# 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)**

## PRELIMINARY ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

### FINANCIAL HIGHLIGHTS

| | **2022** | 2021 |
|---|---|---|
| | ***RMB million*** | *RMB million* |
| Revenue | **929** | 2,845 |
| Loss attributable to owners of the Company | **(1,493)** | (790) |
| | ***RMB cents*** | *RMB cents* |
| **Loss per share** | | |
| – Basic and diluted | **(135.63)** | (76.17) |

The audited consolidated results of the Group for the year ended 31 December 2022 (the "Reporting Period"), with comparative figures for the corresponding period in the previous year (the "Prior Reporting Period") are as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2022*

| | *NOTES* | **2022** *RMB'000* | 2021 *RMB'000* |
|---|---|---|---|
| Revenue | *3* | **929,057** | 2,844,899 |
| Cost of sales | | **(477,989)** | (1,066,123) |
| Gross profit | | **451,068** | 1,778,776 |
| Other income | *4* | **149,488** | 95,911 |
| Other gains and losses, net | *5* | **(104,526)** | 140,800 |
| Impairment loss on expected credit loss model, net of reversal | *5* | **(386,156)** | (60,515) |
| Impairment on property, plant and equipment | *5* | **(358,968)** | (294,211) |
| Administrative expenses | | | |
| —share-based payment expenses | | **(17,121)** | (20,718) |
| —other administrative expenses | | **(554,505)** | (675,791) |
| Share of profits of associates | | **122,768** | 99,461 |
| Share of profits of joint ventures | | **25** | 16 |
| Finance costs | *6* | **(571,543)** | (1,578,409) |
| Loss before tax | | **(1,269,470)** | (514,680) |
| Income tax expense | *7* | **(18,911)** | (47,044) |
| **Loss for the year** | *8* | **(1,288,381)** | (561,724) |
| **Other comprehensive income:** | | | |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation of foreign operations | | **47,291** | 26,554 |
| **Total comprehensive expense for the year** | | **(1,241,090)** | (535,170) |

| | NOTE | 2022 | 2021 |
|---|---|---|---|
| | *NOTE* | ***RMB'000*** | *RMB'000* |
| Loss for the year attributable to: | | | |
| Owners of the Company | | **(1,492,546)** | (790,274) |
| Non-controlling interests | | | |
| — Owners of perpetual notes | | **200,750** | 207,786 |
| — Other non-controlling interests | | **3,415** | 20,764 |
| | | **(1,288,381)** | (561,724) |
| Total comprehensive expense for the year attributable to: | | | |
| Owners of the Company | | **(1,445,255)** | (763,720) |
| Non-controlling interests | | | |
| — Owners of perpetual notes | | **200,750** | 207,786 |
| — Other non-controlling interests | | **3,415** | 20,764 |
| | | **(1,241,090)** | (535,170) |
| | | ***RMB cents*** | *RMB cents* (Restated) |
| Loss per share | *10* | | |
| — Basic | | **(135.63)** | (76.17) |
| — Diluted | | **(135.63)** | (76.17) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2022*

| | NOTES | 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **4,468,062** | 5,520,394 |
| Right-of-use assets | | **219,290** | 316,517 |
| Interests in associates | | **1,431,441** | 1,350,913 |
| Interests in joint ventures | | **3,176** | 3,151 |
| Amounts due from related companies | | **17,443** | 24,481 |
| Other investments | | **45,643** | 43,714 |
| Other non-current assets | | **107,265** | 203,701 |
| Contract assets | | **54,957** | 40,941 |
| Pledged bank and other deposits | | **200,785** | 181,366 |
| Deferred tax assets | | **25,383** | 29,264 |
| | | **6,573,445** | 7,714,442 |
| **CURRENT ASSETS** | | | |
| Trade and other receivables | *11* | **3,993,895** | 6,319,867 |
| Amounts due from related companies | | **282,657** | 262,839 |
| Tax recoverable | | **346** | 1,691 |
| Pledged bank and other deposits | | **61,001** | 248,396 |
| Bank balances and cash | | **797,125** | 586,050 |
| | | **5,135,024** | 7,418,843 |
| Assets classified as held for sale | | **455,087** | 783,384 |
| | | **5,590,111** | 8,202,227 |
| **CURRENT LIABILITIES** | | | |
| Other payables and deferred income | | **985,852** | 1,340,231 |
| Amounts due to related companies | | **143,145** | 114,220 |
| Tax payable | | **2,383** | 4,763 |
| Loans from related companies | *12* | **4,811** | 32,325 |
| Bank and other borrowings | *13* | **436,921** | 1,084,285 |
| Senior notes | *14* | — | 467,305 |
| Lease liabilities | | **30,305** | 38,477 |
| | | **1,603,417** | 3,081,606 |
| Liabilities directly associated with assets classified as held for sale | | **192,385** | 562,365 |
| | | **1,795,802** | 3,643,971 |
| **NET CURRENT ASSETS** | | **3,794,309** | 4,558,256 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **10,367,754** | 12,272,698 |

| | NOTES | 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Bank and other borrowings | *13* | **2,082,502** | 2,009,185 |
| Senior notes | *14* | **1,722,571** | 2,648,062 |
| Lease liabilities | | **239,991** | 332,887 |
| Deferred income | | **343,979** | 327,850 |
| Deferred tax liabilities | | **679** | 841 |
| | | **4,389,722** | 5,318,825 |
| **NET ASSETS** | | **5,978,032** | 6,953,873 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **81,773** | 73,629 |
| Reserves | | **3,122,903** | 4,292,580 |
| Equity attributable to owners of the Company | | **3,204,676** | 4,366,209 |
| Equity attributable to non-controlling interests | | | |
| —Owners of perpetual notes | | **2,738,472** | 2,537,722 |
| —Other non-controlling interests | | **34,884** | 49,942 |
| **TOTAL EQUITY** | | **5,978,032** | 6,953,873 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2022*

### 1. GENERAL INFORMATION

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company. Its subsidiaries (hereinafter together with the Company collectively referred to as the "Group") are principally engaged in the sale of electricity, development, construction, operation and management of solar power plants ("Solar Energy Business").

The functional currency of the Company and the presentation currency of the Group's consolidated financial statements are Renminbi ("RMB").

### 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Financial Standards Board. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16 Lease, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

## 3. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | | |
| Sales of electricity and tariff adjustments | **758,461** | 2,694,979 |
| Operation and management services income | **151,991** | 79,637 |
| Solar related supporting services income | **18,605** | 70,283 |
| Total | **929,057** | 2,844,899 |

For sales of electricity and tariff adjustments, substantially all of the revenue is derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2022 and 2021. The Group generally entered into power purchase agreements with local grid companies with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer and the amount included tariff adjustments of approximately RMB414,994,000 (2021: RMB1,559,732,000) recognised during the current year. Except for trade receivables and contract assets relating to tariff adjustments, the Group generally grants credit period of approximately one month to customers from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies or overseas customers. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

The financial resource for the tariff adjustment is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund to the respective state-owned grid companies for settlement to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy（可再生能源電價附加輔助資金管理暫行辦法）. Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment.

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020] No. 4)*（《關於促進非水可再生能源發電健康發展的若干意見》）（財建[2020] 4號）and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020] No. 5)*（《財政部國家發展改革委國家能源局關於印發<可再生能源電價附加資金管理辦法>的通知》）（財建[2020]5號）(the “2020 Measures”) were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government has simplified the application and approval process regarding the registration of tariff adjustments for non-hydro renewable energy power plant projects into the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單, the “List”). The state grid companies will regularly announce the list based on the project type, time of grid connection and technical level of the solar power projects. For those on-grid solar power projects which have already started operation but yet to register into the List, these on-grid solar power projects are entitled to enlist into the List once they have met the conditions as stipulated on the Administration of Subsidy Funds for Tariff Premium of Renewable Energy（可再生能源電價附加資金管理辦法）and completed the submission and application in the National Renewable Energy Information Management Platform (the “Platform”).

Tariff adjustments are recognised as revenue and due from grid companies in the PRC in accordance with the relevant power purchase agreements.

* *English name for identification only*

For those tariff adjustments that are subject to approval for registration in the List by the PRC government at the end of the reporting period, the relevant revenue from these tariff adjustments are considered variable consideration, and are recognised only to the extent that it is highly probable that a significant reversal will not occur and are included in contract assets. Management assessed that all of the Group's operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. The contract assets are transferred to trade receivables upon the relevant power plant obtained the approval for registration in the List or when the relevant power plant is enlisted in the List since the release of the 2020 Measures.

Since certain of the tariff adjustments were yet to obtain approval for registration in the List by the PRC government, the management considered that it contained a significant financing component over the relevant portion of tariff adjustments until the settlement of the trade receivables. For the current year, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.11% to 2.37% per annum (2021: 2.34 % to 2.76% per annum) and the adjustment in relation to revision of expected timing of tariff collection. As such, the Group's revenue was adjusted by approximately RMB38 million (2021: RMB31 million) and interest income amounting to approximately RMB10 million (2021: RMB29 million) (note 4) was recognised.

Operation and management service income represents the service income from the provision of the solar power plants operation and management services. The Group generally grants credit period of approximately one month to customers from the date of invoice. As at 31 December 2022, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB376 million (2021: RMB370 million). This amount represents revenue expected to be recognised in the future from operation and management contracts of solar power plant entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 to 48 months.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and the expected timing of recognising revenue are as follows:

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within one year | **58,385** | 95,157 |
| After one year | **318,031** | 275,110 |
| | **376,416** | 370,267 |

Solar related supporting services income represents the income from sales of solar modules with related supporting services. The Group generally requires customers to provide 10% to 20% of the agreed consideration of specified goods or services as upfront deposits and the remainder of the consideration is payable before seven to ten days the solar modules are delivered. The Group will complete the performance obligations in accordance with the relevant terms as stipulated in the contracts.

The Group's chief operating decision maker ("CODM"), being the executive directors of the Company, regularly reviews revenue by countries, except for the operations in the PRC which are by provinces; however, no other discrete information was provided. In addition, the CODM reviewed the consolidated results when making decisions about allocating resources and assessing performance. Hence, no further segment information other than entity wide information was presented.

**Geographical information**

The Group's operations are located in the PRC and the United States of America ("US").

Information about the Group's revenue from external customers is presented based on the location of the operations and customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

| | **Revenue from external customers** | | **Non-current assets** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| PRC | **846,737** | 2,761,970 | **5,327,923** | 6,316,507 |
| Other countries | **82,320** | 82,929 | **956,268** | 1,119,110 |
| | **929,057** | 2,844,899 | **6,284,191** | 7,435,617 |

*Note:* Non-current assets excluded those relating to financial instruments (including pledged bank and other deposits, other investments and amounts due from related companies) and deferred tax assets.

**Information about major customers**

For the year ended 31 December 2022, the revenue from grid companies under common control of the State Grid Corporation of China in total accounted for 73% (2021: 92%) of the Group's revenue. For the purpose of presenting further information about major customers and considering the extent of economic integration between grid companies, the sales to grid companies under the common control of State Grid Corporation of China which accounted for over 10% of the total revenue from external customers is as follows:

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Customer A | **681,709** | 2,617,146 |

## 4. OTHER INCOME

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Compensation income | — | 24,895 |
| Government grants | | |
| — Incentive subsidies *(Note)* | **1,533** | 2,960 |
| — Energy Income Credit ("ITC") | **14,341** | 13,082 |
| Interest arising from contracts containing significant financing component | **10,052** | 28,750 |
| Interest income of financial assets at amortised cost: | | |
| — Bank and other interest income | **36,346** | 18,997 |
| — Interest income from former subsidiaries | **70,392** | – |
| Others | **16,824** | 7,227 |
| | **149,488** | 95,911 |

*Note:*

Incentive subsidies were received from the relevant PRC government for improvement of working capital and financial assistance to the operating activities. The subsidies were granted on a discretionary basis and the conditions attached thereto were fully complied with.

## 5. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS, NET OF REVERSAL/IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Exchange (loss)/gain, net | **(238,744)** | 53,907 |
| Loss on measurement of assets classified as held for sale to fair value less cost to sell | **(11,342)** | — |
| (Loss)/gain on disposal of solar power plant projects | **(47,630)** | 84,669 |
| Gain on redemption of senior notes | **169,121** | — |
| (Loss)/gain on disposal of property, plant and equipment | **(1,375)** | 523 |
| Gain on early termination of leases | **25,444** | 1,701 |
| | **(104,526)** | 140,800 |
| Impairment loss on expected credit loss model, net of reversal: | | |
| — Trade receivables | **(663)** | 7,108 |
| — Contract assets | **(177)** | 5,160 |
| — Other receivables | **(385,316)** | (72,783) |
| | **(386,156)** | (60,515) |

| | 2022 | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Impairment loss on property, plant and equipment: | | |
| — Property, plant and equipment | **358,968** | 294,211 |
| — Assets classified as held for sale | **11,342** | — |
| | **370,310** | 294,211 |

## 6. FINANCE COSTS

| | 2022 | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest on financial liabilities at amortised cost: | | |
| Bank and other borrowings | **329,595** | 1,179,921 |
| Senior notes | **235,303** | 323,731 |
| Loans from related companies | **138** | 41,923 |
| Lease liabilities | **6,507** | 32,834 |
| Total borrowing costs | **571,543** | 1,578,409 |
| Less: amounts capitalised in the cost of qualifying assets | **—** | — |
| | **571,543** | 1,578,409 |

There is no borrowing costs capitalised during the years ended 31 December 2022 and 2021 on the general borrowing pool.

## 7. INCOME TAX EXPENSE

| | 2022 | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| PRC Enterprise Income Tax ("EIT"): | | |
| Current tax | **16,013** | 30,487 |
| Over-provision in prior years | **(821)** | (1,712) |
| | **15,192** | 28,775 |
| PRC dividend withholding tax | **—** | 920 |
| Deferred tax | **3,719** | 17,349 |
| | **18,911** | 47,044 |

The basic tax rate of the 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.

Certain subsidiaries of the Group, being enterprises engaged in solar photovoltaic projects, under the EIT Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the years ended 31 December 2022 and 2021, certain subsidiaries of the Company engaged in solar photovoltaic projects are in the 3-year 50% exemption period. Certain of such subsidiaries of the Group have completed the 3-year full exemption period or 3-year 50% exemption period during the current year.

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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations is taxed at 8.25%, and profits above HK$2 million is taxed at 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the current year. No provision for taxation in Hong Kong Profits Tax was made as there is no assessable profit for both reporting periods.

The Federal and state income tax rate in the US are calculated at 21% and 8.84% respectively for both years. No provision for taxation in US Federal and state income tax were made as there is no assessable profit for both reporting periods.

## 8. LOSS FOR THE YEAR

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loss for the year has been arrived at after charging: | | |
| Auditor's remuneration | | |
| — audit services | **1,800** | 3,500 |
| — non-audit services | **809** | 1,860 |
| Depreciation of: | | |
| — Property, plant and equipment | **285,870** | 850,544 |
| — Right-of-use assets | **34,810** | 71,295 |
| Staff costs (including directors' remuneration but excluding share-based payments) | | |
| — Salaries, wages and other benefits | **228,649** | 280,089 |
| — Retirement benefit scheme contributions | **36,268** | 29,988 |
| Share-based payment expenses (administrative expenses in nature) | **17,121** | 20,718 |

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

## 10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Loss** | | |
| Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company) | **(1,492,546)** | (790,274) |

| | | (Restated) |
|---|---|---|
| | **2022** | 2021 |
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighed average number of ordinary shares for the purpose of basic and diluted loss per share | **1,100,432** | 1,037,521 |

On 31 October 2022, every twenty (20) issued and unissued ordinary shares of HK$0.004166666667 each in the share capital of the Company were consolidated into one (1) ordinary share of HK$0.08$\dot{3}$ each (each a "Consolidated Share") in the share capital of the Company (the "Share Consolidation") and resulted in the weighted average number of Consolidated Shares of 1,100,432,347 in issue during all periods presented. Comparative figures of the weighted average number of ordinary shares for calculating basic loss per share have been adjusted on the assumption that the Share Consolidation has been effective since the beginning of the prior year.

Diluted loss per share for the years ended 31 December 2022 and 2021 does not assume the exercise of share options granted by the Company, since the exercise would result in decrease in loss per share of the respective year.

## 11. TRADE AND OTHER RECEIVABLES

| | 2022 | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables *(Note a)* | **1,592,950** | 1,673,720 |
| Prepayments and deposits | **161,383** | 446,903 |
| Other receivables | | |
| — Amounts due from former subsidiaries *(Note b)* | **2,198,183** | 2,875,173 |
| — Consideration receivable from disposal of subsidiaries | **278,581** | 374,404 |
| — Refundable value-added tax | **62,008** | 66,982 |
| — Dividend receivables from former subsidiaries | **303,628** | 396,094 |
| — Others | **163,403** | 866,853 |
| | **4,760,136** | 6,700,129 |
| *Less:* Allowance for credit loss | | |
| — Trade | **(3,555)** | (2,892) |
| — Non-trade | **(762,686)** | (377,370) |
| | **(766,241)** | (380,262) |
| | **3,993,895** | 6,319,867 |

*Notes:*

(a) At 1 January 2021, trade receivables from contract with customers amounted to RMB7,221,113,000 (net of loss allowance of approximately RMB10,000,000).

For sales of electricity in the PRC, the Group generally grants credit period of approximately one month to power grid companies in the PRC from the date of invoice in accordance with the relevant electricity sales contracts between the Group and the respective grid companies.

Trade receivables include bills received amounting to RMB19,878,000 (2021: RMB49,890,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than one year.

The following is an aged analysis of trade receivables (excluded bills held by the Group for future settlement), which is presented based on the invoice date and net of loss allowance at the end of the reporting period:

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Unbilled *(Note)* | **1,464,256** | 1,492,086 |
| 0–90 days | **75,362** | 69,564 |
| 91–180 days | **13,824** | 41,869 |
| Over 180 days | **16,075** | 17,419 |
| | **1,569,517** | 1,620,938 |

*Note:* The amount represents unbilled basic tariff receivables for solar power plants operated by the Group, and tariff adjustment receivables of those solar power plants already registered in the List. The Directors expect the unbilled tariff adjustments would be generally billed and settled within one year from end of the reporting date.

The aged analysis of the unbilled trade receivables, net of loss allowance, which is based on revenue recognition date, are as follows:

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0–90 days | **94,490** | 246,631 |
| 91–180 days | **134,442** | 127,517 |
| 181–365 days | **274,353** | 233,434 |
| Over 365 days | **960,971** | 884,504 |
| | **1,464,256** | 1,492,086 |

As at 31 December 2022, included in these trade receivables are debtors with aggregate carrying amount of RMB21,154,000 (2021: RMB30,451,000) which are past due as at the end of the reporting date. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

(b) The amount represents amounts due from former subsidiaries of which the Group disposed of the entire interests during the years ended 31 December 2022 and 2021. The amounts are non-trade in nature, unsecured, interest bearing from 4.45% to 9.52% per annum and repayable on demand.

## 12. LOANS FROM RELATED COMPANIES

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loans from: | | |
| — companies controlled by Mr. Zhu Yufeng and his family *(Note)* | **4,811** | 32,325 |
| | **4,811** | 32,325 |
| Analysed as: | | |
| Current — repayable within 1 year | **4,811** | 32,325 |
| | **4,811** | 32,325 |

*Notes:*

As at 31 December 2021, loans from 南京鑫能陽光產業投資基金企業(有限合夥) Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)*, 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited* and 協鑫光伏系統有限公司 GCL Solar System Limited ("GCL Solar System") in total amounted to RMB32,325,000 are unsecured, interest bearing 8% to 12% per annum. As at 31 December 2022, loan from GCL Solar System amounted to RMB4,811,000 is unsecured, interest-free and repayable from 2022 through 2023.

* *English name for identification only*

## 13. BANK AND OTHER BORROWINGS

| | 2022 | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bank loans | **736,701** | 989,996 |
| Other loans | **1,782,722** | 2,103,474 |
| | **2,519,423** | 3,093,470 |
| Secured | **2,139,035** | 2,516,675 |
| Unsecured | **380,388** | 576,795 |
| | **2,519,423** | 3,093,470 |
| The maturity of bank borrowings is as follows*: | | |
| Within one year | **178,661** | 351,593 |
| More than one year, but not exceeding two years | **84,660** | 329,553 |
| More than two years, but not exceeding five years | **264,780** | 190,850 |
| More than five years | **208,600** | 118,000 |
| | **736,701** | 989,996 |
| *Less:* Amounts due within one year shown under current liabilities | **(178,661)** | (351,593) |
| Amounts due after one year | **558,040** | 638,403 |
| Analysed as: | | |
| Fixed-rate borrowings | **—** | 109,259 |
| Variable-rate borrowings | **736,701** | 880,737 |
| | **736,701** | 989,996 |

| | 2022 | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| The maturity of other borrowings is as follows*: | | |
| Within one year | **199,226** | 519,567 |
| More than one year, but not exceeding two years | **198,082** | 343,061 |
| More than two years, but not exceeding five years | **471,193** | 712,198 |
| More than five years | **855,187** | 315,523 |
| | **1,723,688** | 1,890,349 |
| The carrying amount of other borrowings that are repayable on demand due to breach of loan covenants# (Shown under current liabilities) | **59,034** | 213,125 |
| *Less:* Amounts due within one year shown under current liabilities | **(258,260)** | (732,692) |
| Amounts due after one year | **1,524,462** | 1,370,782 |
| Analysed as: | | |
| Fixed-rate borrowings | **106,895** | 100,557 |
| Variable-rate borrowings | **1,675,827** | 2,002,917 |
| | **1,782,722** | 2,103,474 |

* The repayable amounts of bank and other borrowings are based on scheduled repayment dates set out in the respective loan agreements.

Certain Group's facilities from banks and other financial institutions are subject to the fulfilment of covenants relating to certain financial ratios. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants.

During the year ended 31 December 2022, the Group's involvement in certain litigation cases relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain other borrowings had triggered the cross default clauses of certain of the Group's other borrowings as set out in the respective loan agreements between the Company and several financial institutions. Accordingly, other borrowings of the Group amounting to RMB42 million (2021: RMB89 million) were reclassified from non-current liabilities to current liabilities as at 31 December 2022. The management of the Group considered that the claims arising from the litigation did not have material impact to the Group as majority of the claims were provided and included in payables for purchase of plant and machinery and construction costs as at 31 December 2022.

\# Scheduled repayment terms for the other borrowings that are repayable on demand due to breach of loan covenants:

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within one year | **17,470** | 123,653 |
| More than one year, but not exceeding two years | **17,900** | 20,566 |
| More than two years, but not exceeding five years | **23,664** | 62,850 |
| More than five years | **—** | 6,056 |
| | **59,034** | 213,125 |

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

| | **2022** | 2021 |
|---|---|---|
| Fixed-rate borrowings | | |
| RMB borrowings | **2.05% to 7.03%** | 4.41% to 8.1% |
| US$ borrowing | **1.72% to 5%** | 1.72% to 5% |
| HK$ borrowings | **—** | 9.75% |
| Variable-rate borrowings | | |
| RMB borrowings | **109% to 170% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")** | 93% to 170% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate") |
| US$ borrowing | **LIBOR +3.25% to 3.5%** | LIBOR +3.25% to 4.3% |

The Group's borrowings denominated in currencies other than the functional currency of the relevant group entities are set out below:

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| US$ | **408,196** | 414,566 |
| HK$ | **—** | 178,237 |

Included in other loans are RMB1,585 million (2021: RMB5,656 million) in which the Group entered into financing arrangements with financial institutions with lease terms ranging from 1 year to 12 years (2021: 1 year to 12 years), with legal title of the respective equipment transferred to the financial institutions. The Group continues to operate and manage the relevant equipment during the lease term without any involvement from the financial institutions, and the Group is entitled to purchase back the equipment at a minimal consideration upon maturity of respective leases, except for certain financing arrangements with financial institutions that the Group can either exercise the early buyout option granted to the Group to purchase back the relevant equipment at a pre-determined price at the end of the specified year of the lease term as stipulated in the leasing agreement, or to purchase back the equipment from this financial institution at fair value upon the end of the lease period. Despite the arrangement involves a legal form of a lease while it does not constitute a sale and leaseback transaction, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method under IFRS 9/IAS 39 in prior years before application of IFRS 16, in accordance with the substance of the arrangement. Effective from 1 January 2020, the Group applies the requirements of IFRS 15 to assess whether sale and leaseback transactions constitute a sale.

The Group is required to comply with certain restrictive financial covenants and undertaking requirements.

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the solar power plants.

## 14. SENIOR NOTES

| | **2022** | 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Senior notes | **1,722,571** | 3,115,367 |
| Analysed as: | | |
| Current | — | 467,305 |
| Non-current | **1,722,571** | 2,648,062 |
| | **1,722,571** | 3,115,367 |

On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to RMB3,167 million) ("2018 Senior Notes"), which bore interest at 7.1% per annum and mature on 30 January 2021. The net proceeds of the notes issuance, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million (equivalent to RMB3,119 million). During the year ended 31 December 2021, the restructuring of the 2018 Senior Notes (the "Restructuring") was implemented and completed under the Bermuda Scheme (i.e. the scheme of arrangement under Part VII of the Bermuda Companies Act 1981). On 16 June 2021, the Restructuring has become effective, i.e., the 2018 Senior Notes was replaced by the New Senior Notes (defined below) was issued. Under the restructuring support agreement ("RSA"), 5% of the original principal amount of US$25 million (the "Upfront Consideration") was repaid to the holders of the 2018 Senior Notes. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration was settled through issuance of new senior note (the "New Senior Notes").

The principal amount of the New Senior Notes amounted to US$511,638,814, which the Company completed the redemption of New Senior Notes of approximately US$76.9 million (equivalent to approximately RMB490 million) on 25 January 2022, approximately US$45.1 million (equivalent to approximately RMB286 million on 18 March 2022, approximately US$11.8 million (equivalent to approximately RMB84 million) on 9 September 2022 and approximately US$122.6 million (equivalent to approximately RMB870 million) on 28 October 2022.

## 15. EVENTS AFTER THE REPORTING PERIOD

On 17 March 2023, GCL New Energy Africa Limited ("GNE Africa"), an indirect wholly owned subsidiary of the Company, entered into the EPC Agreement with Hangzhou Fortune Cryogenic Group Co., Ltd.* ("Hangzhou Fortune") and Zhejiang Engineering Design Co., Ltd.* ("Zhejiang Engineering"). Pursuant to which, Hangzhou Fortune and Zhejiang Engineering, acting as the joint contractors, will provide EPC services to GNE Africa, as the principal, for the construction of the Natural Gas Liquefaction Plant at a consideration of approximately US$15,030,000 (equivalent to approximately RMB104,678,000). Please refer to the Company's announcements dated 17 March 2023.

On 23 March 2023, with reference to the announcement made by the Company dated 13 March 2023 in relation to the condition set forth in the Offer to Purchase ("Offer to Purchase") for Cash of up to a total of US$49,800,000 (equivalent to approximately RMB346,000,000) of outstanding principal amount at face value of the 10.00% New Senior Notes due 2024 ("Notes"), the Company has accepted purchase of validly tendered senior notes in an aggregate principal amount outstanding at face value of approximate US$36,381,000 (equivalent to approximately RMB252,919,000) (the "Accepted Notes"). The Company has made payment of the purchase price of US$0.95 per US$1 principal amount of the Notes and the accrued interest in respect of the Accepted Notes on 23 March 2023. Following the completion of the offer, all of the Accepted Notes has been cancelled and the aggregate outstanding principal amount at face value of the Notes after such cancellation was approximately US$210,000,000 (equivalent to approximately RMB1,457,765,000). Please refer to the Company's announcements dated 13 March 2023 and 23 March 2023 for further details.

* *English name for identification only*

## CHAIRMAN'S STATEMENT

### New Landscape, New Strength, New Voyage

The year of 2022 was full of challenges. In retrospect, the ongoing political conflict between Russia and Ukraine not only triggered an energy crisis and led to surging energy prices and inflation, but also became the world's most powerful engine driving renewable energy growth. Before renewable energy dominated the energy sector, the global demand for clean alternative energy is robust. EU member countries accelerated their search for clean alternative energy sources to replace Russia's piped natural gas. During 2022, the EU became the world's largest buyer of liquefied natural gas ("**LNG**") with a total import volume of 101 million tons of LNG, demonstrating a significant year-on-year increase of 58%. The increase showed that the global energy supply and demand were under in-depth adjustment, and brought about profound impacts on the energy sector.

Even though European countries were at their wits' end in the worsening energy crisis while global economic growth was severely affected by the energy shortage and inflation crisis, China's economic performance remained outstanding last year, and set off a good start for the "14th Five-Year Plan". Thanks to the country's clear carbon peak and carbon neutrality ("**dual carbon**") goals and the release of a series of policies and plans that focused on promoting the high-quality development of clean energy, capital and social resources were gathered in the new energy industry, promoting faster iteration of renewable energy technologies, continuous reduction of costs, and abundant development opportunities for the new energy industry.

Against this global crisis, GCL New Energy seized opportunities with high corporate flexibility gained through strategic transformation. In accordance with environmental changes and unexpected happenings at home and abroad, the Group remained steadfast with its industrial, operational, management and organisational transformation, dealt with various challenges and obstacles with flexibility, tried its best to grasp new opportunities and breakthroughs amid various changes, and created favourable conditions for the next stage of development through strategic exploration and constant enhancement of its intrinsic competitiveness.

**Seizing new opportunities under the major restructuring of the natural gas landscape**

In the course of realizing dual carbon goals, GCL New Energy continued to actively seek innovation and changes. It announced the establishment of the hydrogen energy business department in July 2021. Meanwhile, the Group announced on 18 July 2022 that its indirect wholly-owned subsidiary, GCL New Energy Hong Kong Investment Limited ("**GCL New Energy Hong Kong**") entered into a memorandum of understanding with POLY-GCL Petroleum Group Holdings Limited ("**POLY-GCL Group**") to invest in the Ethiopia-Djibouti natural gas project owned by POLY-GCL Group located in the Ethiopian gas field in Africa ("**Ethiopia-Djibouti natural gas project**") by holding minority interests at low and controllable risks, to seize the best opportunity for entry into the LNG business.

The POLY-GCL Group possess a period of 45-year for the upstream exploration and development of 5 trillion cubic meters of natural gas reserves and approximately 4 billion tons of crude oil that meet the conditions for large-scale commercial development in Ogaden Basin, Ethiopia, Africa. The Ethiopia-Djibouti gas project intents to transport natural gas from the reserves, through a pipeline of approximately 750 km, to a near shore liquefaction plant in the coast of Djibouti where to convert natural gas to LNG, then export to end consumers in various countries. In this way, the Group will keep up with the huge demand for clean energy from countries around the world and rising energy prices.

On the other hand, GCL New Energy remained confident in the future of the hydrogen energy business. It continued to research on the technology for hydrogen production from natural gas. When the time comes for hydrogen energy development, the Group will quickly secure natural gas supply and technology through investment in the Ethiopia-Djibouti natural gas project to develop unique advantages for the future development of the hydrogen energy business.

To firmly seize the extraordinary opportunity of investing in the natural gas business while minimizing excessive financial burden, GCL New Energy completed the placing and subscription of a total of 2.275 billion Shares of the Company ("**Placing Shares**") in early August 2022 ("**Placing**"), representing approximately 9.74% of the issued share capital as enlarged. The net proceeds from the Placing, after taking into account all costs, fees, expenses and commissions in connection with the Placing, amounted to approximately HK$310 million. The Group intends to apply 90% of the amount to support the cost relating to the investment, research and development of natural gas, LNG and integrated energy project management business and to develop the operation and maintenance ("O&M") services for other energy sectors, and the remaining 10% as the general working capital of the Group.

**Developing "solar power plus natural gas" businesses to complement each other**

GCL New Energy was actively exploring new businesses while holding firm to the development of its core businesses, striving to lay a more solid foundation for the next stage of development. With its extensive experience in the O&M of solar power plants, scale advantage and massive data accumulation, the Group expedited the supply of O&M business of various clean energy projects. As a national high-tech enterprise, GCL New Energy accelerated technological iteration through continuous investment in R&D, constantly improved the intelligent O&M level and the efficiency of the power station system, and strived to provide value-added services for clients including equipment commission, equipment function testing, secondary system maintenance, external cable maintenance, electricity market transaction, asset evaluation, and wind-solar-hydrogen storage integrated energy services to create value, achieve win-win cooperation and promote mutual development. The Group currently provides O&M services for energy projects with a total installed capacity of approximately 4GW. The Group serves clients across the nation and has established a leading market presence.

To ensure sustained future growth and development, GCL New Energy has been focusing on its long-term development. During the process of strategic transformation in the past few years, the Group was committed to bringing sustainable development to the management level, and integrating it into all areas. While pursuing sustainable growth and development, the Group managed to lower its gearing ratio to 50.9% by covering the last mile of the strategic asset-light transformation, and actively handling the assets disposal. The total liabilities have reached a level more favourable for the long-term development, which ensures a balanced cash flow and provides opportunities for exploring new businesses as well as stronger support for the planning of future long-term development.

**Continuously improving financial position to help develop natural gas business**

As its financial position continued to improve, the Group proactively and prudently handled the existing notes in compliance with relevant debt clauses, and completed three repurchases of approximately US$256 million of existing notes last year. Recently, on 23 March 2023, the Group repurchased approximately US$36 million of its existing notes with approximately US$210 million of notes outstanding after the repurchase. The Group will continue to perform its obligations to the holders of existing notes by its liquidity position, repurchase and repay its debts on time in strict compliance with debt clauses to further reduce its overall liabilities and financing expenses.

**Natural gas boasts huge potential for medium- and long-term development during the world's energy transformation**

Moving forward, to fully grasp the priorities for the future development of clean energy, GCL New Energy has made a comprehensive, clear and objective understanding and judgment of the natural gas development at home and abroad. Being the cleanest low-carbon fossil fuel, natural gas is imperative to optimise the energy structure and reduce carbon emissions, and it has been highly utilized domestically and internationally.

In recent years, China has actively promoted the natural gas industry to achieve high-quality development, and has issued a series of reasonable guidance, policies and plans to advance the building of the natural gas market. According to the report made at the 20th CPC National Congress held in October 2022, natural gas as a clean low-carbon energy plays an important role in energy security and green low-carbon transformation, and therefore it has become a strategic decision to increase the reserves and production of natural gas while accelerating the structure optimization of natural gas industry, energy, and transportation. At the same time, as the 14th Five-Year Plan for Modern Energy System (the "**Plan**") jointly published by the National Development and Reform Commission and National Energy Administration in March 2022 pointed out, efforts should be made to enhance natural gas reserves, supply and demand mechanism, optimize the usage of natural gas, establish a natural gas market with orderly competition and efficient supply, and improve the natural gas trading platform. As the huge domestic demand for natural gas continues to grow, while the Plan proposes to strive to reach an annual production of natural gas of more than 250 billion cubic meters by 2025, the production is expected to fall behind the increasing domestic natural gas consumption to 430 to 450 billion by 2025 as estimated by the National Energy Administration.

Meanwhile, to cut its reliance on Russian energy, the EU launched the REPower EU in May 2022, which included various effective measures to accelerate the development of renewable energy and energy saving. However, it generally takes a longer time for European countries to build renewable energy projects at relatively high costs. Therefore, the EU must seek other resources to make up for the loss of energy supply from Russia. Consequently, LNG has become an important alternative clean energy to fill the gap.

According to market expectations, the insufficient supply of natural gas domestically and internationally will remain for a longer period before the successful implementation of a comprehensive global green and low-carbon energy transformation. The International Energy Agency even believes that the shortage of LNG supply may become the new normal, which will causes the natural gas price to remain relatively high. In view of the radical changes in the domestic and overseas energy sector, GCL New Energy, a green company that prioritises the development of clean energy businesses, will firmly focus on the "solar power plus natural gas" main business development strategy, follow the lead of technological innovation, put targeted efforts in response to the advocacy for smart energy reform in future, seize the great opportunities of developing natural gas business, continuously promote integrated development on both domestic and overseas fronts, make clear setup and planning to meet the broad development prospects of natural gas, build a new engine for the Group's future growth, and contribute to the national energy transformation development.

## MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

For the year ended 31 December 2022, loss attributable to owners of the Company for the year was RMB1,493 million, as compared to loss attributable to owners of the Company of RMB790 million in the last year. The increase in loss for year ended 31 December 2022 was mainly attributable to the combined effect of the following:

1. the grid connected capacity of subsidiaries decreased from 1.0GW as at 31 December 2021 to 0.84 GW as at 31 December 2022, representing a decrease of 15.7% in business scale. Our sales volume of electricity and the revenue from electricity generation of the Group decreased proportionally by 69% and 72%, respectively. The drop in the business scale led to a decrease in gross profit by RMB1,328 million, from RMB1,779 million in the Prior Reporting Period to RMB451 million for the year ended 31 December 2022;

2. the decrease in administrative expenses by 17.9%, from RMB697 million to RMB572 million, is mainly due to decrease in staff cost, depreciation and other general administrative expenses associated with disposed solar power plants in previous year;

3. the exchange loss of RMB239 million for the year ended 31 December 2022, as compared to the exchange gain of RMB54 million for the year ended 31 December 2021, the exchange loss is mainly caused by the appreciation of USD against RMB for USD denominated indebtedness of the Group;

4. the loss on disposal of subsidiaries of RMB48 million for the year ended 31 December 2022, as compared to a gain on disposal of subsidiaries of RMB85 million for the year ended 31 December 2021;

5. the decrease in finance costs of RMB1,007 million, mainly due to the decrease in business scale and repayment of debts; and

6. with reference to the profit warning announcement of the Company dated 9 March 2023, while it was disclosed that the Group expected a net loss of not less than RMB1.3 billion for the financial year ended 31 December 2022 ("FY2022"), the actual net loss amounted to RMB1.288 billion once the Group's final results were finalized. The difference was attributable to the impairment loss on property, plant and equipment for FY2022, which was slightly less than what the Board had expected when the profit warning announcement was published.

## BUSINESS REVIEW

### Capacity and Electricity Generation

As at 31 December 2022, the grid-connected capacity of the Group's subsidiary power plants was approximately 840MW (31 December 2021: 996MW). Details of capacity, electricity sales volume and revenue for the year ended 31 December 2022 are set out below.

| Power plant by provinces | Tariff Zones | Number of solar power plant | Grid–connected Capacity(1) (MW) | Electricity Sales Volume (million kWh) | Average Tariff (Net of Tax) (RMB/kWh) | Revenue (RMB million) |
|---|---|---|---|---|---|---|
| Inner Mongolia | 1 | 4 | 189 | 291 | 0.72 | 209 |
| Others | 1 | — | — | 20 | 0.75 | 15 |
| | | **4** | **189** | **311** | **0.72** | **224** |
| Qinghai | 2 | 4 | 98 | 122 | 0.61 | 75 |
| Jilin | 2 | 4 | 51 | 77 | 0.74 | 57 |
| Liaoning | 2 | 3 | 60 | 92 | 0.54 | 50 |
| Gansu | 2 | 1 | 20 | 25 | 0.76 | 19 |
| | | **12** | **229** | **316** | **0.64** | **201** |
| Jiangsu | 3 | 2 | 23 | 76 | 0.87 | 66 |
| Hebei | 3 | 1 | 21 | 46 | 0.20 | 9 |
| Shandong | 3 | 6 | 153 | 184 | 0.80 | 148 |
| Henan | 3 | 4 | 15 | 11 | 0.55 | 6 |
| Guangdong | 3 | 4 | 13 | 15 | 0.87 | 13 |
| Fujian | 3 | 3 | 56 | 59 | 0.69 | 41 |
| Shanghai | 3 | 1 | 7 | 7 | 0.86 | 6 |
| Others | 3 | — | — | 4 | 1.25 | 5 |
| | | **21** | **288** | **402** | **0.73** | **294** |
| **Subtotal** | | **37** | **706** | **1,029** | **0.70** | **719** |
| US | | 2 | 134 | 187 | 0.41 | 77 |
| **Total of Subsidiaries** | | **39** | **840** | **1,216** | **0.65** | **796** |

| | Revenue<br>*(RMB million)* |
|---|---|
| Representing: | |
| Electricity sales | 343 |
| Tariff adjustment – government subsidies received and receivable | 453 |
| Total revenue of subsidiaries for electricity sales | 796 |
| Less: effect of discounting tariff adjustment to present value[2] | (38) |
| Total revenue of solar power plants, after discounting | 758 |
| Solar power plants operation and management service income | 152 |
| Solar related supporting service income | 19 |
| **Total revenue of the Group** | 929 |

(1) Aggregate installed capacity represents the maximum capacity that was approved by the local government authorities while grid-connected capacity represents that the actual capacity connected to the State Grid.

(2) Certain portion of the tariff adjustments (government subsidies) is discounted.

Most of the solar power plants of the Group are located in China and almost all of the revenue of solar power plants is contributed by the subsidiaries of State Grid Corporation of China ("State Grid"). The State Grid is a State-owned enterprise in China, which possesses low default risk. Therefore, the Directors considered that the credit risk of trade receivables was minimal.

## FINANCIAL REVIEW

### Revenue and Gross Profit

For the year ended 31 December 2022, the Group's revenue was mainly derived from (i) solar power electricity generation; (ii) service income from the provision of the solar power plants operation and management services; and (iii) income from solar related supporting services. The table below sets forth an analysis of the Group's revenue:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | | |
| – Sales of electricity and tariff adjustments | **758,461** | 2,694,979 |
| – Solar power plants operation and management service | **151,991** | 79,637 |
| – Solar related supporting service income | **18,605** | 70,283 |
| | **929,057** | 2,844,899 |

The decrease in revenue was mainly attributable to the disposal of solar power plants during 2021 and 2022. The grid-connected capacity decreased from 1.0GW as at 31 December 2021 to 0.84GW as at 31 December 2022. The average tariff (net of tax) for the PRC was approximately RMB0.70/kWh (2021: RMB0.72/kWh).

During the year ended 31 December 2022, the Group provided operation and maintenance services for certain disposed solar power plant projects and generated management service income. Also, the Group provided other supporting services such as procurement service to widen our business coverage in order to generate additional income stream to the Group. As at 31 December 2022, the Group had entered into contracts to provide operation and maintenance services for solar power plants with total installed capacity of approximately 3,669MW.

The Group's gross margin for the year ended 31 December 2022 was 48.6%, as compared to 62.5% for the year ended 31 December 2021. The cost of sales mainly consisted of depreciation, which accounted for 56.9% (2021: 78.5%) of the cost of sales, with the remaining costs being operation and maintenance costs of solar power plants. The significant drop in gross margin was mainly due to the low gross profit margin for procurement service business when compare with sales of electricity business.

**Other Income**

During the year ended 31 December 2022, other income mainly included imputed interest on discounting effect on tariff adjustment receivables (i.e. interest arising from contracts containing significant financing component) of RMB10 million (2021: RMB29 million) and interest income from former subsidiaries of RMB70 million (2021: Nil).

**Administrative Expenses**

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses decreased by 17.9% to RMB572 million (2021: RMB697 million) for the year ended 31 December 2022. The decrease in administrative expenses was mainly due to decrease in staff costs, depreciation and other general administration expenses associated with disposed solar power plants in previous year.

**Other gains and losses, net**

During the year ended 31 December 2022, the net loss amounted to RMB105 million (2021: net gain of RMB141 million). The net loss for 2022 was mainly due to exchange loss of RMB239 million caused by the appreciation of USD against RMB for USD denominated indebtedness of the Group (2021: exchange gain of RMB54 million).

**Share of profits of associates**

Share of profits of associates amounted to RMB123 million (2021: RMB99 million), mainly representing the share of profits from several partly held solar power plants.

**Finance Costs**

Total borrowing costs decreased by 63.8% from RMB1,578 million to RMB572 million as compared with same period of last year. The decrease was mainly due to the decrease in average borrowing balance as a result of the disposal of solar power plants. The interest-bearing debts has been decreased from RMB7,076 million as at 31 December 2021 to RMB4,689 million as at 31 December 2022. However, the effect of the drop in average borrowing balance was partly offset by the increase in the average borrowing rate from approximately 8.6% in 2021 to approximately 9.7% in 2022.

**Income Tax Expense**

Income tax expense for the year ended 31 December 2022 was RMB19 million (2021: RMB47 million). There is a decrease in income tax expense because of the disposal of solar power plants during 2022, leading to decrease in taxable income.

**Profit attributable to other non-controlling interests**

Profit attributable to other non-controlling interests amounted to RMB3 million for the year ended 31 December 2022 (2021: RMB21 million).

**Final Dividend**

The Board does not recommend the payment of an final dividend for the year ended 31 December 2022 (2021: Nil).

**Property, Plant and Equipment**

Property, plant and equipment was RMB4,468 million and RMB5,520 million as at 31 December 2022 and 31 December 2021, respectively. The decrease was mainly due to the disposal of solar power plants during 2022.

**Other Non-current Assets**

As at 31 December 2022, other non-current assets was RMB107 million (31 December 2021: RMB204 million), which mainly included refundable value-added tax of approximately RMB35 million (31 December 2021: RMB142 million).

**Contract assets**

Contract assets primarily relate to the portion of tariff adjustments for electricity sold to local state grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration to the Subsidy Catalogue. Any amount previously recognised as contract assets is reclassified to trade receivables at the point at which it is registered in the Subsidy Catalogue.

Contract assets increased from RMB41 million as at 31 December 2021 to RMB55 million as at 31 December 2022, as some power plants entered into the project list of subsidy for renewable energy power plants.

**Trade and Other Receivables**

As at 31 December 2022, trade and other receivables of RMB3,994 million (31 December 2021: RMB6,320 million) mainly included trade and bills receivables of RMB1,589 million (31 December 2021: RMB1,671 million), refundable value-added tax of RMB62 million (31 December 2021: RMB67 million) and consideration receivables from disposal of subsidiaries of RMB279 million (31 December 2021: RMB374 million).

As at 31 December 2022, tariff adjustments receivables of RMB1,452 million (31 December 2021: RMB1,473 million), represents subsidy receivable from the government authorities in respect of the Group's solar power generation business and contract assets of RMB55 million (31 December 2021: RMB41 million), primarily relate to the portion of tariff adjustments for the electricity sold to the grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration to the List at the end of the reporting period. As at 31 December 2022, there was 47MW installed capacity of solar power plants projects to be registered (31 December 2021: 41MW).

**Other Payables and Deferred Income**

Other payables and deferred income decreased from RMB1,668 million as at 31 December 2021 to RMB1,330 million as at 31 December 2022. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction cost of RMB145 million (31 December 2021: RMB502 million).

**Liquidity and Financial Resources**

The Group adopts a prudent treasury management policy to maintain sufficient working capital to cope with daily operations. The funding for all its operations has been centrally reviewed and monitored at the Group level. The indebtedness of the Group mainly comprises bank and other borrowings, senior notes payable, lease liabilities and loans from related companies.

As at 31 December 2022, bank balances and cash of the Group were approximately RMB850 million (31 December 2021: RMB609 million), including bank balances and cash of RMB53 million, for projects classified as held for sale (31 December 2021: RMB23 million). For the year ended 31 December 2022, the Group's primary source of funding included cash generated from its operating activities and receipts of consideration receivable from disposal of subsidiaries with solar power plant projects.

**Indebtedness and gearing ratio**

Solar energy business is a capital intensive industry. The business requires substantial capital investments for developing and constructing solar power plants. However, starting from 2019 onwards, the Group has adopted assets-light business strategy. The average gearing ratio of the Group become more stable and at an acceptable level.

The Group was in net current assets position of approximately RMB3,794 million as at 31 December 2022 (31 December 2021: RMB4,558 million).

The Group monitors capital based on two gearing ratios. The first ratio is calculated as net debts divided by total equity and the second ratio is calculated as total liabilities divided by total assets. The gearing ratios as at 31 December 2022 and 31 December 2021 were calculated as follows:

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| | *RMB million* | *RMB million* |
| **Non-current indebtedness** | | |
| Bank and other borrowings | **2,082** | 2,009 |
| Senior notes | **1,723** | 2,648 |
| Lease liabilities | **240** | 333 |
| | **4,045** | 4,990 |
| **Current indebtedness** | | |
| Loans from related companies | **5** | 32 |
| Bank and other borrowings | **437** | 1,084 |
| Senior notes | **—** | 467 |
| Lease liabilities | **30** | 38 |
| | **472** | 1,621 |
| **Indebtedness for solar power plants projects classified as held for sale** | | |
| Bank and other borrowings – due within one year | **4** | 128 |
| Bank and other borrowings – due after one year | **145** | 327 |
| Lease liabilities | **23** | 10 |
| | **172** | 465 |
| Total indebtedness | **4,689** | 7,076 |
| *Less:* Cash and cash equivalents | | |
| – continuing operations | **(797)** | (586) |
| – projects classified as held for sale | **(53)** | (23) |
| Pledged bank and other deposits | | |
| – continuing operations | **(262)** | (430) |
| – projects classified as held for sale | **(5)** | – |
| Net debts | **3,572** | 6,037 |
| Total equity | **5,978** | 6,954 |

| | 31 December 2022 *RMB million* | 31 December 2021 *RMB million* |
|---|---|---|
| Net debts to total equity | **59.8%** | 86.8% |
| Total liabilities | **6,186** | 8,963 |
| Total assets | **12,164** | 15,917 |
| Total liabilities to total assets | **50.9%** | 56.3% |

The Group's indebtedness was denominated in the following currencies:

| | 31 December 2022 *RMB million* | 31 December 2021 *RMB million* |
|---|---|---|
| Renminbi ("RMB") | **2,559** | 3,368 |
| Hong Kong dollars ("HK$") | **—** | 178 |
| United States dollars ("US$") | **2,130** | 3,530 |
| | **4,689** | 7,076 |

**Pledge of Assets**

As at 31 December 2022, the following assets were pledged for bank and other facilities granted to the Group:

– property, plant and equipment of RMB2,957 million (31 December 2021: RMB4,106 million);

– bank and other deposits of RMB272 million (31 December 2021: RMB430 million);

– rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2022, the trade receivables and contract assets of those subsidiaries amounted to RMB1,385 million (31 December 2021: RMB1,538 million); and

Besides, lease liabilities of RMB270 million (31 December 2021: RMB371 million) are recognised in respect of right-of-use assets amounting to RMB219 million (31 December 2021: RMB317 million) as at 31 December 2022.

**Financial Guarantees provided to Related Companies and Third Parties**

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

**Capital and Other Commitments**

As at 31 December 2022 and 31 December 2021, the Group has no capital commitments in respect of construction commitments related to solar power plants contracted for but not provided.

**Material Acquisitions and Disposals**

During the year ended 31 December 2022, the Group has entered into various share transfer agreements with different third parties to dispose of equity interests in companies which hold various solar power plants. Material disposals are summarized as below:

| **Agreements signed in 2022** | **Name of buyers** | **Percentage of disposed equity interest** | **Capacity of solar power plants** *(MW)* | **Consideration** *(RMB million)* |
|---|---|---|---|---|
| January – March | Hunan Xinhua Water Conservancy and Electric Power., Ltd.* (湖南新華水利電力有限公司) | 100% | 60 | 144 |
| March | Jiangsu Hesheng New Energy Co., Ltd.* (江蘇和盛新能源有限公司) | 60%-100% | 85 | 89 |
| April | Hangzhou Xingguang New Energy Co., Ltd.* (杭州興光新能源有限公司) | 100% | 21 | 7 |
| December | Hunan Xinhua Water Conservancy and Electric Power., Ltd.* (湖南新華水利電力有限公司) | 51% | 50 | 26 |
| Total | | | 216 | 266 |

*Note:* For details, please refer to the respective announcements published by the Company (if applicable).

* *English name for identification purposes only*

The Group did not have any material acquisitions during the year ended 31 December 2022.

**Events After the Reporting Period**

Please refer to note 15 to the consolidated financial statements.

## RISK FACTORS AND RISK MANAGEMENT

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

1. **Policy risk**

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

2. **Risk associated with tariff**

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

3. **Risk related to interest rate**

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

4. **Foreign currency risk**

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

5. **Risk related to disputes with joint venture partners**

Our joint ventures may involve us into risks associated with the possibility that our joint venture partners having financial difficulties or having disputes with us as to the scope of their responsibilities and obligations. We may encounter problems with respect to our joint venture partners which may have an adverse effect on our business operations, profitability and prospects.

## EMPLOYEE AND REMUNERATION POLICIES

We consider our employees to be our most important resource. As at 31 December 2022, the Group had approximately 792 employees (31 December 2021: 896 employees) in the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) for the year ended 31 December 2022 was approximately RMB282 million (31 December 2021: RMB331 million).

## PURCHASE, SALES OR REDEMPTION OF SHARES

During the Reporting Period, the Company completed a top-up placing and subscription of an aggregate of 2,275,000,000 shares (the "Subscription Share(s)") (number of the Subscription Shares as adjusted after the Share Consolidation was 113,750,000 shares) of the Company (representing approximately 9.74% of the Company's issued share capital as enlarged by the transaction upon completion) at HK$0.138 per share (placing price per Subscription Share as adjusted after the Share Consolidation was HK$2.76) to no less than six independent placees (being professional, institutional or other investors), with net proceeds of approximately HK$310,000,000 after deducting placing commission and related expenses (the "Placing").

The Placing raised capital for the Company and enabled the Company to broaden its shareholders' base and strengthen its financial position. The aggregated nominal value of the Subscription Shares was approximately HK$9,479,166. The net price of each Subscription Share after deduction of related costs and expenses was approximately HK$0.136 (net price per Subscription Share as adjusted after the Share Consolidation was HK$2.72). The closing price per Shares was HK$0.138 on 28 July 2022 (being the date on which the price of the Placing was fixed). The Group intends to apply 90% of the net proceeds of the Placing to finance the investment, research and development of natural gas, LNG and integrated energy project management business and to develop the O&M management services for other energy sectors, and the remaining 10% as the general working capital of the Group. Further details can be referred to the Company's announcements dated 28 July 2022 and 4 August 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange during the Reporting Period.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to promoting high standards of corporate governance through its continuous effort in enhancing its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable development and growth, and safeguarding the interests and assets of the Group and enhancement of shareholders' value.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the Reporting Period, the Company complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for code provision C.2.1:

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. As Mr. Zhu Yufeng was both the Chairman of the Board and the President during the period from 7 December 2020 to 8 September 2022, such practice deviates from the code provision. On 9 September 2022, Mr. Zhu Yufeng ceased to act as the President and was re-designated as Vice Chairman of the Board. Mr. Zhu Gongshan and Mr. Wang Dong, who were appointed as executive Directors of the Company on 9 September 2022, were also appointed as Chairman of the Board and President of the Company, respectively. Following the change of Chairman of the Board and President, the Company has recomplied with code provision C.2.1 of the CG Code. For details, please refer to the Company’s announcement dated 9 September 2022.

## AUDIT COMMITTEE AND FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group’s consolidated financial statements for the year, but represents an extract from those consolidated financial statements. The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, and the annual results of the Group for the Reporting Period in conjunction with the external auditor of the Company.

There is no disagreement raised by the Company's external auditors and the audit committee of the Company.

## SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Group’s auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this preliminary announcement.

## PUBLICATION OF 2022 FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.gclnewenergy.com) and HKEXnews (www.hkexnews.hk). The 2022 Annual Report containing all the information as required by the Listing Rules will be despatched to the shareholders and made available for review on the same websites in due course.

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

Hong Kong, 28 March 2023

*As at the date of this announcement, the Board comprises Mr. Zhu Gongshan (Chairman), Mr. Zhu Yufeng, Mr. Wang Dong and Ms. Hu Xiaoyan as executive Directors of the Company; Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai as non-executive Directors of the Company; and Mr. Lee Conway Kong Wai, Mr. Wang Yanguo, Dr. Chen Ying and Mr. Cai Xianhe as independent non-executive Directors of the Company.*