) of the Adjustment to Conversion Price for issuances at less than Conversion Price, as a result of Shares, Share Equivalents, or Rights:

- a. issued to Company's service providers –that is, Directors, officers, employees, and consultants.
- b. issued or issuable in connection with bona fide acquisitions, mergers, strategic partnership/joint venture collaboration or commercial transactions, licenses, real estate or equipment leases, commercial loans or similar transactions, the terms of which are approved by the Board.

Conversion Shares: Based on the initial Conversion Price of HK\$0.45 per Conversion Share, a maximum of 141,600,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full.

The Conversion Shares (i) represent approximately 10.11% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) represent approximately 9.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The aggregate nominal value of the Conversion Shares (with a par value of HK\$0.083 each) will be HK\$11.75 million.

The issue of the Convertible Bonds and allotment and issue of the Conversion Shares are subject to the Specific Mandate to be sought at the SGM.

Redemption: The Company shall redeem any Convertible Bonds which remain outstanding on the Maturity Date by repaying the holder(s) of the Convertible Bonds all outstanding principal amount together with interest accrued thereon.

LETTER FROM THE BOARD

- Transferability:** The Convertible Bonds are freely transferable by the holders thereof in whole or in part (in integral multiples of HK\$3,186,000 as stated in the CB Instrument) of the outstanding principal amount of the Convertible Bonds, provided that no Convertible Bonds may be transferred to any connected person of the Company without the prior written consent of the Company.
- Voting rights:** Holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any meetings of the Company by reason only of it being a holder of the Convertible Bonds.
- Listing:** No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.
- As at the Latest Practicable Date, the Company did not hold any treasury Shares and does not plan to use treasury Shares to satisfy its obligation upon conversion of any of the Convertible Bonds. The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds.
- Ranking:** The Conversion Shares will, when allotted and issued, rank pari passu in all respects among themselves and with all other fully paid Shares in issue.
- Status:** The Convertible Bonds constitute direct, unconditional, unsubordinated, unguaranteed and unsecured obligations of the Company and shall at all times rank pari passu with all other present and future unsecured, unguaranteed and unsubordinated obligations of the Company.
- Events of default:** After the occurrence of an event of default as specified in the CB Instrument, a holder of the Convertible Bonds may give notice to the Company that the Convertible Bonds are immediately due and payable.

LETTER FROM THE BOARD

2.6. Conditions Precedent of the Sale and Purchase Agreement

Completion is subject to and conditional upon the satisfaction or waiver (if applicable) of the following conditions:

- (i) the approval by the Independent Shareholders at the SGM of, among other things, the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder, the grant of the Specific Mandate for the allotment and issue of the Consideration Shares and the Conversion Shares;
- (ii) the granting of the approval for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares by the Listing Committee of the Stock Exchange and the Stock Exchange not having withdrawn or revoked such approval;
- (iii) all waiver, consent or approval (including that of the Stock Exchange) which are required for the Acquisition and other transactions contemplated under the Sale and Purchase Agreement having been obtained or made;
- (iv) the Seller having obtained all necessary authorisation, consent and approval for the Acquisition and other transactions contemplated under the Sale and Purchase Agreement from the applicable regulatory body (including, the competent authorities and their respective authorized agencies) in the PRC;
- (v) the Purchaser having completed its due diligence on the Target Group (including, without limitation, in respect of its financial, business, legal, litigation, tax or other aspects) and the result is satisfactory to the Purchaser in all respects;
- (vi) there has not been any actual, reasonably foreseeable or potential Material Adverse Effect in respect of the valuation or the business of the Target Group (including but not limited to its assets);
- (vii) the Seller's warranties remain true, accurate and not misleading in all respects, and will be observed through to the Completion;
- (viii) the Target Group having obtained or made all necessary consents, waivers, licenses, registrations, declarations, or filings required for the Acquisition and other transactions contemplated under the Sale and Purchase Agreement and the operation of the Target Group's business before Completion, including but not limited to, all necessary approvals from the Stock Exchange, the SFC, applicable competent regulatory authorities and other third parties; and

LETTER FROM THE BOARD

- (ix) GCL Petroleum (as guarantor) having been released from a guarantee (the “**Bank Guarantee**”) provided in favor of LSCCB (as guarantee) for certain term loans (the “**Term Loans**”) in the outstanding principal amount of approximately RMB550 million advanced by LSCCB (as lender) to the southwest branch of Golden Concord Group Limited (PRC) (as borrower) (the “**Borrower**”) before Completion.

The Purchaser may waive any of the above-mentioned Conditions Precedent (other than Conditions Precedent (i) to (iv) above which cannot be waived) in writing. If the Conditions Precedent have not been fulfilled in full (or waived, where applicable) on or before the Long Stop Date, either the Purchaser or the Seller is entitled to terminate the Sale and Purchase Agreement, and all rights and obligations of the parties under the Sale and Purchase Agreement (other than clauses relating to confidentiality, publicity, fees and taxes, assignability, entire agreement, governing law, jurisdiction and other customary provisions under the Sale and Purchase Agreement which shall remain in full force and effect) shall cease and terminate, and no party to the Sale and Purchase Agreement shall have any claim against or liability to the other party with respect to any matter referred to in the Sale and Purchase Agreement save for any antecedent breaches of the Sale and Purchase Agreement.

In respect of the above Condition Precedent (ix), to the best of the Directors’ knowledge after making reasonable enquiry, GCL Petroleum provided the Bank Guarantee for a term of three years (i.e. from 19 May 2026 being the day after the due date for the repayment of the Term Loans to and including 20 May 2029) to LSCCB as security over all due and outstanding liabilities owed by the Borrower (a related group company of the Seller) to LSCCB as at the Latest Practicable Date under the Term Loans as an intragroup financing arrangement among the group companies of the Seller. As at the Latest Practicable Date, GCL Petroleum was effecting the release of the Bank Guarantee. As the Bank Guarantee is a pre-existing financing arrangement between GCL Petroleum and the Seller’s group companies, the Group has no intention to continue providing the Bank Guarantee nor waiving the above Condition Precedent (ix). In the unlikely event the Bank Guarantee remains outstanding and the above Condition Precedent (ix) needs to be waived upon Completion, such waiver shall only take effect upon compliance with the Listing Rules requirements.

As at the Latest Practicable Date, none of the Conditions Precedent had been satisfied or waived.

2.7. Completion

Completion shall take place on the fifth Business Day (or any other date as the Purchaser and the Seller may agree in writing) after all Conditions Precedent have been fulfilled (or waived, where applicable) in accordance with the Sale and Purchase Agreement.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company.

LETTER FROM THE BOARD

2.8. Ranking of the Consideration Shares and the Conversion Shares

The Consideration Shares and the Conversion Shares, when issued and fully-paid, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Consideration Shares and the Conversion Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Consideration Shares and the Conversion Shares.

2.9. Specific Mandate

The issue of the Consideration Shares and the Conversion Shares is subject to the approval by the Independent Shareholders. An ordinary resolution will be proposed at the SGM to seek, among other things, the Specific Mandate to issue the Consideration Shares and the Conversion Shares pursuant to the Sale and Purchase Agreement.

3. INFORMATION ON THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

3.1. Information of the Seller

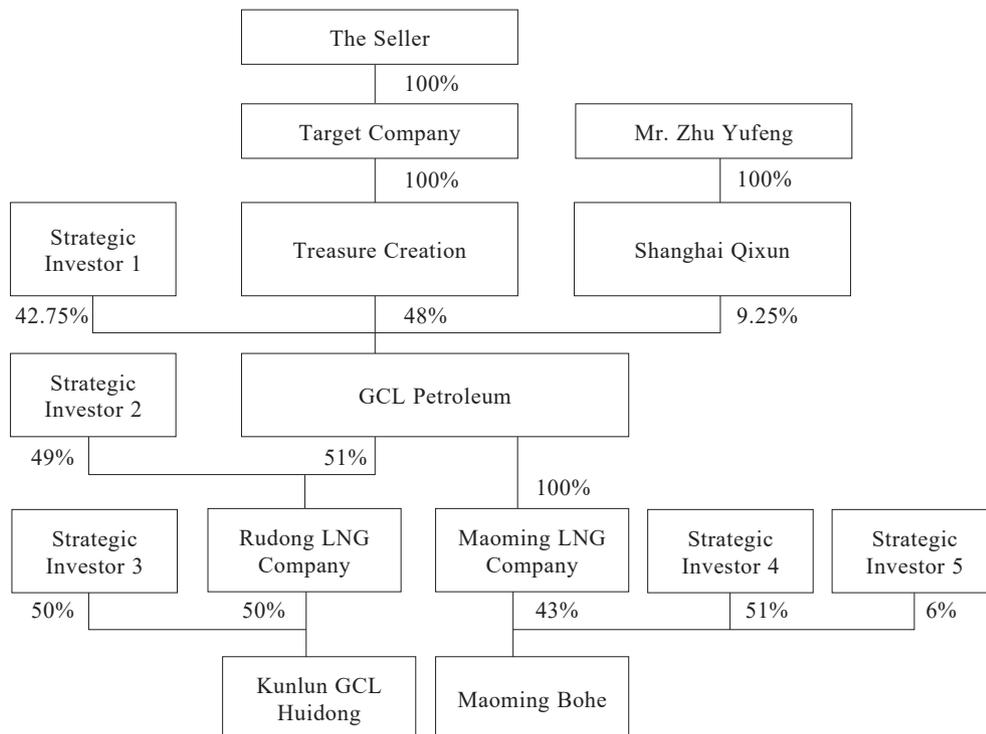
The Seller is an investment holding company incorporated under the laws of Hong Kong with limited liability, the entire issued share capital of which is indirectly wholly-owned by Asia Pacific Energy Fund, which in turn is ultimately owned by the Zhu Family Trust.

3.2. Information of the Target Group

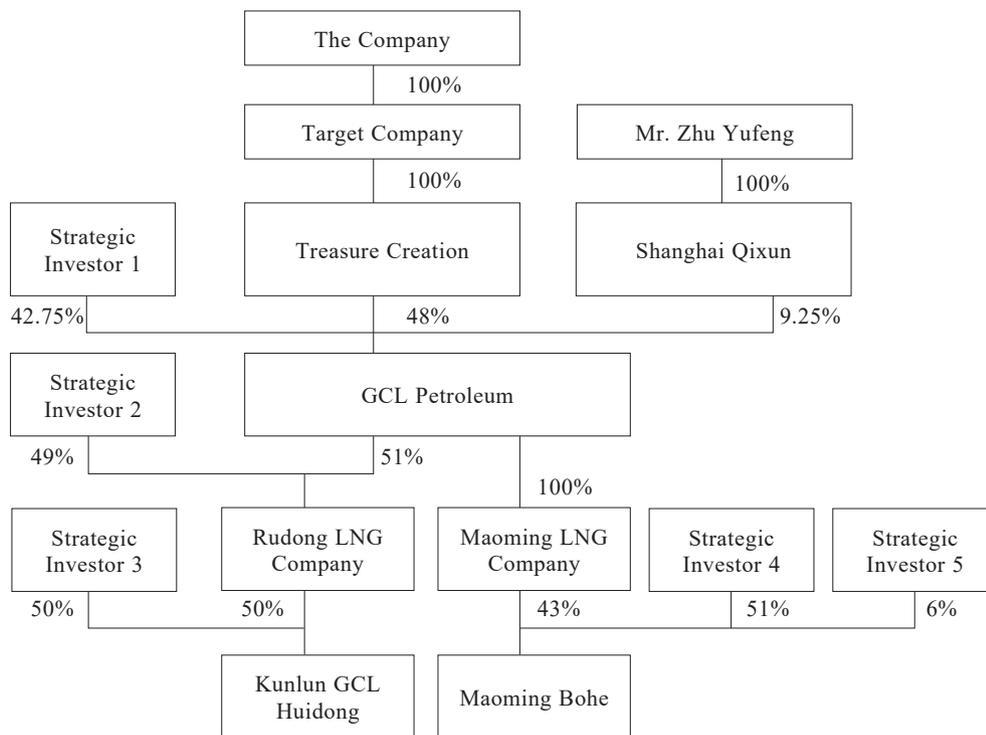
The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Target Company, through its indirect non wholly-owned subsidiary, GCL Petroleum, invests in Rudong LNG Receiving Terminal Project and Maoming LNG Receiving Terminal Project.

LETTER FROM THE BOARD

Set out below is the shareholding structure of the Target Group as at the Latest Practicable Date:



Set out below is the shareholding structure of the Target Group upon Completion:



LETTER FROM THE BOARD

The table below sets out the information of the Target Group as at the Latest Practicable Date:

Companies	Place of incorporation/ establishment	Information on companies within the Target Group
Target Company	British Virgin Islands	A wholly-owned subsidiary of the Seller principally engaged in investment holding.
Treasure Creation	Hong Kong	A wholly-owned subsidiary of the Target Company principally engaged in investment holding.
GCL Petroleum	PRC	A subsidiary owned as to 48% by Treasure Creation and principally engaged in the investment of petroleum infrastructure projects (including the Rudong LNG Receiving Terminal Project and the Maoming LNG Receiving Terminal Project) and the provision of related technical and consultancy services. It is accounted for as a subsidiary in the consolidated financial statements of the Target Company.

LETTER FROM THE BOARD

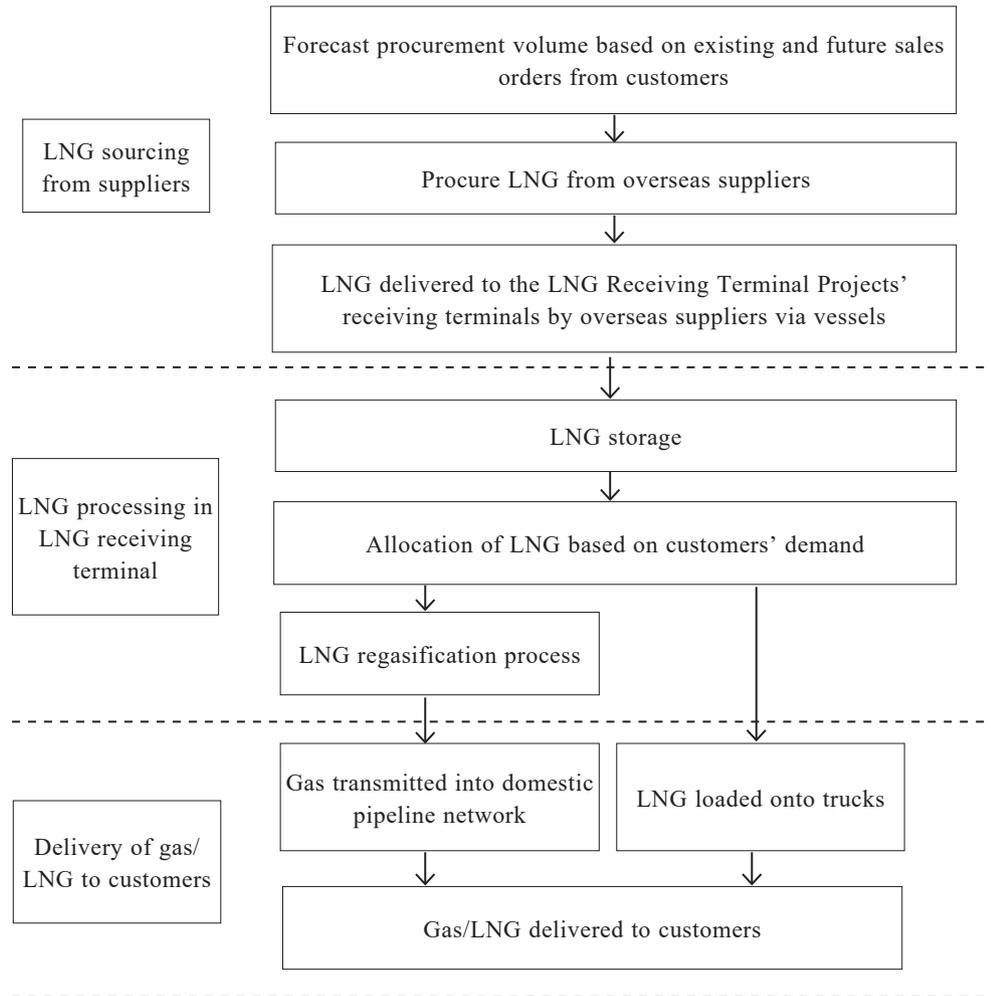
Companies	Place of incorporation/ establishment	Information on companies within the Target Group
Rudong LNG Company	PRC	<p>It is owned as to 51% by GCL Petroleum and is engaged principally in the construction, development, investment, management, and operation of the LNG Receiving Terminal Projects. To the best knowledge of the Directors after making reasonable enquiry, its remaining 49% equity interests are held by Strategic Investor 2, which is owned as to 93.92% by Kumulla, which in turn is owned indirectly by RGE Limited (a well established multinational corporation with multi-industry background) and is ultimately controlled by the family of Mr. Sukanto Tanoto (陳江和先生家族). Strategic Investor 2 and its holding companies are experienced in trading oil and gas and operating LNG receiving terminal. The Target Group could benefit from their network and connections with other industry leaders in sourcing customers for LNG receiving terminals.</p> <p>As the joint venture agreement of Rudong LNG Company stipulates for unanimous shareholders approval for decision-making at shareholders' meeting, GCL Petroleum does not have control over Rudong LNG Company and Rudong LNG Company is accounted for in the consolidated financial statements of the Target Company using equity method.</p>
Kunlun GCL Huidong	PRC	<p>It is owned as to 50% by Rudong LNG Company and is principally engaged in operation of ports, including port cargo loading and unloading.</p>

LETTER FROM THE BOARD

Companies	Place of incorporation/ establishment	Information on companies within the Target Group
Maoming LNG Company	PRC	A wholly-owned subsidiary of GCL Petroleum principally engaged in construction and management of the LNG Receiving Terminal Projects, including construction, development, investment and operation of harbors, docks, LNG Receiving Terminal Projects and other infrastructures.
Maoming Bohe	PRC	It is owned as to 43% by Maoming LNG Company and is principally engaged in import and export of goods, provision, development, exchange, assignment and promotion of technical and consultancy services, loading and unloading of port cargo as well as leasing of ship. It is accounted for in the consolidated financial statements of the Target Company using equity method.

LETTER FROM THE BOARD

The LNG Receiving Terminal Projects are comprehensive infrastructures designed to import LNG, which is natural gas that has been cooled down to liquid state for efficient storage and transport, to the LNG receiving terminals via LNG carriers, which can bridge the gap between global LNG supply and local natural gas demand. Following the regasification process, LNG is transformed back into natural gas, which is versatile and has comparatively lower environmental impact than other fossil fuels. Below is a summarized flow chart explaining the workflow:



LETTER FROM THE BOARD

The major assets of the Target Group comprise its investments in the LNG Receiving Terminal Projects, namely the Rudong LNG Receiving Terminal Project and the Maoming LNG Receiving Terminal Project, which are used for storing the offloaded LNG transported from overseas via LNG vessels.

The Rudong LNG Receiving Terminal Project is located in Rudong County, Jiangsu Province of the PRC. Its construction commenced in September 2022. The project comprises two main components, namely, (i) a storage and processing station and (ii) a receiving terminal. The storage and processing station is equipped with two LNG storage tanks, unloading and loading systems, and gasification output systems. The construction of these facilities is expected to complete in the second quarter of 2025. The Rudong LNG Receiving Terminal Project is designed to handle approximately three million tons of LNG annually. The total capacity of its storage tanks is 400,000 cubic meters with fully enclosed concrete roofs. The receiving terminal primarily consists of an LNG unloading dock with a capacity of approximately 217 thousand cubic meters. Its construction is expected to complete in the fourth quarter of 2025. As at the Latest Practicable Date, the Target Group had invested approximately RMB1,130.1 million in this project.

The Maoming LNG Receiving Terminal Project is located in Maoming County, Guangdong Province of the PRC. Its construction is expected to commence subject to approval by the relevant PRC regulatory authorities. As at the Latest Practicable Date, Maoming LNG Receiving Terminal Project was in the process of obtaining approval from these authorities and no negative feedback had been received. According to the development plan prepared by the Target Group, assuming that the construction of the Maoming LNG Receiving Terminal Project is approved in 2025, its operation is expected to commence in 2028. Similar to the Rudong LNG Receiving Terminal Project, the Maoming LNG Receiving Terminal Project is also designed to process approximately three million tons of LNG annually. The storage tanks of the Maoming LNG Receiving Terminal Project have a total capacity of 400,000 cubic meters with fully enclosed concrete roofs. The receiving terminal primarily includes an LNG unloading dock with a capacity of approximately 266 thousand cubic meters. According to the development plan for the Maoming LNG Receiving Terminal Project, the total expected investment cost is approximately RMB4.23 billion. As at the Latest Practicable Date, the Target Group had invested approximately RMB50.0 million in this project.

LETTER FROM THE BOARD

The Rudong LNG Receiving Terminal Project is operated by Rudong LNG Company, which is indirectly owned as to approximately 24.5% by the Target Company as at the Latest Practicable Date. According to the joint venture agreement of Rudong LNG Company, all decisions made during the shareholders' meeting require the unanimous approval from all shareholders of Rudong LNG Company. As GCL Petroleum does not control Rudong LNG Company, Rudong LNG Company is accounted for in the consolidated financial statements of the Target Company using equity method. The Maoming LNG Receiving Terminal Project is operated by Maoming LNG Company, which is indirectly owned as to approximately 20.6% by the Target Company as at the Latest Practicable Date and is accounted for in the consolidated financial statements of the Target Company using the equity method.

3.3. Financial information of the Target Group

Set out below is a summary of the financial information in the audited consolidated financial statements of the Target Company for the two financial years ended 31 December 2022 and 31 December 2023 and the seven months ended 31 July 2024 prepared in accordance with IFRS and audited by Crowe (HK) CPA Limited:

	For the year ended 31 December 2022 (RMB'000)	For the year ended 31 December 2023 (RMB'000)	For the seven months ended 31 July 2024 (RMB'000) (Note)
Net (loss)/profit before taxation	(8,856)	(15,470)	9,153
Net (loss)/profit after taxation	(8,856)	(15,470)	9,153

Note:

The net profit of approximately RMB9.2 million before and after taxation incurred for the seven months ended 31 July 2024 mainly arose from gain on extinguishment of loan to a related party due to changes of loans terms, which was included in other gains and losses, and was non-cash in nature.

The audited consolidated net assets value of the Target Company (prepared in accordance with IFRS) was approximately RMB359 million as at 31 July 2024.

3.4. Information of the Company

The Company is incorporated in Bermuda as an exempted company with limited liability. The principal business of the Company is investment holding. The Group is principally engaged in (i) the provision of operation and management services for solar power plants; (ii) the provision of solar-related supporting services; (iii) the sale of electricity; and (iv) the sale of LNG and related products trading.

LETTER FROM THE BOARD

3.5. Effect of the Acquisition on the shareholding structure of the Company and the allotment and issue of the Conversion Shares

Assuming that (1) there will be no change in the issued share capital of the Company other than the allotment and issue of the Consideration Shares and the Conversion Shares and (2) no Share Options had been or will be exercised, (i) as at the Latest Practicable Date; (ii) immediately after the allotment and issue of the Consideration Shares; and (iii) immediately after the allotment and issue of the Consideration Shares and the full conversion of the Convertible Bonds and the allotment and issue of the Conversion Shares at the initial Conversion Price, the shareholding structure of the Company is set out below for illustrative purposes:

	As at		Immediately after		Immediately after the	
	the Latest Practicable Date		the allotment and issue of		allotment and issue of the	
			the Consideration Shares		Conversion Shares at	
					the initial Conversion Price	
					<i>(Note 8)</i>	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
	<i>of Shares</i>	<i>(Note 5)</i>	<i>of Shares</i>	<i>(Note 6)</i>	<i>of Shares</i>	<i>(Note 7)</i>
Zhu Family Group						
Golden Concord Group <i>(Note 1)</i>	–	–	153,400,000	9.87	295,000,000	17.39
Happy Genius Holdings Limited <i>(Note 1)</i>	95,801,506	6.84	95,801,506	6.16	95,801,506	5.65
Highexcel Investments Limited <i>(Note 1)</i>	5,833,394	0.42	5,833,394	0.38	5,833,394	0.34
Get Famous Investments Limited <i>(Note 1)</i>	209,880	0.01	209,880	0.01	209,880	0.01
Dongsheng Photovoltaic Technology (Hong Kong) Limited <i>(Note 2)</i>	95,298,915	6.80	95,298,915	6.13	95,298,915	5.62
Elite Time Global Limited <i>(Note 3)</i>	86,878,864	6.20	86,878,864	5.59	86,878,864	5.12
Mr. Wang Dong <i>(Note 4)</i>	11,496	0.00	11,496	0.00	11,496	0.00
Ms. Sun Wei <i>(Note 4)</i>	90,995	0.01	90,995	0.01	90,995	0.01
Sub-total	284,125,050	20.28	437,525,050	28.15	579,125,050	34.15
Public shareholders	1,116,797,876	79.72	1,116,797,876	71.85	1,116,797,876	65.85
Total	1,400,922,926	100.00	1,554,322,926	100.00	1,695,922,926	100.00

LETTER FROM THE BOARD

Notes:

- (1) An aggregate of 101,844,780 Shares, being approximately 7.27% equity interest of the Company, are collectively held by Happy Genius Holdings Limited, Highexcel Investments Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group. Golden Concord Group is wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund. Asia Pacific Energy Fund 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.
- (2) Dongsheng Photovoltaic Technology (Hong Kong) Limited is wholly-owned by GCL System Integration Technology (Su Zhou) Co., Ltd.* (協鑫集成科技(蘇州)有限公司) which is in turn wholly-owned by GCL System Integration Technology Co., Ltd. (“**GCL System Integration**”). Jiangsu GCL Construction Management Co., Ltd.* (江蘇協鑫建設管理有限公司) (“**Jiangsu GCL Construction**”), Golden Concord Group Limited (PRC) and Yingkou Qiyin Investment Management Co., Ltd.* (營口其印投資管理有限公司) (“**Yingkou Qiyin**”) own approximately 24.2% of GCL System Integration in aggregate. Yingkou Qiyin and Jiangsu GCL Construction are parties acting in concert with Golden Concord Group Limited (PRC). Golden Concord Group Limited (PRC) is 44.61% owned by Shanghai Qixun, 46.68% owned by Jiangsu GCL Construction and 8.71% owned by GCL-Poly (Taicang Harbour) Limited. Shanghai Qixun is directly wholly-owned by Mr. Zhu Yufeng while Jiangsu GCL Construction and GCL-Poly (Taicang Harbour) Limited are indirectly wholly-owned by Golden Concord Group.
- (3) 86,878,864 Shares, being approximately 6.20% equity interest of the Company, are held by Elite Time Global Limited which is wholly-owned by GCL Technology and is in turn owned as to 22.49% by Asia Pacific Energy Fund.
- (4) As Mr. Wang Dong and Ms. Sun Wei, who are executive Director and non-executive Director respectively, are executives of the companies controlled by the Zhu Family Group, they are members of the Zhu Family Group.
- (5) The percentage was calculated on the basis of 1,400,922,926 Shares in issue as at the Latest Practicable Date and is rounded to the nearest 2 decimal places. Numbers may not add up to 100% due to rounding.
- (6) The percentage was calculated on the enlarged issued share capital of the Company as a result of the allotment and issue of the Consideration Shares comprising of 153,400,000 Shares and is rounded to the nearest 2 decimal places. Numbers may not add up to 100% due to rounding.
- (7) The percentage was calculated on the enlarged issued share capital of the Company as a result of the allotment and issue of the Consideration Shares comprising of 153,400,000 Shares and the full conversion of the Convertible Bonds and the allotment and issue of Conversion Shares comprising 141,600,000 Shares and is rounded to the nearest 2 decimal places. Numbers may not add up to 100% due to rounding.
- (8) For illustration purpose only. In practice, conversion of the Convertible Bonds (in whole or any part) will not occur as under the terms and conditions of the Convertible Bonds, if, as a result of such conversion, among others, change of control of the Company (as defined in the Takeovers Code) or mandatory offer obligation (under Rule 26 of the Takeovers Code) will be triggered. For details, please refer to the section headed “2.5 Convertible Bonds – Conversion rights” in this letter from the Board.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the outstanding options, warrants, or any securities convertible into Shares or any derivatives related to the securities in the Company consisted of 18,695,263 Share Options at exercise prices ranging from HK\$7.14 to HK\$12.12 per Share Option, among these, the following members of the Zhu Family Group held the following:

Name of holder within the Zhu Family Group	No. of Share Options held	Exercise price
	Note (a)	
Mr. Zhu Yufeng	875,000	HK\$7.14
Ms. Sun Wei	500,000	HK\$7.14
Mr. Yeung Man Chung, Charles	250,000	HK\$7.14
Mr. Fang Jiancai	250,000	HK\$7.14

Note:

- (a) None of the Share Options granted to the holders within the Zhu Family Group had been vested.

Save as disclosed above, the Group has no outstanding warrants, options, convertible securities or other derivatives convertible into Shares, and no share or loan capital of the Group has been put under option or agreed conditionally or unconditionally to be put under option and no other conversion right affecting the Shares or other derivatives in respect of securities which are being offered for or which carry voting rights have been issued or granted or agreed conditionally or unconditionally to be issued or granted.

4. FINANCIAL ASSISTANCE IN RELATION TO THE LOANS PROVIDED BY GCL PETROLEUM

Prior to entering into the Sale and Purchase Agreement, GCL Petroleum had entered into the Loan Agreement 1 and the Loan Agreement 2 with Jiangsu Xiexin and Taicang Harbour, respectively, pursuant to which GCL Petroleum provided Loan 1 and Loan 2 to Jiangsu Xiexin and Taicang Harbour, respectively, subject to the terms and conditions contained therein. Taicang Harbour and Jiangsu Xiexin are indirect non wholly-owned subsidiaries of Asia Pacific Energy Fund which in turn is ultimately owned by the Zhu Family Trust. Given that Mr. Zhu Gongshan (an executive Director) and his family (including Mr. Zhu Yufeng, an executive Director and son of Mr. Zhu Gongshan) are beneficiaries of the Zhu Family Trust, Jiangsu Xiexin and Taicang Harbour are connected persons of the Company. Upon Completion, GCL Petroleum will become an indirect non wholly-owned subsidiary of the Company and the Loans will become a connected transaction of the Company under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, the outstanding principal amount under the Loan Agreement 1 and the Loan Agreement 2 were RMB111 million (approximately HK\$117.88 million) and RMB70 million (approximately HK\$74.34 million), respectively.

LETTER FROM THE BOARD

4.1. The Loan Agreement 1

A summary of the salient terms of the Loan Agreement 1 is set out below:

Parties:	(1) GCL Petroleum (as lender) (2) Jiangsu Xiexin (as borrower)
Principal amount:	RMB111,025,453.8 (approximately HK\$117.91 million). As at the Latest Practicable Date, the outstanding principal amount was RMB111 million (approximately HK\$117.88 million).
Purpose of Loan 1:	Loan 1 should be applied towards purposes which are in compliance with the laws, regulations and rules of the PRC.
Term of Loan 1:	From the actual drawdown date to 31 July 2027 (“ Repayment Date 1 ”). Jiangsu Xiexin made the first drawdown under the Loan Agreement 1 in January 2023.
Interest:	Interest-free for the period from the actual drawdown date to 31 July 2024 and an interest rate of 3.85% per annum for the period from 1 August 2024 to 31 July 2027
Repayment:	Loan 1 shall be repaid in one instalment on Repayment Date 1 or any earlier date, provided that GCL Petroleum has given early repayment notice to Jiangsu Xiexin, and in which case, Jiangsu Xiexin shall repay Loan 1 within 30 days of receiving such notice (“ Early Repayment Date 1 ”). In the event Repayment Date 1 or Early Repayment Date 1 is not a business day, it will automatically be postponed to the next business day that follows. Interest of Loan 1 accrues from 1 August 2024, and shall be paid in one instalment on Repayment Date 1.

LETTER FROM THE BOARD

4.2. The Loan Agreement 2

A summary of the salient terms of the Loan Agreement 2 is set out below:

Parties:	(1) GCL Petroleum (as lender) (2) Taicang Harbour (as borrower)
Principal amount:	RMB70 million (approximately HK\$74.34 million). As at the Latest Practicable Date, the outstanding principal amount was RMB70 million (approximately HK\$74.34 million).
Purpose of Loan 2:	Loan 2 should be applied towards purposes which are in compliance with the laws, regulations and rules of the PRC.
Term of Loan 2:	From the commencement date as agreed in the Loan Agreement 2 to 31 July 2027 (“ Repayment Date 2 ”). Taicang Harbour made the first drawdown under the Loan Agreement 2 in January 2023.
Interest:	An interest rate of 3% per annum for the period from 1 January 2024 to 31 July 2024 and an interest rate of 3.85% per annum for the period from 1 August 2024 to 31 July 2027
Repayment:	Loan 2 shall be repaid in one instalment on Repayment Date 2 or any earlier date, provided that GCL Petroleum has given early repayment notice to Taicang Harbour, and in which case, Taicang Harbour shall repay Loan 2 within 30 days of receiving such notice (“ Early Repayment Date 2 ”). In the event Repayment Date 2 or Early Repayment Date 2 is not a business day, it will automatically be postponed to the next business day that follows.

Interest of Loan 2 accrues from the actual drawdown date and shall be paid in one instalment on Repayment Date 2.

LETTER FROM THE BOARD

4.3. Information on the parties to the Loan Agreements

For information on GCL Petroleum, please refer to the section headed “3.2. Information of the Target Group” in this letter from the Board.

Jiangsu Xiexin is a company established in the PRC with limited liability, which is principally engaged in the investment in electric power projects, provision of operational and consulting services for electric power projects and technical consulting services. As at the Latest Practicable Date, Jiangsu Xiexin was owned as to approximately 60%, 31.16%, 6.67% and 2.17% by Golden Concord Group Limited (PRC), Nanjing Anrui Xinneng Electric Power Industry Investment Fund Enterprise (Limited Partnership)* (南京安瑞鑫能電力產業投資基金企業(有限合夥)) (“**Nanjing Anrui**”), Suzhou Gongneng Energy Co., Ltd. (蘇州共能能源有限公司) (“**Suzhou Gongneng**”) and Suzhou Henneng Investment Co., Ltd.* (蘇州恒能投資有限公司) (“**Suzhou Henneng**”), respectively. As at the Latest Practicable Date, Golden Concord Group Limited (PRC) was ultimately held as to 55.39% and 44.61% by Asia Pacific Energy Fund and Mr. Zhu Yufeng, an executive Director, respectively; Nanjing Anrui was held as to approximately 75%, 24.92% and 0.08% by Taicang Harbour, Nanjing Xinneng Sunshine Industrial Investment Fund Enterprise (Limited Partnership)* (南京鑫能陽光產業投資基金企業(有限合夥)) and Shannan Guotai Xinneng Investment Management Co., Ltd.* (山南國泰鑫能投資管理有限公司), respectively; Suzhou Gongneng was a wholly-owned subsidiary of Taicang Harbour; and Suzhou Henneng was owned as to 40%, 30% and 30% by Shen Xiao (沈曉), An Lingyi (安令毅) and Sun Xingping (孫興平), respectively, who were executives of the companies controlled by the Zhu Family Group.

Taicang Harbour is a company established in the PRC with limited liability, which is principally engaged in the generation of clean coal combustion thermal power, the production and sale of electric power, heat and ancillary products and provision of the corresponding technical services. As at the Latest Practicable Date, Taicang Harbour was owned as to 72%, 19%, 6% and 3% by GCL-Poly (Taicang Harbour) Limited (保利協鑫(太倉港)有限公司) (“**GCL-Poly (Taicang Harbour)**”), Zhongneng Electric Power (Suzhou) Co., Ltd.* (眾能電力(蘇州)有限公司) (“**Zhongneng Electric**”), Strong Charm Limited (倡力有限公司) (“**Strong Charm**”) and Suzhou Henneng, respectively. As at the Latest Practicable Date, GCL-Poly (Taicang Harbour) was a wholly-owned subsidiary of Prottime Investments Limited (保泰投資有限公司) which in turn was ultimately wholly-owned by Asia Pacific Energy Fund; whereas Zhongneng Electric was owned as to approximately 75.14% by Taicang GCL Power Co., Ltd.* (太倉港協鑫發電有限公司), which was ultimately controlled by Asia Pacific Energy Fund, and approximately 24.86% by ICBC Financial Asset Investment Co., Ltd.* (工銀金融資產投資有限公司), a company established in the PRC with limited liability and wholly-owned by Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares and offshore preference shares of which were listed on the Stock Exchange (H shares stock code: 1398 and USD preference shares stock code: 4620), and the A shares and domestic preference shares of which were listed on the Shanghai Stock Exchange (A shares stock code: 601398 and domestic preference shares stock codes: 360011), respectively. To the best knowledge of the Directors after making reasonable enquiry, Strong Charm was wholly-owned by Chen Shenghong (陳勝洪), who was an independent third party to the Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) the provision of operation and management services for solar power plants; (ii) the provision of solar-related supporting services; (iii) the sale of electricity; and (iv) the sale of LNG and related products trading.

The Group has been operating the business of solar power plant since 2014. Since 2018, the Company has started to transform into an asset-light model, through, among others, (i) the “build transfer-operating model”, i.e. providing consultancy services for engineering, procurement, construction of solar power plants, and subsequent operational and maintenance services in respect of photovoltaic or solar power generation projects owned by external parties; (ii) the transfer and disposal of equity interests in project companies holding photovoltaic or solar power generation plant by the Company, (iii) the joint development model and (iv) the provision of operation and maintenance (“O&M”) services in connection with solar or photovoltaic power generation to external parties. The adoption of an asset-light model empowers the Group to stay in the solar power business by disposing of its indebted subsidiaries and generating stable income from the provision of O&M services.

In keeping with the Company’s transformation and adoption of an asset-light model since 2018, it has re-aligned its focus to concentrate on actively seeking suitable business opportunities to grow and expand in the O&M service sector, which is a niche market segment where the Company retains an industry-leading position by leveraging its solar photovoltaic power expertise. Among other initiatives, the Company is actively pursuing bids for third-party O&M service contracts in the PRC through its subsidiary, Suzhou GCL New Energy Operation and Technology Co., Ltd* (蘇州協鑫新能源營運科技有限公司) (“**GCL Operation Tech**”). GCL Operation Tech is among the earliest batch of companies in the PRC that have been awarded the highest industry-qualification in the industry. As a national high-tech enterprise, the Group was also the first in the PRC to be accredited as a “5A Solar Power Plants Operation and Maintenance Service Provider”. On the other hand, the Company is upgrading the quality and efficiency of its O&M services and the capabilities in providing the consulting services for other clean energy sector by means of, among others, acquiring industry-leading proprietary management platform software and licenses and other intellectual properties rights over certain solar generation technologies and new recruitment of clean energy experts for the Company. Additionally, it plans to explore potential overseas expansion opportunities in the O&M services business, and is in preliminary discussions with potential business partners or overseas owners in regions such as Middle East and South East Asia.

LETTER FROM THE BOARD

In 2024, the O&M service segment of the Group underwent significant development and expansion. As at 30 June 2024, the Group entered into O&M service contracts with close to 300 solar power plants across the country, which had a total installed capacity of approximately 7.3GW, representing a major share of the market. In July 2024, the Group entered into a three-year O&M service contract with each of Nanjing Xinneng Intelligent Storage Technology Co., Ltd.* (南京鑫能智儲科技有限公司) and Zhongwei Xinhua Technology Co., Ltd.* (中衛鑫華科技有限公司). As at 31 October 2024, the total installed capacity under the O&M service contracts increased to approximately 9.5GW. For the ten months ended 31 October 2024, such O&M service contracts generated revenue in the amount of approximately RMB226 million for the Group. The Group had further signed and won the bid for additional O&M service contracts through to the end of 2024. As at 31 December 2024, the Company entered into O&M service contracts which had a total installed capacity of approximately 12.5GW.

As at the Latest Practicable Date, given the Group's gradual expansion into the O&M services business, the Group was neither in discussion nor had intention to dispose of the Group's solar power business.

Besides the Group's principal solar power business, to promptly capitalize on potential opportunities emerging from the overall shifts in the development landscape of the natural gas industry, the Group has been actively looking into the LNG business segment by, among other activities, analyzing and assessing the natural gas industry both domestically and internationally, as well as engaging in constructive discussions with potential business partners such as POLY-GCL Petroleum Group Holdings Limited.

Since 2023, the Group has been building a team of highly skilled and resourceful LNG professionals to spearhead efforts to promote the diversified growth of its LNG business and accelerating the marketisation of its LNG trade, with the goal of increasing the Group's revenue. In June 2023, the Company appointed Mr. Xu Huilin (“**Mr. Xu**”) as the Executive President of the Company, responsible for natural gas business development of the Company. Mr. Xu earned a bachelor's and a master's degree in engineering in Tsinghua University. He has over 20 years of experience in managing listed oil and gas platforms, and has served as senior executive at Sinochem Petroleum, Sinochem Total and United-Strength Energy. He has led the initial public offerings, mergers and acquisitions, investments, strategies development and implementation for listed companies, with practical experience in overseas investment, international trade, domestic receiving terminal operations, oil and gas domestic trade, etc. Mr. Xu is also familiar with the traditional oil fields industry combined with photovoltaic, hydrogen business and even battery swap business for implementation. He has participated in the drafting and formulation of relevant rules on the liberalization of the refined oil market organised by the Ministry of Commerce of the People's Republic of China.

LETTER FROM THE BOARD

In February 2024, the Company also appointed Mr. Xiong Xin (“**Mr. Xiong**”) as the Company’s Vice President to assist Mr. Xu in developing natural gas trading business. Prior to joining the Group, Mr. Xiong was the Deputy General Manager of China National Offshore Oil Corporation Trading Company from 2016 to 2020, responsible for short- and medium-term and spot procurement of LNG resource pools, establishment of international trade and shipping systems, coordinating and managing the overseas companies’ physical position business, building a derivatives trading team, and carrying out hedging. Mr. Xiong also had 8 years of experience working at Sinochem Group where he was responsible for crude oil procurement and marketing, hedging and project financing for ships and offshore platforms. He was also the deputy general manager of the Gas Electricity Group Trading Company under China National Offshore Oil Corporation, responsible for short-term and spot purchases in the LNG resource pool, as well as establishing international trade and derivatives trading teams. Additionally, Mr. Xiong served as the deputy general manager of a trading company of ENN Energy Holdings Limited, where he was in charge of the international trade department, derivatives trading department, and business operations department.

Mr. Xu and Mr. Xiong have high qualifications and substantial accumulation of resources in the energy industry, along with deep insights into the oil and gas industry. They possess rich experience in investment, financing and capital operations within the fields of commodity trading and energy.

Complement the LNG trading business model

The Acquisition is a natural progression to the existing LNG business of the Company. The LNG Receiving Terminal Projects can complement the Group’s LNG trading business by offering LNG storage and processing capacity to stock inventory during the off-season and satisfy market demand during the peak-season.

The LNG receiving terminals offer the Group its own LNG storage capacity, which can reduce storage costs when fulfilling existing long-term LNG procurement contracts and enhance the Group’s bargaining power when sourcing LNG from suppliers and traders. Additionally, these terminals enable the Group to procure LNG from the international market, diversifying its natural gas supply sources and providing stable and reliable support to expand its downstream business.

Share of income from the joint venture

With the capacity offered by the LNG Receiving Terminal Project, Rudong LNG Company, being a joint venture indirectly owned as to approximately 24.5% by the Target Company, can enter into terminal use agreements to, among others, lease the LNG receiving terminal to other energy companies and collect processing fees and storage charges in return.

Upon Completion, as a shareholder of Rudong LNG Company through the Target Company, the Group can also utilise these storage services at fair or preferential rates, thereby enhancing its price competitiveness in downstream markets. This arrangement optimises capital efficiency through the joint venture structure while sharing operational costs and responsibilities with the joint venture partner.

LETTER FROM THE BOARD

Having considered the above factors, the Directors (including the independent non-executive Directors whose recommendations in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder are set out in the letter from the Independent Board Committee) are of the view that, though the Acquisition is not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

6. REASONS FOR AND BENEFITS OF THE LOAN AGREEMENTS

As at the Latest Practicable Date, Jiangsu Xiexin and Taicang Harbour were subsidiaries controlled by Golden Concord Group. The provisions of Loan 1 and Loan 2 to Jiangsu Xiexin and Taicang Harbour, respectively, were funded by GCL Petroleum's idle capital, and the terms of the Loan Agreement 1 and the Loan Agreement 2 were arrived at by the parties after arm's length negotiations and are on normal commercial terms. The interest rate of 3.85% per annum which has applied to the Loans from 1 August 2024 is higher than the one-year loan prime rate of 3.35% released by the People's Bank of China in September 2024 and the RMB deposit rates offered by the banks to the Group, thereby enabling GCL Petroleum to receive stable interest income utilising its idle capital. In addition, under the terms of the Loan Agreement 1 and the Loan Agreement 2, GCL Petroleum has the right to demand early repayment of the respective outstanding amounts of the Loans from Jiangsu Xiexin or Taicang Harbour by serving a 30-day notice, as applicable. This offers a flexible mechanism for GCL Petroleum or the Group to optimize its capital usage.

To manage the risks of lending under the Loan Agreements, the Company conducted assessments on the recoverability of the Loans based on the respective credit profiles of Jiangsu Xiexin and Taicang Harbour.

Jiangsu Xiexin is principally engaged in investing in electric power projects, provision of operational and consulting services for electric power projects and technical consulting services. It has a registered capital of RMB3 billion, of which RMB2 billion has been paid. As at 31 July 2024, its total assets and net assets amounted to approximately RMB3 billion and approximately RMB1.7 billion, respectively. As disclosed in the section headed "4.3. Information on the parties to the Loan Agreements" in this letter from the Board, it was held by Golden Concord Group Limited (PRC), a company ranked 40th in the 2023 Top 500 Private Enterprises and recently rated as AAA in credit rating by Dagong Global Credit Rating Company (大公國際資信評估有限公司), as to 60%, as at the Latest Practicable Date.

LETTER FROM THE BOARD

Taicang Harbour is principally engaged in the generation of clean coal combustion thermal power, production and sales of electric power, heat and ancillary products and provision of the corresponding technical services. As at 31 July 2024, Taicang Harbour reported consolidated total assets and net assets of RMB16.2 billion and RMB4.2 billion, respectively. As disclosed in the section headed “4.3. Information on the parties to the Loan Agreements” in this letter from the Board, 72% and 19% of its equity interests were held by GCL-Poly (Taicang Harbour) and Zhongneng Electric, respectively, which were ultimately controlled by Asia Pacific Energy Fund (the ultimate beneficial owner of Golden Concord Group Limited (PRC)) as at the Latest Practicable Date.

Having considered both Jiangsu Xiexin and Taicang Harbour (i) operate in the solar power industry which is well supported by the prevailing government policies; (ii) have strong connection to Golden Concord Group Limited (PRC) and Asia Pacific Energy Fund; and (iii) have recently reported to have substantial assets and satisfactory financial position, the Directors were satisfied about the recoverability of the Loans and the credit profiles of Jiangsu Xiexin and Taicang Harbour and did not consider it necessary to obtain any collaterals from them as at the Latest Practicable Date.

Subsequent to the Completion, the management of the Company will conduct periodical assessment on the recoverability of the Loans by taking into account factors including credit rating, financial position of Jiangsu Xiexin and Taicang Harbour and the forward-looking information available without undue cost or effort.

Having considered that (i) the Loans have pre-existed in the accounts of GCL Petroleum, funded by its idle fund; (ii) GCL Petroleum can earn interest at an annual fixed interest rate of 3.85% from the Loans, which is higher than the long-term borrowing costs of the Group; (iii) Rudong LNG Company currently has sufficient fund to meet its development, and GCL Petroleum has fulfilled the capital contribution requirement; (iv) the Loans are repayable on demand by GCL Petroleum, allowing it to recall the Loans provided to Jiangsu Xiexin and Taicang Harbour as needed to, among others, fund the LNG Receiving Terminal Projects; and (v) the sound creditworthiness of Jiangsu Xiexin and Taicang Harbour as demonstrated in the credit assessments above, the Directors (including the independent non-executive Directors whose recommendations in respect of the Loan Agreements and the transactions contemplated thereunder are contained in the letter from the Independent Board Committee) are of the view that the provision of the Loans by GCL Petroleum to Jiangsu Xiexin and Taicang Harbour and their terms are in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company did not intend or plan to demand early repayment from Jiangsu Xiexin and Taicang Harbour upon Completion. The Group would continue to assess its funding requirement, including those of the Target Group, following Completion and would decide whether to demand early repayment of the Loans from Jiangsu Xiexin and Taicang Harbour as and when required.

7. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition under Rule 14.07 of the Listing Rules exceeds 25% but all of them fall below 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement, circular and Shareholders' approval requirements.

As at the Latest Practicable Date, (i) the Seller was indirectly wholly-owned by Asia Pacific Energy Fund which in turn was ultimately owned by the Zhu Family Trust and (ii) Jiangsu Xiexin and Taicang Harbour were indirect non wholly-owned subsidiaries of Asia Pacific Energy Fund which in turn were ultimately owned by the Zhu Family Trust. Given that Mr. Zhu Gongshan (an executive Director) and his family (including Mr. Zhu Yufeng, an executive Director and son of Mr. Zhu Gongshan) are beneficiaries of the Zhu Family Trust, the Seller, Jiangsu Xiexin and Taicang Harbour are connected persons of the Company under the Listing Rules.

Accordingly, the Acquisition constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement, circular and Independent Shareholders' approval requirements. Upon Completion, GCL Petroleum will become an indirect non wholly-owned subsidiary of the Company and the continuation of the Loans provided by the Group to Jiangsu Xiexin and Taicang Harbour will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Further, as the highest applicable percentage ratio in respect of the Loan Agreements under Rule 14.07 of the Listing Rules exceeds 25% but all of them fall below 100%, the Loan Agreements constitute a major transaction and a connected transaction of the Company. Therefore, the Loan Agreements are subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules.

Mr. Zhu Gongshan, Mr. Zhu Yufeng, Mr. Wang Dong, Mr. Gu Zengcai, Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai, being the Directors, are also executives of companies controlled by the Zhu Family Group. The above-named Directors, present at the relevant Board meeting, were not counted towards the quorum and abstained from voting on the relevant Board resolutions to approve, among other things, the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder and the grant of the Specific Mandate.

Save as disclosed above, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, no other Director has any material interest in the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder and was required to abstain from voting on the relevant Board resolutions.

LETTER FROM THE BOARD

8. FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Lee Conway Kong Wai, Mr. Wang Yanguo, Dr. Chen Ying and Mr. Cai Xianhe, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in connection with, among other things, the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder and the grant of the Specific Mandate.

The Independent Board Committee has approved the appointment of Messis Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with, among other things, the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder and the grant of the Specific Mandate.

9. SGM

Set out on pages SGM-1 to SGM-3 of this circular is a notice convening the SGM to be held at 21st Floor, Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong on Tuesday, 18 February 2025 at 11:00 a.m.

The SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other things, the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares and the Conversion Shares in accordance with the terms of Sale and Purchase Agreement. The voting in relation to the Acquisition, the Loan Agreements and the grant of the Specific Mandate at the SGM will be conducted by way of a poll.

The Zhu Family Group (comprising Happy Genius Holdings Limited, Highexcel Investments Limited, Get Famous Investments Limited, Dongsheng Photovoltaic Technology (Hong Kong) Limited, Elite Time Global Limited, Mr. Wang Dong and Ms. Sun Wei holding approximately 6.84%, 0.42%, 0.01%, 6.80%, 6.20%, 0.001% and 0.01% of the total issued share capital of the Company respectively as at the Latest Practicable Date (i.e. 95,801,506 Shares, 5,833,394 Shares, 209,880 Shares, 95,298,915 Shares, 86,878,864 Shares, 11,496 Shares and 90,995 Shares respectively) will abstain from voting at the SGM in respect of the resolution(s) approving, among other things, the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder and the grant of the Specific Mandate.

Save as disclosed above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the Sale and Purchase Agreement, the Loan Agreements and the transactions contemplated thereunder and the grant of the Specific Mandate, and therefore no other Shareholder would be required to abstain from voting on the resolution to be proposed at the SGM.

LETTER FROM THE BOARD

The Consideration Shares and the Conversion Shares will be allotted and issued pursuant to the Specific Mandate. The grant of the Specific Mandate will be sought from the Independent Shareholders at the SGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited, as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. The address of Tricor Abacus Limited is 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM should you so wish and in such event, the proxy form shall be deemed to be revoked.

10. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 13 February 2025 to Tuesday, 18 February 2025, both days inclusive, during which period no transfer of Shares will be registered, in order to determine the entitlement to attend and vote at the SGM. In order to be entitled to attend and vote at the SGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Wednesday, 12 February 2025.

11. RECOMMENDATION

The Directors (including all the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee) are of the view that the terms of the Acquisition and the Loans are fair and reasonable, and are on normal commercial terms and that the entering into of the Sale and Purchase Agreement and the Loan Agreements are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to approve the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder and the grant of the Specific Mandate as set out in the notice of the SGM.

12. GENERAL

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

LETTER FROM THE BOARD

13. ADDITIONAL INFORMATION

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

As Completion is subject to the fulfillment and/or waiver (as the case may be) of the Conditions Precedent set out under the section headed “2.6 Conditions Precedent of the Sale and Purchase Agreement” in this letter from the Board, including approval by the Independent Shareholders at the SGM. As such, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares or securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

Yours faithfully,
By order of the Board
GCL New Energy Holdings Limited
Zhu Gongshan
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of a letter received from the Independent Board Committee in respect of the Acquisition and the Loans for the purpose of inclusion in this circular.



GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

24 January 2025

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed by the Board as the Independent Board Committee to advise you in connection with the Sale and Purchase Agreement, the Loan Agreements and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares and Conversion Shares under the Specific Mandate), details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 24 January 2025 (the “Circular”), of which this letter forms part.

We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages 60 to 90 of the Circular. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires. Having considered the information set out in the letter from the Board, the terms of the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder and the advice of the Independent Financial Adviser in relation thereto as set out on pages 60 to 90 of the Circular, we are of the view that the terms of Sale and Purchase Agreement and the Loan Agreements are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole although it is not conducted in the normal and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares and Conversion Shares under the Specific Mandate).

Yours faithfully,

For and on behalf of the

Independent Board Committee

Mr. Lee Conway Kong Wai

Mr. Wang Yanguo

Dr. Chen Ying

Mr. Cai Xianhe

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Messis Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares and Conversion Shares under the Specific Mandate) for the purpose of inclusion in this circular.

The following is the full text of the letter from Messis Capital Limited which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this Circular.

MESSIS 大有融資

24 January 2025

To: The Independent Board Committee and The Independent Shareholders

Dear Sirs and Madams,

**(1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION;
(2) THE ISSUE OF CONSIDERATION SHARES AND
CONVERSION SHARES UNDER SPECIFIC MANDATE;
AND
(3) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE LOANS**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders on the Agreement and the transaction contemplated thereunder, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 24 January 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

The Acquisition

As set out in the “Letter from the Board”, on 9 January 2025 (after trading hours), the Purchaser (being the Company) and the Seller (being a company ultimately wholly owned by the Zhu Family Trust) entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell the Sale Share, being the entire issued share capital of the Target Company, at the Consideration of RMB325 million (approximately HK\$345.15 million). The Consideration shall be satisfied by the Purchaser by way of cash, by way of allotment and issue of Consideration Shares and by way of issuance of Convertible Bonds.

It is proposed that the Directors be given a Specific Mandate to allot and issue the Consideration Shares and the Conversion Shares pursuant to the Sale and Purchase Agreement.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Loan Agreements

Prior to the date of the Announcement, GCL Petroleum (being an indirect non wholly-owned subsidiary of the Target Company) had entered into the Loan Agreement 1 and the Loan Agreement 2 with Jiangsu Xiexin and Taicang Harbour (both being companies ultimately non wholly-owned by the Zhu Family Trust) respectively, pursuant to which GCL Petroleum has provided the Loan 1 and the Loan 2 to Jiangsu Xiexin and Taicang Harbour respectively, subject to the terms and conditions contained therein.

Upon Completion, GCL Petroleum will become an indirect non wholly-owned subsidiary of the Company and will continue to provide the Loan 1 and the Loan 2 to Jiangsu Xiexin and Taicang Harbour respectively, pursuant to the terms and conditions contained in the Loan Agreement 1 and the Loan Agreement 2.

Listing Rules Implications

As the highest applicable percentage ratio in respect of the Acquisition under Rule 14.07 of the Listing Rules exceeds 25% but all of them fall below 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement, circular and Shareholders' approval requirements.

As at the Latest Practicable Date, (i) the Seller is indirectly wholly-owned by Asia Pacific Energy Fund which in turn is ultimately owned by the Zhu Family Trust and (ii) Jiangsu Xiexin and Taicang Harbour are indirect non wholly-owned subsidiaries of Asia Pacific Energy Fund which in turn are ultimately owned by the Zhu Family Trust. Given that Mr. Zhu Gongshan (an executive Director) and his family (including Mr. Zhu Yufeng, an executive Director and son of Mr. Zhu Gongshan) are beneficiaries of the Zhu Family Trust, the Seller, Jiangsu Xiexin and Taicang Harbour are connected persons of the Company under the Listing Rules.

Accordingly, the Acquisition constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement, circular and Independent Shareholders' approval requirements. Upon Completion, GCL Petroleum will become an indirect non wholly-owned subsidiary of the Company and the continuation of the Loans provided by the Group to Jiangsu Xiexin and Taicang Harbour will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Further, as the highest applicable percentage ratio in respect of the Loan Agreements under Rule 14.07 of the Listing Rules exceeds 25%, the Loan Agreements constitute a major transaction and a connected transaction of the Company. Therefore, the Loan Agreements are subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Mr. Zhu Gongshan, Mr. Zhu Yufeng, Mr. Wang Dong, Mr. Gu Zengcai, Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai, being the Directors, are also executives of companies controlled by the Zhu Family Concert Group. The above-named Directors, present at the relevant Board meeting, were not counted towards the quorum and abstained from voting on the relevant Board resolutions to approve, among other things, the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder and the grant of the Specific Mandate.

The Zhu Family Group (comprising Happy Genius Holdings Limited, Highexcel Investments Limited, Get Famous Investments Limited, Dongsheng Photovoltaic Technology (Hong Kong) Limited, Elite Time Global Limited, Mr. Wang Dong and Ms. Sun Wei holding approximately 6.84%, 0.42%, 0.01%, 6.80%, 6.20%, 0.001% and 0.01% of the total issued share capital of the Company respectively as at the Latest Practicable Date (i.e. 95,801,506 Shares, 5,833,394 Shares, 209,880 Shares, 95,298,915 Shares, 86,878,864 Shares, 11,496 Shares and 90,995 Shares respectively) will abstain from voting at the SGM in respect of the resolution(s) approving, among other things, (i) the Sale and Purchase Agreement, the Loan Agreements and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate.

Save as disclosed above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Shareholder or any of its associates (as defined in the Listing Rules) has a material interest in the Sale and Purchase Agreement, the Loan Agreements and the transactions contemplated thereunder or the grant of the Specific Mandate, and therefore no other Shareholder would be required to abstain from voting on the relevant resolutions to be proposed at the SGM.

The Independent Board Committee comprising Mr. Lee Conway Kong Wai, Mr. Wang Yanguo, Dr. Chen Ying and Mr. Cai Xianhe, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in connection with, among other things, the transactions contemplated under the Sale and Purchase Agreement, the Loan Agreements, and the grant of the Specific Mandate.

Since Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai, who are non-executive Directors, are executives of the companies controlled by the Zhu Family Concert Group, they are deemed to have interest in the Acquisition. Thus, they are not appointed as members in the Independent Board Committee in accordance with Rule 2.8 of the Takeovers Code in order to avoid any perceived conflict of interest.

We, Messis Capital Limited, has been appointed as an independent financial adviser, to advise the Independent Board Committee and the Independent Shareholders in connection with, among other things, the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder, the grant of the Specific Mandate in accordance with the requirements of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as the independent financial adviser to the independent board committee of the Company for the very substantial disposal and connected transaction and continuing connected transaction under Rule 14A.60 of the Listing Rules whose circular was dated 15 November 2023.

Apart from normal professional fees paid or payable to us in connection with this transaction, no other arrangement exists whereby we had received or would receive any fees or benefits from the Company or any parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent in accordance with Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to give independent advices in respect of the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Group and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Group and/or the Directors and/or its senior management staff (the “**Management**”). We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the SGM. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its adviser and/or the Directors, which have been provided to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable and there are no reasons to doubt the accuracy and reliability of such public information.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement contained in this Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group or the Target Company.

PRINCIPAL FACTORS AND REASON CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Information of the Group

The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants and sale of liquefied natural gas and related products.

1.1 Financial results for the six months ended 30 June 2024

Set out below is a summary of the consolidated statement of profit and loss of the Group for the six months ended 30 June 2024 and 2023, respectively, and the consolidated statement of financial position of the Group as at 30 June 2024 and 31 December 2023, respectively, which were extracted from interim results announcement of the Group for the six months ended 30 June 2024 (the “**2024 Interim Results Announcement**”):

	For the six months ended 30 June	
	2024	2023
	RMB\$'000	RMB\$'000
	(unaudited)	(unaudited)
Revenue	496,473	422,764
– Recognised at a point in time:	359,069	357,261
(a) Sales of electricity	41,854	151,293
(b) Tariff adjustments	2,386	166,500
(c) Solar related supporting services income	8,285	39,468
(d) LNG business related income	306,544	–
– Recognised over time:	137,404	65,503
(a) Operation and management services income	137,404	65,503

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the six months ended 30 June	
	2024	2023
	<i>RMB\$'000 (unaudited)</i>	<i>RMB\$'000 (unaudited)</i>
Gross Profit	70,230	195,476
Other gains and losses, net	(96)	(118,042)
Impairment loss under expected credit loss model, net	(70,849)	–
Selling and distribution expenses	(2,095)	–
Research and development expenses	(10,802)	–
Finance costs	(39,426)	(193,073)
Loss for the period	(74,352)	(115,680)

The Group recorded the total revenue of approximately RMB496.5 million for the six months ended 30 June 2024, representing an increase of approximately 17.4% comparing with the total revenue of approximately RMB422.8 million for the six months ended 30 June 2023, which was primarily due to (i) the increase LNG business related income from nil to approximately RMB306.5 million; and (ii) the increase in operation and management services income by approximately 1.1 times from approximately RMB65.5 million to RMB137.4 million; and was partially offset by (i) the decrease in sale of electricity by 72.8% from RMB151.3 million to RMB41.2 million; and (ii) the decrease in solar related supporting services income by 77.3% from approximately RMB36.5 million to approximately RMB8.3 million during the same period.

The Group's loss for the period decreased from approximately RMB115.7 million to approximately RMB74.4 million, which was primarily due to the decrease in the finance costs from approximately RMB193.1 million to approximately RMB39.4 million; and was partially offset by (i) the decrease in gross profit from approximately RMB195.8 million to approximately RMB70.2 million; and (ii) the increase in research and development expenses from nil to approximately RMB10.8 million during the same period.

	As at 30 June 2024	As at 31 December 2023
	<i>RMB'million (Unaudited)</i>	<i>RMB'million (Audited)</i>
	Bank balances and cash	400.0
Total assets	6,442.9	6,506.3
Total liabilities	1,467.8	1,511.6
Net assets attributable to the Shareholders	1,935.8	2,055.4

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The total assets decreased from approximately HK\$6,506.3 million as at 31 December 2023 to approximately HK\$6,442.9 million as at 30 June 2024, of which the bank balances and cash decreased from approximately HK\$555.4 million as at 30 December 2023 to approximately HK\$400.0 million as at 30 June 2024.

The total liabilities of the Group decreased from approximately HK\$1,511.6 million as at 31 December 2023 to approximately HK\$1,467.8 million as at 30 June 2024, representing a decrease of approximately HK\$3.0%. The gearing ratio calculated by the loans (including the loan from a related company and bank and other borrowings) to the sum of capital and loans was approximately 2.7% and 2.6% as at 31 December 2023 and 30 June 2023, respectively. The Group's net assets attributable to the Shareholders decreased from approximately HK\$2,055.4 million as at 31 December 2023 to approximately HK\$1,935.8 million as at 30 June 2024.

1.2 For the financial year ended 31 December 2023

Set out below is a summary of the consolidated financial information of the Group for the year ended 31 December 2022 and 2023, respectively which were extracted from the annual reports of the Group for the financial year ended 31 December 2023 (the “**2023 Annual Report**”):

	For the year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	831,520	929,057
Sales of electricity and tariff adjustments	578,208	758,461
Operation and management services income	227,948	151,991
Solar related supporting services income	16,747	18,605
LNG business related income	8,617	–
Gross Profit	380,790	451,068
Other income	82,753	149,488
Other gains and losses, net	(414,599)	(104,526)
Impairment loss on expected credit loss model, net of reversal	(155,565)	(386,156)
Impairment losses on property, plant and equipment and right-of-use assets	(85,943)	(358,968)
Finance costs	(443,883)	(571,543)
Loss for the year	(964,010)	(1,288,381)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recorded the total revenue of approximately HK\$831.5 million for the year ended 31 December 2023, representing a decrease of approximately 10.5% as comparing with the revenue of approximately HK\$929.1 million recorded for the year ended 31 December 2022, which was mainly due to the decrease in sales of electricity and tariff adjustments from HK\$758.5 million to HK\$578.2 million, and partially offset by the increase in operation and management services income from approximately HK\$152.0 million to approximately HK\$227.9 million and increase in LNG business related income from nil to HK\$8.6 million during the same period.

The Group's loss for the year decreased from approximately HK\$1,288.4 million for the year ended 31 December 2022 to HK\$964.0 million for the year ended 31 December 2023, which was primarily due to (i) the decrease in the impairment loss on expected credit loss model, net of reversal, from approximately HK\$386.2 million to approximately HK\$155.6 million; (ii) the decrease in impairment losses on property, plant and equipment and right-of-use assets from approximately HK\$359.0 million to approximately HK\$85.9 million; and (iii) decrease in finance costs from approximately HK\$571.5 million to approximately HK\$443.9 million during the same period.

	As at 31 December	
	2023	2022
	<i>RMB million</i>	<i>RMB million</i>
Bank balances and cash	555.4	797.1
Total assets	6,506.3	12,163.6
Total liabilities	1,511.6	5,993.1
Net assets attributable to the Shareholders	2,055.4	3,204.7

The total assets of the Group decreased from approximately HK\$12,163.6 million as at 31 December 2022 to approximately HK\$6,506.3 million as at 31 December 2023, which was primarily due to (i) the decrease in property, plant and equipment from approximately RMB4,468.1 million as at 31 December 2022 to approximately RMB903.9 million as at 31 December 2023; and (ii) the decrease in trade and other receivables from approximately HK\$3,993.9 million as at 31 December 2022 to approximately HK\$1,008.0 million as at 31 December 2023. The cash and bank balances was approximately HK\$797.1 million as at 31 December 2022 and approximately HK\$555.4 million as at 31 December 2023 respectively.

The total liabilities of the Group decreased from approximately HK\$5,993.1 million as at 31 December 2022 to approximately HK\$1,511.6 million as at 31 December 2023, which was mainly due to decreased in the bank borrowings from approximately RMB2,519 million as at 31 December 2022 to approximately RMB409.8 million as at 31 December 2023.

The net assets attributable to the Shareholders of the Group decreased from approximately RMB3,204.7 million as at 31 December 2022 to approximately RMB2,055.4 million as at 31 December 2023, which was attributable to the higher decrease in the total assets than the total liabilities from 31 December 2022 to 31 December 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Background information of the Seller and the Target Company

The Seller is an investment holding company incorporated under the laws of Hong Kong with limited liability, the entire issued share capital of which is owned by Asia Pacific Energy Fund, which in turn is ultimately owned by the Zhu Family Trust.

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Target Group, through its indirect non-wholly owned subsidiary, GCL Petroleum, invested in Rudong LNG Receiving Terminal Project and Maoming LNG Receiving Terminal Project.

Set out below is a summary of the financial information in the audited consolidated financial statements of the Target Company for the two financial years ended 31 December 2022 and 31 December 2023 and the seven months ended 31 July 2024 prepared in accordance with IFRS and audited by Crowe (HK) CPA Limited:

	For the year ended 31 December 2022 (RMB'000)	For the year ended 31 December 2023 (RMB'000)	For the seven months ended 31 July 2024 (RMB'000) (Note)
Net (loss)/profit before taxation	(8,856)	(15,470)	9,153
Net (loss)/profit after taxation	(8,856)	(15,470)	9,153

Note:

The net profit of approximately RMB9.2 million before and after taxation incurred for the seven months ended 31 July 2024 mainly arose from gain on extinguishment of loan to a related party due to changes of loans terms, which was included in other gains and losses, and was non-cash in nature.

The audited consolidated net assets value of the Target Company (prepared in accordance with IFRS) was approximately RMB359 million as at 31 July 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Reasons for and benefits of the Acquisition

According to the “Letter from the Board” contained in the Circular, the Group has been operating the business of solar power plant since 2014, and in early 2022, in order to timely seize the perfect opportunity arising from the overall adjustment of development landscape in the natural gas industry, the Group has made a comprehensive, clear and objective analysis, study and judgement of the natural gas development domestically and abroad and maintained sound communication with POLY-GCL Petroleum Group Holdings Limited and actively explored the cooperation opportunities in the LNG business. Since 2023, the Group has been developing a team of LNG professionals who have high qualifications and deep accumulation of resources in the energy industry to lead the Group in promoting the diversified development of the LNG business and accelerating the marketization of LNG trade of the Group thereby increasing the Group’s revenue.

The Acquisition is a natural progression to the existing LNG business of the Company. The LNG Receiving Terminal Projects can complement the Group’s LNG trading business by offering LNG storage and processing capacity to stock up the inventory in the off-season and meet the market requirement in the peak-season. The LNG receiving terminals could allow the Group to have access to LNG storage capacity to meet the obligations of the existing long-term LNG procurement contracts when needed which could lower the storage costs for LNG and increase the Group’s bargaining power on sourcing the LNG from suppliers and traders. The LNG receiving terminals could also enable the Group to procure LNG from international market, thereby increase the diversity of its natural gas supply sources, and hence provide a stable and reliable support to expand its downstream business.

With the capacity offered by the LNG Receiving Terminal Project, Rudong LNG Company which is a joint venture indirectly owned as to 51% by the Target Company, can lease the LNG receiving terminal to other energy companies by signing terminal use agreements and collect processing fees and storage charges. Upon completion of the Acquisition, as a shareholder of Rudong LNG Company through the Target Company, the Group can also utilise these storage services at fair or preferential rates, enhancing its price competitiveness in downstream markets. This arrangement optimises capital efficiency through the joint venture structure while sharing operational costs and responsibilities with the joint venture partner.

Having considered the above factors, the Directors (other than the independent nonexecutive Directors who will form their view after considering the advice from the Independent Financial Adviser) are of the view that, though the Acquisition is not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our view

We have reviewed the reasons and benefits of the acquisition as presented in the “Letter from the Board”, and it is noted that the Company has included the LNG business as a potential opportunity to further enhance the Company’s revenue after vigilant study and sufficient market research since 2022 and recruited a team of LNG professionals since 2023. In such way, the Acquisition, with the benefits upon the completion of such Acquisition as assessed by the Company and its Directors, is in line with the Company’s business strategy.

Referred to the financial information of the Group as presented and analysed above, it is noted that the Group has gained a benefit from the LNG business which contributed approximately 61.8% of the total revenue of the Group for the six months ended 30 June 2024.

It is reasonable to foresee that, upon the completion of the Acquisition, the Company, signaling itself with the stake of the Target Company, is able to utilise the Target Company’s name and the reputation when sourcing more business opportunities. Further, the current LNG Receiving Terminal Projects can complete the Company’s competitiveness by equipping it with strong storage capacity to not only stock up inventory taking into account the surrounding subsisting circumstances including but not limited to the seasonality and the favourable prices if any, but also build up a stable supply mechanism to its downstream business.

We are of the view that it is reasonable to conclude that such Acquisition can further the aim of the Company to enhance the revenue from the LNG business and progress to the integration stage of LNG business.

Further, it is mentioned that the joint venture structure of Rudong LNG Company enables the Company to enjoy the operational costs and responsibilities sharing by the joint venture partner. We are of the view that such ground is reasonable given that the Company has stepped into the LNG business in recent period, by striking balance, it may be a good start point to leverage the available resources as much as possible for mitigating the risks. Such benefit shall outweigh the fact that part of the profit of the joint venture is also shared out.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are set out as follows:

- Date:** 9 January 2025
- Parties:** (1) the Company, as the purchaser; and
(2) Golden Concord Group, as the seller.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to purchase and the Seller has conditionally agreed to sell, the Sale Share, being the entire issued share capital of the Target Company.

Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration payable by the Purchaser for the Sale Share is RMB325 million (approximately HK\$345.15 million) and shall be satisfied by the Purchaser on the Completion Date in the following manner:

- (i) as to RMB200 million (approximately HK\$212.40 million) to be settled by way of cash;
- (ii) as to RMB65 million (approximately HK\$69.03 million) to be settled by way of allotment and issue of Consideration Shares at the issue price of HK\$0.45 per Consideration Share; and
- (iii) as to HK\$63.72 million (approximately RMB60 million) to be settled by way of issuance of the Convertible Bonds.

The Consideration was arrived at after arm's length negotiation between the Purchaser and the Seller, after taking into account, among others, (i) the preliminary valuation of the 100% equity interest of the Target Company of RMB530 million as at 31 July 2024 prepared by the Independent Valuer, using the market approach, after deducting the present value of the Unpaid Capital (as defined below) of approximately RMB204.7 million to be paid up by the Purchaser; (ii) the prospects of the businesses operated by the Target Group; and (iii) the reasons and benefits of the Acquisition as stated under the paragraph headed "Reasons for and benefits of the Acquisition" under the "Letter from the Board" to the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The major assets of the Target Company is its 48% equity interest in GCL Petroleum which is engaged in the investment in the LNG Receiving Terminal Projects. As at the Latest Practicable Date, the registered capital of GCL Petroleum is RMB800 million, of which RMB246.5 million (the “**Unpaid Capital**”) has not yet been paid by the Seller and RMB47.5 million has not yet been paid up by Shanghai Qixun in respect of their equity interests in GCL Petroleum respectively. According to the articles of association of GCL Petroleum, both the Seller and Shanghai Qixun are required to contribute the respective unpaid registered capital to GCL Petroleum by 30 June 2029. Pursuant to the Sale and Purchase Agreement, subsequent to the Completion, the Purchaser has an obligation to contribute the Unpaid Capital to GCL Petroleum by 30 June 2029 in accordance with the articles of association of GCL Petroleum.

Upon receipt of the remaining balance of the unpaid registered capital from its shareholders, it is expected that GCL Petroleum will apply such sum towards the development of the LNG Receiving Terminal Projects, including a possible expansion of the storage capacity of the facilities of the Rudong LNG Receiving Terminal Project and further development of the Maoming LNG Receiving Terminal Project, depending on the then levels of utilisation of the respective projects and assuming the government’s approval for the Maoming LNG Receiving Terminal Project having been obtained.

Our view on the valuation of the Target Company

In accessing the fairness and reasonableness of the consideration of the Acquisition in the amount of RMB325 million, we have obtained and reviewed (i) the audited consolidated financial statements of the Target Company for the two financial years ended 31 December 2022 and 31 December 2023 and the seven months ended 31 July 2024 prepared in accordance with IFRS and audited by Crowe (HK) CPA Limited; and (ii) valuation report of the Target Company issued by the Independent Valuer contained in the Circular.

Valuation approaches

The Independent Valuer has adopted the summation method under the cost approach, which is suitable for a valuation subject when its value is primarily a factor of the value of the valuation subject’s holding assets and liabilities, to estimate the value of the equity interest of the Target Company as at 31 July 2024 (the “**Valuation Date**”). The summation method estimates the value of the equity interest of the Target Company based on the following four major components: (i) 51% equity interest in the Rudong LNG Company; (ii) 48% equity interest in the Maoming Bohe; (iii) the Unpaid Capital; and (iv) the other assets and liabilities of GCL Petroleum.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our view

We are of the view that, for an acquisition target with the acquisition purpose of enhancing future profitability of the Group, it is fair and reasonable to assess the Target Company's substantive assets, liabilities (if any) and profitability potential of such acquisition target before making judgment to adopt the most appropriate valuation approach. Hence, our emphasis of the Valuation will base on the substantive elements of the companies under valuation.

It is noted from the "Letter from the Board" that the major assets of the Target Company comprises its 48% equity interest in GCL Petroleum, which is investing in the LNG Receiving Terminal Projects. We have obtained and reviewed the shareholding structure of the Target Company and the Valuation Report, which unanimously presented the discussion between the management of the Target Company and the Independent Valuer that other than GCL Petroleum's holding of 51% equity interest in the Rudong LNG Company and 48% equity interest in Maoming Bohe as at the Valuation Date, the Target Company, which holds 48% equity interest in GCL Petroleum, did not have other operation.

As the substantive operation and substantive assets of the Target Company were under GCL Petroleum, which holds 51% equity interest of Rudong LNG Company and 48% equity interest of Maoming Bohe, a non-subsiary of GCL Petroleum, it is fair and reasonable to conduct the valuation separately and use the summation method to aggregate the valuation of the 51% equity interest of Rudong LNG Company and 48% of Maoming Bohe as at the Valuation Date, and at the meantime, taking into account the existing material assets, liabilities and the aforementioned Unpaid Capital which were committed by the Seller and Shanghai Qixun to insert into GCL Petroleum. Upon the Completion, the Purchaser will inherit the obligation of the Seller to pay up the unpaid registered capital of RMB246.5 million by 30 June 2029.

If Valuation adopts the income approach or market approach directly, it is less likely to generate a fair and reasonable valuation result of the 48% equity interest of Maoming Bohe as at the Valuation Date whose LNG Receiving Terminal Project is still in research phrase. Applying such approach is one sided indeed and deviates from the purpose of the Valuation.

In light of above, we are of the view that such summation approach is fair and reasonable given it estimates the value of the equity interest of the Target Company by focusing on the substance of its valuable interests and/or net assets after considering the existing circumstances of such material interests.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) 51% Equity Interest in the Rudong LNG Company

Approach and the Multiple as adopted by the Independent Valuer

The Independent Valuer is of the view that the market approach is the most appropriate valuation approach for the valuation of the equity value of the Rudong LNG Company, given the construction progress of the LNG terminal of the Rudong LNG Company reaches around 90% completion and the approvals from the government have been granted, these materially reduced risks will likely increase the value of the Rudong LNG Company's project. It is important to note that this increase in value cannot be fully captured by the cost approach alone.

Since the LNG Terminal held by the Rudong LNG Company is under the construction phase and has not generated any revenue in the past 12 months, the multiples involving income statement items such as P/E Multiple, P/S Multiple, EV/EBIT Multiple, EV/EBITDA Multiple, and EV/Sales Multiple are not applicable for valuation of the Rudong LNG Company. As an LNG terminal project requires intensive capital expenditures, the value of a company in this industry is highly dependent on its net book value. Hence, the P/B multiple which is mainly driven by the book value of subject company in the valuation is considered to be the most appropriate multiple.

Our view

We are of the view that the rationale that the Independent Valuer to adopt the market approach and the P/B Multiple is straight forward, rational, and reasonable given the P/E Multiple, P/S Multiple, EV/EBIT Multiple, EV/EBITDA Multiple, and EV/Sales Multiple will only be considered if such valuation target has generated revenue in a reasonable long duration for comparable valuation analysis with other comparable companies (if any). Since the Rudong LNG Receiving Terminal has not completed its construction progress, it did not record any revenue as of the Latest Practicable Date, which points out that the aforementioned multiples whose denominator relating to the input from revenue element are not applicable.

For the P/B Multiple, it is generally accepted as a valuation approach for asset-intensive companies' valuation, and, further, captures the substantive and operative importance of the net book value to a LNG terminal project company, which is fair and eligible to be adopted in the valuation of Rudong LNG Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Selection Criteria by the Independent Valuer

According to the Valuation Report, the guideline public company method is not adopted as there are not enough publicly listed companies of similar businesses (i.e. only holding LNG ports in the PRC that are under construction) that could provide a reasonable valuation benchmark. The guideline transaction method requires the research of comparable transactions with similar nature as the Rudong LNG Company. As there are enough recent market transactions that could provide a reasonable valuation benchmark, the market value of equity interest in the Rudong LNG Company was developed through the guideline transaction method in the valuation exercise.

Selection criteria for market comparable transactions include:

- the subject companies of the comparable transactions mainly engage in the construction and management of an LNG receiving terminal in the PRC (i.e. within the same industry as the Rudong LNG Company);
- the availability of sufficient operational and financial data, including the price-to-book (“P/B”) multiple, on the subject companies as at the Valuation Date; and
- the comparable transactions were announced within 3 years before the Valuation Date

The Independent Valuer has identified an exhaustive list of comparable transactions of respective acquirers and target companies that satisfy the above-mentioned selection criteria.

Our view

We have reviewed the selection criteria by the Independent Valuer and considered that such criteria are well-grounded by considering the (i) comparable nature of the substantial assets of the company to be evaluated; (ii) the availability of the data and the eligibility of valuation multiple with the fairness and reasonableness of adopting P/B Multiple as analysed above; and also (iii) the reasonable reference to duration for market practice.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted that according to the selection criteria by the Independent Valuer on the comparable transaction, there are two comparable transactions (“**Comparable Transactions**”) as identified after locating the transactions in both HKEXnews and Shanghai Stock Exchange. We have discussed with the Management and noted that the LNG receiving terminal industry set high entry barriers which just a few companies which possess qualified technology and sufficient capacity would be able to enter into the LNG receiving terminal industry. We have conducted independent research and located one research report and another research paper regarding the prospects of LNG receiving terminal companies. Per the research report named China LNG Receiving Terminal Industry Market Monitoring and Development Prospect Research Report, 2025-2031 (2025-2031年中國LNG接收站行業市場行情監測及發展前景研究報告) as released by 北京智研科信諮詢有限公司 dated 10 January 2025, the number of LNG receiving terminals completed its construction and put into operation in China reached 33. Also, pursuant to another research paper named Analysis of the Development Trend of Domestic LNG Receiving Terminal (國內LNG接收站發展趨勢分析) as posted on the Chongqing Petroleum and Gas Exchange (重慶石油天然氣交易中心) dated 27 September 2024, there were 15 LNG receiving terminals under construction in China.

With these two figures, we are of the view that there is more likely a lean number of subject comparables which are both listed companies and principally engaged in the construction and management of LNG receiving terminal in the PRC. Hence, we considered that the two (2) Comparable Transactions as identified after conducting researching in both HKEXnews and Shanghai Stock Exchange are sufficiently representative.

Valuation of the Rudong LNG Company by the Independent Valuer

Stage 1: Valuation of Business Value of Rudong LNG Company before considering the committed capital injection from Strategic Investor 2

The Independent Valuer has identified an exhaustive list of comparable transactions of respective acquirers and target companies that satisfy the above-mentioned selection criteria. We have reviewed the working papers of the Independent Valuer, and noted that the Independent Valuer has applied (i) the market condition adjustment of 81% (i.e. a discount of 19%) to reflect the different market conditions and the changes in the general industry risks between the Valuation Date and the respective transaction dates of Comparable Transactions; and (ii) a discount for lack of control (“**DLOC**”) of 23.6% for Comparable Transaction 1 to arrive at the average of the adjusted P/B ratio of the Comparable Transactions of 1.87 times, which was adopted in the preliminary valuation of Rudong LNG Company as multiple of the expected net asset value of the Rudong LNG Company as at 31 July 2024, before taking into account of the committed capital injection from Strategic Investor 2.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our assessment

It is noted that the dates of Comparable Transactions were different from the Valuation Date and the market conditions between those transaction dates and the Valuation Date are different. Moreover, the transferred equity interests in one of the Comparable Transactions was over 50% such that the acquirer was obtaining the control in the target. On the other hand, according to the management of Target Company, the GCL Petroleum has no control over the Rudong Company with its 51% holding equity interests. Hence the adjustments for the market conditions and the minority discounts are adopted by the Independent Valuer. We have discussed the application of the market condition adjustment and the DLOC with the Independent Valuer and noted that the market condition adjustment and the DLOC are commonly adopted in valuation exercise on adjusting different market conditions, and the pro rata value of a minority interest is less than the pro rata value of a controlling interest in a business enterprise reflecting the lack of control.

In respect of our independent works on the market condition adjustment and the DLOC, we have obtained and reviewed the sources of the market condition adjustment and the DLOC adopted by the Independent Valuer.

For the market condition adjustment, we noted that an exhaustive list of seven (7) component companies (“**Comparable Companies**”) representative of the industry of LNG sales and provision was identified from Capital IQ, which is not similar enough to construct a benchmark in the application of the guideline company method, but sufficiently representative to develop market condition adjustments to reflect the different market sentiments of the companies in LNG industry as a whole.

The Independent Valuer excluded the outliers of the P/B ratios (falling outside the range of one standard deviation) of such Comparable Companies and arrived the average P/B ratios of the Comparable Companies as at the Valuation Date, the date of the Comparable Transaction 1 (i.e. 19 April 2022) and the date of the Comparable Transaction 2 (i.e. 20 February 2023) respectively, and then compared the average P/B ratios of the Comparable Companies as at the Valuation Date with the ones as at 19 April 2022 and 20 February 2023, respectively. We noted that the market condition adjustment of 81% was derived from the percentage of average P/B Multiple of the as at the Valuation Date (i.e. 1.47) over the ones of date of 19 April 2022 (i.e. 1.81) and 20 February 2023 (i.e. 1.81). We considered such market adjustment method is fair and reasonable, given the market conditions are volatile in different economic and social circumstances during the period commencing from the date of the Comparable Transaction 1 (i.e. 19 April 2022) to the Valuation Date; and it was noted from the Independent Valuer that such adjustment method is common accepted in valuation field.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The DLOC of 23.6% were referred to Control Premium Study (1st Quarter 2024) published by FactSet Mergerstat (“**Control Premium Study**”). Upon our review of the Control Premium Study, we noted that Control Premium Study had identified 472 deals for the past 12 months, and the median of equity control premium was 23.6%.

In consideration of (i) the rationale and calculation approach of the market condition adjustment; (ii) the large number of transactions with the median of equity control premium as 23.6% referred to in Control Premium Study; and (iii) the discussion with the Independent Valuer on the applications of the DLOC as stated above, we concur with the Independent Valuer that the bases adopted for the market condition adjustment of 81% and the DLOC of 23.6% are fair and reasonable.

Stage 2: Valuation of Business Value of Rudong LNG Company after adding the committed capital injection from Strategic Investor 2

We also noted that the Independent Valuer also considered the Capital Receivables from Strategic Investor 2 in the valuation by adding such element to arrive the present value of the Rudong LNG Company. We considered such element is added in necessity, given Strategic Investor 2 had committed to contribute such capital within one year, which is foreseeable.

(ii) 48% Equity Interest in the Maoming Bohe

For valuation of the equity interest in the Maoming Bohe, which is principally engaged in the development of an LNG terminal, its Maoming LNG Receiving Terminal Project is still in research phase and the government has yet to grant the relevant approvals, the valuation of the Maoming Bohe is mainly based on the book value. As the Maoming LNG Company’s substantive assets is the Maoming LNG Receiving Terminal Project, which (a) is in research phase and not yet to put into construction and (b) has not obtained the government approval, substantively different from the Rudong LNG Company’s LNG Receiving Terminal Project (a) whose construction progress is in 90% completion and (b) has been granted the government approval, we are of the view that it is meaningless to apply the same valuation approach on Rudong LNG Company to Maoming Bohe. As the LNG receiving terminal industry is of high entry barrier and its technology and capacity is of key significance, we are of the value that adopting the net asset book value of Maoming Bohe as at the Valuation Date as its valuation amount is fair and reasonable,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) Unpaid Capital

According to the articles of association of GCL Petroleum, the latest date for the shareholders of GCL Petroleum to contribute the Unpaid Capital is on 30 June 2029.

The Unpaid Capital is assumed to be received by GCL Petroleum on 30 June 2029 which is less than 4.91 years from the Valuation Date. Based on the RMB benchmark loan rate over 5-year published by the People's Bank of China as at the Valuation Date, a discount rate of 3.85% was adopted. The present value of the Unpaid Capital was calculated based on the 3.85% discount rate and a 4.91-year term.

The Director considers that the utilisation of present value on the Unpaid Capital, with basis of (i) the benchmark loan rate published by the People's Bank of China and (ii) the term of 4.91 years according to the articles of association of GCL Petroleum, is fair and reasonable for the valuation of the Unpaid Capital and the equity interest in the Target Group as a whole.

We have conducted research online and noted that 5-year lending prime rate of 3.85% as issued by the National Interbank Funding Centre came into effect since 22 July 2024 and was lowered down to 3.60% on 21 October 2024. As the Valuation Date is 31 July 2024, it is reasonable that the Independent Valuer adopted the 5-year effective lending prime rate of 3.85% to arrive the present value of the future capital receivables of the GCL Petroleum.

We also noted that upon the Completion, the Company, will perform the contribution obligation on behalf of the Seller, which demonstrated certainty of the commitment of approximately RMB246.5 million of the Unpaid Capital of RMB294 million. Also, the Unpaid Capital's obligation is included in the articles of association of the GCL Petroleum, so if such obligation is not performed, GCL Petroleum has its sufficient interest as standing to commence legal proceedings. Hence, we are of the view that for the foreseeable contribution of Unpaid Capital, it is fair and reasonable to be taken into account as one component to arrive the valuation of GCL Petroleum. The valuation method of discounted cash flow method to calculate the present value of future cashflow is also fair and reasonable.

(iv) Other Assets and Liabilities

The other assets and liabilities of GCL Petroleum are valued as the same as their respective book values. We have reviewed the Valuation Report and noted that the other assets comprise GCL Petroleum's cash, short-term other receivables, long-term other receivables, other non-current assets, fixed asset; the liabilities of GCL Petroleum comprise other payables and long-term borrowings. We have discussed with the Management and noted that there is no material expected credit loss of GCL Petroleum or any expected write-offs of assets since the Valuation Date until the Latest Practicable Date. Hence, we are of the view that the net assets to be valued as the same as their book value is fair and reasonable. Given these assets and liabilities are for ordinary business purpose and majority of them are of cash nature, we are of the view that neither of the income approach or market approach is applicable here.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our view

Regarding the valuation of the components of (2), (3) and (4) above, we considered (i) it is reasonable to refer to the book value of Maoming Bohe as (a) it is in research phase and it has not obtained any government approval to develop its LNG receiving terminal yet; and (b) the LNG receiving terminal industry is of high entry barriers so the technology and the capacity of the participants matter, which can be demonstrated from the net asset book value of Maoming Bohe; (ii) it is fair to consider the present value of the Unpaid Capital given it is a foreseeable and legal obligation for the shareholders of GCL Petroleum to fulfill by 30 June 2029, which is fair and reasonable to be valued by discounted cash flow method using the stipulated period according to the articles of association of GCL Petroleum and the prevailing 5-year lending prime rate as at the Valuation Date; and (iii) it is fair to consider the other assets and liabilities of GCL Petroleum and valued them the same as the respective book values given there is no material expected credit loss or any write-offs as of Latest Practicable Date.

In light of above, we considered the valuation of the Target Company is fair and reasonable to be used for one of the basis to determine the consideration of the Acquisition.

Our view on Fairness and Reasonableness of the issue of the Consideration Shares

In order to further assess the fairness and reasonableness of settlement of the Acquisition, we have also considered the following factors:

The Issue Price

The Consideration shall be satisfied by the Purchaser (i) as to RMB200 million (approximately HK\$212.40 million) by way of cash, (ii) as to RMB65 million (approximately HK\$69.03 million) by way of allotment and issue of Consideration Shares, being 153,400,000 Shares; and (iii) as to HK\$63.72 million (approximately RMB60 million) by way of issuance of Convertible Bonds. Both the issue price of the Consideration Shares and the initial Conversion Price for the conversion of the Convertible Bonds are HK\$0.45 per Consideration Share/Conversion Share.

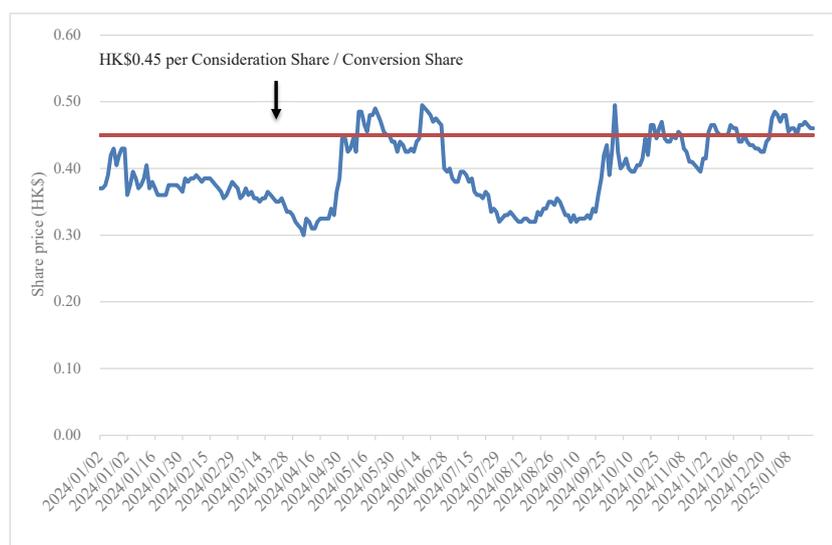
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is our analysis on the Issue Price:

(i) Historical Share prices

Set out below are the movements of the closing prices of the Shares during the period from 1 January 2024 up to and including the Latest Practicable Date (the “**Review Period**”). The Review Period which covers 2024 up to the Latest Practicable Date, is in our view sufficient to provide a fair overview of the recent market performance of the Shares. The Share price performance during the Review Period is illustrated as follows:

Share price performance compared to issue price/conversion price



During the Review Period, the closing prices of the Shares were between a low of HK\$0.300 per Share on 22 April 2024 and a high of HK\$0.495 per Share on 25 June 2024 and 7 October 2024, with an average closing price of approximately HK\$0.300 per Share.

Since 15 January 2024, the closing price of the Share decreased steadily to a low of HK\$0.300 per Share on 22 April 2024. Between 10 May 2024 and 22 May 2024, there was a surge in the closing price of the Shares from HK\$0.385 per Share on 10 May 2024 to HK\$0.485 per Share on 22 May 2024. Apart from the completion of placing of 233,487,154 new Shares under general mandate (the placing agreement of which was announced on 22 April 2024) on 10 May 2024, based on our discussion with the management of the Company, we are not aware of any specific factors that would reasonably contribute to such surge in the closing price of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The closing price of the Share decreased from HK\$0.490 on 26 June 2024 to a low of HK\$0.320 per Share on 5 August 2024, and hovered between HK\$0.320 and HK\$0.350 until late September 2024, where the closing price of the Share began climbing to and remained steady at the level of HK\$0.45. Based on our discussion with the management of the Company and the public disclosures of the Company during the said period, we are not aware of any specific factors that would reasonably contribute to such surge in the closing price of the Shares.

We note that the issue price of the Consideration Share/the Conversion Price for the Conversion Shares of HK\$0.45 is close to the prevailing close price of the Share since September 2024, we concur with the Directors' view that the Consideration Share/the Conversion Price for the Conversion Shares of HK\$0.45 is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

(ii) Comparison with recent issues of consideration shares

To assess the fairness and reasonableness of the Issue Price, we have identified share issues involving companies listed on the Main Board of the Stock Exchange which announced issues of consideration shares for acquisition purposes (excluding (i) issues of A shares or domestic shares; (ii) issues involving reverse takeover, share exchange privatisations or share buy-back offers; and (iii) acquisition/issues that have been terminated) during the period from 1 July 2024 to the date of the Sale and Purchase Agreement (the “**Consideration Share Comparable**”). The review period, which covers over the second half 2024 is in our view sufficient to offer insight to the recent market practice on issue of consideration shares under prevailing market condition.

Date of announcement	Name of company (Stock code)	Issue price (HK\$)	Premium/ (Discount) of the issue price over/to the closing price on the respective last trading day %	Premium/ (Discount) of the issue price over the average closing price for the respective last five trading days %
5 July 2024	China Health Group Limited (673)	0.80	(14.89)	(15.95)
24 July 2024	Ruicheng (China) Media Group Limited (1640)	0.60	(17.81)	(19.79)
26 July 2024	ESR Group Limited (1821)	11.66	0.00	(2.02)
26 July 2024	China Qidian Guofeng Holdings Limited (1280)	0.40	(19.19)	(19.84)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Name of company (Stock code)	Issue price (HK\$)	Premium/ (Discount) of the issue price over/to the closing price on the respective last trading day	Premium/ (Discount) of the issue price over the average closing price for the respective last five trading days
			%	%
31 July 2024	Capital Realm Financial Holdings Group Limited (204)	0.47	(9.62)	(0.21)
9 August 2024	Wanguo Gold Group Limited (3939)	8.12	7.98	12.56
12 August 2024	Ocumension Therapeutics (1477)	9.20	25.51	26.10
12 August 2024	Yoho Group Holdings Limited (2347)	1.00	66.67	62.87
16 August 2024	Sinohope Technology Holdings Limited (1611)	2.18	14.14	14.14
23 August 2024	SY Holdings Group Limited (6069)	5.20	(5.97)	(3.74)
23 August 2024	GoFintech Innovation Limited (290)	0.89	0.00	(1.98)
11 September 2024	Auto Italia Holdings Limited (720)	0.13	(10.34)	(8.96)
11 September 2024	CMGE Technology Group Limited (302)	1.68	140.00	139.32
20 September 2024	Kindstar Globalgene Technology, Inc. (9960)	1.42	16.39	27.47
24 September 2024	Kingkey Financial International (Holdings) Limited (1468)	0.423	(7.03)	(6.00)
27 September 2024	China Vered Financial Holding Corporation Limited (245)	0.052	2.00	0.00
15 October 2024	YSB Inc. (9885)	12.00	63.04	58.82
2 December 2024	Asia Allied Infrastructure Holdings Limited (711)	0.50	11.11	11.36
9 December 2024	OSL Group Limited (863)	8.156	(0.29)	0.00
31 December 2024	GoFintech Innovation Limited (290)	0.79	0.00	1.54
31 December 2024	China Greenland Broad Greenstate Group Company Limited (1253)	0.1	233.33	278.79
		Maximum	233.33	278.79
		Minimum	(19.19)	(19.84)
		Average	23.57	26.69
		Median	0.00	0.00
(Excluding outliers)		Maximum	25.51	27.47
		Minimum	(19.19)	(19.84)
		Average	(0.47)	1.22
		Median	0.00	0.00
	The Consideration Shares	HK\$0.45	(2.17)	(4.86)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the table above, we note that the issue price to (i) the closing price on the last trading day prior to the announcements in relation to the respective Consideration Share Comparables ranged from a discount of approximately 19.19% to a premium of approximately 233.33%, with an average and median premium of approximately 23.57% and 0.00% respectively; (ii) the average closing price of the last five trading days prior to the announcements in relation to the respective Consideration Share Comparables ranged from a discount of approximately 19.84% to a premium of approximately 278.79%, with an average and median premium of approximately 26.69% and 0.00% respectively.

We noted that the range of the Consideration Share Comparables from a discount of approximately 19.19% to a premium of approximately 233.33% is large, and shall we remove Comparables of over one standard deviation (a premium of 60.54%) which we consider outliers, the issue price to (i) the closing price on the last trading day prior to the announcements in relation to the respective Consideration Share Comparables ranged from a discount of approximately 19.19% to a premium of approximately 25.51%, with an average and median discount of approximately 0.47% and 0.00% respectively; (ii) the average closing price of the last five trading days prior to the announcements in relation to the respective Consideration Share Comparables ranged from a discount of approximately 19.84% to a premium of approximately 27.47%, with an average and median premium of approximately 1.22% and 0.00%, respectively.

The issue price of HK\$0.45 per Consideration Share is at (i) a discount of approximately 2.17% to the closing price per Share on the date of the Sale and Purchase Agreement; and (ii) a discount of approximately 4.86% to the average closing price per Share for the last five trading days up to and including the date of Sale and Purchase Agreement.

Having considered that the issue price of HK\$0.45 per Consideration Share falls within the range of the daily highest and lowest closing price of the Shares and representing a premium of approximately 50.00% over the average daily closing price of the Shares during the Review Period, we consider that the issue price of the Consideration Share that is approximate to the closing price on the date of the Sale and Purchase Agreement and the average closing price for the five (5) consecutive trading days of the Shares immediately prior to the date of the Sale and Purchase Agreement, is considered favourable to the Company and in the interests of the Company and the Shareholders as a whole. Furthermore, as the respective discount represented by the issue price of the Consideration Share over the closing price of the Shares on the Last Trading Date and over the average closing price per Share for the last five trading days prior to the Last Trading Date both fall within the ranges of the premium/discount represented by the issue prices of consideration shares of the Consideration Share Comparables, and are close to the averages and medians

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the Consideration Share Comparables (excluding outliers), we consider that the Consideration Share Comparables serve as fair market reference on issue price of consideration shares and that the issue price of the Consideration Share is in line with the general practice of the market. As a whole, we consider that the issue price of the Consideration Share is fair and reasonable so far as the Independent Shareholders are concerned.

(iii) Comparison with recent issues of convertible bonds

To assess the fairness and reasonableness of the Conversion Price (which equals to the issue price of the Consideration Shares), we have identified issue of convertible bonds involving companies listed on the Main Board of the Stock Exchange which announced issues of convertible bonds for acquisition purposes (excluding (i) issues of A shares or domestic shares; (ii) issues involving reverse takeover, share exchange privatisations or share buy-back offers; and (iii) acquisition/issues that have been terminated) during the period from 1 July 2024 to the date of Sale and Purchase Agreement (the “**Convertible Bonds Comparable**”). The review period, which covers over second half 2024 is in our view sufficient to offer insight to the recent market practice on issue of consideration shares under prevailing market condition. Based on the selection criteria, we have only identified Comparable and therefore, we have relaxed the selection criteria to include companies listed on the GEM Board of the Stock Exchange.

Date of announcement	Name of company (Stock code)	Conversion price (HK\$)	Premium/ (Discount) of the conversion price over/to the closing price on the respective last trading day %	Premium/ (Discount) of the conversion price over the average closing price for the respective last five trading days %
29 July 2024	Sino-Life Group Limited (8296)	0.10	66.67	67.79
26 November 2024	Smart Globe Holdings Limited (1481)	1.20	100.00	111.27
8 December 2024	Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (8115)	1.1	(19.8)	(22.0)
		Maximum	100.00	111.27
		Minimum	(19.8)	(22.0)
		Average	48.96	52.35
		Median	66.67	67.79
	The Consideration Shares	HK\$0.45	(2.17)	(4.86)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the table above, we note that the conversion price to (i) the closing price on the last trading day prior to the announcements in relation to the respective Convertible Bonds Comparables ranged from a discount of approximately 19.8% to a premium of approximately 100.0%, with an average and median premium of approximately 48.96% and 66.77% respectively; (ii) the average closing price of the last five trading days prior to the announcements in relation to the respective Convertible Bonds Comparables ranged from a discount of approximately 22.0% to a premium of approximately 111.27%, with an average and median premium of approximately 52.35% and 67.79% respectively.

We noted that the range of the Consideration Share Comparables from a discount of approximately 19.8% to a premium of approximately 100.0% is large, and shall we remove Comparables of over one standard deviation (a premium of 61.83%) which we consider outliers, we are left with the sample of Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (stock code: 8115), with the conversion price representing a discount of approximately 19.8% and approximately 22.0% to the closing price on the last trading day prior to the relevant announcement and the average closing price of the last five trading days prior to the relevant announcement, respectively, which are both at deeper discounts as compared to those of the Conversion Price.

Having considered that (i) the Conversion Price of HK\$0.45 per Conversion Share (which equals to the issue price of the Consideration Shares) falls within the range of the daily highest and lowest closing price of the Shares and representing a premium of approximately 50.00% over the average daily closing price of the Shares during the Review Period; (ii) the respective discount represented by the issue price of the Consideration Share and Conversion Price over the closing price of the Shares on the Last Trading Date and over the average closing price per Share for the last five trading days prior to the Last Trading Date are close to/no less favourable to (as the case may be) the averages and medians of the Consideration Share Comparables and Convertible Bonds Comparables (excluding outliers) we consider that the Conversion Price that is approximate to the closing price on the date of the Sale and Purchase Agreement and the average closing price for the five (5) consecutive trading days of the Shares immediately prior to the date of the Sale and Purchase Agreement, is considered favourable to the Company and in the interests of the Company and the Shareholders as a whole, and is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Reasons for and Benefits of The Loan Agreements

According to the “Letter from the Board”, Jiangsu Xiexin and Taicang Harbour are both subsidiaries controlled by Golden Concord Group. The provisions of the Loan Agreement 1 and the Loan Agreement 2 to Jiangsu Xiexin and Taicang Harbour respectively are funded by GCL Petroleum’s idle capital, and the terms of the Loan Agreement 1 and the Loan Agreement 2 were arrived at by GCL Petroleum after arm’s length negotiations and are on normal commercial terms. The interest rates of 3.85% per annum which is applicable to the Loans from 1 August 2024 is higher than the one-year loan prime rate of 3.35% released by the People’s Bank of China in September 2024 and the RMB deposit rates offered by the banks to the Group, thereby enabling GCL Petroleum to receive stable interest income utilising its idle capital.

In addition, under the terms of the Loan Agreement 1 and the Loan Agreement 2, GCL Petroleum has the right to demand Jiangsu Xiexin and Taicang Harbour for early repayment of the outstanding amount of the Loans by serving a 30-day notice to Jiangsu Xiexin or Taicang Harbour. This offers a flexible mechanism to GCL Petroleum or the Group to optimize the use of its capital. Having considered the interest income to be received by GCL Petroleum on the idle capital and the flexible mechanism to optimize the use of its capital, the Directors (other than the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Adviser) considered that the terms of the Loan Agreements are fair and reasonable and is in the interest of the Company and its shareholders as a whole.

Our view and assessment

According to the website of the People’s Bank of China, as at the Latest Practicable Date, the one-year loan prime rate was 3.1% and the five-year loan prime rate was 3.6%.

Interest rate

We noted that as at the Latest Practicable Date, the remaining duration of Loan Agreement 1 and the Loan Agreement 2 were both less than three years. Although the remaining duration of both Loan Agreement 1 and Loan were less than three years which were also less than five years, the interest payment from both Jiangsu Xiexin and Taicang Harbour were in a higher interest rate than the five-year loan prime rate of 3.6% available on the mainland market, it is concluded that such interest rate of 3.85% as stipulated under the Loan Agreement 1 and Loan Agreement 2 were favourable to the Company and its Shareholders as a whole. GCL Petroleum will be benefited from receiving interest income generated from the outstanding amounts under the Loan Agreement 1 and Loan Agreement 2 by utilising its idle capital.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Credit assessment

With respect to Jiangsu Xiexin, as disclosed in the Letter from the Board, Jiangsu Xiexin is principally engaged in the investment in electric power project, provision of operational and consulting services for electric power projects and technical consulting services. It has a registered capital of RMB3 billion of which RMB2 billion has been paid. As at 31 July 2024, its total assets and net assets amounted to approximately RMB3 billion and approximately RMB1.7 billion, respectively. As the principal amount of Loan 1 of RMB111.0 million accounted for only approximately 3.7% and approximately 6.5% of the total assets and net assets of Jiangsu Xiexin as at 31 July 2024, respectively, we consider that there is adequate financial stability with respect to the repayment of Loan 1 considering the healthy net assets ratio of over 50% and the considerable amount of net assets of Jiangsu Xiexin relative to the principal amount of Loan 1.

With respect to Taicang Harbour, as disclosed in the Letter from the Board, Taicang Harbour is principally engaged in the generation of clean coal combustion thermal power, production and sales of electric power, heat and ancillary products and provision of the corresponding technical services. As at 31 July 2024, Taicang Harbour reported consolidated total assets and net assets of RMB16.2 billion and RMB4.2 billion, respectively. As the principal amount of Loan 2 of RMB70.0 million accounted for only approximately 0.4% and approximately 1.7% of the total assets and net assets of Taicang Harbour as at 31 July 2024, respectively, we consider that there is adequate financial stability with respect to the repayment of Loan 2 considering the healthy net assets ratio of over 50% and the considerable amount of net assets of Taicang Harbour relative to the principal amount of Loan 2.

As further disclosed in the Letter from the Board, according to the Loan Agreement, Jiangsu Xiexin was held by Golden Concord Group Limited (PRC), a company that was ranked the 40th in the 2023 Top 500 Private Enterprises and was recently rated as AAA in credit rating by Dagong Global Credit Rating Company (大公國際資信評估有限公司), as to 60%, as at the Latest Practicable Date. On the other hand, 72% and 19% of Taicang Harbour's equity interests were held by GCL-Poly (Taicang Harbour) and Zhongneng Electric, respectively, which were ultimately controlled by Asia Pacific Energy Fund (the ultimate beneficial owner of Golden Concord Group Limited (PRC)) as at the Latest Practicable Date. While Jiangsu Xiexin and Taicang Harbour are both private companies, we consider that high credit rating of the parent company, namely Golden Concord Group Limited (PRC), would indirectly add to the creditability of both Jiangsu Xiexin and Taicang Harbour.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on (i) the healthy net assets ratio of Jiangsu Xiexin of over 50% and the considerable amount of net assets of Jiangsu Xiexin relative to the principal amount of Loan 1; (ii) the healthy net assets ratio of Taicang Harbour of over 50% and the considerable amount of net assets of Taicang Harbour relative to the principal amount of Loan 2; and (iii) the strong association of Jiangsu Xiexin and Taicang Harbour with the parent company, namely Golden Concord Group Limited (PRC), which has high credit rating, we are satisfied with the borrowers' financial stability and accordingly, their repayment ability with respect to Loan 1 / Loan 2, and was not aware of any material changes in the current social and economic circumstances will overrule such result of credit assessment.

Right of repayable on demand

We have reviewed the material terms of the Loan Agreement 1 and Loan Agreement 2 and it was noted that both loan agreements have stipulated the GCL Petroleum's right of repayable on demand.

Given that (i) the satisfactory repayment capability of the borrowers as analysed above, namely the healthy net assets ratio, robust amount of net assets relative to the principal amount of Loan 1/Loan 2, and the strong association with the parent company, namely Golden Concord Group Limited (PRC), which has high credit rating; (ii) the interest rate of the Loan Agreement 1 and Loan Agreement 2 were favourable to the Group; and (iii) the right of repayable on demand legally binds the borrowers as the protection to the Group in the event of capital demand, we concur with the Directors' view that the recoverability of Loan 1 and Loan 2 and the accrued interest are at reasonable level and that the entering into of the Loan Agreement 1 and Loan Agreement 2 and the transactions contemplated thereunder can generate considerable returns to the GCL Petroleum by utilising the idle capital. Hence, the terms of the Loan Agreements are fair and reasonable and is in the interest of the Company and its shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that (i) the terms of the Sale and Purchase Agreement and the Loan Agreements and the transactions as contemplated thereunder are fair and reasonable; (ii) the Sale and Purchase Agreement and the Loan Agreements and the transactions as contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) the Sale and Purchase Agreement and the Loan Agreements and the transactions as contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the ordinary resolution to approve the Sale and Purchase Agreement and the Loan Agreements and the transactions as contemplated thereunder at the SGM.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Wallace Cheung
Managing Director

Mr. Wallace Cheung is a licensed person registered with the Securities and Futures Commission of Hong Kong and regarded as a responsible officer of MESSIS Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 13 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 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 2021 published on 26 April 2022 (pages 70-213);
- the annual report of the Company for the year ended 31 December 2022 published on 28 April 2023 (pages 68-217);
- the annual report of the Company for the year ended 31 December 2023 published on 22 April 2024 (pages 71-217); and
- the interim report of the Company for the six months ended 30 June 2024 published on 19 September 2024 (pages 29-72).

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES OF THE ENLARGED GROUP

At the close of business on 30 November 2024, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had the following outstanding borrowings:

	The Enlarged Group		
	Secured <i>RMB'000</i>	Unsecured <i>RMB'000</i>	Total <i>RMB'000</i>
Carrying amount of bank and other borrowings	570,105	337,984	908,089
Lease liabilities	—	122,697	122,697
	<u>570,105</u>	<u>460,681</u>	<u>1,030,786</u>

The Enlarged Group's secured bank and other borrowings were secured, individually or in combination, by (i) certain property, plant and equipment of the Enlarged Group; (ii) certain pledged bank and other deposits of the Enlarged Group; (iii) certain right-of-use assets of the Enlarged Group; and (iv) equity interests in certain subsidiaries of the Enlarged Group.

As at 30 November 2024, certain bank and other borrowings of the Enlarged Group amounting to approximately RMB570 million, are guaranteed individually or in combination by (i) fellow subsidiaries; and (ii) entities within the Enlarged Group. The remaining indebtedness amounting to approximately RMB340 million are not guaranteed.

As at 30 November 2024, the Enlarged Group provided back-to-back guarantees of approximately RMB1,726 million to third parties (i.e. guarantors) for bank and other borrowings taken out by certain associates for project companies whereby the third parties held a substantial interest and the Enlarged Group held a minority interest. In addition, the Enlarged Group also provided a total guarantee of approximately RMB550 million, RMB1,224 million and RMB108 million to banks and financial institutions in respect of banking facilities and financing arrangements to the fellow subsidiary, joint venture and disposed subsidiary during transitional period respectively. The third parties, fellow subsidiary, joint venture and disposed subsidiary during transitional period had utilised approximately RMB961 million, RMB550 million, RMB451 million and RMB43 million in total of such facilities as at 30 November 2024 respectively.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 November 2024, the Enlarged Group did not have any debt securities authorized 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 Enlarged Group since 30 November 2024.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration and based on the information currently available to the Directors, after taking into account the effects of the Acquisition, the Group's business prospects and the financial resources available to the Group, including internally generated funds from operations, the existing cash and bank balances, the available banking and other facilities of the Group, are of the opinion that the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular in the absence of any unforeseen circumstances. The Company has obtained the relevant confirmations 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 2023, being the date to which the latest published audited financial results of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

For the six months ended 30 June 2024, the Group recorded a total revenue of approximately RMB496 million, whilst the total revenue for the year ended 31 December 2023 was approximately RMB832 million. Gross profit and gross profit margin of the Group for the six months ended 30 June 2024 were approximately RMB70 million and approximately 14.1% respectively, whilst the gross profit and gross profit margin of the Group for the year ended 31 December 2023 were approximately RMB381 million and approximately 45.8% respectively. Loss of the Group attributable to owners of the Company for the six months ended 30 June 2024 amounted to approximately RMB174 million as compared to the loss of the Group attributable to owners of the Company for the year ended 31 December 2023 of approximately RMB1,166 million.

As at 30 June 2024, the Group has in aggregate entered into various operation and maintenance service contracts with nearly 300 solar power plants across the country, with a total installed capacity of approximately 7.3GW and a leading market share. At the same time, on 2 July 2024, the Company announced the entering into of a three-year operation and maintenance service agreement with Nanjing Xinneng Intelligent Storage Technology Co., Ltd.* (南京鑫能智儲科技有限公司) and Zhongwei Xinhua Technology Co., Ltd.* (中衛鑫華科技有限公司), which has demonstrated the rapid development of the Group's solar operation and maintenance business. The Group had further signed and won the bid for additional O&M service contracts through to the end of 2024. As at 31 December 2024, the Company had entered into O&M service contracts which had a total installed capacity of approximately 12.5GW.

Since 2018, the Company has started to transform to an asset-light model. As at 30 June 2024 and as at 31 December 2023, the Group was operating only 3 solar power plant projects with a total grid-connected capacity of approximately 134 megawatts. As disclosed in the announcements of the Company dated 31 December 2024 and 8 January 2025, the Group has completed the disposal of subsidiaries (the “**Disposal**”) which owned eight solar photovoltaic facilities totaling approximately 83MW located in North Carolina in the United States, which has further reinforced the Group's transformation to an asset-light model. Following the completion of the Disposal, the Group continues to own solar photovoltaic facilities totaling approximately 50MW located in Oregon, the United States. Having considered various factors likely to affect the net cash proceeds to be realized from a sale, including, without limitation, the potential buyout fees payable under its existing finance leases and the current market conditions, as at the Latest Practicable Date, the Company does not have any intention or plan to dispose of its interest in the remaining solar photovoltaic facilities in Oregon, the United States in the near future. For the remaining solar photovoltaic generation assets which have not yet been disposed of, the Company intends to continue the ownership and operation of such assets and generate revenue from the sale of electricity from such assets in accordance with the terms of the relevant contracts and licenses currently in place.

In keeping with the Company's transformation and adoption of an asset-light model since 2018, the Company has re-aligned its focus to concentrate on actively seeking suitable business opportunities to grow and expand its business operations for O&M services and the Company intended to use the net proceeds from the Disposal mainly for, amongst others, upgrading the quality and efficiency of its O&M services and the capabilities of providing the consultancy services for other clean energy sector (by means of, among others, acquiring industry-leading proprietary management platform software and licenses and other intellectual properties rights over certain solar generation technologies and new recruitment of clean energy experts for the Company).

The Group is actively exploring the domestic and the international LNG markets. Meanwhile, the Group is going to promote the continued expansion of international LNG trade volume via its trading companies in the PRC and in overseas.

The following is the text of a report received from Crowe (HK) CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, for the purpose of inclusion in this circular.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF HARMONIC CENTURY GLOBAL LIMITED AND ITS SUBSIDIARIES TO THE DIRECTORS OF GCL NEW ENERGY HOLDINGS LIMITED

Introduction

We report on the historical financial information of Harmonic Century Global Limited (the “**Target Company**”) and its subsidiaries (together, the “**Target Group**”) set out on pages II-4 to II-71, which comprises the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2021, 2022 and 2023 and 31 July 2024, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity, and the consolidated statements of cash flows of the Target Group for each of the three years ended 31 December 2023 and the seven months ended 31 July 2024 (the “**Relevant Periods**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages II-4 to II-71 forms an integral part of this report, which has been prepared for inclusion in the circular of GCL New Energy Holdings Limited (the “**Company**”) dated 24 January 2025 (the “**Circular**”) in connection with the proposed acquisition of entire equity interest in the Target Company by the Company.

Directors' responsibility for the Historical Financial Information

The director of the Target Company is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3.1 to the Historical Financial Information, and for such internal control as the director of the Target Company determines is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director of the Target Company, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company as at 31 December 2021, 2022 and 2023 and 31 July 2024 and the consolidated financial position of the Target Group as at 31 December 2021, 2022 and 2023 and 31 July 2024 and of the consolidated financial performance and consolidated cash flows of the Target Group for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 3.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the seven months ended 31 July 2023 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The director of the Target Company is responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 3.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making

inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 3.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividend was declared or paid by the Target Company in respect of the Relevant Periods.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 24 January 2025

Chan Wai Dune, Charles
Practising Certificate Number P00712

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB'000**”) except when otherwise indicated.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	<i>Note</i>	Year ended 31 December			Seven months ended 31 July	
		2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
					<i>(unaudited)</i>	
Revenue	5	–	–	–	–	–
Other income	6	2	270	8,145	2,684	3,876
Other (losses)/gains, net	7	(1,425)	–	(563)	–	17,961
Administrative expenses		(5,905)	(3,879)	(7,213)	(2,930)	(3,925)
Share of loss of an associate		–	(922)	(516)	(433)	(29)
		<u>–</u>	<u>(922)</u>	<u>(516)</u>	<u>(433)</u>	<u>(29)</u>
(Loss)/profit from operations		(7,328)	(4,531)	(147)	(679)	17,883
Finance costs	8	(7)	(4,325)	(15,323)	(8,983)	(8,730)
		<u>(7)</u>	<u>(4,325)</u>	<u>(15,323)</u>	<u>(8,983)</u>	<u>(8,730)</u>
(Loss)/profit before income tax	9	(7,335)	(8,856)	(15,470)	(9,662)	9,153
Income tax expense	10	–	–	–	–	–
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
(Loss)/profit and total comprehensive (expense)/ income for the year/period		<u>(7,335)</u>	<u>(8,856)</u>	<u>(15,470)</u>	<u>(9,662)</u>	<u>9,153</u>
(Loss)/profit and total comprehensive (expense)/ income for the year/period attributable to:						
Owners of the Target Company		(3,521)	(4,251)	(7,426)	(4,638)	4,393
Non-controlling interests		(3,814)	(4,605)	(8,044)	(5,024)	4,760
		<u>(3,814)</u>	<u>(4,605)</u>	<u>(8,044)</u>	<u>(5,024)</u>	<u>4,760</u>
		<u>(7,335)</u>	<u>(8,856)</u>	<u>(15,470)</u>	<u>(9,662)</u>	<u>9,153</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	At 31 December			At 31 July
		2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	23	21	20	20
Interest in an associate	15	–	23,078	22,562	22,533
Interest in a joint venture	16	156,116	309,116	462,116	656,116
Other non-current assets	17	191	30	55	68
Loans to related parties	18	–	–	163,311	181,519
		<u>156,330</u>	<u>332,245</u>	<u>648,064</u>	<u>860,256</u>
CURRENT ASSETS					
Deposits, prepayments and other receivables	19	3,371	3,498	39	106
Amounts due from related parties	20	–	–	6,000	–
Bank and cash balances	21	653	348,271	196,585	3,161
		<u>4,024</u>	<u>351,769</u>	<u>202,624</u>	<u>3,267</u>
CURRENT LIABILITIES					
Other payables, accruals and deposit received	22	1,272	1,717	830	4,512
Amounts due to related parties	20	102,000	134,831	–	–
		<u>103,272</u>	<u>136,548</u>	<u>830</u>	<u>4,512</u>
NET CURRENT (LIABILITIES)/ ASSETS		<u>(99,248)</u>	<u>215,221</u>	<u>201,794</u>	<u>(1,245)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>57,082</u>	<u>547,466</u>	<u>849,858</u>	<u>859,011</u>
NON-CURRENT LIABILITIES					
Borrowing	23	–	500,000	500,000	500,000
		<u>–</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
NET ASSETS		<u>57,082</u>	<u>47,466</u>	<u>349,858</u>	<u>359,011</u>
CAPITAL AND RESERVES					
Share capital	24	137,358	137,358	137,358	137,358
Reserves	25	(51,238)	(55,854)	(74,866)	(70,473)
Equity attributable to owners of the Target Company		86,120	81,504	62,492	66,885
Non-controlling interests	33(b)	(29,038)	(34,038)	287,366	292,126
TOTAL EQUITY		<u>57,082</u>	<u>47,466</u>	<u>349,858</u>	<u>359,011</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000 <i>Note 24</i>	Capital reserve RMB'000 <i>Note 25(c)</i>	Other reserve RMB'000 <i>Note 25(d)</i>	Accumulated losses RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
At 1 January 2021	5,869	–	–	(47,717)	(41,848)	(50,563)	(92,411)
Capital injection (<i>Note 24</i>)	131,489	–	–	–	131,489	25,339	156,828
Loss and total comprehensive expense for the year	–	–	–	(3,521)	(3,521)	(3,814)	(7,335)
At 31 December 2021 and 1 January 2022	137,358	–	–	(51,238)	86,120	(29,038)	57,082
Capital injection into an excluded subsidiary as disclosed in note 1.2	–	(760)	–	–	(760)	–	(760)
Loss and total comprehensive expense for the year	–	–	–	(4,251)	(4,251)	(4,605)	(8,856)
At 31 December 2022 and 1 January 2023	137,358	(760)	–	(55,489)	81,109	(33,643)	47,466
Capital injection from a non- controlling interest	–	–	–	–	–	342,000	342,000
Disposal of an excluded subsidiary	–	760	–	–	760	–	760
Loss and total comprehensive expense for the year	–	–	–	(7,426)	(7,426)	(8,044)	(15,470)
Deemed distribution to shareholders (<i>Note 25(d)</i>)	–	–	(11,951)	–	(11,951)	(12,947)	(24,898)
At 31 December 2023 and 1 January 2024	137,358	–	(11,951)	(62,915)	62,492	287,366	349,858
Profit and total comprehensive income for the period	–	–	–	4,393	4,393	4,760	9,153
At 31 July 2024	<u>137,358</u>	<u>–</u>	<u>(11,951)</u>	<u>(58,522)</u>	<u>66,885</u>	<u>292,126</u>	<u>359,011</u>
<i>For the period from 1 January 2023 to 31 July 2023 (unaudited)</i>							
At 1 January 2023	137,358	(760)	–	(55,489)	81,109	(33,643)	47,466
Capital injection from a non- controlling interest	–	–	–	–	–	342,000	342,000
Loss and total comprehensive expense for the period	–	–	–	(4,638)	(4,638)	(5,024)	(9,662)
Deemed distribution to shareholders (<i>Note 25(d)</i>)	–	–	(10,965)	–	(10,965)	(11,879)	(22,844)
At 31 July 2023	<u>137,358</u>	<u>(760)</u>	<u>(10,965)</u>	<u>(60,127)</u>	<u>65,506</u>	<u>291,454</u>	<u>356,960</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Seven months ended 31 July	
	2021	2022	2023	2023	2024
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before income tax	(7,335)	(8,856)	(15,470)	(9,662)	9,153
Adjustments for:-					
Bank Interest income	(2)	(270)	(884)	(596)	(129)
Interest income from a related party	–	–	(3,873)	(2,088)	(1,230)
Imputed interest income on loans to related parties	–	–	(3,311)	–	(2,517)
Gain on modification of loan to a related party	–	–	–	–	(1,209)
Gain on extinguishment of loan to a related party	–	–	–	–	(16,752)
Share of loss of an associate	–	922	516	433	29
Depreciation	8	2	1	1	–
Interest expenses	–	4,321	15,320	8,981	8,727
Impairment loss on amounts due from a related party	1,425	–	563	–	–
Operating cash flows before movements in working capital	(5,904)	(3,881)	(7,138)	(2,931)	(3,928)
(Increase)/decrease in other non-current assets	(30)	161	(25)	(14)	(13)
Decrease/(increase) in deposits, prepayments and other receivables	113	(127)	3,459	69	(67)
Decrease/(increase) in amounts due from a related party	475	–	(563)	–	–
(Decrease)/increase in other payables, accruals and deposit received	(598)	(21)	(872)	(867)	2,453
NET CASH USED IN OPERATING ACTIVITIES	(5,944)	(3,868)	(5,139)	(3,743)	(1,555)

APPENDIX II
ACCOUNTANT'S REPORT ON THE TARGET GROUP

	Year ended 31 December			Seven months ended 31 July	
	2021	2022	2023	2023	2024
Note	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	2	270	884	596	129
Capital injection into an associate	–	(24,000)	–	–	–
Capital injection into a joint venture	(102,000)	(153,000)	(153,000)	(153,000)	(194,000)
Capital injection into an excluded subsidiary	–	(760)	760	–	–
Advances made to a related company	–	–	(187,025)	(194,829)	–
Repayment from a related company	–	–	–	–	9,500
NET CASH USED IN INVESTING ACTIVITIES	<u>(101,998)</u>	<u>(177,490)</u>	<u>(338,381)</u>	<u>(347,233)</u>	<u>(184,371)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid for borrowing	–	(3,855)	(15,335)	(7,711)	(7,498)
Capital injection	6,550	–	–	–	–
Capital injection from a non-controlling interest	–	–	342,000	342,000	–
Advance from a related party	102,000	32,831	–	–	–
Repayment to a related party	–	–	(134,831)	(134,831)	–
New borrowing raised	–	500,000	–	–	–
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	<u>108,550</u>	<u>528,976</u>	<u>191,834</u>	<u>199,458</u>	<u>(7,498)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	608	347,618	(151,686)	(151,518)	(193,424)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	<u>45</u>	<u>653</u>	<u>348,271</u>	<u>348,271</u>	<u>196,585</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/ PERIOD	<u>653</u>	<u>348,271</u>	<u>196,585</u>	<u>196,753</u>	<u>3,161</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Bank and cash balances	<u>653</u>	<u>348,271</u>	<u>196,585</u>	<u>196,753</u>	<u>3,161</u>

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Note	At 31 December			At 31 July
		2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
NON-CURRENT ASSET					
Investment in a subsidiary		—*	—*	—*	—*
		—	—	—	—
CURRENT ASSET					
Cash balance		—*	—*	—*	—*
		—	—	—	—
NET CURRENT ASSET					
		—	—	—	—
NET ASSETS					
		—	—	—	—
CAPITAL AND RESERVES					
Share capital	24	—*	—*	—*	—*
Reserve		—	—	—	—
TOTAL EQUITY					
		—	—	—	—

* The amounts are less than RMB1,000.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND REORGANIZATION OF THE TARGET GROUP

1.1 Corporate information

Harmonic Century Global Limited (the “**Target Company**”) was incorporated in the British Virgin Islands on 9 July 2018. The address of its registered office is Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Target Company is an investment holding company. Its subsidiaries (hereinafter together with the Target Company collectively referred to as the “**Target Group**”) are principally engaged in construction, management and operation of LNG terminals and piers, as well as the storage, processing and sales of LNG products, to be invested, constructed and managed by certain private entities in Rudong and Maoming. There has been no significant change in the Target Group’s principal activities during the Relevant Periods.

In the opinion of director of the Target Company (the “**Director**”), as of the date of this report, the immediate and ultimate holding company of the Target Group are Golden Concord Group Limited and Asia Pacific Energy Fund Limited, companies incorporated in Hong Kong and Bahamas with limited liability respectively. The ultimate controlling party is Mr. Zhu Gongshan and his family members.

These consolidated financial statements are presented in Renminbi (“**RMB**”), which is the Target Company’s functional and presentation currency, unless otherwise stated.

1.2 Reorganization and changes in group structure

Prior to the completion of the Reorganization as defined below, the target business in relation to investment holding, construction, management and operation of LNG terminals and piers, as well as storage, processing and sales of LNG products (the “**Target Business**”) was mainly conducted through GCL Petroleum and Natural Gas Co. Ltd. (“**GCL Petroleum**”), GCL Liquefied Natural Gas (Maoming) Co., Ltd. (“**Maoming LNG Company**”) and GCL Huidong LNG Rudong Co., Ltd. (“**Rudong LNG Company**”) and their shareholding status are set out below:

Name	Equity interest held by
GCL Petroleum	Partially-owned subsidiary with 57.25% equity interest held by Shanghai Qixun Investment Management Co., Ltd. (“ Shanghai Qixun ”)
Maoming LNG Company	Partially-owned subsidiary with 57.25% equity interest held by Shanghai Qixun

Name	Equity interest held by
Rudong LNG Company	Jointly controlled entity with 51% equity interest held by GCL Petroleum and 49% held by an independent third party, Pacific Energy Investment (Nantong) Co., Ltd.

Shanghai Qixun is wholly-owned by Mr. Zhu Yufeng, a son of Mr. Zhu Gongshan.

In the preparation of the proposed acquisition of the Target Business (the “**Acquisition**”), the Target Group underwent a reorganization (the “**Reorganization**”), pursuant to which the Target Company became a holding company of certain companies/operations engaged in the Target Business. The Reorganization involved the following:

- (1) (a) On 29 June 2022, Maoming Bohe LNG Co., Ltd (“**Maoming Bohe**”) was incorporated in the People’s Republic of China (the “**PRC**”), in which Guangzhou Development Gas Investment Co., Ltd. (“**Guangzhou Development Gas**”), Maoming LNG Company and Maoming Port Group Co., Ltd. (“**Maoming Port Group**”) each holds 51%, 48% and 1% respectively. Guangzhou Development Gas and Maoming Port Group are independent third parties. Upon its incorporation, Maoming Bohe became an associate of the Target Group.
- (b) On 24 October 2022, Kunlun GCL Huidong LNG Terminal Rudong Co., Ltd. (“**Kunlun GCL Huidong**”) was incorporated in the PRC, which is jointly controlled by Rudong LNG Company and an independent third party, Petro China Jiangsu LNG Co., Ltd. with holding of equity interest 50% each. Upon its incorporation, Kunlun GCL Huidong became a joint venture of Rudong LNG Company.
- (2) (a) On 2 May 2024, Golden Concord Group Limited acquired the entire interest in the Target Company from Mr. Zhu Gongshan at a consideration of US\$1.
- (b) On 25 September 2024, the Target Company through its direct wholly-owned subsidiary, Treasure Creation International Holding Limited (“**Treasure Creation International**”), acquired 48% equity interest in GCL Petroleum from Shanghai Qixun at a consideration of RMB318 million, which was based on a valuation as at 31 December 2023 conducted by an independent valuer. Upon completion of the acquisition, GCL Petroleum became an indirect partially-owned subsidiary of the Target Company because according to the articles of association of GCL Petroleum and the agreement between its shareholders, the Target Group has 57.25% voting right in all the shareholders and board meeting which is different from 48% equity interest.

- (3) As a part of the Reorganization, during the Relevant Period, GCL Petroleum disposed its wholly-owned subsidiaries which did not carry out the Target Business or was inactive and were not strategically complementary to the Target Group's operations and/or dissimilar with the Target Business (the "Excluded Subsidiaries") to related parties. The disposal of Excluded Subsidiaries was completed in August 2023.

For the purpose of preparation and presentation of the Historical Financial Information, the results, assets and liabilities of the Excluded Subsidiaries have been excluded, as if the Reorganization had been completed from 1 January 2021. The carrying amount of interests in the Excluded Subsidiaries of RMB760,000 had been debited to "Capital reserve" as a deemed distribution to the shareholder, since 1 January 2021 or the date of incorporation/establishment.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

For the purpose of preparing the Historical Financial Information for the Relevant Periods, the Target Group has early adopted and consistently applied the accounting policies which conform with all the new and revised IFRSs issued by the IASB, that are effective for the accounting period beginning on 1 January 2024 together with the relevant transitional provisions throughout the Relevant Periods.

At the date of this report, the Target Group has not early applied the following new and amendments to IFRSs in issue which are not yet effective for the accounting period beginning on 1 January 2024.

Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Annual improvements to IFRS Accounting Standards 2024	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²
IFRS 18 and consequential amendments to other IFRSs	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor And its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined

The Target Group is in the process of evaluating the impact of IFRS 18 on the consolidated financial statements for the forthcoming years.

Except for the aforesaid, the director of the Target Company anticipates that the application of all the other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of presentation and preparation

The Historical Financial Information has been prepared in accordance with IFRSs issued by the IASB which are consistent with IFRSs and the accounting policies adopted by the Company. In addition, The Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Because the companies now comprising the Target Group were controlled and managed by the ultimate controlling party before and after the Reorganization and, consequently there was a continuation of the risks and benefits to the ultimate controlling party, the Historical Financial Information has been prepared using the merger basis of accounting as if the Target Group had always been in existence. The net assets of the companies comprising the Target Group are combined using the book values from the ultimate controlling party's perspective.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for the Relevant Periods include the results and cash flows of the companies now comprising the Target Group (or where the companies, excluding Excluded Subsidiaries, were incorporated/established at a date after 1 January 2021, for the period from the date of incorporation/establishment to 31 July 2024) as if the current group structure had been in existence throughout the entire Relevant Periods. The consolidated statements of financial position of the Target Group as at 31 December 2021, 2022 and 2023 and 31 July 2024 have been prepared to present the state of affairs of the companies comprising the Target Group as at the respective dates as if the current group structure had been in existence at the respective dates.

All material intra-group transactions and balances have been eliminated on combination.

The material accounting policy information applied in the preparation of the Historical Financial Information are set out below.

The preparation of the Historical Financial Information in accordance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 4.

The Historical Financial Information has been prepared on a going concern basis and on the historical cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policy information set out below.

The Stub Period Comparative Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Target Company and entities controlled by the Target Company and its subsidiaries. Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income (“OCI”) are attributed to the owners of the Target Company and to the non-controlling interests. Total comprehensive income/expense of subsidiaries is attributed to the owners of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group’s accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group’s interests in existing subsidiaries

Changes in the Target Group’s interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group’s and the non-controlling interests’ proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Target Company.

When the Target Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interest (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Target Company. All amounts previously recognized in OCI in relation to that subsidiary are accounted for as if the Target Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments (“IFRS 9”), or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 Investments in associates and joint ventures

An associate is an entity over which the Target Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate and a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Target Group's share of the profit or loss and OCI of the associate or joint venture. When the Target Group's share of losses of an associate or a joint venture exceeds the Target Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the associate or joint venture), the Target Group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Target Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the year in which the investment is acquired.

The Target Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets ("IAS 36") as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Target Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Target Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Target Group accounts for all amounts previously recognized in OCI in relation to that associate or joint venture on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in OCI by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Target Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When the Target Group reduces its ownership interest in an associate or a joint venture but the Target Group continues to use the equity method, the Target Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Target Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Target Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Target Group.

3.4 Revenue and other income

Interest income

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in profit or loss as part of other income.

3.5 Borrowing costs

Borrowing costs are expensed in the year/period in which they are incurred.

3.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit schemes, are recognized as an expense when employees have rendered services entitling them to the contributions.

3.7 Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and an associate, and interest in a joint venture, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year/period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when it relates to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.9 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administration purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of items of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3.10 Impairment on property, plant and equipment

At the end of each reporting period, the Target Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amounts of property, plant and equipment are estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Target Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.11 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers (“**IFRS 15**”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (“**FVTPL**”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant year/period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets and financial guarantee contracts

The Target Group performs impairment assessment under expected credit loss (“ECL”) on financial assets (including trade and other receivables, loans to related parties, amounts due from related parties, and bank balances and cash) and financial guarantee contracts which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Target Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Target Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtors ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected significant adverse change in the regulatory, economics, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payment are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Target Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Target Group considers the changes in the risk that the specified debtor will default on the contract.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information to demonstrate a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence to a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Target Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instruments that is guaranteed. Accordingly, the expected loss is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts which the effective interest rate cannot be determined, the Target Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for trade receivables is assessed collectively for debtors with shared credit risk characteristics by reference to repayment history of the debtor, adjusted for factors in relation to general economic conditions, relevant country default risk and an assessment of both the current as well as the forecast direction at the reporting date.

12m ECL for all other instruments (including other receivables, loans to related parties and amounts due from related parties) and financial guarantee contracts, unless when there has been a significant increase in credit risk since initial recognition, in which case the Target Group recognizes lifetime ECL, are assessed individually for debtors by reference to past repayment history, credit rating or financial position of the debtors and the forward-looking information that is available without undue cost or effort.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Except for financial guarantee contracts, the Target Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amounts, with the exception of trade receivables where the corresponding adjustment is recognized through a loss allowance account.

Derecognition/modification of financial assets

The Target Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On derecognition of a financial asset at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Target Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Target Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortized over the remaining term. Any adjustment to the carrying amount of the financial asset is recognized in profit or loss at the date of modification.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost

Financial liabilities including other payables, amounts due to related parties and borrowing are subsequently measured at amortized cost using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with the principles of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Derecognition of financial liabilities

The Target Group derecognizes financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 4.

3.13 Provision and contingent liabilities

Provisions are recognized when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligation, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Target Group is also disclosed as a contingent liability unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

3.14 Related parties

A party is considered to be related to the Target Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Target Group;
 - (ii) has significant influence over the Target Group; or
 - (iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others);
 - (ii) one entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member);
 - (iii) the entity and the Target Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 3, the Director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the year/period in which the estimate is revised if the revision affects only that year/period, or in the year/period of the revision and future years/periods if the revision affects both current and future years/periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period.

Provision of ECL for amounts due from related parties (trade)

The Target Group uses a provision matrix to calculate ECL on amounts due from related parties (trade). The provision rates are based on internal credit rating as groupings for various debtors which shared credit risk characteristics by reference to repayment history of the debtor, taking into account general economic conditions of the similar industry, relevant country default risk, and an assessment of both the current as well as forecast direction at the reporting date. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Target Group's amounts due from related parties (trade) are disclosed in notes 20 and 26(b).

Provision of ECL on other receivables, loans to related parties and amounts due from related parties (non-trade)

The Target Group measures loss allowance equal to 12m ECL for other receivables, loans to related parties and amounts due from related parties (non-trade). In determining the ECL of other receivables, loans to related parties and amounts due from related parties (non-trade), the management of the Target Company makes periodical individual assessment on the recoverability of the receivables by taking into account their past payment history, credit rating or financial position of the debtors and the forward-looking information that is available without undue cost or effort, and considering the debtors operate in the similar industry. The amounts of ECL reflect changes in credit risk since initial recognition and is sensitive to changes in estimates.

As at 31 December 2021, 2022 and 2023 and 31 July 2024, the ECL provision for other receivables, loans to related parties and amounts due from related parties (non-trade) is considered insignificant.

The information about the ECL and the Target Group's other receivables, loans to related parties and amounts due from related parties (non-trade) are disclosed in notes 18, 19, 20 and 26(b).

5. REVENUE AND SEGMENT INFORMATION

The Target Group did not have any revenue during the Relevant Periods.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Target Group that are regularly reviewed by the Director, being the chief operating decision maker ("CODM") in order to allocate resources to the segment and to assess its performance.

The Target Group principally operates in one business unit and has one reportable and operating segment: LNG related business. Accordingly, the Target Group does not have any identifiable segment or any discrete information for segment reporting purpose.

Geographical information

All the Target Group's operations are located in the PRC and all the non-current assets of the Target Group are situated in the PRC.

6. OTHER INCOME

	Year ended 31 December			Seven months ended	
	2021	2022	2023	31 July	
	RMB'000	RMB'000	RMB'000	2023	2024
				<i>(unaudited)</i>	
Bank interest income	2	270	884	596	129
Interest income from a related party	–	–	3,873	2,088	1,230
Imputed interest income from loans to related parties	–	–	3,311	–	2,517
Sundry income	–	–	77	–	–
	2	270	8,145	2,684	3,876
	2	270	8,145	2,684	3,876

7. OTHER (LOSSES)/GAINS, NET

	Year ended 31 December			Seven months ended	
	2021	2022	2023	31 July	
	RMB'000	RMB'000	RMB'000	2023	2024
				<i>(unaudited)</i>	
Impairment loss on amounts due from a related party	(1,425)	–	(563)	–	–
Gain on modification on loan to a related party <i>(note (a))</i>	–	–	–	–	1,209
Gain on extinguishment of loan to a related party <i>(note (b))</i>	–	–	–	–	16,752
	(1,425)	–	(563)	–	17,961
	(1,425)	–	(563)	–	17,961

Notes:

- (a) On 31 July 2024, a supplementary loan agreement with Taicang Harbour as defined below were entered and loan terms were revised to carried interest at 3.85% per annum with effective from 1 August 2024 and repayable on 31 July 2027 with effective from 31 July 2024. Non-substantial modification of loans to Taicang Harbour with gain on modification of loan to a related party of approximately RMB1,209,000 was recognized for the seven months ended 31 July 2024.

- (b) On 31 July 2024, a supplementary loan agreement with Jiangsu Xiexin as defined below were entered and loan terms were revised to carried interest at 3.85% per annum with effective from 1 August 2024 and repayable on 31 July 2027 with effective from 31 July 2024. The carrying amount of the original loan was derecognized and the fair value of the new loan was recognized on 31 July 2024. The difference of approximately RMB16,752,000 between the carrying amount and the fair value was recognized in profit and loss as gain on extinguishment of loan to a related party for the seven months ended 31 July 2024.

8. FINANCE COSTS

	Year ended 31 December			Seven months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Bank charges	7	4	3	2	3
Interest on borrowing	—	4,321	15,320	8,981	8,727
	7	4,325	15,323	8,983	8,730

9. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit from income tax has been arrived at after charging:

	Year ended 31 December			Seven months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Auditor's remuneration	5	12	15	5	—
Depreciation of property, plant and equipment	8	2	1	1	—
Professional and consultancy fees	94	112	3,421	133	2
Short-term leases expense	140	141	13	—	16
Staff costs					
Salaries and other benefits	4,591	2,673	2,422	1,865	3,406
Retirement benefit scheme contributions	482	315	369	227	201

10. INCOME TAX EXPENSE

	Year ended 31 December			Seven months ended	
	2021	2022	2023	31 July	
	RMB'000	RMB'000	RMB'000	2023	2024
				<i>(unaudited)</i>	
Current tax	–	–	–	–	–
Deferred tax	–	–	–	–	–
	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Pursuant to the rules and regulations of the British Virgin Islands (“BVI”), the Target Company is not subject to any income tax in the BVI.

The Hong Kong income tax rate is calculated at 16.5% for the Relevant Periods. No provision for taxation of the subsidiary incorporated in Hong Kong was made as there is no assessable profits for the Relevant Periods.

The basic tax rate of the Target Company's PRC subsidiaries is 25% under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and implementation regulations of the EIT Law.

No provision for the EIT was made for the Relevant Periods since the Target Company's PRC subsidiaries had no assessable profits for the Relevant Periods.

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated or operated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

The tax charge for the Relevant Periods can be reconciled to the (loss)/profit before income tax per consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Seven months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/profit before income tax	(7,335)	(8,856)	(15,470)	(9,662)	9,153
Tax at domestic income tax at 25% (note a)	(1,834)	(2,214)	(3,868)	(2,415)	2,288
Tax effect of share of loss of an associate	–	231	129	108	7
Tax effect of non-deductible expenses (note b)	398	38	279	113	6
Tax effect of non-taxable income (note c)	–	–	(828)	–	(5,119)
Tax effect of tax losses not recognized	1,436	1,945	4,288	2,194	2,818
Income tax expense	–	–	–	–	–

Notes:

- (a) The domestic tax rate in the jurisdiction where the operation of the Target Group is substantially based is used which is the PRC EIT rate.
- (b) Non-deductible expenses mainly represent entertainment and impairment loss on amounts due from a related party.
- (c) Non-taxable income mainly includes imputed interest income on loans to related parties, gain on modification of loan to a related party and gain on extinguishment on loan to a related party.

As at 31 December 2021, 2022 and 2023 and 31 July 2024, the Target Group has unused tax losses of approximately RMB87,419,000, RMB71,305,000, RMB54,210,000 and RMB55,429,000 available for offset against future profits respectively. No deferred tax asset has been recognized on these unused tax losses due to the unpredictability of future profits streams. Unrecognized tax losses of approximately RMB23,896,000, RMB34,243,000, RMB10,055,000 and RMB13,482,000 as at 31 December 2021, 2022, 2023 and 31 July 2024 will expire from 2022, 2023, 2024 and August 2024 respectively and the remaining losses may be carried forward for five years.

Directors' emoluments

No directors' emoluments of the Target Company and the Target Group's subsidiary undertaking was paid or payable during the Relevant Periods.

No directors waived any emoluments and no incentive paid on joining and compensation for the loss of office for the Relevant Periods.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

Five highest paid employees

Among the five highest paid employees of the Target Group, none of them are directors of the Target Company and the Target Group's subsidiary undertaking for the Relevant Periods. Details of the emoluments of the five highest paid employees who are neither a director nor chief executive of the Target Company are as follows:

	Year ended 31 December			Seven months ended	
	2021	2022	2023	31 July 2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and other benefits in kind	1,397	1,529	1,519	887	688
Discretionary bonus	2,802	1,010	681	681	2,534
Contributions to defined contribution plans	349	300	369	227	201
	<u>4,548</u>	<u>2,839</u>	<u>2,569</u>	<u>1,795</u>	<u>3,423</u>

The number of the highest paid employees who are not the directors whose remuneration fell within the following band is as follows

	Year ended 31 December			Seven months ended	
	2021	2022	2023	31 July	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Nil to RMB1,000,000	3	4	5	5	4
RMB1,000,001 to RMB2,000,000	2	1	–	–	1
	<u>2</u>	<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>

No emoluments were paid by the Target Group to these individuals as an inducement to join or upon joining the Target Group or as compensation for loss of office for the Relevant Periods.

12. DIVIDENDS

No dividend has been declared and paid by the companies now comprising the Target Group during the Relevant Periods.

13. (LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE TARGET COMPANY

No (loss)/profit per share information is presented for the purpose of this report as its inclusion is not considered meaningful for the Relevant Periods.

14. PROPERTY, PLANT AND EQUIPMENT

	Electronic and other equipment <i>RMB'000</i>	Total <i>RMB'000</i>
Cost		
At 1 January 2021, 31 December 2021, 31 December 2022, 31 December 2023 and 31 July 2024	203	203
Accumulated depreciation		
At 1 January 2021	172	172
Charge for the year	8	8
At 31 December 2021 and 1 January 2022	180	180
Charge for the year	2	2
At 31 December 2022 and 1 January 2023	182	182
Charge for the year	1	1
At 31 December 2023, 1 January 2024 and 31 July 2024	183	183
Net book value		
At 31 December 2021	23	23
At 31 December 2022	21	21
At 31 December 2023	20	20
At 31 July 2024	20	20

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account of the residual value as follows:

Electronic and other equipment	25%
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15. INTEREST IN AN ASSOCIATE

	At 31 December			At 31 July
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	–	23,078	22,562	22,533

Details of the Target Group's associate, which is unlisted incorporated entity whose quoted market price is not available, at the end of each reporting period are as follows:

Name of company	Country of incorporation and operation	Target Group's effective interest and held by a subsidiary at				Principal activities
		31 December		31 July		
		2021	2022	2023	2024	
Maoming Bohe	PRC	N/A	48%	48%	48%	Import and export of goods, provision, development, exchange, assignment and promotion of technical and consultancy services, loading and unloading activities of port cargo as well as leasing of ship

The associate is accounted for using the equity method in these consolidated financial statements.

Summarized financial information of the associate

Summarized financial information in respect of the Target Group's associate at the end of each reporting period is set out below. The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

	At 31 December			At 31 July
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	N/A	49,475	46,853	46,790
Non-current assets	N/A	111	161	164
Current liabilities	N/A	(1,506)	(9)	(10)
Equity	N/A	48,080	47,005	46,944

	For the period from 29 June 2022 (date of incorporation) to	Year ended 31 December 2022 <i>RMB'000</i>	31 December 2023 <i>RMB'000</i>	Seven months ended 31 July 2023 <i>RMB'000</i> (unaudited)	31 July 2024 <i>RMB'000</i>
Revenue		-	-	-	-
Loss and total comprehensive expense for the period/year		(1,920)	(1,075)	(902)	(61)
Dividend received during the period/year		-	-	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

	At 31 December 2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	At 31 July 2024 <i>RMB'000</i>
Net assets	N/A	48,080	47,005	46,944
Proportion of the Target Group's ownership interest in the associate	N/A	48%	48%	48%
Carrying amount of the Target Group's interest in the associate	N/A	23,078	22,562	22,533
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16. INTEREST IN A JOINT VENTURE

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	156,116	309,116	462,116	656,116

Details of the Target Group's joint venture and Kunlun GCL Huidong, which are unlisted incorporated entities whose quoted market price is not available, at the end of each reporting period are as follows:

Name of company	Country of incorporation and operation	Target Group's effective interest and held by a subsidiary at				Principal activities
		31 December		31 July		
		2021	2022	2023	2024	
Rudong LNG Company (Note)	PRC	51%	51%	51%	51%	Construction, development, investment, management and operation of the LNG receiving terminal projects

Name of company	Country of incorporation and operation	Target Group's effective interest and held by a joint venture at				Principal activities
		31 December		31 July		
		2021	2022	2023	2024	
Kunlun GCL Huidong	PRC	N/A	25.5%	25.5%	25.5%	Operation of ports, including the activities involving port cargo loading and unloading

Note: According to the articles of association of Rudong LNG Company and the agreement entered into between GCL Petroleum and the joint venture partner in respect of the operations and control of Rudong LNG Company, the investment in Rudong LNG Company is treated as joint venture because major decisions require unanimous consent of all shareholders.

The joint venture accounted for using the equity method in these consolidated financial statements and Kunlun GCL Huidong accounted for using the equity method in Rudong LNG Company's financial statements.

Summarized financial information of the joint venture and Kunlun GCL Huidong

Summarized financial information in respect of the Target Group's joint venture and Kunlun GCL Huidong at the end of each reporting period is set out below. The summarized financial information below represents amounts shown in their financial statements prepared in accordance with IFRSs.

Rudong LNG Company

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	233,281	164,501	152,835	139,081
Non-current assets	79,062	673,385	1,301,332	2,072,236
Current liabilities	(6,232)	(39,027)	(209,445)	(530,072)
Non-current liabilities	–	(192,748)	(338,611)	(551,134)
Equity	306,111	606,111	906,111	1,130,111
<i>Included in the above assets and liabilities</i>				
Cash and cash equivalents	233,056	163,998	152,204	138,004
Current financial liabilities (excluding trade and other payables and provision)	6,025	4,140	2,118	7,057
Non-current financial liabilities (excluding trade and other payables and provision)	–	–	139,541	346,959

	Year ended 31 December			Seven months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	–	–	–	–	–
Profit and total comprehensive income for the year/period	–	–	–	–	–
Dividend received during the year/period	–	–	–	–	–

Reconciliation of the above summarized financial information to the carrying amount of the interest in Rudong LNG Company recognized in the consolidated financial statements:

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Net assets	306,111	606,111	906,111	1,130,111
Proportion of the Target Group's ownership interest in the joint venture	51%	51%	51%	51%
Carrying amount of the Target Group's interest in the joint venture	<u>156,116</u>	<u>309,116</u>	<u>462,116</u>	<u>656,116</u>

Kunlun GCL Huidong

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	N/A	592	60,916	58,368
Non-current assets	N/A	9,583	20,080	23,683
Current liabilities	N/A	(69)	(10,399)	(10,852)
Non-current liabilities	N/A	(9,106)	(9,035)	(9,637)
Equity	N/A	1,000	61,562	61,562
<i>Included in the above assets and liabilities</i>				
Cash and cash equivalents	N/A	592	60,915	58,368
Current financial liabilities (excluding trade and other payables and provision)	N/A	–	3,160	4,027
Non-current financial liabilities (excluding trade and other payables and provision)	<u>N/A</u>	<u>–</u>	<u>–</u>	<u>–</u>

	For the period from 24 October 2022 (date of incorporation)			
	to 31	Year ended	Seven months ended 31 July	
	December	31 December	2023	2024
	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	-	-	-	-
Profit and total comprehensive income for the period/year	-	-	-	-
Dividend received during the period/year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Reconciliation of the above summarized financial information to the carrying amount of the interest in Kunlun GCL Huidong indirectly held by the Target Group:

	At 31 December			At 31 July
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net assets	N/A	1,000	61,562	61,562
Proportion of the Target Group's ownership interest in Kunlun GCL Huidong	N/A	25.5%	25.5%	25.5%
Carrying amount of the Target Group's interest in Kunlun GCL Huidong	<u>N/A</u>	<u>255</u>	<u>15,698</u>	<u>17,871</u>

17. OTHER NON-CURRENT ASSETS

	At 31 December			At 31 July
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Recoverable value-added tax	<u>191</u>	<u>30</u>	<u>55</u>	<u>68</u>

18. LOANS TO RELATED PARTIES

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Loans to:				
Fellow subsidiaries (<i>note</i>)	—	—	163,311	181,519
	<u>—</u>	<u>—</u>	<u>163,311</u>	<u>181,519</u>
Analyzed as:				
Non-current assets	—	—	163,311	181,519
	<u>—</u>	<u>—</u>	<u>163,311</u>	<u>181,519</u>

Details of the loans to related parties at the end of each reporting period are as follows:

Name of related party	Relationship	At 31 December			At 31 July
		2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
Jiangsu Xiexin Electric Power Co., Ltd.* (“ Jiangsu Xiexin ”) 江蘇協鑫電力有限公司	Fellow subsidiary				
Terms of loan					
– Principal		—	—	111,025	111,025
– Loan period				17.1.2023 to 31.12.2028	1.1.2024 to 31.7.2027
– Interest rate		—	—	Nil	Nil
– Security		—	—	None	None
Balance of the loan					
– At beginning of the year/ period		—	—	—	91,492
– At end of the year/period		—	—	91,492	110,331
Maximum outstanding during the year/period		—	—	111,025	110,331
Taicang Harbour Golden Concord Electric-power Generation Co., Ltd.* (“ Taicang Harbour ”) 太倉港協鑫發電有限公司	Fellow subsidiary				
Terms of loan					
– Principal		—	—	70,000	70,000
– Loan period				18.1.2023 to 31.12.2023	1.1.2024 to 31.7.2027
– Interest rate		—	—	6%	3%
– Security		—	—	None	None
Balance of the loan					
– At beginning of the year/ period		—	—	—	71,819
– At end of the year/period		—	—	71,819	71,188
Maximum outstanding during the year/period		—	—	71,819	73,149

* For identification purpose only

Note:

The carrying amounts of these loans were determined based on the present value of future cash flows discounted using an effective interest rate of 3.87%, which is derived from the average borrowing rates of Taicang Harbour and its fellow subsidiary with similar duration of bank loans during the Relevant Periods and comparable to the market interest rates. On 31 December 2023, a supplementary loan agreement with Taicang Harbour was entered and the loan period was extended to 31 December 2026. On 31 July 2024, supplementary loans agreements with Jiangsu Xiexin and Taicang Harbour were entered and loans terms were revised to carried interest at 3.85% per annum with effective from 1 August 2024 and repayable on 31 July 2027 with effective from 31 July 2024.

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December			At 31 July
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Utilities and other deposits	37	6	5	–
Prepayments to suppliers	3,334	3,442	34	56
Staff advance	–	50	–	50
	3,371	3,498	39	106
	3,371	3,498	39	106

20. AMOUNTS DUE FROM/TO RELATED PARTIES

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from fellow subsidiaries				
Trade nature (<i>note a</i>)	1,425	1,425	1,988	—
Non-trade nature (<i>note b</i>)	—	—	6,000	—
	<u>1,425</u>	<u>1,425</u>	<u>7,988</u>	<u>—</u>
<i>Less: Allowance for credit loss</i>				
Trade nature	(1,425)	(1,425)	(1,988)	—
	<u>—</u>	<u>—</u>	<u>6,000</u>	<u>—</u>
Analyzed as:				
Current assets	<u>—</u>	<u>—</u>	<u>6,000</u>	<u>—</u>
Analyzed as:				
Trade nature	—	—	—	—
Non-trade nature	<u>—</u>	<u>—</u>	<u>6,000</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>6,000</u>	<u>—</u>
Amounts due to fellow subsidiaries				
Non-trade nature (<i>note b</i>)	<u>102,000</u>	<u>134,831</u>	<u>—</u>	<u>—</u>
	<u>102,000</u>	<u>134,831</u>	<u>—</u>	<u>—</u>

Notes:

- (a) The carrying amounts of trade amount due from a fellow subsidiary of approximately RMBnil, RMBnil, RMBnil and RMBnil as at 31 December 2021, 2022 and 2023 and 31 July 2024 (net of loss allowance of approximately RMB1,425,000, RMB1,425,000, RMB1,988,000 and RMBnil), which were arising from technical services rendered to a fellow subsidiary and invoices were due upon presentation respectively.

As at 1 January 2021, amount due from a fellow subsidiary in trade nature amounted to approximately RMB1,900,000 (net of loss allowance of approximately RMBnil).

The following is an aged analysis of gross carrying amount due from a fellow subsidiary, arising from technical services presented based on the invoice date which approximated the respective revenue recognition date:

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
1 to 2 years	1,425	–	–	–
2 to 3 years	–	1,425	–	–
Over 3 years	–	–	1,988	–
	<u>1,425</u>	<u>1,425</u>	<u>1,988</u>	<u>–</u>

At the end of each reporting period, included in these trade receivables, an aged analysis of gross carrying amount due from a fellow subsidiary which are considered to be impaired is as follows:

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Past due within 1 year	1,425	–	–	–
Past due for 1 to 2 years	–	1,425	–	–
Past due for 2 to 3 years	–	–	1,988	–
	<u>1,425</u>	<u>1,425</u>	<u>1,988</u>	<u>–</u>

The Target Group does not hold any collaterals over these balances.

- (b) The amounts due from/to fellow subsidiaries are unsecured, interest-free and repayable on demand.

21. BANK AND CASH BALANCES

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Bank balances	653	348,271	196,585	3,161
Cash balances	—*	—*	—*	—*
Cash and cash equivalents	<u>653</u>	<u>348,271</u>	<u>196,585</u>	<u>3,161</u>

As at 31 December 2021, 2022, 2023 and 31 July 2024, bank balances of the Target Group were denominated in RMB. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Details of impairment assessment of bank balances are set out in note 26(b).

* The amounts are less than RMB1,000.

22. OTHER PAYABLES

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Consideration received for disposal of an associate (<i>note</i>)	—	—	—	2,499
Payables for suppliers	449	200	220	180
Other tax payables	78	23	9	8
Other payables	17	18	—	—
Accruals				
Staff costs	728	1,010	150	145
Interest payable	—	466	451	1,680
	<u>1,272</u>	<u>1,717</u>	<u>830</u>	<u>4,512</u>

Note:

The amount represented consideration received from Guangzhou Development Gas in respect of the disposal of 5% equity interest in Maoming Bohe according to the equity transfer agreement entered into between Maoming LNG Company and Guangzhou Development Gas on 27 February 2024.

23. BORROWING

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Secured other borrowing	—	500,000	500,000	500,000
The maturity of other borrowing is as follows*:				
Within one year	—	—	—	—
More than one year, but not exceeding two years	—	—	15,000	30,000
More than two years, but not exceeding five years	—	105,000	140,000	150,000
More than five years	—	395,000	345,000	320,000
	—	500,000	500,000	500,000
Less: Amounts due within one year shown under current liabilities	—	—	—	—
Amounts due after one year	—	500,000	500,000	500,000
Analyzed as:				
Variable-rate other borrowing	—	500,000	500,000	500,000
	—	500,000	500,000	500,000

* The repayable amount of other borrowing is based on scheduled repayment dates set out in the respective loan agreement.

The Target Group's borrowing from the financial institution is subject to the fulfilment of covenants relating to certain restrictions. If the Target Group was to breach the covenants, the drawn down borrowing would become payable on demand. The Target Group regularly monitors its compliance with these covenants. Further details of the Target Group's management of liquidity risk are set out in note 26(b).

In respect of the other borrowing with carrying amount of RMB500 million, RMB500 million and RMB500 million as at 31 December 2022 and 2023 and 31 July 2024 respectively, the Target Group is required to obtain the approval from the financial institution and comply with the following covenants as long as the other borrowing is outstanding:

- (a) the borrower cannot proceed any merger, division, equity transfer, external investment, increase of financing, stock reform or change of operating and structuring except for adjustments of operations need or government policies, laws and regulations;
- (b) the borrower cannot decrease of registered capital or amend articles of association;
- (c) the borrower cannot transfer, pledge or dispose any of its equity interest held in the joint venture, Rudong LNG Company in any other manner or cannot place any security or encumbrance thereon; and
- (d) the borrower and the joint venture, Rudong LNG Company have any significant events such as equity transfer, merger, acquisition or division before fully settlement of outstanding payables, give notification to the financial institution at least 20 working days.

In the opinion of Director, the Target Group has complied with these covenants throughout the Relevant Periods.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Target Group's borrowing are analyzed as follows:

	At 31 December			At
	2021	2022	2023	31 July
	RMB'000	RMB'000	RMB'000	2024
Variable-rate borrowing	N/A	Over 5-year LPR* minus 1.25%	Over 5-year LPR* minus 1.25%	Over 5-year LPR* minus 1.25%

* LPR represents loan prime rates announced by the National Interbank Funding Centre, a sub-institution affiliated to the PRC.

The Target Group's borrowing was denominated in RMB.

There was no borrowings as at 31 December 2021. As at 31 December 2022 and 2023 and 31 July 2024, the other borrowing was secured by:

- (i) 15% equity interest in a joint venture, Rudong LNG Company held by a subsidiary of the Target Group; and
- (ii) other borrowing of RMB500 million, RMB500 million and RMB500 million was guaranteed by a fellow subsidiary of the Target Group.

24. SHARE CAPITAL AND CAPITAL MANAGEMENT

Share capital

	Number of shares	Amount US\$'000	Equivalent to RMB'000
Authorized:			
50,000 shares of US\$1 each At			
1 January 2021, 31 December 2021,			
1 January 2022, 31 December 2022,			
1 January 2023, 31 December 2023,			
1 January 2024 and 31 July 2024	<u>50</u>	<u>50</u>	<u>N/A</u>
Combined and fully paid:			
At 1 January 2021			5,869
Capital injection (<i>note</i>)			<u>131,489</u>
At 31 December 2021, 1 January 2022,			
31 December 2022, 1 January 2023,			
31 December 2023, 1 January 2024			
and 31 July 2024			<u>137,358</u>

Note:

On 31 December 2021, there was a capital injection of approximately RMB156,828,000 to GCL Petroleum by the then shareholders (“GCL Petroleum Capital Injection”), of which approximately RMB131,489,000 represented our Target Group’s capital injection. GCL Petroleum Capital Injection was partly satisfied by set-off with the amounts due to a related party of approximately RMB150,278,000 (Note 32).

For the purpose of the Historical Financial Information, at the end of each reporting period, the authorized share capital represented the share capital of the Target Company and the combined and fully paid share capital represented combined share capital of the Target Company and its subsidiary, GCL Petroleum since the Reorganization has been completed on 25 September 2024.

Capital management

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Target Group's overall strategy remains unchanged from prior periods.

The capital structure of the Target Group consists of net debt, which mainly includes amounts due to related parties and borrowing, net of cash and cash equivalents, and equity attributable to owners of the Target Company, comprising combined and fully paid share capital and reserves.

The Director reviews the capital structure on a periodical basis. As part of this review, the Director considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Director, the Target Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debts or the repayment of existing debts.

25. RESERVES**(a) The Target Group**

The amounts of the Target Group's reserves and the movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and the consolidated statements of changes in equity.

(b) The Target Company

The Target Company's reserve solely represented accumulated losses and there was no movements during the Relevant Periods.

(c) Capital reserve

The amounts of the Target Group's capital reserves and the movements therein are presented in the consolidated statements of changes in equity and the details are disclosed in note 1.2.

(d) Other reserve

Other reserve represented deemed capital distribution to shareholders arising from the fair value changes of loans, which is based on the present value of future cash flows discounted using an effective interest rate of 3.87%, to two fellow subsidiaries (Note 18) and the movements therein are presented in the consolidated statements of changes in equity.

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
At amortized cost	690	348,327	365,901	184,730
	<u>690</u>	<u>348,327</u>	<u>365,901</u>	<u>184,730</u>
Financial liabilities				
At amortized cost	103,194	636,525	500,821	504,504
	<u>103,194</u>	<u>636,525</u>	<u>500,821</u>	<u>504,504</u>

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include deposits and other receivables, loans to related parties, amounts due from related parties, bank balances, other payables, amounts due to related parties, borrowing and financial guarantee contracts. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Target Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk*Currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from monetary assets and liabilities denominated in foreign currencies.

The Target Group operates in the PRC and its business transactions, assets and liabilities are conducted and denominated in RMB. The Director considers that foreign exchange risk of the Target Group is insignificant and therefore no sensitivity analysis is presented thereon.

Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Target Group currently does not have a hedging policy on interest risk exposure. However, the Director monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The Target Group is exposed to fair value interest rate in relation to loans to related parties (Note 18). The Target Group is also exposed to cash flow interest rate risk in relation to bank balances and borrowing. The Director has considered that the cash flow interest rate on bank balances is limited because the current market interest rates on general deposits are relatively low and stable. The Target Group's exposure to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

The interest rate profile of the Target Group's loans to related parties, bank balances and borrowing are disclosed in notes 18, 21 and 23 respectively.

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of each reporting period were outstanding for the whole year/period. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates fluctuated for financial instruments carried at variable rates and all other variables were held constant, the impacts on the Target Group's (loss)/profit for the year/period and equity were as follows:

	Basis points	Seven months ended				
		Year ended 31 December			31 July	
		2021	2022	2023	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					(unaudited)	
Increase/(decrease) in loss/ profit for the year/period	+50	–	2,500,000	2,500,000	2,500,000	(2,500,000)
	–50	–	(2,500,000)	(2,500,000)	(2,500,000)	2,500,000
Increase/(decrease) in equity	+50	–	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
	–50	–	2,500,000	2,500,000	2,500,000	2,500,000

Credit risk and impairment assessment

Credit risk refers to the risk that the Target Group's counterparties default on their contractual obligations resulting in financial losses to the Target Group. The Target Group's credit risk exposures are primarily attributable to bank balances, loans to related parties, amounts due from related parties, deposits and other receivables and the financial loss to the Target Group arising from the financial guarantees provided by the Target Group. The Target Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets and financial guarantee contracts.

Amounts due from related parties (trade nature)

In order to minimize the credit risk, the Target Group has a credit control policy in place under which credit evaluations of customers are performed on all customers requiring credit. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The Target Group's concentration of credit risk by geographical locations is solely the PRC, which accounted for 100% of the trade receivables due from a related party as at 31 December 2021, 2022 and 2023 respectively.

Trade receivables arising from technical services are mainly due from a related party in the PRC. Trade receivables of the Target Group are subject to the ECL model. The Target Group applies simplified approach in IFRS 9 to measure the loss allowance for trade receivables at lifetime ECL. To measure the ECL, trade receivables have been grouped based on the nature of customer accounts, shared credit risk characteristics and the days past due. The ECL rates are based on the historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Target Group believes that adequate loss allowance on trade receivables due from a related party has been made.

Bank balances

The credit risks on bank balances are limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies in the PRC.

The Target Group assessed 12m ECL for bank balances by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances is considered insignificant.

Deposits and other receivables, loans to related parties and amounts due from related parties (non-trade)

The credit quality of deposits and other receivables, loans to related parties and amounts due from related parties (non-trade) excluding prepayments has been assessed with reference to historical information about the counterparties' payment histories and business performance. The management closely monitors the credit quality of deposits and other receivables, loans to related parties and amounts due from related parties (non-trade) and considers those amounts, which are neither past due nor impaired, are of good credit quality in view of the good historical repayment record of such parties. In addition, the Target Group performs impairment assessment under ECL model on these balances individually.

For the purpose of impairment assessment of deposits and other receivables, loans to related parties and amounts due from related parties (non-trade), including those with significant financing component, the loss allowance is measured at an amount equals to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Target Group recognizes lifetime ECL. In determining the ECL of deposits and other receivables, loans to related parties and amounts due from related parties (non-trade), the Director makes periodical individual assessment on the recoverability of the receivables by taking into account their past repayment history, credit rating or financial position and the forward-looking information that is available without undue cost or effort, and considering the debtors operate in the relevant industry which is well supported by the prevailing government policies. The Director considers the ECL provision for deposits and other receivables, loans to related parties and amounts due from related parties (non-trade) is insignificant.

The Target Group had concentration of credit risk on loans to/amounts due from related parties (non-trade) as the largest gross amount of loans to/amounts due from related parties (non-trade) were approximately RMBnil million, RMBnil million, RMB163 million and RMB182 million as at 31 December 2021, 2022 and 2023 and 31 July 2024 respectively.

Financial guarantee contracts

The credit quality of the borrowers and the guarantors has been assessed with reference to historical information about the counterparties' repayment histories, business performance and forward-looking information that is available without undue cost or effort. The Director closely monitors the credit quality of the borrowers are of good credit quality in view of the good historical repayment record and/or financial position of such parties.

For financial guarantee contracts, the maximum amount that the Target Group has guaranteed under the respective contracts was approximately RMBnil, RMBnil, RMB2,174 million and RMB1,774 million as at 31 December 2021, 2022 and 2023 and 31 July 2024 respectively if the guarantees were called upon in entirety and all of them were provided to related parties (Note 31(c)). Since these bank borrowings are secured by the borrowers' (i) right-of-use assets; and (ii) equity interest in certain related parties, the credit risk on financial guarantee contracts provided by the Target Group were limited.

At the end of each reporting period, the Director has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. The loss allowance is measured at 12m ECL, in the opinion of the Director, the fair value of the guarantees is considered insignificant at initial recognition and subsequent periods, and the ECL as at 31 December 2021, 2022 and 2023 and 31 July 2024 are insignificant.

The Target Group's internal credit grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/ other items
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There has been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Target Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The table below detail the credit risk exposures of the Target Group's financial assets and other items, which are subject to ECL assessment:

	Note	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount			
					Year ended 31 December			At 31 July
					2021	2022	2023	2024
				RMB'000	RMB'000	RMB'000	RMB'000	
Financial assets at amortized cost								
Loans to related parties*	18	N/A	Low risk (note a)	12m ECL	-	-	163,311	181,519
Amounts due from related parties								
- Trade related	20	N/A	Loss (note c)	Lifetime ECL credit-impaired	1,425	1,425	1,988	-
- Non-trade related	20	N/A	Low risk (note a)	12m ECL	-	-	6,000	-
					1,425	1,425	7,988	-
Bank balances	21	A to BB+	Low risk (note b)	12m ECL	653	348,271	196,585	3,161
Deposits and other receivables	19	N/A	Low risk (note a)	12m ECL	37	56	5	50
					2,115	349,752	367,889	184,730
Financial guarantee contracts	31(c)	N/A	Low risk (note d)	12m ECL	-	-	2,174,000	1,774,000

* The gross carrying amounts disclosed above include the relevant interest receivables which are presented in loans to related parties.

Notes:

- a. The Target Group performs impairment assessment under expected credit loss on deposits and other receivables, loans to related parties and amounts due from related parties (non-trade nature), which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The ECL are assessed individually for debtors by reference to past repayment history, credit rating or financial position of the debtors and forward-looking information that is available without undue cost or effort, and also taking into account of the prevailing government policies that support the relevant industry which the Target Group's debtors operate. The Director considers that the expected loss on deposits and other receivables, loans to related parties and amounts due from related parties (non-trade) are immaterial.
- b. In determining the ECL of bank balances, the Target Group has taken into account the counterparties are reputable banks with high credit ratings assigned by international credit agencies and forward-looking information as appropriate. The Target Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies and the Director considers that expected credit loss on bank balances are immaterial.
- c. For amounts due from related parties (trade nature), the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Target Group determines the ECL on these items collectively based on internal credit rating as grouping for various debtors with shared credit risk characteristics by reference to repayment history of the debtor, adjusted for factors in relation to general economic conditions of the relevant industry, relevant country default risk and an assessment of both the current as well as the forecast direction at each reporting date.

As part of the Target Group's credit risk management, the Target Group applies internal credit rating for its customers in relation to the relevant business. The following table provides information about the exposure to credit risk for amounts due from related parties (trade nature) which are assessed collectively within lifetime ECL (credit-impaired) as at 31 December 2021, 2022 and 2023 and 31 July 2024.

Gross carrying amount**31 December 2021**

Internal credit rating	Average loss rate	Amounts due from related parties RMB'000
Loss	100%	1,425

31 December 2022

Internal credit rating	Average loss rate	Amounts due from related parties RMB'000
Loss	100%	1,425

31 December 2023

Internal credit rating	Average loss rate	Amounts due from related parties RMB'000
Loss	100%	1,988

31 July 2024

Internal credit rating	Average loss rate	Amounts due from related parties RMB'000
Write-off	N/A	–

The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. During the years ended 31 December 2021, 2022 and 2023 and the seven months ended 31 July 2023 (unaudited) and 2024, the Target Group has recognized impairment loss of approximately RMB1,425,000, RMBnil, RMB563,000, RMBnil and RMBnil respectively.

The following table shows movements in ECL that has been recognized for amounts due from related parties (trade nature):

	Lifetime ECL credit-impaired RMB'000
At 1 January 2021	
Changes due to amounts from related parties recognized at 1 January 2021:	
Impairment losses recognized	1,425
At 31 December 2021, 1 January 2022, 31 December 2022 and 1 January 2023	1,425
Changes due to amounts from related parties recognized at 1 January 2023:	
Impairment losses recognized	563
At 31 December 2023 and 1 January 2024	1,988
Changes due to amounts from related parties recognized at 1 January 2024:	
Write-off	(1,988)
At 31 July 2024	–

- d. For financial guarantee contracts, the gross carrying amount represents the maximum amount that the Target Group has guaranteed under the relevant contracts.

Liquidity risk and interest rate risk tables

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The Target Group finances its capital intensive operations by long-term borrowing and shareholders' equity.

The Director is of the opinion that, taking into account the above measures and the Target Group's cash flow projection for the coming year, the Target Group will have sufficient working capital to meet its cash flow requirements in the next twelve months.

The following tables detail the Target Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

	Weighted interest rate %	On demand					Total	
		or less than 3 months RMB'000	3 months to 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2021								
Other payables	-	1,194	-	-	-	-	1,194	1,194
Amounts due to related parties	-	102,000	-	-	-	-	102,000	102,000
		103,194	-	-	-	-	103,194	103,194

	Weighted interest rate %	On demand					Total Over undiscounted cash flows RMB'000	Carrying amount RMB'000
		or less	3 months to 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	5 years RMB'000		
		than 3						
		months						
At 31 December 2022								
Other payables	-	1,694	-	-	-	-	1,694	1,694
Amounts due to related parties	-	134,831	-	-	-	-	134,831	134,831
Borrowing	<i>Note</i>	3,812	11,438	15,250	147,115	441,806	619,421	500,000
		<u>140,337</u>	<u>11,438</u>	<u>15,250</u>	<u>147,115</u>	<u>441,806</u>	<u>755,946</u>	<u>636,525</u>
At 31 December 2023								
Other payables	-	821	-	-	-	-	821	821
Borrowing	<i>Note</i>	3,750	11,250	29,877	177,604	379,983	602,464	500,000
		<u>4,571</u>	<u>11,250</u>	<u>29,877</u>	<u>177,604</u>	<u>379,983</u>	<u>603,285</u>	<u>500,821</u>
Financial guarantee contracts	-	2,174,000	-	-	-	-	2,174,000	-
At 31 July 2024								
Other payables	-	4,504	-	-	-	-	4,504	4,504
Borrowing	<i>Note</i>	3,687	11,063	44,207	184,453	348,720	592,130	500,000
		<u>8,191</u>	<u>11,063</u>	<u>44,207</u>	<u>184,453</u>	<u>348,720</u>	<u>596,634</u>	<u>504,504</u>
Financial guarantee contracts	-	1,774,000	-	-	-	-	1,774,000	-

Note: Weighted interest rates are over 5-year LPR minus 1.25%.

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of each reporting period.

The amounts included above for financial guarantee contracts are the maximum amounts the Target Group could be required to settle under the arrangement for the full guaranteed amounts if those amounts are claimed by the counterparty to the guarantees. Based on expectations at the end of each reporting period, the Target Group considered that it is more likely than not that no amount would be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparties claiming under the guarantees which is a function of the likelihood that the financial receivables held by the counterparties which are guaranteed suffer credit losses.

Fair value estimations

The carrying amounts and fair values of the Target Group's current financial assets and financial liabilities reasonably approximate to fair values due to short-term maturities. Non-current financial liabilities approximate their fair value as the interest rates approximately equal to market interest rates.

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statement of cash flows as cash flows from financing activities.

	Accruals – Interest payables	Amounts due to related parties	Borrowing	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021	–	150,278	–	150,278
Financing cash flows:				
Advance	–	102,000	–	102,000
Non-cash and other transactions:				
Capital injection (<i>Note 32</i>)	–	(150,278)	–	(150,278)
	<u>–</u>	<u>(150,278)</u>	<u>–</u>	<u>(150,278)</u>
At 31 December 2021 and 1 January 2022	–	102,000	–	102,000
Financing cash flows:				
Interest paid for borrowing	(3,855)	–	–	(3,855)
Advance	–	32,831	–	32,831
New borrowing raised	–	–	500,000	500,000
Non-cash and other transactions:				
Interest expense	4,321	–	–	4,321
	<u>4,321</u>	<u>–</u>	<u>–</u>	<u>4,321</u>
At 31 December 2022 and 1 January 2023	466	134,831	500,000	635,297
Financing cash flows:				
Interest paid for borrowing	(15,335)	–	–	(15,335)
Repayment	–	(134,831)	–	(134,831)
Non-cash and other transactions:				
Interest expense	15,320	–	–	15,320
	<u>15,320</u>	<u>–</u>	<u>–</u>	<u>15,320</u>
At 31 December 2023 and 1 January 2024	451	–	500,000	500,451
Financing cash flows:				
Interest paid for borrowing	(7,498)	–	–	(7,498)
Non-cash and other transactions:				
Interest expense	8,727	–	–	8,727
	<u>8,727</u>	<u>–</u>	<u>–</u>	<u>8,727</u>
At 31 July 2024	<u>1,680</u>	<u>–</u>	<u>500,000</u>	<u>501,680</u>

28. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**Capital commitment**

As at 31 December 2021, 2022 and 2023 and 31 July 2024, the Target Group had outstanding capital commitments as follows:

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Capital contribution contracted but not provided for:				
Subsidiaries	102,642	102,642	246,642	246,642
Joint ventures	75,266	435,759	405,883	211,883
An associate	—	456,000	456,000	456,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Apart from the above-mentioned, there is no other material commitments at the end of each reporting period.

Contingent liabilities

Except for the financial guarantee contracts provided by the Target Group to related parties as disclosed in note 26(b), the Target Group did not have any other material contingent liabilities as at 31 December 2021, 2022 and 2023 and 31 July 2024.

29. PLEDGE OF ASSETS

Except for the securities as disclosed in note 23, the Target Group did not have any other pledge of assets as at 31 December 2021, 2022 and 2023 and 31 July 2024.

30. RETIREMENT BENEFITS SCHEME

The employees of the Target Group in the PRC are members of a state-managed pension obligations operated by the municipal governments in the PRC. The Target Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Target Group in the PRC. The only obligation of the Target Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

Total amounts contributed by the Target Group to the schemes in the PRC and charged to profit or loss, which represent contributions payable to the schemes by the Target Group at rates specified in the rules of the schemes are approximately RMB482,000, RMB315,000, RMB369,000, RMB227,000 and RMB201,000 during the years ended 31 December 2021, 2022 and 2023 and the seven months ended 31 July 2023 (unaudited) and 2024 respectively.

31. RELATED PARTY DISCLOSURES

Except as disclosed in notes 18, 20 and 23, the Target Group also entered into the following material transactions or arrangements with related parties:

(a) Related party transactions

The Target Group had the following material transactions with related parties during the Relevant Periods:

Relationship	Year ended 31 December			Seven months ended 31 July	
	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
(unaudited)					
Interest income from:					
Taicang Harbour					
		Fellow subsidiary			
	–	–	3,873	2,088	1,230

(b) Guarantees granted by related parties

Borrowing of the Target Group amounting to RMB500 million, RMB500 million and RMB500 million were guaranteed by the fellow subsidiary of the Target Company as at 31 December 2022 and 2023 and 31 July 2024 respectively.

(c) Guarantees provided to related parties

The Target Group provided guarantees to fellow subsidiary and joint venture for their borrowings with maximum amount of approximately RMBnil, RMBnil, RMB2,174 million and RMB1,774 million as at 31 December 2021, 2022 and 2023 and 31 July 2024 respectively. Since these bank borrowings are secured by the borrowers' (i) right-of-use assets; and (ii) equity interest in certain related parties, in the opinion of the Director, the fair value of the guarantees is considered insignificant at initial recognition and subsequent periods and the ECL as at 31 December 2023 and 31 July 2024 are considered insignificant.

The guarantee provided to fellow subsidiary of RMB550,000,000 will be released before completion of the Acquisition.

(d) Compensation of key management personnel

No fees or other emoluments were paid or are payable to the directors of the Target Group, which are regarded as the key management of the Target Company during the Relevant Periods.

32. MAJOR NON-CASH TRANSACTIONS

Capital injection into GCL Petroleum amounted to approximately RMB150,278,000 during the year ended 31 December 2021 was set-off with the amounts due to a related party and constituted as a non-cash transaction.

33. PARTICULARS OF SUBSIDIARIES

(a) General information of subsidiaries

The Target Company had direct or indirect interests in the subsidiaries all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name of company	Country of incorporation and operation	Particulars of issued/registered capital	Effective interest held at				Principal activities
			31 December 2021	2022	2023	31 July 2024	
Treasure Creation International <i>(note a)</i>	Hong Kong	HK\$1	100% (Direct)	100% (Direct)	100% (Direct)	100% (Direct)	Investment holding
GCL Petroleum <i>(note b)</i>	PRC	RMB800,000,000 (Paid-up RMB505,827,531)	48% (Indirect)	48% (Indirect)	48% (Indirect)	48% (Indirect)	Investment in petroleum infrastructure projects and provision of related technical and consultancy services
Maoming LNG Company	PRC	RMB1,200,000,000 (Paid-up RMB50,000,000)	48% (Indirect)	48% (Indirect)	48% (Indirect)	48% (Indirect)	Construction and management of LNG receiving terminal projects, including construction, development, investment and operation of harbours, docks, LNG receiving terminal projects and other infrastructures

Notes:

- a. No audited statutory financial statements have been prepared since its date of incorporation.
- b. The statutory audited financial statements of for the years ended 31 December 2021, 2022 and 2023 have been prepared in accordance with the relevant accounting principles and financial regulations applicable to the company established in the PRC and were audited by 蘇州乾正會計師事務所 (普通合夥), 中勤萬信會計師事務所 (特殊普通合夥) 深圳分所 and 中勤萬信會計師事務所 (特殊普通合夥) 深圳分所, certified public accountants registered in the PRC respectively.
- c. The statutory audited financial statements of for the years ended 31 December 2021, 2022 and 2023 have been prepared in accordance with the relevant accounting principles and financial regulations applicable to the company established in the PRC and were audited by 蘇州乾正會計師事務所 (普通合夥), 中勤萬信會計師事務所 (特殊普通合夥) 深圳分所 and 中勤萬信會計師事務所 (特殊普通合夥) 深圳分所, certified public accountants registered in the PRC respectively.

None of the subsidiaries of the Target Company had issued any debt securities at the end of each reporting period.

(b) Details of non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Target Group that has material non-controlling interests as at 31 December 2021, 2022 and 2023 and 31 July 2024.

	At 31 December			At 31 July
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	4,024	351,769	202,624	3,267
Non-current assets	156,330	332,245	648,064	860,256
Current liabilities	(103,272)	(136,548)	(830)	(4,512)
Non-current liabilities	—	(500,000)	(500,000)	(500,000)
Net assets	<u>57,082</u>	<u>47,466</u>	<u>349,858</u>	<u>359,011</u>

	Year ended 31 December			Seven months ended	
	2021	2022	2023	31 July	
	RMB'000	RMB'000	RMB'000	2023	2024
				<i>(unaudited)</i>	
Revenue	–	–	–	–	–
(Loss)/profit and total comprehensive (expense)/income for the year/period	(7,335)	(8,856)	(15,470)	(9,662)	9,153
Cash flows used in operating activities	(5,944)	(3,868)	(5,139)	(3,743)	(1,555)
Cash flows used in investing activities	(101,998)	(177,490)	(338,381)	(347,233)	(184,371)
Cash flows from/(used in) financing activities	<u>108,550</u>	<u>528,976</u>	<u>191,834</u>	<u>199,458</u>	<u>(7,498)</u>
NCI %	52%	52%	52%	52%	52%
(Loss)/profit allocated to NCI	(3,814)	(4,605)	(8,044)	(5,024)	4,760
Carrying amount of NCI	<u>(29,038)</u>	<u>(34,038)</u>	<u>287,366</u>	<u>291,059</u>	<u>292,126</u>

Note: According to the articles of association of GCL Petroleum and the agreement between shareholders, the Target Group has 57.25% voting right in all the shareholders and board meeting. As a result, the NCI's voting right of 42.75% is different from that of the equity interest above.

34. EVENTS AFTER THE REPORTING PERIOD

- (a) On 25 September 2024, the Reorganization was completed and details as disclosed in note 1.2.
- (b) On 4 December 2024, the disposal of 5% equity interest in Maoming Bohe to Guangzhou Development Gas as disclosed in note 22 was completed.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company and any of its subsidiaries now comprising the Target Group in respect of any period subsequent to 31 July 2024 and up to the date of this circular. No dividend or distribution has been declared or made by the Target Group in respect of any period subsequent to 31 July 2024.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

Set forth below is the management discussion and analysis of the Target Company for each of the three years ended 31 December 2021, 2022 and 2023 and for the seven months ended 31 July 2024 (collectively, the “Reporting Period”) based on the financial information on the Target Group set out in Appendix II to this circular.

BUSINESS REVIEW

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment in petroleum infrastructure projects (including Rudong LNG Receiving Terminal Project and Maoming LNG Receiving Terminal Project) and provision of related technical and consultancy services. As at 31 July 2024, the Target Company indirectly holds approximately 48% equity interests in GCL Petroleum, which in turn directly holds approximately 51% equity interests in Rudong LNG Company and approximately 48% equity interests in Maoming Bohe which are the operating companies of the Rudong LNG Receiving Terminal Project and the Maoming LNG Receiving Terminal Project respectively.

The Rudong LNG Receiving Terminal Project is located in Rudong County, Jiangsu Province of the PRC. Construction of the Rudong LNG Receiving Terminal Project commenced in September 2022. The Rudong LNG Receiving Terminal Project comprises two main components, namely, (i) a storage and processing station and (ii) a receiving terminal. Its construction is expected to be completed in the fourth quarter of 2025.

The Maoming LNG Receiving Terminal Project is located in Maoming County, Guangdong Province of the PRC. Construction for the Maoming LNG Receiving Terminal Project is currently under preparation and is expected to commence subject to the approval by the relevant PRC regulatory authorities. Similar to the Rudong LNG Receiving Terminal Project, the Maoming LNG Receiving Terminal Project also comprises two main components, namely, (i) a storage and processing station and (ii) a receiving terminal. According to the development plan prepared by the Target Group, assuming the construction of the Maoming LNG Receiving Terminal Project is approved in 2025, its operation is expected to commence in 2028.

FINANCIAL REVIEW

Revenue

The Target Group did not derive any revenue during the Reporting Period since the Rudong LNG Receiving Terminal Project had been in construction stage and the commencement of construction of the Maoming LNG Receiving Terminal Project was still pending approval by the relevant PRC regulatory authorities.

**APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS OF
THE TARGET GROUP**

Other income

During the Reporting Period, other income of the Target Group was as follows:

	Year ended 31 December			Seven months ended	
	2021	2022	2023	31 July	
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Bank interest income	2	270	884	596	129
Interest income from a related party	–	–	3,873	2,088	1,230
Imputed interest income from loans to related parties	–	–	3,311	–	2,517
Sundry income	–	–	77	–	–
	<u>2</u>	<u>270</u>	<u>8,145</u>	<u>2,684</u>	<u>3,876</u>

Interest income from a related party for the year ended 31 December 2023 and seven months ended 31 July 2023 and 2024 was mainly arose from the loans provided by GCL Petroleum to Taicang Harbour.

Imputed interest income from loans to related parties for the year ended 31 December 2023 and seven months ended 31 July 2024 was mainly attributable to the loans provided by GCL Petroleum to Jiangsu Xiexin and Taicang Harbour.

**APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS OF
THE TARGET GROUP**

Other (losses)/gains, net

During the Reporting Period, the Target Group recorded other (losses)/gains as follows:

	Year ended 31 December			Seven months ended 31 July	
	2021	2022	2023	2023	2024
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Impairment loss on amounts due from a related party	(1,425)	–	(563)	–	–
Gain on modification on loan to a related party	–	–	–	–	1,209
Gain on extinguishment of loan to a related party	–	–	–	–	16,752
	<u>(1,425)</u>	<u>–</u>	<u>(563)</u>	<u>–</u>	<u>17,961</u>

The impairment loss for the year ended 31 December 2021 and 31 December 2023 were mainly due to the impairment made on a fellow subsidiary of the Target Group.

The gain on modification on loan to a related party and gain on extinguishment of loan to a related party during the seven months ended 31 July 2024 were due to entering into of supplemental agreements with Jiangsu Xiexin and Taicang Harbour on 31 July 2024, which modified terms of loans provided by GCL Petroleum.

**APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS OF
THE TARGET GROUP**

Administrative expenses

During the Reporting Period, the Target Group incurred administrative expenses as follows:

	Year ended 31 December			Seven months ended 31 July	
	2021	2022	2023	2023	2024
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Professional and consultancy fees	94	112	3,421	133	2
Staff costs	5,073	2,988	2,791	2,092	3,607
Others	738	779	1,001	705	316
	<u>5,905</u>	<u>3,879</u>	<u>7,213</u>	<u>2,930</u>	<u>3,925</u>

The professional and consultancy fees (including but not limited to feasibility studies, surveyance and environmental assessment) and the staff costs for the Reporting Period were incurred mainly for the preparation of construction of the Maoming LNG Receiving Terminal Project.

Finance costs

During the Reporting Period, the Target Group incurred finance costs as follow:

	Year ended 31 December			Seven months ended 31 July	
	2021	2022	2023	2023	2024
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Bank charges	7	4	3	2	3
Interest on borrowing	–	4,321	15,320	8,981	8,727
	<u>7</u>	<u>4,325</u>	<u>15,323</u>	<u>8,983</u>	<u>8,730</u>

During the year ended 31 December 2021, 2022 and 2023 and seven months ended 31 July 2024, the interest on borrowing of the Target Group represents the interest expense of the borrowing of the Target Group of RMB500 million.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

(Loss)/Profit attributable to owners of the Target Company

For the year ended 31 December 2021, 2022 and 2023 and the seven months ended 31 July 2023 and 2024, the Target Company recorded a loss attributable to owners of the Target Company of approximately RMB3.5 million, RMB4.3 million, RMB7.4 million and RMB4.6 million and a profit attributable to owners of the Target Company of approximately RMB4.4 million respectively.

FINANCIAL RESOURCES REVIEW

Liquidity and financial resources

The Target Group primarily funded its operation by, amongst others, equity financing and borrowing. As at 31 December 2021, 2022 and 2023 and 31 July 2024, the Target Group had bank and cash balances of approximately RMB0.7 million, RMB348.3 million, RMB196.6 million and RMB3.2 million respectively. As at 31 December 2021, 2022 and 2023 and 31 July 2024, the gearing ratios of the Target Group, which is calculated at borrowing divided by net asset value, were nil, 1,053.4%, 142.9% and 139.3% respectively.

The borrowing of the Target Group as at 31 December 2021, 2022 and 2023 and 31 July 2024 included interest-bearing borrowing of approximately nil, RMB500 million, RMB500 million and RMB500 million respectively. Interest-bearing borrowing was secured and denominated in RMB. The interest rate of the interest-bearing borrowing of the Target Group is set based on the five-year term loan prime rate (“LPR”) published by the National Interbank Funding Center as authorised by the People’s Bank of China with a downward adjustment of 1.25%. It is set and re-adjusted once every year since the first drawdown date which was in September 2022. As the LPR was 4.3% on the first drawdown date of the interest-bearing borrowing, the interest rate was 3.05% on the drawn down amount of RMB500 million in September 2022. The interest rate was reset to 2.95% on September 2023 and further adjusted to 2.60% in September 2024 on the drawn down amount of RMB500 million. Therefore, the interest rate for the interest-bearing borrowing as at 31 December 2021, 2022, 2023 and 31 July 2024 was nil, 3.05%, 2.95% and 2.95% respectively.

As at 31 December 2021, 2022 and 2023 and 31 July 2024, amounts due to related parties were totaling RMB102.0 million, RMB134.8 million, nil and nil respectively. These payables were unsecured, interest-free, and repayable on demand. The majority of these amounts as at 31 December 2021 and 2022 were due to a fellow subsidiary of Jiangsu Xiexin.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

As at 31 July 2024, the maturity profile of the borrowing was approximately RMB30 million (representing approximately 6% of the total borrowings) due after one year but not exceeding two years, approximately RMB150 million (representing approximately 30% of the total borrowings) due after two years but not exceeding five years, and approximately RMB320 million (representing 64% of the total borrowings) due after five years. The Target Group is exposed to interest rate risk which arises primarily from bank balances and borrowing. As at 31 July 2024, the interest-bearing borrowings balance of the Target Group of approximately RMB500 million was charged at variable interest rate.

Charge of assets

At 31 December 2022 and 2023 and 31 July 2024, 15% equity interest in Rudong LNG Company held by a subsidiary of the Target Group were pledged as security to a financial institution located in the PRC for interest-bearing borrowings granted to the Target Group. Except for the 15% equity interest in Rudong LNG Company, the Target Group did not have any other pledge of assets as at 31 December 2021, 2022 and 2023 and 31 July 2024.

Funding and treasury policy

For the years ended 31 December 2021, 2022 and 2023 and the seven months ended 31 July 2024, the Target Group primarily financed its operations and investing activities with its equity financing and borrowing. The directors of the Target Group believed that the Target Group had sufficient resources to satisfy its capital expenditure and working capital requirement. The Target Group regularly reviewed its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Capital and other commitments

As at 31 December 2021, 2022 and 2023 and 31 July 2024, the Target Group had contracted but not provided for capital and other commitments of approximately RMB177.9 million, RMB994.4 million, RMB1,108.5 million and RMB914.5 million respectively.

Currency exposure and management

During the Reporting Period, the Target Group's receipts were mainly denominated in RMB. The Target Group's payments were mainly made in RMB. As the business activities of the Target Group, including investment in the LNG Receiving Terminal Projects, were mainly conducted in the mainland China, most of the Target Group's staff costs and operational costs were settled in RMB. As such, fluctuation of the RMB exchange rate will have an impact on the Target Group's profitability. The Target Group will closely monitor movements of RMB and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the Reporting Period, the Target Group did not enter into any foreign exchange forward contract or any other financial instruments for hedging purpose.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

Significant investments, material acquisitions and disposals

During the Reporting Period, the Target Group made two strategic investments: Rudong LNG Company and Maoming Bohe. These investments align with and strengthen the Group's existing LNG trading business model. The Group considered that these assets will generate income streams and create operational synergies. Upon Completion, the Enlarged Group intended to retain both investments as integral parts in its strategic business portfolio.

(i) Rudong LNG Company

As at 31 December 2021, 2022 and 2023 and 31 July 2024, Rudong LNG Company is indirectly owned as to approximately 24.5%, 24.5%, 24.5% and 24.5% by the Target Company, respectively, and is principally engaged in the construction, development, investment, management and operation of the LNG Receiving Terminal Projects. Rudong LNG Company, as a joint venture of the Target Company, is accounted for in the consolidated financial statements of the Target Company using equity method, and the share of its net assets were held by the Target Group at the amounts of approximately RMB156.1 million, RMB309.1 million, RMB462.1 million and RMB656.1 million as at 31 December 2021, 2022 and 2023 and 31 July 2024 respectively.

The Target Group has, through GCL Petroleum, injected capital into Rudong LNG Company, at the amounts of approximately RMB102.0 million, RMB153.0 million, RMB153.0 million and RMB194.0 million during the years ended 31 December 2021, 2022 and 2023 and the seven months ended 31 July 2024 respectively.

As the Rudong LNG Receiving Terminal Project is still under construction, Rudong LNG Company has recorded nil profit or loss during the Reporting Period. No dividend was distributed to the Target Group.

As at 31 December 2021, 2022 and 2023 and 31 July 2024, the Target Group's total investment cost in Rudong LNG Company was approximately RMB156.1 million, RMB309.1 million, RMB462.1 million and RMB656.1 million with carrying value of approximately RMB156.1 million, RMB309.1 million, RMB462.1 million and RMB656.1 million respectively, representing approximately 97.4%, 45.2%, 54.3% and 76.0% of the Target Group's total assets respectively.

(ii) Maoming Bohe

As at 31 December 2021, 2022 and 2023 and 31 July 2024, Maoming Bohe is indirectly owned as to nil, approximately 23.0%, 23.0% and 23.0% by the Target Company, respectively, and is principally engaged in the construction, development, investment, management and operation of the Maoming LNG Receiving Terminal Project. Maoming Bohe, as an associate of the Target Company, is accounted for in the consolidated financial statements of the Target Company using equity method, and the share of its net assets were held by the Target Group at the amounts of RMB23.1 million, RMB22.6 million and RMB22.5 million as at 31 December 2022 and 2023 and 31 July 2024 respectively.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

The Target Group has, through the capital contribution by Maoming LNG Company at an amount of RMB24.0 million, established Maoming Bohe with other shareholders in 2022.

As the Maoming LNG Receiving Terminal Project is still subject to regulatory approval for commencement of construction, Maoming Bohe has recorded loss for the period/year of approximately RMB1.9 million, RMB1.1 million, RMB0.9 million and RMB0.1 million for the period from 29 June 2022 (date of incorporation) to 31 December 2022, the year ended 31 December 2023, and the seven months ended 31 July 2023 and 2024 respectively. No dividend was distributed to the Target Group.

Since Maoming Bohe was incorporated in 2022, there was no recognition of the Target Group's total investment cost in Maoming Bohe as at 31 December 2021. As at 31 December 2022 and 2023 and 31 July 2024, the Target Group's total investment cost in Maoming Bohe was approximately RMB24.0 million, RMB24.0 million and RMB24.0 million with carrying value of approximately RMB23.1 million, RMB22.6 million and RMB22.5 million respectively, representing approximately 3.4%, 2.7% and 2.6% of the Target Group's total assets respectively.

Save as aforesaid or otherwise disclosed herein, the Target Group did not have any significant investments, material acquisitions and disposals during the Reporting Period.

Employees and remuneration policy

As at 31 December 2021, 2022 and 2023 and 31 July 2024, the Target Group had 25, 33, 44 and 57 full-time employees respectively in PRC. For the years ended 31 December 2021, 2022 and 2023 and the seven months ended 31 July 2024, the Target Group provided periodic training to its employees in relation to different areas such as environmental, social and governance issues, intellectual property and work safety. For the years ended 31 December 2021, 2022 and 2023 and the seven months ended 31 July 2024, staff remuneration for the employees of the Target Group included salary pay, discretionary bonus payment which depended on individual performance and profitability of the Target Group, contributions to the social security insurance in the PRC, medical insurance and other competitive fringe benefits. The remuneration policies for the employees of the Target Group were determined according to the responsibility, competence, skills, experience and performance of the employees as well as market pay level. The Target Group reviewed remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees.

APPENDIX III MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

Financial Guarantees

The Target Group provided guarantees to fellow subsidiary and joint venture for their borrowings with maximum amount of approximately RMBnil. RMBnil, RMB2,174 million and RMB1,774 million as at 31 December 2021, 2022 and 2023 and 31 July 2024 respectively.

Since these bank borrowings are secured by the borrowers' (i) right-of-use assets; and (ii) equity interest in certain related parties, in the opinion of the director of the Target Group, the fair value of the guarantees is considered insignificant at initial recognition and subsequent periods and the expected credit loss as at 31 December 2023 and 31 July 2024 are considered insignificant, thus the credit risk on financial guarantee contracts provided by the Target Group were limited.

Save as aforesaid or otherwise disclosed herein, at the close of business on 31 December 2021, 2022 and 2023 and 31 July 2024, the Target Group had neither any guarantee nor any other contingent liabilities in existence.

Future plans for material investments or capital assets

As at the Latest Practicable Date, the Target Company did not have any plans for material investments and capital assets, except for the LNG Receiving Terminal Projects.

Events after the Reporting Period

No significant event of the Target Group occurred after the Reporting Period and up to the Latest Practicable Date.

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

In connection with the proposed acquisition of 100% equity interest in Harmonic Century Global Limited (the “Target Company”) and its subsidiaries (the “Target Group”) by the Group (as defined below), which constitutes a major and connected transaction (the “Acquisition”), the following is the unaudited pro forma consolidated statement of financial position of GCL New Energy Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) enlarged by Acquisition of the Target Group (together the “Enlarged Group”) (the “Unaudited Pro Forma Financial Information”), which has been prepared by the Directors of the Company in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants, for illustrative purpose only, to provide information about how the Acquisition might have affected the financial position of the Group as if the Acquisition had been completed on 30 June 2024 in respect of the unaudited pro forma consolidated statement of financial position of the Enlarged Group.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group is prepared, in accordance with the accounting policies of the Group under International Financial Reporting Standards, based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 extracted from the published unaudited interim report of the Group for the six months ended 30 June 2024 which have been published on the website of the Stock Exchange and the website of the Company, and the audited statement of financial position of the Target Group as at 31 July 2024 as extracted from the accountants’ report as set out in Appendix II to this circular as if the Acquisition had been completed on 30 June 2024.

The Unaudited Pro Forma Financial Information is based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. A narrative description of the pro forma adjustments of the completion of the Acquisition that are (i) clearly shown and explained; (ii) directly attributable to the Acquisition concerned and not relating to future events or decisions; and (iii) factually supportable, is summarized in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and is based on certain assumptions, estimates, uncertainties and other currently available information. Accordingly, and because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the consolidated statement of financial position of the Enlarged Group as at 30 June 2024 had the Acquisition been completed as of 30 June 2024 or at any future dates.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, and the Accountant’s Report on the Target Group as set out in Appendix II to this circular, and other financial information included elsewhere in this circular.

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION OF THE ENLARGED GROUP**

	The Group	The Target				The Enlarged
	As at 30 June	Group	Pro forma	Pro forma	Pro forma	Group
	2024	As at 31 July	adjustments	adjustments	adjustments	As at 30 June
	RMB'000	2024	RMB'000	RMB'000	RMB'000	2024
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	
NON-CURRENT ASSETS						
Property, plant and equipment	887,723	20	-	-	-	887,743
Right-of-use assets	62,199	-	-	-	-	62,199
Goodwill	-	-	-	15,404	-	15,404
Interests in associates	1,585,995	22,533	-	-	-	1,608,528
Interests in joint ventures	3,374	656,116	-	500,228	-	1,159,718
Amounts due from related companies	657,929	181,519	-	-	-	839,448
Financial assets at fair value through profit or loss	96,388	-	-	-	-	96,388
Other non-current assets	9,485	68	-	-	-	9,553
Other receivables	712,057	-	-	-	-	712,057
Pledged bank and other deposits	6,000	-	-	-	-	6,000
Deferred tax assets	804	-	-	-	-	804
	<u>4,021,954</u>	<u>860,256</u>				<u>5,397,842</u>
CURRENT ASSETS						
Inventories	84,801	-	-	-	-	84,801
Trade and other receivables	1,188,486	106	-	-	-	1,188,592
Amounts due from related companies	584,695	-	-	-	-	584,695
Tax recoverable	13	-	-	-	-	13
Pledged bank and other deposits	64,709	-	-	-	-	64,709
Bank balances and cash	399,949	3,161	(200,000)	39,456	-	242,566
	<u>2,322,653</u>	<u>3,267</u>				<u>2,165,376</u>
Assets classified as held for sale	98,218	-				98,218
	<u>2,420,871</u>	<u>3,267</u>				<u>2,263,594</u>

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

	The Group	The Target Group				The Enlarged Group
	As at 30 June 2024	As at 31 July 2024	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	As at 30 June 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>	
CURRENT LIABILITIES						
Other payables and deferred revenue	405,084	4,512	–	–	4,316	413,912
Contract liabilities	30,351	–	–	–	–	30,351
Amounts due to related companies	142,127	–	–	–	–	142,127
Tax payable	1,077	–	–	–	–	1,077
Bank and other borrowings	116,302	–	–	–	–	116,302
Lease liabilities	14,725	–	–	–	–	14,725
	<u>709,666</u>	<u>4,512</u>				<u>718,494</u>
Liabilities directly associated with assets classified as held for sale	1,543	–				1,543
	<u>711,209</u>	<u>4,512</u>				<u>720,037</u>
NET CURRENT ASSETS	<u>1,709,662</u>	<u>(1,245)</u>				<u>1,543,557</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>5,731,616</u>	<u>859,011</u>				<u>6,941,399</u>
NON-CURRENT LIABILITIES						
Bank and other borrowings	318,091	500,000	–	–	–	818,091
Convertible bond	–	–	37,222	–	–	37,222
Lease liabilities	108,369	–	–	–	–	108,369
Deferred income	330,036	–	–	–	–	330,036
	<u>756,496</u>	<u>500,000</u>				<u>1,293,718</u>
Total non-current liabilities	<u>756,496</u>	<u>500,000</u>				<u>1,293,718</u>
Net assets	<u>4,975,120</u>	<u>359,011</u>				<u>5,647,681</u>

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

	The Target Group		Pro forma adjustments			The Enlarged Group
	The Group As at 30 June 2024 <i>RMB'000</i> (Unaudited) <i>(Note 1)</i>	As at 31 July 2024 <i>RMB'000</i> (Audited) <i>(Note 2)</i>	Pro forma adjustments <i>RMB'000</i> (Unaudited) <i>(Note 3)</i>	Pro forma adjustments <i>RMB'000</i> (Unaudited) <i>(Note 4)</i>	Pro forma adjustments <i>RMB'000</i> (Unaudited) <i>(Note 5)</i>	As at 30 June 2024 <i>RMB'000</i> (Unaudited)
CAPITAL AND RESERVES						
Share capital	99,371	137,358	11,989	(137,358)	-	111,360
Reserves	<u>1,836,427</u>	<u>(70,473)</u>	91,102	70,473	(4,316)	<u>1,923,213</u>
Equity attributable to owners of the Company	1,935,798	66,885				2,034,573
Equity attributable to non-controlling interests						
Perpetual capital instrument						
- owners of perpetual notes	3,039,322	-	-	-	-	3,039,322
- other non-controlling interests	<u>-</u>	<u>292,126</u>	-	281,660	-	<u>573,786</u>
TOTAL EQUITY	<u><u>4,975,120</u></u>	<u><u>359,011</u></u>				<u><u>5,647,681</u></u>

**NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
ENLARGED GROUP**

1. The amounts were extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 as set out in the Company's published unaudited interim report for the six months ended 30 June 2024.
2. The amounts were extracted from the audited statement of financial position of the Target Group as at 31 July 2024 included in the accountants' report of the Target Group as set out in the Appendix II to this circular.
3. The adjustments represent consideration paid and payable of RMB571,498,000 (approximately HK\$606,931,000) by the Group with respect to the proposed Acquisition. Pursuant to the Sales and Purchase Agreement (as defined in this circular), the consideration for the proposed Acquisition which will be satisfied by:
 - (i) RMB200,000,000 (approximately HK\$212,400,000) by way of cash;
 - (ii) RMB65,000,000 (approximately HK\$69,030,000) by way of allotment and issue of Consideration Shares (as defined in this circular) at the issue price of HK\$0.45 per Consideration Share comprising of 153,400,000 Shares (as defined in this circular), on the Completion Date (as defined in this circular);
 - (iii) HK\$63,720,000 (approximately RMB60,000,000) by way of issue of Convertible Bond (as defined in this circular), in an equivalent principal amount entitling the holder(s) thereof to convert into a total of 141,600,000 Conversion Shares (as defined in this circular) at the initial Conversion Price (as defined in this circular) of HK\$0.45 per Conversion Share with maturity period of 36 months. The interest rate is 1% per annum and payable in every six calendar months; and
 - (iv) Subsequent to the Completion, the Purchaser will make capital contribution of RMB246,498,000 (approximately HK\$261,781,000) to the Target Group. For the purpose of preparing the Unaudited Pro Forma Financial Information, the capital contribution of RMB246,498,000 is assumed to be paid on 30 June 2024.

APPENDIX IV

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

For the purpose of the Unaudited Pro Forma Financial Information, the following adjustments have been made to reflect the settlement of the consideration:

	Fair value <i>RMB'000</i>	Face value as at 30 June 2024 <i>RMB'000</i>
Considerations:		
Cash	200,000	200,000
Consideration Shares (<i>Note a</i>)	69,333	11,989
Convertible Bond (<i>Note b</i>)	70,980	60,000
	<hr/>	<hr/>
Total consideration	340,313	271,989
Capital contribution (<i>Note c</i>)	204,740	246,498
	<hr/>	<hr/>
Adjusted consideration (including capital contribution as stated in Note (c))	<u>545,053</u>	<u>518,487</u>

- (a) For the purpose of the Unaudited Pro Forma Financial Information, the fair value of the Consideration Shares is approximately HK\$69,333,000 based on 153,400,000 new Consideration Shares in issue at the market price of HK\$0.48 per Share which represents the closing price of the Company's share on 30 June 2024.
- (b) The liability component of the Convertible Bond is initially recognized at approximately HK\$39,530,000 (approximately RMB37,222,000). The fair value of the liability component is estimated by discounted cash flows method using a market interest rate of 18.7% per annum for an equivalent non-convertible debt. The equity component of approximately HK\$35,851,000 (approximately RMB33,758,000) is included in the convertible bond equity reserve of the owners' equity. The fair value of the equity component is estimated by using Fincad Model. The Directors have engaged Jones Lang LaSalle Limited (the "JLL") to assist the management for determining the fair values of the Convertible Bond.
- (c) Capital contribution of RMB246,498,000 (approximately HK\$261,781,000) in respect of the unpaid capital obligation to GCL Petroleum and Natural Gas Co., Ltd. ("GCL Petroleum"), which to be paid by the Purchaser, by 30 June 2029. The fair value of capital contribution is discounted at 3.85% per annum.
4. Upon completion of the proposed Acquisition, the Company will directly hold 100% of the equity interest in the Target Company which will become a subsidiary of the Company, and its financial results, assets and liabilities will be consolidated into the financial statements of the Group. Accordingly, the identifiable assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group at their fair values using the acquisition method in accordance with IFRS 3 (Revised) "Business Combinations" ("IFRS 3 (Revised)").

The Directors have engaged JLL, to determine the fair value of the identifiable assets and liabilities of the Target Group based on the assumption that the proposed Acquisition was completed on 30 June 2024.

The adjustment represents the recognition of goodwill and fair value adjustment on interest in a joint venture as identified arising from the proposed Acquisition, as if the proposed Acquisition had been completed on 30 June 2024.

Accordingly, the goodwill arising from the proposed Acquisition is calculated as follows:

	<i>RMB'000</i>
Carrying value of the identifiable net assets of the Target Group	359,011
Fair value adjustment:	
Interest in a joint venture (<i>Note a</i>)	<u>500,228</u>
Fair value of the identifiable assets and liabilities	859,239
Fair value of unpaid capital (<i>Note b</i>)	<u>244,196</u>
	1,103,435
Non-controlling interests	<u>(573,786)</u>
Fair value of the identifiable assets and liabilities attributable to the Group	529,649
Goodwill arising from the proposed Acquisition	<u>15,404</u>
Adjusted consideration (<i>Note 3</i>)	<u><u>545,053</u></u>

- (a) For the purpose of the preparation of the unaudited pro forma consolidated statement of financial position, the Directors, with reference to the valuation assessment issued by the valuer, had assessed whether there is material fair value adjustment of the assets and liabilities being acquired based on their knowledge of the business of the Target Group as at 30 June 2024. Based on the currently available information, the Directors had identified fair value adjustment on the Target Group's interest in a joint venture with reference to a valuation assessment issued by JLL.
- (b) Unpaid capital represents the obligations of registered capital related to GCL Petroleum and to be paid by shareholders by 30 June 2029 in accordance with its articles of association. For the purpose of preparing the Unaudited Pro Forma Financial Information, the capital contribution of RMB294,000,000 is assumed to be paid on 30 June 2024. The fair value of unpaid capital is discounted at 3.85% per annum with reference to the management assessment assisted by JLL.
- (c) The fair value of net assets acquired is subject to changes upon completion of the proposed Acquisition because in accordance with IFRS 3 (Revised), the fair values of all identifiable assets and liabilities of the Target Group shall be assessed on the Completion Date. Accordingly, goodwill on acquisition may be materially different from the calculation above.
5. The adjustment represents the estimated transaction costs of approximately RMB4,316,000, including but not limited to legal and professional fees, directly attributable to the proposed Acquisition.
6. Other than the above adjustments, no other adjustments had been made to reflect any trading results or other transactions that the Enlarged Group and the Target Company entered into subsequent to 30 June 2024 for the unaudited pro forma consolidated statement of financial position as at 30 June 2024.

The following is the text of the independent reporting accountant’s assurance report received from Crowe (HK) CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Section A of Appendix IV prepared for the purpose of incorporation in this circular.

**B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
ENLARGED GROUP**

國富浩華(香港)會計師事務所有限公司
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**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of GCL New Energy Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of GCL New Energy Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2024, and related notes as set out on pages IV-1 to IV-7 of Appendix IV to the circular issued by the Company (the “Unaudited Pro Forma Financial Information”) dated 24 January 2025 (the “Circular”) in connection with the proposed acquisition of 100% equity interest in the Target Company (as defined in “Definitions” section in the Circular) by the Group, which constitutes a major and connected transaction (the “Acquisition”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-7 of Appendix IV to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group’s financial position as at 30 June 2024 as if the Acquisition had taken place at 30 June 2024. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s unaudited condensed interim consolidated financial statements for the six months ended 30 June 2024, on which an interim review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Management

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 Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's 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 the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2024 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 accountant's judgment, having regard to the reporting accountant's 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 by the Directors 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.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 24 January 2025

Chan Wai Dune, Charles
Practising Certificate Number P00712

24 January 2025

The Board of Directors
GCL New Energy Holdings Limited
Unit 1707A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Dear Sirs,

In accordance with the instructions from GCL New Energy Holdings Limited (the “**Company**” or the “**Client**”), Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**” or “**we**”) have undertaken a valuation exercise which requires us to express an independent opinion on the market value of 100% equity interest (the “**Subject**”) of Harmonic Century Global Limited (the “**Target Company**”) as at 31 July 2024 (the “**Valuation Date**”). The report which follows is dated 24 January 2025 (the “**Report Date**”). The purpose of this valuation is for the Client’s internal reference and inclusion in the Client’s public disclosure.

Our valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

BACKGROUND OF THE SUBJECT

Harmonic Century Global Limited is a company incorporated in British Virgin Islands with limited liabilities. It mainly engages in holding 48% equity interests in GCL Petroleum and Natural Gas Co. Ltd. (“**GCL Petroleum**”) through its wholly-owned subsidiary, Treasure Creation International Holding Limited (“**Treasure Creation**”).

Key financial information of the Target Company and Treasure Creation at company level as of 31 July 2024 is set out as below (unit: RMB):

	Target Company (Audited)	Treasure Creation (Audited)
Assets	7	1
Liabilities	0	0
Net Assets	7	1

GCL Petroleum

GCL Petroleum and Natural Gas Co. Ltd. is a company incorporated in a company incorporated in the PRC with limited liability. It's mainly engaged in investments in oil and gas projects and related technical and consulting services. Per the management of the Target Company, the major assets of GCL Petroleum are 51% equity interests in GCL Huidong LNG Rudong Co., Ltd. (the “**Rudong Company**”) and 48% equity interests in Maoming Bohe LNG Co., Ltd. (the “**Maoming Company**”) which is indirectly held through its fully owned subsidiary, GCL Liquefied Natural Gas (Maoming) Co., Ltd.

Key financial information of GCL Petroleum as of 31 July 2024 is set out as below (unit: RMB'000):

	As of 31 July 2024 (Audited)
Assets	863,523
Liabilities	504,512
Net Assets	359,011

As of the Valuation Date, the capital structure of GCL Petroleum was as below.

Shareholders	Holding Percentage
Jiaxing Guomao Carbon Neutrality Equity Investment Partnership	42.75%
Golden Concord Group Limited	9.25%
Treasure Creation	48%

The Rudong Company

The Rudong Company is a private company incorporated in the Nantong, Jiangsu Province of China on 9 December 2016. The Rudong Company mainly engages in the construction and management of an LNG terminal. The Rudong Company is managing the construction of an LNG terminal which located in Rudong county, Jiangsu Province of China. According to the management of the Rudong Company, the construction of the LNG terminal was 90% completed as of the Valuation Date. The construction is expected to be completed by July 2025.

Key financial information of the Rudong Company as of 31 July 2024 is set out as below (unit: RMB'000):

	As of 31 July 2024 (Audited)
Assets	2,249,066
Liabilities	1,118,955
Net Assets	1,130,111

According to GCL Petroleum, Pacific Energy Investment (“Pacific Energy”) owns 49% equity interests in the Rudong Company. As of the Valuation Date, GCL Petroleum had contributed approximately RMB656 million in capital, while Pacific Energy had contributed around RMB474 million. However, Pacific Energy’s contributed capital percentage was only 42%, which was less than its 49% equity ownership.

To address the shortfall, Pacific Energy issued a letter to GCL Petroleum on 8 August 2024, confirming its commitment to contribute the remaining capital. The letter stated that Pacific Energy would contribute RMB50 million before the end of 2024, and the remaining capital in first half of 2025. Furthermore, according to GCL Petroleum, it has already received RMB30 million of the promised contribution from Pacific Energy before the Valuation Date.

The Maoming Company

The Maoming Company is a private company incorporated in PRC with limited liability. It mainly engages in the development of an LNG terminal. As of the Valuation Date, the LNG terminal project of the Maoming Company was still in preliminary feasibility study stage.

Key financial information of the Maoming Company as of 31 July 2024 is set out as below (unit: RMB'000):

	As of 31 July 2024 (Audited)
Assets	46,954
Liabilities	10
Net Assets	46,944

SOURCES OF INFORMATION

In conducting our valuation of the 100% equity interest in the Target Company, we have reviewed information from several sources, including, but not limited to:

- Background of the Target Company, GCL Petroleum, the Rudong Company, the Maoming Company and relevant corporate information;
- Audited financial statements, which contain the financial and operational information, of the Target Company, GCL Petroleum, the Rudong Company, the Maoming Company as of 31 July 2024; and
- Market information derived from public domains in relation to the business of the Target Company, GCL Petroleum, the Rudong Company, the Maoming Company and our valuation.

We have held discussions with management of the Company, and conducted market research from public sources to assess the reasonableness and fairness of the above information provided by the management. We assumed such information is reliable and legitimate; and we have relied to a considerable extent on the information provided by the Company in arriving at our opinion of value.

BASIS OF OPINION

We have conducted our valuation with reference to the International Valuation Standards issued by International Valuation Standards Council. The valuation procedures employed include a review of legal status and economic condition of the Target Company and an assessment of the key assumptions, estimates, and representations made by the proprietor or the operator of the Target Company. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition of the Target Company;
- Market information of companies engaged in similar lines of business;
- Financial and business risk of the business including continuity of income;
- Consideration and analysis on the micro and macro economy affecting the Target Company's business; and
- Assessment of the liquidity of the Target Company's business.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the Subject.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparables. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for fewer subjective assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the asset than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar asset with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

SELECTION OF VALUATION APPROACH AND METHODOLOGY

To select the most appropriate approach, we have considered the purpose of the valuation engagement and the resulting basis of value, as well as the availability and reliability of information provided to us to perform an analysis. We have also considered the relative advantages and disadvantages of each approach in relation to the nature and circumstances of the Subject.

According to the management of the Target Company and GCL Petroleum, the Target Company mainly engages in holding the 48% equity interests in GCL Petroleum, while GCL Petroleum mainly engages in holding 51% equity interests in the Rudong Company and 48% equity interests in the Maoming Company. Other than that, the Target Company and GCL Petroleum have no operations.

In the Valuation, based on the abovementioned reasons, we have adopted the cost approach to estimate the opinion of value of the equity interests of the Target Company and GCL Petroleum. Under the cost approach, the summation method is typically adopted for a subject when its value is primarily a factor of the value of the holding assets and liabilities.

Under the summation method, each identifiable asset and liability of the Target Company and GCL Petroleum is being valued using the appropriate valuation approaches, and our opinion of value of the subject is derived by adding component assets and deducting component liabilities.

51% Equity Interests in the Rudong Company

For the 51% equity interests in the Rudong Company, the income approach is not the most optimal approach as it involves long-term financial projections and the adoption of numerous assumptions and subjective judgements, not all of which can be easily quantified or ascertained.

In the case of the LNG terminal project in China, there are material uncertainties and risks associated with the successful completion of construction and obtaining government approval for operations. The high risks during development, as well as the requirement for intensive capital injections, serve as barriers for other competitors entering the sector.

However, as the construction progress of the LNG terminal of the Rudong Company reaches around 90% completion and the approvals from the government have been granted, these materially reduced risks will likely increase the value of the Rudong Company's project. It is important to note that this increase in value cannot be fully captured by the cost approach alone.

In view of the above, we have adopted the market approach for this Valuation. The market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for fewer subjective assumptions. It also introduces objectivity in application as publicly available inputs are used. We have therefore relied on the market approach in determining our opinion of value.

There are two common methods under market approach, namely, guideline public company method and guideline transactions method. Guideline public company method requires identifying suitable guideline public companies and selection of appropriate trading multiples, while guideline transactions method takes reference to recent mergers and acquisitions transaction between unrelated parties and ratio of transaction price to Subject's financial metrics.

The guideline public company method is not adopted as there are not enough publicly listed companies of similar businesses (only holding LNG ports in China under construction) that could provide a reasonable valuation benchmark. The guideline transaction method requires the research of comparable transactions with similar nature as the Subject. As there are enough recent market transactions that could provide a reasonable valuation benchmark, the market value of equity interest in the Rudong Company was developed through the guideline transaction method in this exercise.

48% Equity Interests in the Maoming Company

For the 48% equity interests in the Maoming Company, in our valuation, as the project of the Maoming Company is still in research phase and the government didn't grant the approvals, the valuation of the Maoming Company is mainly based on the book value.

Capital Receivables

According to the Company Law of the People's Republic of China (2023 Revision) (“**2023 Company Law**”), the shareholders are required to fully pay their subscribed registered capital within five years of establishment of the company. According to the articles of association of GCL Petroleum, the unpaid registered capital amounted to RMB294,000,000 (“**Capital Receivables**”) as of the Valuation Date. According to the articles of association of GCL Petroleum, this capital receivable is assumed to be received by GCL Petroleum on 30 June 2029 (which is 4.91 years from the Valuation Date). Based on the RMB loan prime rate over 5-years published by the People's Bank of China as of the Valuation Date, a discount rate of 3.85% was adopted. The present value of the Capital Receivables was calculated based on the 3.85% discount rate and a 4.91-years term.

Other Assets and Liabilities

The other assets and liabilities are valued based on their respective book values, with the adjustments disclosed in the below sections.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated to provide a more accurate and reasonable basis for arriving at our assessed value. The following assumptions in determining the market value of the equity interest have been made:

- We assumed the principal businesses of the Target Company, GCL Petroleum, the Rudong Company and the Maoming Company will not change significantly in the foreseeable future. Additionally, we assumed the companies have obtained all necessary permits, business certificates, licenses and legal approvals to operate the business. Furthermore, we assumed all relevant permits, business certificates, licenses and legal approvals required for the operations of their businesses in their respective localities have been or will be officially obtained and renewable upon expiry;
- We assumed that the Target Company, GCL Petroleum, the Rudong Company and the Maoming Company will continue to operate as going concerns with adequate operation facilities and business systems in place or proposed that are in line with the industry.
- We assumed that the core operation of the Target Company, GCL Petroleum, the Rudong Company and the Maoming Company will not differ materially from those of present or expected future state. Otherwise the selection criteria of the comparable companies would have been different for this valuation.

- We assumed that there will be no material changes in the existing political, legal, technological, natural, fiscal or economic conditions that could adversely impact the business of the Target Company, GCL Petroleum, the Rudong Company and the Maoming Company.
- We assumed that the operational and contractual terms stipulated in the relevant contracts and agreements entered into between the Target Company, GCL Petroleum, the Rudong Company and the Maoming Company and any other parties, including but not limited to loan contracts, business contracts and other contracts that will affect the business of the Target Company, GCL Petroleum, the Rudong Company and the Maoming Company, will be upheld.
- We assumed continuous prudent management of the Target Company, GCL Petroleum, the Rudong Company and the Maoming Company, which is reasonable and necessary to maintain the character and integrity of the valued assets.
- We assumed that the GCL Petroleum would receive the Capital Receivables from its shareholders on 30 June 2029 (which is 4.91 years from the Valuation Date) being the latest date for the shareholders to contribute the unpaid registered capital of GCL Petroleum.
- We assumed that the Rudong Company would receive the capital receivables from Pacific Energy as schedule.
- We assumed that there are no hidden or unexpected conditions (such as natural disaster, war, government intervention, major change in management, etc.) associated with the valued asset that might adversely affect their reported value.

VALUATION OF THE RUDONG COMPANY

Selection of Valuation Price Multiples

In this valuation, we have considered the following commonly used benchmark multiples:

- Price-to-earnings multiple (“**P/E Multiple**”): This multiple is computed by dividing the share price by earnings per share. It is commonly used as investors want to assess the profitability of a company. However, it has limitations as it cannot be used for valuing loss-making companies and does not address differences in accounting policies and capital structures.
- Price-to-book multiple (“**P/B Multiple**”): This multiple is computed by dividing the share price by the book value per share. It is often used in asset-intensive industries. However, since it only considers tangible assets, it does not capture intangible assets, company-specific competencies, and advantages.

- Price-to-sales multiple (“**P/S Multiple**”): This multiple is estimated by dividing the share price by sales per share. It is commonly used for valuing early-stage or loss-making companies. However, it overlooks the cost structure and profitability of a company. A firm’s enterprise value is equal to its equity value plus its debt less any cash.
- Enterprise value to earning before interest and tax multiple (“**EV/EBIT Multiple**”): This multiple compares a firm’s enterprise value to its earnings before interest and taxes. It allows for direct comparison of firms regardless of their capital structure. It is considered less affected by differences in capital structure compared to the P/E Multiple. However, it does not adjust for depreciation and amortization expenses.
- Enterprise value-to-earnings before interest, tax depreciation and amortization multiple (“**EV/EBITDA Multiple**”): This multiple is similar to the EV/EBIT Multiple but adds back depreciation and amortization expenses. It is commonly used for capital-intensive businesses where depreciation expense is significant.
- Enterprise value-to-sales multiple (“**EV/Sales Multiple**”): Similar to other enterprise value multiples, this multiple is less affected by differences in accounting treatment. It takes into account a company’s debt load, providing an advantage over the P/S Multiple.

Since the LNG Terminal held by the Rudong Company is under the construction phase and has not generated any revenue in the past 12 months, the multiples involving income statement items such as P/E Multiple, P/S Multiple, EV/EBIT Multiple, EV/EBITDA Multiple, and EV/Sales Multiple are not applicable for valuation of the Rudong Company. As an LNG terminal project requires intensive capital expenditures, the value of a company in this industry is highly dependent on its net book value. Hence, the P/B multiple which is mainly driven by the book value of subject company in the valuation is considered to be the most appropriate multiple.

Summary of Comparable Transactions

In determining the financial multiple, a list of comparable transactions was identified. The selection criteria are set as below:

1. The subject companies of the comparable transactions mainly engages in the construction and management of an LNG terminal in China (i.e. the same industry as the Rudong Company);
2. Sufficient operational and financial data, including the P/B Ratio, on the subject companies are available as at the Valuation Date;
3. The comparable transactions were announced within 3 years before the Valuation Date.

The LNG terminal industry is highly regulated with significant entry barriers, resulting in a scarcity of related transactions in the PRC. As sourced from the public available database such as HKEXnews and Shanghai Stock Exchange, two comparable transactions satisfying the above criteria were identified. The details of the comparable transactions are disclosed as below:

Comparable Transaction 1

Acquirer Name	ENN Natural Gas Co., Ltd.
Acquirer Stock Code	SHSE:600803
Target Name	ENN (Zhoushan) LNG Co., Ltd. (“ ENN Zhoushan ”)
Transaction Date	19 April 2022
Target Description	<p>ENN Zhoushan mainly engaged in construction, management and operation of Zhoushan LNG terminal which is the first large-scale LNG Terminal approved by the National Energy Administration of PRC to be invested, constructed and managed by a private enterprise.</p> <p>Zhoushan LNG Terminal is located in the east coastal regions in China, close to the mouth of the Yangtze River.</p>
Construction Status	Completed
Transaction Percentage	90%
Consideration	RMB8,550,000,000
Implied Valuation	RMB9,500,000,000
Net Book Value of the Target	RMB2,928,668,000
Implied P/B	3.24

Comparable Transaction 2

Acquirer Name	Binhai Investment Company Limited
Acquirer Stock Code	SEHK:2886
Target Name	Sinopec Tianjin LNG Co., Ltd. (“ Sinopec Tianjin ”)
Transaction Date	20 February 2023
Target Description	Sinopec Tianjin is principally engaged in the construction and operation of LNG terminals and piers, as well as the storage, processing and sales of LNG products. Sinopec Tianjin operates Sinopec’s LNG terminals in Tianjin Nangang Area. The terminals were expected to have total capacity of 10.8 million metric tons upon completion of Phase II in 2023.
Construction Status	Completed
Transaction Percentage	2%
Consideration	RMB193,067,300
Implied Valuation	RMB9,653,365,000
Net Book Value of the Target	RMB4,490,670,000
Implied P/B	2.15

Adjustments on Implied P/B

As discussed above, the dates of comparable transactions were different from the Valuation Date and the market conditions between those transaction dates and the Valuation Date are different. Moreover, the transferred equity interests in Comparable Transaction 1 was over 50% such that the acquirer was obtaining the control in the target. On the other hand, according to the management of Target Company, the GCL Petroleum has no control over the Rudong Company with its 51% holding equity interests. Hence the adjustments for the market conditions and the minority discounts are adopted in our valuation.

We observed that the LNG terminals in the Comparable Transactions are operational, whereas the Rudong Company’s terminal is still under construction. However, with the construction of the LNG terminal nearing 90% completion and government approvals obtained, the risk related to an unfinished project is minimal.

Adjustments for Market Conditions

To reflect the different market conditions and the changes in the general industry risks between the Valuation Date and the respective transaction dates, a list of component companies representative of the industry of LNG sales and provision was identified. While this list of companies is not similar enough to construct a benchmark in the application of the guideline company method, it is sufficiently representative to develop market condition adjustments. The selection criteria are set as below:

1. The shares of the component companies have been listed and actively traded in public exchanges for no less than six months;
2. The shares of the component companies have been listed and actively traded in all major public exchanges according to the Capital IQ for no less than six months;
3. The component companies mainly engage in natural gas services and related business in China, based on the business description provided by Capital IQ or their websites;
4. The component companies operate at least one LNG terminal or LNG port in China based on the business description provided by Capital IQ or their websites;
5. Sufficient operational and financial data, including the P/B Ratio, on the component companies are available as at the Valuation Date.

As sourced from Capital IQ, an exhaustive list of comparable companies satisfying the above criteria was obtained.

The details of the comparable companies are listed below:

Ticker	Company Name	Company Description
SEHK:1083	Towngas Smart Energy Company Limited	Towngas Smart Energy Company Limited, an investment holding company, sells and distributes piped gas in the People's Republic of China.
SHSE:600803	ENN Natural Gas Co., Ltd.	ENN Natural Gas Co., Ltd. engages in the wholesale and retail of natural gas, energy chemical, chemical trading, and coal mining and washing businesses in China.

Ticker	Company Name	Company Description
SZSE:002911	Foran Energy Group Co., Ltd.	Foran Energy Group Co., Ltd. transports and sells natural gas in China.
SHSE:601139	Shenzhen Gas Corporation Ltd.	Shenzhen Gas Corporation Ltd. provides urban gas, natural gas, and LPG energy.
SEHK:9908	JiaXing Gas Group Co., Ltd.	JiaXing Gas Group Co., Ltd. engages in the sale of piped natural gas (PNG) in the People's Republic of China.
SHSE:600681	Bestsun Energy Co., Ltd.	Bestsun Energy Co., Ltd. engages in the city gas business.
SHSE:605090	Jiangxi Jovo Energy Co., Ltd	Jiangxi Jovo Energy Co., Ltd operates as a clean energy integrated service provider for gas industries in China and internationally.

The average P/B excluding outliers of the component companies were adopted to form an index to reflect the impact of different market conditions. The P/B ratios and adjustments are shown as below:

	Valuation Date	19 April 2022	20 February 2023
Average P/B excluding outliers*	1.47	1.81	1.81
Adjustments	N/A	81%	81%

* *The P/B ratios fall outside the range of one standard deviation were considered to be outliers.*

Adjustments for Discount for Lack of Control

Discount for Lack of Control (“DLOC”) is an amount by which the pro rata value of a minority interest is less than the pro rata value of a controlling interest in a business enterprise reflecting the lack of control. It recognizes that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and the extent of economic benefits they bring, cause a differential in the per-share value of a control ownership block versus a minority ownership block.

For Comparable Transaction 1, a minority discount of 23.6% is adopted to adjust the implied P/B ratio with reference to Control Premium Study (1st Quarter 2024) published by FactSet Mergerstat.

The adjusted P/B ratio of the comparable transactions are shown as below:

	Comparable Transaction 1	Comparable Transaction 2
P/B before adjustments	3.24	2.15
Market Condition Adjustments	81%	81%
DLOC	23.6%	N/A
Adjusted P/B	2.00	1.74

The average of the adjusted P/B of the comparable transactions, i.e. 1.87 was adopted in the Valuation.

Capital Receivables from Pacific Energy

As disclosed in the paragraph under the heading “BACKGROUND OF THE SUBJECT”, Pacific Energy had committed to contribute the capital gradually within one year. Based on the RMB one year loan prime rate published by the People’s Bank of China as of the Valuation Date, a discount rate of 3.35% was adopted. The present value was calculated based on the parameters below.

Payment Stage	Stage 1	Stage 2
Receivable Amount	RMB20,000,000	RMB136,000,000
Discount Rate	3.35%	3.35%
Discount Period	0.42 Years	0.92 Years
Present Value	RMB19,727,284	RMB131,953,516

The sum of the present values of RMB151,680,800 was adopted in our valuation.

Calculation of Valuation Result

Under the guideline transaction method, the market value depends on the market multiples of the comparable transactions and adjusted as discussed above.

The calculation of the market value of the 51% equity interest in the Rudong Company as at the Valuation Date is as follows:

	31 July 2024
Expected Net Asset Value (RMB)	1,130,111,038
P/B Multiple (times)	<u>1.87</u>
Business Value of the Rudong Company (RMB)	2,115,661,253
Add: Committed Capital Injection from Pacific Energy (RMB)	<u>151,680,800</u>
Business Value of the Rudong Company (RMB)	<u>2,267,342,053</u>
51.00% Equity Interest in the Target company (RMB)	1,156,344,447

VALUATION OF THE MAOMING COMPANY

The investment of 48% equity interests in the Maoming Company of GCL Petroleum was valued based on its book value, i.e. RMB22,533,330.

VALUATION OF CAPITAL RECEIVABLES

According to GCL Petroleum, the Capital Receivable of RMB294 million will be fully contributed by Golden Concord Group Limited and Treasure Creation in proportion to their respective shareholdings.

The Capital Receivables was valued based on the parameters as below:

Shareholders	Treasure Creation	Golden Concord Group Limited
Receivable Amount	RMB246,497,817	RMB47,502,183
Discount Rate	3.85%	3.85%
Discount Period	4.91 Years	4.91 Years
Present Value	RMB204,739,986	RMB39,455,101

The sum of the present value of RMB244,195,087 was adopted in our valuation.

SUMMARY OF ASSETS AND LIABILITIES

As discussed above, the market value of assets and liabilities of the GCL Petroleum as of Valuation Date was summarized as below:

	Book Value (RMB) As of 31 July 2024	Market Value (RMB) As of 31 July 2024
Assets		
Cash	3,161,231	3,161,231
Shorter-term Other Receivables	105,605	105,605
Long-term Other Receivables	181,518,979	181,518,979
Other Non-current Assets	67,024	67,024
Long-term Investments	678,649,430	1,178,877,777
51% Equity Interests in the Rudong Company	656,116,100	1,156,344,447
48% Equity Interests in the Maoming Company	22,533,330	22,533,330
Fixed Assets	20,343	20,343
Total Assets	863,522,612	1,363,750,959
Liabilities		
Other Payables	4,511,803	4,511,803
Long-term Borrowings	500,000,000	500,000,000
Total Liabilities	504,511,803	504,511,803
Net Assets Value	359,010,808	859,239,155
Add: Capital Receivables		244,195,087
100% Equity Interests in GCL Petroleum		1,102,763,674
48% Equity Interests in GCL Petroleum		529,648,436
48% Equity Interests in GCL Petroleum (Rounded)		530,000,000

As the Target Company has no other major assets and liabilities other than 48% equity interests in GCL Petroleum, the market value of 100% equity interests of the Target Company was based on the market value of 48% equity interests in GCL Petroleum, i.e. RMB530,000,000

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions which have been set out in this report above. Further, while the assumptions are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

We confirm that we have sufficient current local knowledge of the market which the Target Company are engaged in and the skills and understanding necessary to undertake the valuation of the Subject competently. We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Further, we are not aware of any material changes to the Subject between the Valuation Date and the date of this report.

We are instructed to provide our opinion of value as per the Valuation Date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the Valuation Date.

This report is issued subject to our Limiting Conditions as attached.

OPINION OF VALUE

Based on the results of our investigations and analysis, we are of the opinion that the market value of the Subject as at the Valuation Date is reasonably stated at the amount of **RMB530 million**.

Yours faithfully,
For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Simon M.K. Chan
Executive Director

Note: Mr. Simon M.K. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS). He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of our reports, we relied on the accuracy, completeness and reasonableness of the financial information, assumptions and other data provided to us by the Company/ engagement parties and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our reports were used as part of the Company's analysis in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Company.
2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.
3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.
4. The management and the board of the Company have reviewed and agreed on the report and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.
5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the Subject. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.
6. No opinion is intended to be expressed for matters which require legal or other specialized expertise, which is out of valuers' capacity.
7. The use of and/or the validity of the report is subject to the terms of engagement letter/ proposal and the full settlement of the fees and all the expenses.
8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client/Target Company because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.
10. This report has been prepared solely for the use as stated in the report and the engagement letter. The report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not be liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.
11. This report is solely for the use by the client and the calculation of values expressed herein is valid only for the purpose stated in this report and the engagement letter/or proposal as of the Valuation Date. In accordance with our standard practice, we must state that this report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.
12. Where a distinct and definite representation has been made to us by party/parties interested in the assets valued, we are entitled to rely on that representation without further investigation into the veracity of the representation.
13. You agree to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.
14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the Subject.

15. This exercise is premised in part on the historical financial information provided by the management of the Client/Target Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Accordingly, to the extent any of the above-mentioned information requires adjustments, the resulting value may differ significantly.
16. This report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusion of values are not intended by the author, and should not be construed by the reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Company/engagement parties and other sources. Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.
17. The board of directors, management, staff, and representatives of the Client/Target Company have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Client/Target Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

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

Long position in the Shares

Name of Director	Beneficiary of a trust	Personal Interests	Number of Shares		Approximate percentage of issued Shares (Note 2)
			Number of underlying Shares (Note 1)	Total	
Mr. ZHU Gongshan	197,143,695 (Note 3)	–	–	197,143,695	14.07%
Mr. ZHU Yufeng	197,143,695 (Note 3)	–	875,000	198,018,695	14.13%
Mr. WANG Dong	–	11,496	–	11,496	0.001%
Ms. SUN Wei	–	90,995	500,000	590,995	0.04%
Mr. YEUNG Man Chung, Charles	–	–	250,000	250,000	0.02%
Mr. FANG Jiancai	–	–	250,000	250,000	0.02%
Mr. LEE Conway Kong Wai	–	–	100,000	100,000	0.01%
Mr. WANG Yanguo	–	–	100,000	100,000	0.01%
Dr. CHEN Ying	–	–	100,000	100,000	0.01%

Notes:

1. These are share options granted by the Company to the Directors pursuant to the share option scheme of the Company on 3 November 2021. For further details, please refer to the Company's announcement dated 3 November 2021.
2. The percentage was calculated based on 1,400,922,926 Shares in issue as at the Latest Practicable Date.
3. Those Shares were beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited ("**Dongsheng Photovoltaic**") and Golden Concord Group. For further information of the shareholding structure of Dongsheng Photovoltaic and Golden Concord Group, please refer to note 2 under the subsection headed "Interests of substantial shareholders" in this appendix.

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

(ii) Interests of substantial shareholders

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

Long position in the Shares

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares <i>(Note 1)</i>
Zhu Gongshan <i>(Note 2)</i>	Founder of trust	197,143,695	14.07%
Zhu Yufeng <i>(Note 2)</i>	Beneficiary of a trust	197,143,695	14.07%
Credit Suisse Trust Limited <i>(Note 2)</i>	Trustee	197,143,695	14.07%
Asia Pacific Energy Fund Limited <i>(Note 2)</i>	Interest in controlled corporation	197,143,695	14.07%
Asia Pacific Energy Holdings Limited <i>(Note 2)</i>	Interest in controlled corporation	197,143,695	14.07%

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares (Note 1)
Golden Concord Group (Note 2)	Interest in controlled corporation	197,143,695	14.07%
Elite Time Global Limited (Note 3)	Beneficial owner	86,878,864	6.20%
GCL Technology Holdings Limited (Note 3)	Interest in controlled corporation	86,878,864	6.20%
GCL System Integration (Note 2)	Interest in controlled corporation	95,298,915	6.80%
GCL System Integration Technology (Su Zhou) Co., Ltd (Note 2)	Interest in controlled corporation	95,298,915	6.80%
Dongsheng Photovoltaic (Note 2)	Beneficial owner	95,298,915	6.80%
Invesco Exchange – Traded Fund Trust II – Invesco Solar ETF	Person having a security interest in shares	61,811,027	4.41%

Notes:

- (1) The percentage was calculated based on 1,400,922,926 Shares in issue as at the Latest Practicable Date.
- (2) (i) Dongsheng Photovoltaic Technology (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by GCL System Integration Technology (Su Zhou) Co., Ltd.* (協鑫集成科技(蘇州)有限公司) which is in turn wholly-owned by GCL System Integration, Jiangsu GCL Construction, Golden Concord Group Limited (PRC) and Yingkou Qiyin Investment Management Co., Ltd.* (營口其印投資管理有限公司) owns approximately 24.2% of GCL System Integration in aggregate. Yingkou Qiyin Investment Management Co., Ltd. and Jiangsu GCL Construction are parties acting in concert with Golden Concord Group Limited (PRC). Golden Concord Group Limited (PRC) is 44.61% owned by Shanghai Qixun and 46.68% owned by Jiangsu GCL Construction and 8.71% owned by GCL-Poly (Taicang Harbour) Limited. Shanghai Qixun is directly wholly owned by Mr. Zhu Yufeng while Jiangsu GCL Construction and GCL-Poly (Taicang Harbour) Limited are indirectly wholly-owned by Golden Concord Group. Golden Concord Group is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family, including Mr. Zhu Gongshan as beneficiaries.
- (ii) An aggregate of 101,844,780 shares in the Company, being approximately 7.27% equity interest of the Company, are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group.
- (3) Elite Time Global Limited is wholly-owned by GCL Technology Holdings Limited.

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

3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

(i) Interests in competing interests

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

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

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

(ii) Interests in contracts or arrangements

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

(iii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2023 (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 date of this circular which are or may be material. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the respective announcement and circular of the Company below:

- (i) the Sixth Phase Share Purchase Agreements dated 19 May 2023 in relation to the Sixth Phase Disposals at a total consideration of RMB336,000,000, as detailed in the announcement of the Company dated 19 May 2023 and the circular of the Company dated 8 June 2023;
- (ii) the Share Purchase Agreements and the Earnest Money Agreement both dated 12 October 2023 in relation to the Disposals at a total consideration of RMB1,004,401,100 as detailed in the announcement of the Company dated 12 October 2023 and the circular of the Company dated 15 November 2023;
- (iii) the Placing Agreement dated 22 April 2024 entered into between the Company and the sole placing agent, Livermore Holdings Limited in relation to the placing of an aggregate of 233,487,154 Shares at HK\$0.26 per Share, raising net proceeds of approximately HK\$59.7 million as detailed in the announcements of the Company dated 22 April 2024 and 10 May 2024;
- (iv) the Subscription Application dated 25 June 2024 in relation to the subscription of the Fund, Asia-IO Clean Energy Partners SP, a segregated portfolio of Asia-IO Partners Master SPC, at a total subscription amount of US\$14,000,000 as detailed in the announcements of the Company dated 25 June 2024 and 3 July 2024;
- (v) the Membership Interest Purchase and Sale Agreement dated 30 December 2024 (United States Pacific Standard Time) in relation to the Disposal of the Target Companies at a total consideration of US\$13,800,314 (equivalent to approximately HK\$107,366,000) as detailed in the announcements of the Company dated 31 December 2024 and 8 January 2025;
- (vi) the Sale and Purchase Agreement dated 9 January 2025 in relation to the Acquisition at a total consideration of RMB325,000,000, as detailed in the Announcement and this circular; and
- (vii) the Loan Agreements, as detailed in the Announcement and this circular.

6. CLAIMS AND LITIGATION

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

7. EXPERT'S QUALIFICATIONS AND CONSENTS

The following are the qualifications of the experts who have given their opinions or advice which are included in this circular:

Name	Qualifications
Messis Capital Limited	a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Crowe (HK) CPA Limited	Certified Public Accountants Registered Public Interest Entity Auditors
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent valuer

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

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

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2023, the date to which the latest published audited financial statements of the Group were made up.

8. GENERAL

- (i) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (ii) The principal place of business of the Company in Hong Kong is situated at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company is Tricor Abacus Limited situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (iv) The company secretary of the Company is Mr. Ho Yuk Hay, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (v) In case of inconsistencies, the English texts of this circular shall prevail over the Chinese texts thereof.

9. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) the Sale and Purchase Agreement;
- (ii) the Loan Agreements;
- (iii) the letter from the Independent Financial Adviser, the text of which is set out on pages 60 to 90 of this circular;
- (iv) the accountant's report on the Target Group prepared by Crowe (HK) CPA Limited as set out in Appendix II to this circular;
- (v) the report on the unaudited pro forma financial information of the Enlarged Group from Crowe (HK) CPA Limited as set out in Appendix IV to this circular;
- (vi) the valuation report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited as set out in Appendix V to this circular; and
- (vii) the written consents referred to in the paragraph headed "7. EXPERT'S QUALIFICATIONS AND CONSENTS" in this Appendix.

NOTICE OF SPECIAL GENERAL MEETING



GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of GCL New Energy Holdings Limited (the “Company”) will be held at 21st Floor, Grand Millennium Plaza, 181 Queen’s Road Central, Sheung Wan, Hong Kong on Tuesday, 18 February 2025 at 11 a.m. for the purpose of considering and, if thought fit, approving, the following resolution as ordinary resolution of the Company. Capitalised terms contained in the circular dated 24 January 2025 issued by the Company shall have the same meanings when used herein unless otherwise specified.

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 Sale and Purchase Agreement, a copy of which has been produced to the SGM and marked “A” and initialed by the chairman of the SGM for identification purpose, and the transactions as contemplated thereunder, including the Acquisition, the issue of the Consideration Shares and the Convertible Bonds (including the Conversion Shares), be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Consideration Shares and Conversion Shares to be issued by the Company in satisfaction of part of the Consideration payable by the Purchaser pursuant to the Sale and Purchase Agreement, the Directors be and are hereby granted the Specific Mandate to allot and issue the Consideration Shares and Conversion Shares and take all such steps and do all such acts as may be necessary or expedient in order to give effect to the same;

NOTICE OF SPECIAL GENERAL MEETING

- (c) subject to and in view of the Completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder, (1) the Loan Agreement 1, a copy of which is marked “B1” and initialed by the chairman of the SGM for identification purpose and tabled at the SGM, and (2) the Loan Agreement 2, a copy of which is marked “B2” and initialed by the chairman of the SGM for identification purpose and tabled at the SGM and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (d) any one Director be and is hereby authorized for and on behalf of the Company to do all such acts and things (including, without limitation, signing, agreeing, ratifying and/or executing (under hand or under seal), perfecting and delivering all agreements, documents and instruments) and take all such steps as the Director in his opinion or discretion may consider necessary, appropriate, desirable or expedient to implement or give effect to the Sale and Purchase Agreement and the Loan Agreements and the transactions contemplated thereunder, the issue of the Convertible Bonds, the allotment and issue of the Consideration Shares and Conversion Shares, and all other matters incidental thereto or in connection therewith, and to agree to and make such variation, amendment or waiver of matters relating thereto or in connection therewith.”

By order of the Board
GCL New Energy Holdings Limited
Zhu Gongshan
Chairman

Hong Kong, 24 January 2025

* *For identification purpose only*

Notes:

- (1) Any shareholder of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
- (2) In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited with the Company’s Hong Kong branch share registrar and transfer office, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof.
- (3) Completion and delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the SGM convened and in such event, the form of proxy shall be deemed to be revoked. It is advised that all Shareholders may appoint any person or the chairman of the SGM as a proxy to vote on the resolution, instead of attending the SGM in person. The form of proxy can be downloaded from the website of the Company at www.gclnewenergy.com or HKEXnews at www.hkexnews.hk.

NOTICE OF SPECIAL GENERAL MEETING

- (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 Thursday, 13 February 2025 to Tuesday, 18 February 2025, 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 Tuesday, 18 February 2025 at 11 a.m. In order to be eligible to attend and vote at the SGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Wednesday, 12 February 2025.
- (6) Pursuant to Rule 13.39(4) of the Listing Rules, resolution(s) will be put to vote at the SGM by way of poll.
- (7) If Typhoon Signal No. 8 or above, or "extreme conditions" is caused by super typhoon announced by the Government of Hong Kong, or a "black" rainstorm warning is in effect any time after 8 a.m. on the date of the SGM, the SGM will be postponed. Shareholders may visit the website of the Company at www.gclnewenergy.com for details of the postponement and alternative meeting arrangement.