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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)

PRELIMINARY ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	2023	2022
	RMB million	*RMB million*
Revenue	**832**	929
Loss attributable to owners of the Company	**(1,166)**	(1,493)
	RMB cents	*RMB cents*
Loss per share		
– Basic and diluted	**(99.85)**	(135.63)

The audited consolidated results of the Group for the year ended 31 December 2023 (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 2023

	NOTES	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*3*	**831,520**	929,057
Cost of sales and services rendered		**(450,730)**	(477,989)
Gross profit		**380,790**	451,068
Other income	*4*	**82,753**	149,488
Other gains and losses, net	*5*	**(414,599)**	(104,526)
Impairment loss on expected credit loss model, net of reversal	*5*	**(155,565)**	(386,156)
Impairment loss on property, plant and equipment and right-of-use assets	*5*	**(85,943)**	(358,968)
Administrative expenses			
—share-based payment expenses		**(9,174)**	(17,121)
—other administrative expenses		**(415,601)**	(554,505)
Share of profits of associates		**112,072**	122,768
Share of profits of joint venture		**290**	25
Finance costs	*6*	**(443,883)**	(571,543)
Loss before tax		**(948,860)**	(1,269,470)
Income tax expense	*7*	**(15,150)**	(18,911)
Loss for the year	*8*	**(964,010)**	(1,288,381)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**7,223**	47,291
Total comprehensive expense for the year		**(956,787)**	(1,241,090)

	NOTE	2023 RMB'000	2022 RMB'000
Loss for the year attributable to:			
Owners of the Company		**(1,165,641)**	(1,492,546)
Non-controlling interests			
— Owners of perpetual notes		**200,750**	200,750
— Other non-controlling interests		**881**	3,415
		(964,010)	(1,288,381)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(1,158,418)**	(1,445,255)
Non-controlling interests			
— Owners of perpetual notes		**200,750**	200,750
— Other non-controlling interests		**881**	3,415
		(956,787)	(1,241,090)
		RMB cents	*RMB cents*
Loss per share	*10*		
— Basic		**(99.85)**	(135.63)
— Diluted		**(99.85)**	(135.63)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	NOTES	**2023** RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**903,877**	4,468,062
Right-of-use assets		**76,786**	219,290
Interests in associates		**1,543,513**	1,431,441
Interest in joint venture		**3,466**	3,176
Amounts due from related companies		**648,085**	17,443
Other investments		**45,643**	45,643
Other non-current assets		**14,738**	107,265
Other receivables	*11*	**700,945**	–
Contract assets		–	54,957
Pledged bank and other deposits		**42,047**	200,785
Deferred tax assets		**821**	25,383
		3,979,921	6,573,445
CURRENT ASSETS			
Trade and other receivables	*11*	**1,007,992**	3,993,895
Amounts due from related companies		**805,190**	282,657
Tax recoverable		–	346
Pledged bank and other deposits		**59,882**	61,001
Bank balances and cash		**555,395**	797,125
		2,428,459	5,135,024
Assets classified as held for sale		**97,884**	455,087
		2,526,343	5,590,111
CURRENT LIABILITIES			
Other payables and deferred income		**447,202**	985,852
Amounts due to related companies		**175,748**	143,145
Tax payable		**53**	2,383
Loan from related a company	*12*	**4,811**	4,811
Bank and other borrowings	*13*	**120,330**	436,921
Lease liabilities		**16,194**	30,305
		764,338	1,603,417
Liabilities directly associated with assets classified as held for sale		**1,537**	192,385
		765,875	1,795,802
NET CURRENT ASSETS		**1,760,468**	3,794,309
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,740,389**	10,367,754

	NOTES	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Bank and other borrowings	*13*	**289,463**	2,082,502
Senior notes	*14*	–	1,722,571
Lease liabilities		**121,006**	239,991
Deferred income		**335,266**	343,979
Deferred tax liabilities		–	679
		745,735	4,389,722
NET ASSETS		**4,994,654**	5,978,032
CAPITAL AND RESERVES			
Share capital		**81,773**	81,773
Reserves		**1,973,659**	3,122,903
Equity attributable to owners of the Company		**2,055,432**	3,204,676
Equity attributable to non-controlling interests			
—Owners of perpetual notes		**2,939,222**	2,738,472
—Other non-controlling interests		–	34,884
TOTAL EQUITY		**4,994,654**	5,978,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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") and sale of liquefied natural gas ("LNG 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 ("IFRSs") 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 certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the material accounting policy information 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:

	2023	2022
	RMB'000	*RMB'000*
Revenue		
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**	–
Total	**831,520**	929,057

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 2023 and 2022. 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 RMB297,666,000 (2022: RMB414,994,000) 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 obtains 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 2.14% to 2.57% per annum (2022: 2.11 % to 2.37% 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 RMB25 million (2022: RMB38 million) and interest income amounting to approximately RMB504,000 (2022: RMB10 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 2023, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB609 million (2022: RMB376 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 2023 and the expected timing of recognising revenue are as follows:

	2023	2022
	RMB'000	*RMB'000*
Within one year	**194,715**	58,385
After one year	**414,617**	318,031
	609,332	376,416

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 acts as agent for its solar related supported services and will complete the performance obligations in accordance with the relevant terms as stipulated in the contracts.

LNG business related income represents the income from sales of LNG. The Group generally requires customers to provide 100% of the agreed consideration of specified goods or services or grants credit period of approximately one month to customers from date of invoice when the LNG is delivered. The Group acts as both principal and agent for its LNG related business and 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 reviews the consolidated results when making decisions about allocating resources and assessing performance. Hence, no further segment information other than entity wide information is 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**	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**750,024**	846,737	**1,629,437**	5,327,923
US	**81,496**	82,320	**912,943**	956,268
	831,520	929,057	**2,542,380**	6,284,191

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

Information about major customers

For the year ended 31 December 2023, the revenue from grid companies under common control of the State Grid Corporation of China in total accounted for 60% (2022: 73%) 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:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**500,236**	681,709

4. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Government grants		
— Incentive subsidies *(note)*	**2,126**	1,533
— Energy Income Credit ("ITC")	**14,471**	14,341
Interest arising from contracts containing significant financing component	**504**	10,052
Interest income of financial assets at amortised cost:		
— Bank and other interest income	**11,530**	36,346
— Interest income from former subsidiaries	**42,713**	70,392
Others	**11,409**	16,824
	82,753	149,488

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 MODEL, NET OF REVERSAL/IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	2023	2022
	RMB'000	*RMB'000*
Exchange loss, net	**(38,347)**	(238,744)
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**(105,188)**	(11,342)
Net loss on disposal of solar power plant projects	**(394,924)**	(47,630)
Gain on redemption of senior notes	**123,930**	169,121
Loss on disposal of property, plant and equipment	**(70)**	(1,375)
Gain on early termination of a lease	**–**	25,444
	(414,599)	(104,526)
Impairment loss on expected credit loss model, net of reversal:		
— Trade receivables	**–**	(663)
— Contract assets	**–**	(177)
— Other receivables	**(68,600)**	(385,316)
— Related companies	**(86,965)**	–
	(155,565)	(386,156)

	2023 *RMB'000*	2022 *RMB'000*
Impairment loss on property, plant and equipment and right-of-use assets:		
— Property, plant and equipment and right-of-use assets (excluding assets classified as held for sale)	**85,943**	358,968
	85,943	358,968

6. FINANCE COSTS

	2023 *RMB'000*	2022 *RMB'000*
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	**220,674**	315,330
Senior notes	**88,359**	235,303
Loans from related companies	**–**	138
Lease liabilities	**14,542**	20,772
Interest arising from receivables containing significant financing component	**120,308**	–
Total borrowing costs	**443,883**	571,543

There is no borrowing costs capitalised during the years ended 31 December 2023 and 2022 on the general borrowing pool.

7. INCOME TAX EXPENSE

	2023 *RMB'000*	2022 *RMB'000*
PRC Enterprise Income Tax ("EIT"):		
Current tax	**14,384**	16,013
Over-provision in prior years	**(788)**	(821)
	13,596	15,192
Deferred tax	**1,554**	3,719
	15,150	18,911

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, 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 2023 and 2022, certain subsidiaries of the Company engaged in solar photovoltaic projects are in the 3-year 50% exemption period. Certain 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 both years. 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

	2023	2022
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration		
— Audit services	**1,700**	1,800
— Non-audit services	**700**	809
Depreciation of:		
— Property, plant and equipment	**239,433**	285,870
— Right-of-use assets	**22,041**	34,810
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**211,263**	228,649
— Retirement benefit scheme contributions	**30,249**	36,268
	241,512	264,917
Share-based payment expenses (administrative expenses in nature)	**9,174**	17,121

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2023, nor has any dividend been proposed since the end of the reporting period (2022: RMBnil).

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:

	2023	2022
	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)	**(1,165,641)**	(1,492,546)

	2023	2022
	'000	*'000*
Number of shares		
Weighed average number of ordinary shares for the purpose of basic and diluted loss per share	**1,167,436**	1,100,432

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$0.083 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 the prior period.

Diluted loss per share for the years ended 31 December 2023 and 2022 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

	2023	2022
	RMB'000	*RMB'000*
Trade receivables *(note a)*	**83,857**	1,592,950
Prepayments and deposits	**29,478**	161,383
Other receivables		
— Amounts due from former subsidiaries *(note b)*	**1,949,439**	2,198,183
— Consideration receivable from disposal of subsidiaries	**206,090**	278,581
— Refundable value-added tax	**–**	62,008
— Dividend receivables from former subsidiaries	**57,675**	303,628
— Others	**108,424**	163,403
	2,434,963	4,760,136
Less: Allowance for credit loss		
— Trade	**–**	(3,555)
— Non-trade	**(726,026)**	(762,686)
	(726,026)	(766,241)
	1,708,937	3,993,895
Analysed as:		
— Current assets	**1,007,992**	3,993,895
— Non-current assets	**700,945**	–
	1,708,937	3,993,895

Notes:

(a) As at 1 January 2022, trade receivables from contract with customers amounted to approximately RMB1,670,828,000 (net of loss allowance of approximately RMB2,892,000).

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

For operation and management services, the Group generally grants credit period of one month to customers in the PRC from the date of invoice in accordance with the relevant contracts between the Group and the respective customers.

Trade receivables include bills received amounting to approximately RMB210,000 (2022: RMB19,878,000) 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:

	2023	2022
	RMB'000	*RMB'000*
Unbilled *(note)*	–	1,464,256
0–90 days	**52,605**	75,362
91–180 days	**16,600**	13,824
Over 180 days	**14,442**	16,075
	83,647	1,569,517

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:

	2023	2022
	RMB'000	*RMB'000*
0–90 days	–	94,490
91–180 days	–	134,442
181–365 days	–	274,353
Over 365 days	–	960,971
	–	1,464,256

As at 31 December 2023, included in these trade receivables are debtors with aggregate carrying amount of approximately RMB39,798,000 (2022: RMB50,499,000) 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 and customers in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

Trade receivable of approximately RMB31,259,000 (2022: RMB106,506,000) as at 31 December 2023 have been classified as part of a disposal group held for sale.

(b) The amounts due from former subsidiaries include (i) deferred receivables which are non-trade in nature, unsecured, interest-bearing at 9.52% per annum and in the opinion of Directors, they are expected to be received within two years; and (ii) outstanding payments arising from its disposals of subsidiaries to independent third parties during the financial years ended 31 December 2018 to 31 December 2023 as part of the Group's transition to become an asset-light enterprise. When the Group and the purchasers discussed the terms of the share and purchase agreements in respect of the disposal of the Group's subsidiaries, the considerations were determined by taking into, among other things, receivables (i.e. the "Outstanding Payments") that were due from the former subsidiaries to the Group. The purchasers are obligated to procure the former subsidiaries to settle the Outstanding Payments in stages pursuant to the terms and conditions set out in the share and purchase agreements. The amounts are non-trade in nature, unsecured and interest-bearing ranging from 4.45% to 9.52% (2022: ranging from 4.45% to 9.52%) per annum and repayable on demand.

12. LOAN FROM A RELATED COMPANY

	2023	2022
	RMB'000	*RMB'000*
Loan from:		
— company controlled by Mr. Zhu Gongshan and his family, repayable within 1 year *(Note)*	**4,811**	4,811
	4,811	4,811

Note:

As at 31 December 2023 and 2022, loan from 協鑫光伏系統有限公司 GCL Solar System Limited* is unsecured, interest-free and repayable within one year.

* *English name for identification only*

13. BANK AND OTHER BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
Bank loans	**87,923**	736,701
Other loans	**321,870**	1,782,722
	409,793	2,519,423
Secured	**87,923**	2,139,035
Unsecured	**321,870**	380,388
	409,793	2,519,423
The maturity of bank borrowings is as follows*:		
Within one year	**87,923**	178,661
More than one year, but not exceeding two years	**–**	84,660
More than two years, but not exceeding five years	**–**	264,780
More than five years	**–**	208,600
	87,923	736,701
Less: Amounts due within one year shown under current liabilities	**(87,923)**	(178,661)
Amounts due after one year	**–**	558,040
Analysed as:		
Fixed-rate bank borrowings	**–**	–
Variable-rate bank borrowings	**87,923**	736,701
	87,923	736,701

	2023	2022
	RMB'000	*RMB'000*
The maturity of other borrowings is as follows*:		
Within one year	**32,407**	199,226
More than one year, but not exceeding two years	**28,736**	198,082
More than two years, but not exceeding five years	**67,994**	471,193
More than five years	**192,733**	855,187
	321,870	1,723,688
The carrying amount of other borrowings that are repayable on demand due to breach of loan covenants[#] (Shown under current liabilities)	**–**	59,034
Less: Amounts due within one year shown under current liabilities	**(32,407)**	(258,260)
Amounts due after one year	**289,463**	1,524,462
Analysed as:		
Fixed-rate other borrowings	**321,870**	106,895
Variable-rate other borrowings	**–**	1,675,827
	321,870	1,782,722

* 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.

In respect of certain bank and other borrowings with carrying amount of RMBnil as at 31 December 2023 (2022: RMB61 million), the Group is required to comply with the following financial covenants as long as the borrowings are outstanding:

(a) the debt ratio of a PRC subsidiary, the borrower, shall not be exceeding 70%; and

(b) the litigation involvement of a PRC subsidiary, the borrower, shall not be exceeding RMB5 million.

In the opinions of Directors, the Group has complied with these covenants throughout the current year.

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 approximately RMB42 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. There were no such events as at 31 December 2023.

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

	2023	2022
	RMB'000	*RMB'000*
Within one year	–	17,470
More than one year, but not exceeding two years	–	17,900
More than two years, but not exceeding five years	–	23,664
	–	59,034

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

	2023	2022
Fixed-rate borrowings		
RMB borrowings	–	2.05% to 7.03%
US$ borrowing	**1.72% to 5.64%**	1.72% to 5%
Variable-rate borrowings		
RMB borrowings	–	109% to 170% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")
US$ borrowing	**Daily simple SOFR +3.25% to 3.75%**	LIBOR +3.25% to 3.5%

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

	2023	2022
	RMB'000	*RMB'000*
US$	**409,793**	408,196

Included in other loans are RMBnil (2022: approximately RMB1,585 million) in which the Group entered into financing arrangements with financial institutions with lease terms ranging from 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, 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 transfers do not satisfy the requirements of IFRS 15 to be accounted for as a sale of the solar power plants.

No bank and other borrowings as at 31 December 2023 has been classified as part of a disposal group held for sale.

14. SENIOR NOTES

	2023	2022
	RMB'000	*RMB'000*
Senior notes	–	1,722,571
Analysed as:		
Non-current	–	1,722,571
	–	1,722,571

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 matured 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 were replaced by the New Senior Notes (defined below). 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 notes (the "New Senior Notes"). The New Senior Notes are unsecured, bear interest at 10% per annum and will be payable on 30 January 2024.

The principal amount of the New Senior Notes amounted to US$511,638,814, which the Company completed the redemption of the carrying amounts 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.

During the year ended 31 December 2023, the Company completed the redemption of the carrying amounts of New Senior Notes of approximately US$30.7 million (equivalent to approximately RMB216 million) on 23 March 2023, approximately US$10.8 million (equivalent to approximately RMB76 million) on 31 March 2023, and approximately US$67.4 million (equivalent to approximately RMB486 million) on 31 October 2023, and the repurchase of approximately US$25.6 million (equivalent to approximately RMB177 million) on 16 May 2023, approximately US$41.7 million (equivalent to approximately RMB287 million) on 30 May 2023, approximately US$55.3 million (equivalent to approximately RMB394 million) on 4 August 2023 and approximately US$8.5 million (equivalent to approximately RMB61 million) on 29 September 2023.

Upon completion of the aforesaid redemptions and repurchase, there was no outstanding New Senior Notes as at 31 December 2023.

15. EVENTS AFTER THE REPORTING PERIOD

On 4 March 2024, an indirect wholly-owned subsidiary of the Company entered into an agency agreement with a related company to provide LNG related services.

CHAIRMAN'S STATEMENT

Defined goals, steady advancement, consolidated foundation and accumulated strength for action

GCL New Energy has experienced hardship in the past few years and has weathered the difficulties it encountered. These setbacks motivated us to forge ahead and continue to cultivate in-depth in the field of energy: focusing on "transformation" and "high quality", we exerted effort in the above two directions, took the initiative to embrace changes, anchored new tracks and new goals, while resolutely switching to the "light-asset" track model and actively exploring and moving forward to a dual core businesses successful way of "solar power plus natural gas".

Regain financial balance to run on the track of "light-asset"

In October 2023, GCL New Energy announced to sell its last batch of 36 solar power plants in the PRC with a total installed capacity of approximately 584 MW to Suzhou Industrial Zone Xinkunneng Clean Energy Co., Ltd (蘇州工業園區鑫坤能清潔能源有限公司) ("Suzhou Industrial"), which successfully built the most solid foundation for transformation to the next "light-asset, rich-profit (輕資產、厚利潤) " sustainable development. Through the transaction, GCL New Energy will receive net cash proceeds of approximately RMB1.6 billion and will use the cash proceeds for debts repayment and to support the investment of natural gas, LNG and operation, and management services segment.

In fact, the new development model of "light-asset" is generally characterized with low capital investment, rapid turnover, and relatively high capital income. To implement the new development path of "light-asset" will enable GCL New Energy to respond to market changes more flexibly, reduce its pressure of funds, increase its liquidity, reduce operational risk, improve anti-risk capabilities, and further concentrate resources to invest on the dual core businesses strategy of "solar power plus natural gas" to make the future direction of core development clearer and more explicit.

Although GCL New Energy has been under the pressure of "heavy-asset (重資產) "development, we have been seeking innovation and change, and have updated and amended our previous development thoughts of solar power generation business and learned from experience, so that GCL New Energy has properly disposed of all corporate debts including the debts denominated in US Dollars, so that the total debts of RMB4,689 million in 2022 were significantly reduced by RMB4,137 million to RMB552 million for the year, and gearing ratio of total liabilities to total assets was significantly decreased to 23.2% for the year from 50.9% in 2022, all of which have effectively guaranteed the safety of cash flow and further improved financial position to lay the most solid foundation for the sustainable development of "transformation" and "high-quality development "in the future.

Run across various barriers to embrace the new opportunities in upgrading global energy mix

Currently, the world is undergoing the third energy transformation from high-carbon to low-carbon, and from fossil fuel to renewable energy. However, during the process of establishing mutual development of a diversified energy mix, the international geopolitical tension and prolonged Russia-Ukraine crisis led to the sharply worsening contradiction of supply and demand in global energy, which urged the launch of various energy policies locally and globally. Therefore, energy mix upgrade and green low-carbon transformation have become an irresistible global trend.

When renewable energy has not dominated in the industry, clean alternative energy has played a greater role in energy supply. In particular, natural gas played a great part in replacing high-polluting fuels on a large scale and synergetic development with renewable energy by virtue of its multiple advantages such as flexibility, cleanness, stability, high efficiency and low carbon, and is viewed widely as one of the important alternative energies domestically and overseas, with its position and role increasingly prominent in the process of global energy transformation. In the Gas Market Report, Q1-2024 published by International Energy Agency ("IEA"), it stated that the price recovery of natural gas has supported higher demand and expected that the global consumption of natural gas will resume with strong growth of 2.5% in 2024.

Domestically, in the context of achieving "dual carbon" goal and building a new energy system, national policies strongly advocated the use of natural gas as an alternative fuel, and natural gas is regarded as an indispensable alternative energy. The launch of various major policies in natural gas industry played an advantage of flexible adjustment and a key supporting role in the progress of new energy development. In July 2023, Implementation Opinions on Further Deepening the Reform of the Oil and Natural Gas Market System and Enhancing the National Oil and Gas Security Capability (關於進一步深化石油天然氣市場體系改革提升國家油氣安全保障能力的實施意見) was considered and passed in the second meeting of Central Commission for Comprehensively Deepening Reform (中央全面深化改革委員會). It stressed the need to focus on the goal of strengthening the capacity for national oil and gas security, and actively and steadily promote system reform in the upper, middle and down streams aiming at the salient problems in the oil and gas system, so as to ensure stable and reliable supply, indicating the new stage of the oil and gas reform has emerged.

In addition, several national policies proposed to better use natural gas in different fields of electricity generation, industrial sector and transportation, to promote the high-quality development of natural gas industry. In terms of power generation, the policies encouraged the development of peak-shaving natural gas power stations (天然氣調峰電站) according to local conditions, and the rapid development of natural gas distributed energy to strengthen the synergetic development of natural gas with multiple energies, integrate renewable energy such as wind power and light power as long-term partners to build multi-energy complementary pattern, so as to promote the sustainable quality development of new electricity system and natural gas market. In terms of industrial sector, the use of industrial gas and use of gas in chemical raw material were guided rationally, and the gradual increase of proportion of natural gas application was encouraged to continuously increase the demand amount of liquified natural gas ("LNG"), which became the main force to drive the increase of demand of natural gas. In terms of transportation, the policies vigorously promoted new energy and clean energy such as natural gas to be applied in the field of transportation, and recommended automobiles and vessels to use LNG as fuels, promoted heavy-duty trucks powered by LNG, and accelerated the renovation of old vessels with developing vessels powered by LNG and so on.

Benefited from national policies which have broadened the use of natural gas, the market-based pricing mechanism of natural gas is improving gradually, and natural gas has ushered in new development opportunities in different fields. In 2023, China has once again become the world's largest LNG importer, and domestic natural gas production also continued to increase steadily. In the Summer Outlook for Natural Gas and LNG in PRC for 2024 (二零二四年中國天然氣和LNG夏季展望) released by BloombergNEF, it was forecasted that in 2024 summer (from April 2024 to September 2024), China's natural gas demand in the base scenario would increase 6.7% year-on-year to 194.9 billion cubic meters. It was generally accepted by the market that natural gas will have the opportunity to become an important option for low-carbon fuel utilization in multiple fields. Overseas research indicated that driven by the industrial demand in the PRC and economic development in South Asia and Southeast Asia, it is expected that the global LNG demand will increase by more than 50% by 2040, reflecting the enormous potential of natural gas for long-term application growth domestically and internationally.

Seize the new development opportunities in the field of natural gas

In order to timely seize the perfect opportunity arising from the overall adjustment of development landscape in the natural gas industry, GCL New Energy has made a comprehensive, clear and objective analysis, study and judgement of the natural gas development at home and abroad and maintained sound communication with POLY-GCL Petroleum Group Holdings Limited ("POLY-GCL Petroleum Group") and actively explored the cooperation opportunities of initiating LNG business in the future. POLY-GCL Petroleum Group possesses a period of 45 years 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.

At the same time, in order to further promote the diversified development of natural gas business and accelerate the marketization of LNG trade, so as to increase the Group's revenue, GCL New Energy appointed Mr. Xu Huilin as the Executive President of the Company in June 2023, in charge of the natural gas business development of the Company and reporting directly to the President of the Company. In addition, in February 2024, the Company also appointed Mr. Xiong Xin as the Company's Vice President of the Company to assist Mr. Xu Huilin in developing natural gas trading business. Mr. Xu Huilin and Mr. Xiong Xin have high qualifications and deep accumulation of resources in the energy industry, and have deep insight into the oil and gas industry. They have rich experience in investment, financing and capital operation in the fields of commodity trade and energy. With the two industry elites to join the Company and other natural gas trade talents, it is estimated that in 2024, the natural gas business can inject new vitality into the Company. On 4 March 2024, Nanjing GCL New Energy Development Co., Ltd ("Nanjing GCL New Energy Development") (an indirect wholly-owned subsidiary of the Group) and GCL Smart Energy (Rudong) Co., Ltd (協鑫智慧能源（如東）有限公司) ("Rudong GCL Smart Energy") (an indirect wholly-owned subsidiary of GCL Energy Technology Co. Ltd. (協鑫能源科技股份有限公司) ("GCL Energy Technology")) entered into an agency agreement for a term expired on 31 December 2024. Pursuant to the agency agreement, through its professional team, GCL New Energy helped Rudong GCL Smart Energy to target qualified international LNG resources and LNG terminals and assist the purchase of LNG for Rudong GCL Smart Energy. As the global landscape of trading of natural gas has been remodeled, domestic consumption growth continues to be strong along with huge development potential, the Group believes that the development of diversified natural gas business will be beneficial for grasping the long term new tendency of the country's clean energy transformation.

The complementary synergy of the dual core businesses of "solar power plus natural gas"

Leveraging on its foresight and sagacity on the layout of operation and maintenance technology, GCL New Energy has rapidly tap into in the track of operation and maintenance, and relying on the scale advantages and massive data accumulation, driven by innovation, it strengthens science and technology research and development and focuses on accelerating the development of operation and maintenance business of various clean energy projects and has successfully completed market-oriented reform and transformation into light-asset model. During the year, the Group has entered into various operation and maintenance service contracts with nearly 260 solar power plants in various areas nationwide, and the aggregate installed capacity was approximately 7.2 GW, with a leading market share.

As a national high-tech enterprise, GCL New Energy was the first in the country to be accredited as "5A Solar Power Plants Operation and Maintenance Service Provider". GCL New Energy accelerated technological iteration through continuous investment in research and development, and with the independent intellectual property–"Xinyilian (鑫翼連)"comprehensive energy management platform, customers are provided with a comprehensive energy system solution that integrates "data plus management". We have established multi-dimensional data model to provide intelligent operation management services for multiple new energy business sectors such as wind-solar storage and mobile energy, with the target to build a new operation and maintenance ecological circle of "digitalization and intelligence" which is green, low-carbon and sustainable, so as to continuously create values for partners and realize cooperation and win-win, and promote common development.

In the future, GCL New Energy will form “lines” by integrating wind power and energy storage operation and maintenance projects based on the solar power operation and maintenance “points” distributed in various regions of the country and expand various services to form “network” based on wind-solar storage projects, which extend the provision of electricity transaction, EMC, CCER to form new business systems. Meanwhile, through in-depth market research and analysis on users’ demands, we will provide differentiated comprehensive energy solutions, and combine digital and intelligent operation and maintenance with an operation and maintenance model of “unmanned monitor and control, fewer people on duty”, walk out of the “red sea” competition in operation and maintenance service, and expand market-oriented operation and maintenance from multiple aspects to achieve sustainable development.

Continue to consolidate the dual core businesses of “solar power plus natural gas” and lead in sustainable development

In the face of profound adjustment of global energy landscape and the accelerating advancement of energy system transformation, GCL New Energy has always set a clear goal: we continue to make committed investments in our green business, strive to develop clean, safe and reliable high quality green energy, vigorously promote the use of clean energy. Upholding the mission of contributing to achieve energy transformation, we shoulder the dream of “bringing green power to life”.

On the road to high quality development, mapping sustainable development as the Group’s strategic blueprint, we shall give full play to our own advantages, firmly focusing on the dual core businesses strategy of “solar power plus natural gas” under the guidance by science and technology innovation, and we are dedicated to promoting high quality development of clean energy. By taking into account the important roles of factors such as environmental, social and governance (“ESG”) on operation and other aspects, we continue to optimize adjustments to transform them into the direction of thoughts to drive the long-term strategy, so as to promote innovative development efforts and create sustainable development capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 December 2023, loss attributable to owners of the Company for the year was RMB1,166 million, as compared to loss attributable to owners of the Company of RMB1,493 million in the last year. The decrease in loss for year ended 31 December 2023 was mainly attributable to the combined effect of the followings:

1. the grid connected capacity of subsidiaries decreased from 0.84GW as at 31 December 2022 to 0.13 GW as at 31 December 2023, representing a decrease of 84.0% in business scale. Our sales volume of electricity and the revenue from electricity generation of the Group decreased by 21.9% and 23.8% respectively. The drop in the business scale led to a decrease in gross profit by RMB70 million, from RMB451 million in the last year to RMB381 million for the year ended 31 December 2023;

   On 12 October 2023, the Group entered into eleven equity transfer agreements with 蘇州工業園區鑫坤能清潔能源有限公司 Suzhou Industrial Zone Xinkunneng Clean Energy Co., Ltd* to dispose of its 88.58%-100% equity interests in 36 subsidiaries at an aggregate consideration of RMB1,004 million. The subsidiaries operate solar power plant projects with an aggregate capacity of 584MW in the PRC. The disposals of all above companies were completed during the year ended 31 December 2023 which caused the significant drop in business scale during the year.

2. the decrease in administrative expenses by 25.7%, from RMB571.6 million to RMB424.8 million, is mainly due to decrease in staff cost, depreciation and other general administrative expenses associated with disposed solar power plants for the year ended 31 December 2023;

3. the exchange loss of RMB38.3 million for the year ended 31 December 2023, as compared to the exchange loss of RMB238.7 million for the year ended 31 December 2022, 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 solar power plant projects of RMB394.9 million for the year ended 31 December 2023, as compared to a loss on disposal of solar power plant projects of RMB47.6 million for the year ended 31 December 2022; and

5. the decrease in finance costs of RMB127.7 million, mainly due to the decrease in business scale and repayment of debts.

BUSINESS REVIEW

Capacity and Electricity Generation

As at 31 December 2023, the grid-connected capacity of the Group's subsidiary power plants was approximately 134MW (2022: 840MW). Details of capacity, electricity sales volume and revenue for the year ended 31 December 2023 are set out below.

Power plant in PRC by provinces	**Electricity Sales Volume (million kWh)**	**Average Tariff (Net of Tax) (RMB/kWh)**	**Revenue (RMB million)**
Inner Mongolia	193	0.72	139
Qinghai	124	0.61	76
Jilin	70	0.74	52
Liaoning	85	0.54	46
Gansu	23	0.78	18
Jiangsu	25	0.88	22
Hebei	26	0.35	9
Shandong	149	0.75	112
Henan	13	0.54	7
Guangdong	13	0.54	7
Fujian	54	0.63	34
Shanghai	7	0.71	5
Subtotal	**782**	**0.67**	**527**
US	168	0.45	76
Total of Subsidiaries	**950**	**0.63**	**603**

	Revenue *(RMB million)*
Representing:	
Electricity sales	281
Tariff adjustment – government subsidies received and receivable	322
Total revenue of subsidiaries for electricity sales	603
Less: effect of discounting tariff adjustment to present value(3)	(25)
Total revenue of solar power plants, after discounting	578
Solar power plants operation and management service income	228
Solar related supporting service income	17
LNG business related income	9
Total revenue of the Group	832

(1) The drop in grid-connected capacity of the Group's subsidiary power plant is caused mainly by the disposal of solar power plants in 2023.

(2) 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.

(3) 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 2023, 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; (iii) income from solar related supporting services; and (iv) income from LNG and related business. The table below sets forth an analysis of the Group's revenue:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue		
– Sales of electricity and tariff adjustments	**578,208**	758,461
– Solar power plants operation and management service	**227,948**	151,991
– Solar related supporting service income	**16,747**	18,605
– LNG business related income	**8,617**	–
	831,520	929,057

The decrease in revenue was mainly attributable to the disposal of solar power plants during 2022 and 2023. The grid-connected capacity decreased from 0.84GW as at 31 December 2022 to 0.13GW as at 31 December 2023. The average tariff (net of tax) for the PRC was approximately RMB0.67/kWh (2022: RMB0.70/kWh).

During the year ended 31 December 2023, 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 its business coverage in order to generate additional income stream to the Group. As at 31 December 2023, the Group had entered into contracts to provide operation and maintenance services for solar power plants with total installed capacity of approximately 7.2GW. Furthermore, the Group newly provided trading of LNG and related products in 2023, which generated sales income of RMB8.6 million (2022: Nil).

The Group's gross margin for the year ended 31 December 2023 was 45.8%, as compared to 48.6% for the year ended 31 December 2022. The cost of sales mainly consisted of depreciation, which accounted for 53.9% (2022: 56.9%) of the cost of sales, with the remaining costs being operation and maintenance costs of solar power plants. The drop in gross margin was mainly due to the relatively lower gross profit margin for procurement service business when compared with sales of electricity business. While the Group entered into LNG related business in 2023 which therefore the gross profit margin is reasonably lower as compared to the market. The combined effect of the above caused the drop in gross margin.

Other Income

During the year ended 31 December 2023, other income mainly included imputed interest on discounting effect on tariff adjustment receivables (i.e. interest arising from contracts containing significant financing component) of RMB504,000 (2022: RMB10 million) and interest income from former subsidiaries of RMB43 million (2022: RMB70 million).

Administrative Expenses

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses decreased by 25.7% to RMB424.8 million (2022: RMB571.6 million) for the year ended 31 December 2023. 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 for the year ended 31 December 2023.

Other gains and losses, net

During the year ended 31 December 2023, the net loss amounted to RMB415 million (2022: RMB105 million). The net loss for 2023 was mainly due to loss on disposal of subsidiaries of RMB395 million (2022: RMB47 million), exchange loss of RMB38 million (2022: RMB239 million) caused by the appreciation of USD against RMB for USD denominated indebtedness of the Group.

Impairment loss on expected credit loss model, net of reversal/impairment loss on property, plant and equipment and right-of-use assets

During the year ended 31 December 2023, the impairment loss on expected credit loss model, net of reversal amount to RMB156 million (2022: RMB386 million), consists of impairment loss on expected credit loss on amounts due from former subsidiaries of RMB145 million (2022: RMB289 million), reversal of expected credit loss on other receivables of RMB76 million (2022: impairment of RMB96 million) and expected credit loss on amounts due from related companies of RMB87 million (2022: Nil). Impairment loss on property, plant and equipment and right-of-use assets amounted to RMB86 million (2022: RMB359 million). Please refer to note 5 to the consolidated financial statements for more details.

The expected credit loss on amounts due from former subsidiaries of RMB145 million (2022: RMB289 million) comprises RMB5 million (2022: RMB62 million) for rectification cost compensation, RMB133 million (2022: RMB57 million) for construction payable adjustments, reversal of RMB12 million (impairment of RMB 70 million) for tax on land use indemnification and RMB19 million (2022: RMB100 million) for on-grid electricity guarantee, details of which are set out as follows:-

(i) Rectification cost compensation of approximately RMB5 million (2022: RMB62 million)

The Group has made substantial disposal of solar power plants during the financial years ended 31 December 2018 to 2023 as part of its transition to become an asset-light enterprise. Pursuant to the terms of the sale and purchase agreement in respect of the disposals, the Group will be responsible for the rectification costs of defects arising from the solar power plants. Where a defect has been identified and rectification is required, the purchaser may deduct the relevant rectification costs from the security deposit and remaining balances of the amounts due to the Group. This is in line with the industry practice where vendors in these types of transactions will be responsible for rectification costs found from defects.

Prior to entering into these transactions, the Group would assess and estimate the potential rectification costs arising from each of the disposals. Based on the rectification costs requested so far, the Group considers that the rectification costs claimed by the purchasers (as supported by third-parties' quotation/invoices or reports) are fair and reasonable and are within the expected range of costs determined by the Group.

(ii) Construction payable adjustments of approximately RMB133 million (2022: RMB57 million)

As part of the industry practice, it is common to include construction payable adjustment clauses in the sales and purchase agreements for powerplant disposal transactions. In some of the Group's disposals, the construction work of the power plant may be ongoing or the final construction payable has not been determined by the time the EPC agreement was executed. Hence, if the final amount of the construction payables of the power plant is different from the figure disclosed in the audited report on the reference date of the disposal, the balance to be paid to the Group would be adjusted against the balances of the amounts due to the Group accordingly.

(iii) Reversal of tax on land use indemnification of approximately RMB12 million (2022: impairment of RMB70 million)

As the policy of cultivated land occupation tax and land use tax for solar power plants have been unclear and that tax collection methods vary, it takes time for the Group to negotiate with the relevant local tax authorities to agree on the scope and basis for settling the taxes. In accordance with the sale and purchase agreements, the Group has to provide tax indemnity to purchasers for disposals. The obligation arises where the purchaser receives tax payment demands from the local tax authorities after the date of completion of the disposals.

(iv) On-grid electricity guarantee of approximately RMB19 million (2022: RMB100 million)

As part of the terms of the deal to attract the purchasers to acquire the Group's power plants and continue to appoint the Group as an operation and management services provider, if the relevant electricity sale volumes and revenues for the subject solar power plants for each agreed period (ranging from two to five years depending on the agreed terms) are less than the agreed minimum sale volumes and revenues, the purchaser will be entitled to the on-grid electricity guarantee compensation and the balance to be paid to the Group would be adjusted against the balances of the amounts due to the Group accordingly. The drop in balance is due to adjustment of balance in relation to disposed solar power plant projects in prior year.

The provision of credit loss on other receivables as above-mentioned were mainly attributable to (i) 12 months expected credit loss on receivables in accordance with IFRS 9; and (ii) impairment loss arising from set off arrangements in relation to general rectification costs, construction costs and arrangements, receivables and obligations in respect of some of the Group's disposals in accordance with the terms of the sale and purchase agreements.

In the opinion of the Directors, as a general industry practice, approximately 10% of the total consideration for the disposal of solar powerplants will usually be retained by purchasers to set off against guarantees or compensations. During 2018 to 2023, the Group disposed of approximately 7GW solar power plants for net cash proceeds of over RMB27 billion, of which a substantial part of proceeds has been received. To put it into perspective, the provision of credit loss on other receivables as disclosed above together with the provisions made in previous years, only accounted for less than 5% of the Net Proceeds. The Company considers that it has already made the best estimations for all relevant provisions. Moreover, considering that the purchasers are mainly state-owned enterprises, the credit risk is relatively low and the Company is of the view that the disposals were in the best interest of the Company.

Share of profits of associates

Share of profits of associates amounted to RMB112 million (2022: RMB123 million), mainly representing the share of profits from several partly held solar power plants.

Finance Costs

Total borrowing costs decreased by 22.3% from RMB572 million to RMB444 million for the year ended 31 December 2023. 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 RMB4,689 million as at 31 December 2022 to RMB552 million as at 31 December 2023. The average borrowing rate decreased from approximately 9.7% in 2022 to approximately 7.5% in 2023.

Income Tax Expense

Income tax expense for the year ended 31 December 2023 was RMB15 million (2022: RMB19 million). There is a decrease in income tax expense because of the disposal of solar power plants during 2023, leading to decrease in taxable income.

Profit attributable to other non-controlling interests

Profit attributable to other non-controlling interests amounted to RMB1 million for the year ended 31 December 2023 (2022: RMB3 million).

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

Property, Plant and Equipment

Property, plant and equipment was RMB904 million and RMB4,468 million as at 31 December 2023 and 31 December 2022, respectively. The decrease was mainly due to the disposal of solar power plants during 2023.

Other Non-current Assets

As at 31 December 2023, other non-current assets was RMB15 million (2022: RMB107 million), which mainly included refundable value-added tax of approximately RMB14 million (2022: RMB35 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 decreased from RMB55 million as at 31 December 2022 to Nil as at 31 December 2023, following the disposal of solar power plants in 2023.

Trade and Other Receivables

As at 31 December 2023, trade and other receivables of RMB1,709 million (2022: RMB3,994 million) mainly included trade and bills receivables of RMB84 million (2022: RMB1,589 million), refundable value-added tax of RMBNil (2022: RMB62 million) and consideration receivables from disposal of subsidiaries of RMB206 million (2022: RMB279 million), amounts due from former subsidiaries of RMB1,949 million (2022: RMB2,198 million), in which a deferred receivables of RMB701 million (2022: Nil) were reclassified to non-current nature, as they are expected to be received within two years.

As at 31 December 2023, tariff adjustments receivables of RMB32 million including tariff adjustment of RMB32 million, for projects classified as held for sale (2022: RMB1,559 million including tariff adjustment of RMB107 million, for projects classified as held for sale), represents subsidy receivable from the government authorities in respect of the Group's solar power generation business.

Other Payables and Deferred Income

Other payables and deferred income decreased from RMB1,330 million as at 31 December 2022 to RMB782 million as at 31 December 2023. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction cost of RMB36 million (2022: RMB145 million) and deferred income of RMB350 million (2022: RMB362 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 loan from a related company.

As at 31 December 2023, bank balances and cash of the Group were approximately RMB556 million (2022: RMB850 million), including bank balances and cash of RMB1 million, for projects classified as held for sale (2022: RMB53 million). For the year ended 31 December 2023, 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 RMB1,760 million as at 31 December 2023 (2022: RMB3,794 million).

The Group monitors capital based on the gearing ratio of total liabilities divided by total assets. The gearing ratio as at 31 December 2023 and 31 December 2022 were calculated as follows:

	31 December 2023 *RMB million*	31 December 2022 *RMB million*
Total liabilities	**1,512**	6,186
Total assets	**6,506**	12,164
Total liabilities to total assets	**23.2%**	50.9%

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

	31 December 2023 *RMB million*	31 December 2022 *RMB million*
Renminbi ("RMB")	**142**	2,559
United States dollars ("US$")	**410**	2,130
	552	4,689

Pledge of Assets

As at 31 December 2023, the following assets were pledged for bank and other facilities (other than those classified as held for sale) granted to the Group:

– property, plant and equipment of RMB872 million (2022: RMB2,957 million);

– bank and other deposits of RMB102 million (2022: RMB262 million); and

– rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2023, the trade receivables and contract assets of those subsidiaries amounted to Nil (2022: RMB1,385 million).

Besides, lease liabilities of RMB137 million (2022: RMB270 million) are recognised in respect of right-of-use assets amounting to RMB77 million (2022: RMB219 million) as at 31 December 2023.

Guarantees provided to Third Parties

As at 31 December 2023, the Group provided back-to-back guarantees to third parties for certain bank and other borrowings taken out by certain third parties for project companies whereby the third parties held a substantial interest and the Group held a minority interest. The back-to-back guarantees held a maximum amount of RMB1,715 million (2022: RMB1,610 million). Besides, the Group also provided financial guarantees to certain disposed subsidiaries during the period until these guarantees are replaced or the loan is repaid for their bank and other borrowings amounting to approximately RMB1,259 million (2022: RMB712 million), out of which approximately RMB547 million (2022: Nil) is associates of connected persons.

Capital and Other Commitments

As at 31 December 2023 and 31 December 2022, the Group's capital commitments in respect of construction commitments relating to natural gas liquefaction plant contracted but not provided amounted to approximately RMB107 million (2022: Nil) and commitment of share capital of joint venture of approximately RMB25 million (2022: RMB25 million).

Significant Investment Held, Material Acquisition or Disposal of Subsidiaries and Affiliated Companies and Plans for Material Investment or Capital Assets

During the year ended 31 December 2023, the Group has entered into various share transfer agreements with different third parties to dispose equity interests in companies which hold various solar power plants. In particular, the material disposal which constituted very substantial disposals of our Group during the during the year ended 31 December 2023 is summarised hereinbelow:

Date of the Agreements signed in 2023	Name of buyers	Percentage of disposed equity interest	Capacity of solar power plants *(MW)*	Consideration *(RMB million)*
May	Hunan Xinhua Water Conservancy and Electric Power., Ltd.* (湖南新華水利電力有限公司)	100%	191	308
November	Suzhou Industrial Zone Xinkunneng Clean Energy Co., Ltd.* (蘇州工業園區鑫坤能清潔能源有限公司)	88.58%-100%	583	1,004
Total			774	1,312

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

* *English name for identification purposes only*

Save as disclosed above, there were no significant investment held, material acquisition or other disposal of subsidiaries and affiliated companies during the year ended 31 December 2023. There were also no plans for material investment or capital assets as at 31 December 2023.

Breach of loan agreement

As at 31 December 2023, the Company had not breached any terms of its loan agreements for loans that are significant to its operations.

Financial Assistance and guarantees to affiliated companies by the Company

As at 31 December 2023, the Company had not provided any financial assistance and guarantees to affiliated companies which is subject to disclosure requirement under Rule 13.22 of the Listing Rules.

Advance to an entity provided by the Company

As at 31 December 2023, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

Events After the Reporting Period

Please refer to note 15 to the consolidated financial statements for details.

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 rate 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 business are located in the PRC, substantial of our revenues, capital expenditures, assets and liabilities are denominated in RMB. The Company uses US dollars to inject into US projects in the form of equity. As the Company has not purchased any foreign currency derivatives or related hedging instruments for hedging purpose, 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 2023, the Group had approximately 949 employees (2022: 792 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 2023 was approximately RMB251 million (2022: RMB282 million).

USE OF NET PROCEEDS FROM 2022 TOP-UP PLACING AND SUBSCRIPTION

On 4 August 2022, the Group completed a top-up placing and subscription of 2,275,000,000 shares at HK$0.138 per share to no less than six independent placees, raising net proceeds of approximately HK$310,000,000 after deducting placing commission and related expenses (the "**2022 Placing**"). There are no changes to the intended use of net proceeds from the 2022 Placing. As at 31 December 2023, approximately HK$133 million was used as intended and approximately HK$177 million was deposited to the bank account of the Company pending its application. For further details of 2022 Placing, please refer to the announcements of the Company dated 28 July 2022 and 4 August 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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**") in Appendix C1 (formerly known as Appendix 14) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

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 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 with the accounting treatment adopted by 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 2023 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 2023 FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.gclnewenergy.com) and HKEXnews (www.hkexnews.hk). The 2023 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, 25 March 2024

As at the date of this announcement, the Board comprises Mr. Zhu Gongshan (Chairman), Mr. Zhu Yufeng, Mr. Wang Dong and Mr. Gu Zengcai 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.