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)

Bringing **GREEN POWER** to Life

2022
ANNUAL REPORT

About GCL New Energy

- Renowned solar power private enterprise in the PRC, one of its substantial shareholders, GCL Tech (3800.HK), is a world's leading polysilicon producer and wafer supplier
- Successful realization of asset-light transformation, enables it to proactively develop other clean energy businesses by leveraging on existing solar power generation platform
- Included in the MSCI China Small Cap Index on 27 May 2022, gaining recognition from international capital market
- Leading the development of intelligent solar power plant operation, was first in the country to be accredited the honourary title of "5A Solar Power Plants Operation and Maintenance Service Provider"

Forward-looking statements contained in this Annual Report relating to the forecast business plans, prospects, financial forecasting, and growth strategies of the Group. These forward-looking statements are based on current beliefs, expectations, assumptions and premises regarding the industry and market in which it operates, some of which are subjective or beyond our control. Underlying these forward-looking statements is a large number of risks and uncertainties and may not be realised in future. In light of the risks and uncertainties, the inclusion of forward-looking statements in this Annual Report should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such forward-looking statements.

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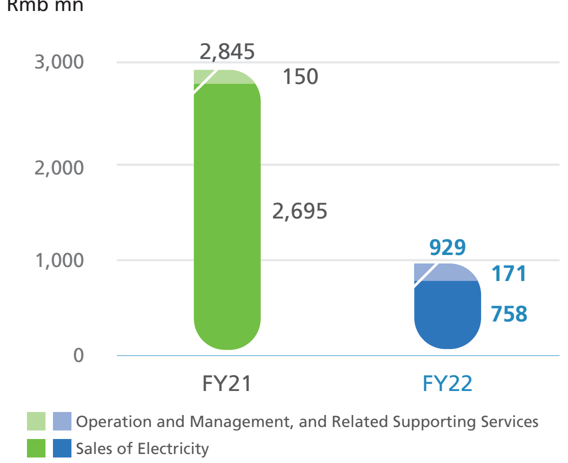
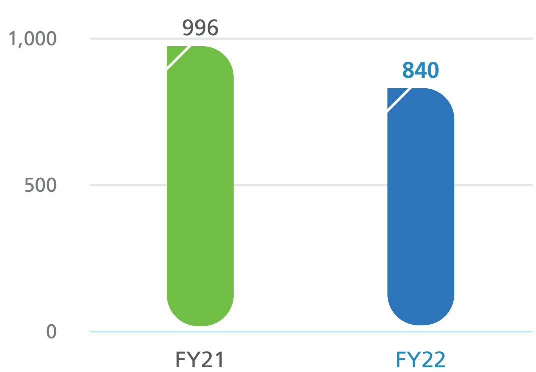
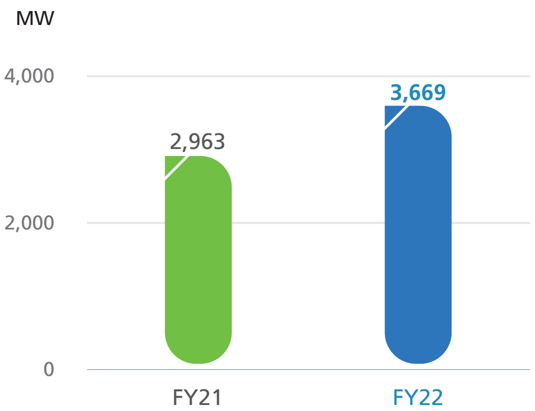


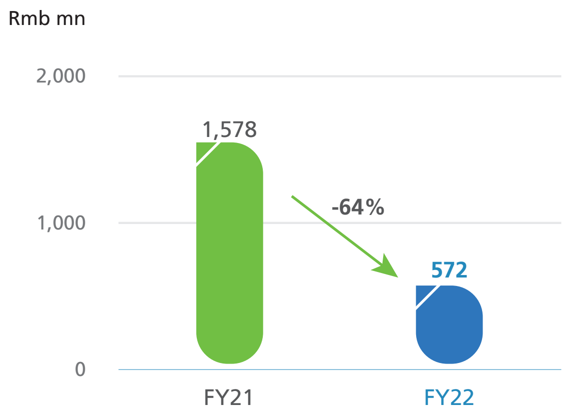
Grid-Connected Capacity of Subsidiaries



Installed Capacity of Operation and Maintenance Services



Finance Costs



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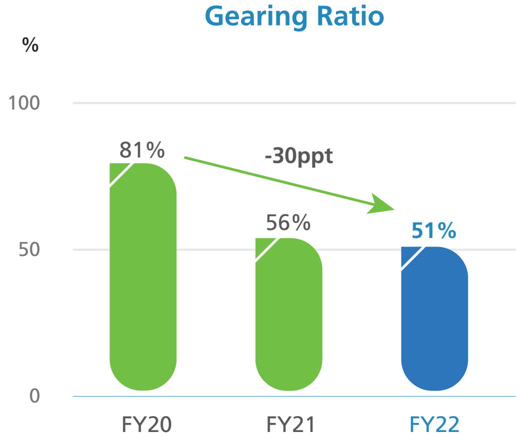


Chairman's Statement

ZHU Gongshan
(Chairman)

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 Petroleum Group") to invest in the Ethiopia-Djibouti natural gas project owned by POLY-GCL Petroleum 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 Petroleum 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 cubic meters 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 cause 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 *(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).

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

During the year ended 31 December 2022, the impairment loss and expected credit loss model, net of reversal amount to RMB386 million (2021: RMB61 million) and impairment loss on property, plant and equipment amounted to RMB359 million (2021: RMB294 million). Please refer to note 8 to the consolidated financial statements for more details.

The expected credit loss on amount due from former subsidiaries of RMB 289 million (2021: RMB 73 million) comprises RMB62,450,000 for rectification cost compensation, RMB57,210,000 for construction payable adjustments, RMB69,587,000 for tax on land use indemnification and RMB99,616,000 for on-grid electricity guarantee, details of which are set out as follows:-

(i) Rectification cost compensation of approximately RMB62,450,000

The Group has made substantial disposal of solar power plants during the financial years ended 31 December 2018 to 2022 as part of its transition to become an asset-light enterprise (the "Disposals"). 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 RMB57,210,000

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) Tax on land use indemnification of approximately RMB69,587,000

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 RMB99,616,000

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 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 2022, the Group disposed of approximately 6GW solar power plants for net cash proceeds of over RMB17 billion, of which over RMB15 billion has been received (the "Net Proceeds"). 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.

The Company will continue to work with the respective purchasers on the final amounts of the consideration receivables and settlement process to ensure that it is in accordance with the terms and conditions set out in the sale and purchase agreements of the Disposals. Last but not least, 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 and its shareholders as a whole.

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 RMB million	31 December 2021 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
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); and
- 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).

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 46 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 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 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).

As at the date of this annual report, the biographies of our Directors are as follows:

Executive Directors

ZHU Gongshan
(Chairman)

Aged 65, an executive Director appointed on 9 September 2022. Mr. Zhu is also the Chairman of the Board and chairman of the Nomination Committee. He is the founder, an executive director and the chairman of GCL Technology. Mr. Zhu is also a director of GCL System Integration and a director of GCL Energy Technology. Mr. Zhu was an executive Director of the Company from April 2014 to May 2016 and the honorary chairman of the Board of the Company from May 2014 to May 2016. Mr. Zhu Gongshan is the father of Mr. Zhu Yufeng.

Mr. Zhu acted as a member of the 12th National Committee of the Chinese People's Political Consultative Conference (the "CPPCC"), a member of the 12th Jiangsu Province Committee of the CPPCC, the chairman of Global Green Energy Industry Council, the chairman of Asian Photovoltaic Industry Association, the deputy director of the Green and Low Carbon Development Promotion Committee of China Enterprise Confederation, the executive vice president of the Energy Storage and Electric Vehicle Branch of China Electricity Council. Mr. Zhu concurrently serves as the executive chairman of ICC China Environment and Energy Committee, vice chairman of China Federation of Overseas Chinese Entrepreneurs, the vice chairman of China Fortune Foundation Limited, the vice chairman of China Industrial Overseas Development & Planning Association, the honorary chairman of Jiangsu Residents Association in Hong Kong, the honorary chairman of the Federation of HK Jiangsu Community Organisations, the honorary chairman of Suzhou Federation of Industry and Commerce and the chairman of SNEC Hydrogen Energy Industry Alliance Council, etc. Mr. Zhu has been given the "New China 70th New Energy Industry 10 Outstanding Contributors（新中國70周年新能源產業十大傑出貢獻人物）" award and the honours of "Chinese Enterprise Reform of 40 Years Reform and Opening Medal（改革開放四十年中國企業改革獎章）", the "Figure of Energy Revolution of 40 Years Reform and Opening（改革開放四十年能源變革風雲人物）" and the "Leading Energy Entrepreneur of 40 Years Reform and Opening（改革開放四十年能源領袖企業家）", etc. Mr. Zhu graduated from Nanjing Electric Power College（南京電力專科學校）and obtained a diploma in electrical automation.

ZHU Yufeng
(Vice Chairman)

Aged 41, an executive Director appointed on 11 December 2015. Mr. Zhu is also the Vice Chairman of the Board, the chairman of the Risk Assessment Committee and the Corporate Governance Committee, a member of the Remuneration Committee and a director of several subsidiaries of the Company. He acted as the Chairman and chairman of the Nomination Committee from December 2015 to September 2022 and the President from December 2020 to September 2022. He also acted as a non-executive Director and the Vice Chairman of the Company from February 2015 to December 2015. Mr. Zhu Yufeng is the son of Mr. Zhu Gongshan.

Mr. Zhu currently serves as an executive director and vice chairman of GCL Technology, the chairman of GCL Energy Technology and the chairman of GCL System Integration. He is the committee secretary of CPC GCL Group Limited (中共協鑫集團有限公司), vice chairman and president of Golden Concord and a director of GCL Group Limited. Mr. Zhu also serves as a member of the Standing Committee of All-China Youth Federation, vice president of Chinese Young Entrepreneurs' Association, vice chairman of China Electricity Council, vice president of General Chamber of Commerce of Jiangsu Province, president of Jiangsu Youth Chamber of Commerce, and member of the 14th and 15th committees of CPPCC in Suzhou City. In addition, Mr. Zhu was honored as one of the "2017 Top Ten People of the Year for China New Energy (2017中國新能源十大年度人物)", "2017 Virtuous Leadership Award (2017年度臻善領袖獎)" and "2021 China Energy Industry Leader (2021年度中國能源行業領軍人物)", etc. Mr. Zhu graduated from George Brown College (Business Administration Faculty).

WANG Dong
(President)

Aged 57, an executive Director appointed on 9 September 2022. Mr. Wang is also the President, a member of the Risk Assessment Committee and the Corporate Governance Committee and a director of a subsidiary of the Company. Mr. Wang is currently the executive president of GCL Group Limited. Mr. Wang acted as the chief operating officer of GCL Technology from January 2006 to May 2009, the chief operating officer of the Company from May 2016 to August 2016, and a director of GCL Energy Technology from June 2019 to February 2021. He was also the general manager of Peixian Mine-site Environmental Cogen-power Co., Ltd.（沛縣坑口環保熱電有限公司）, the general manager of Xuzhou Longgu Minesite Gangue Power Generation Co., Ltd.（徐州龍固坑口矸石發電有限公司）, the general manager of China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd.（華潤協鑫（北京）熱電有限公司）, the vice president of Golden Concord Power Group Limited and a director of GCL Intelligent Energy (Suzhou) Co., Ltd.（協鑫智慧能源（蘇州）有限公司）. Mr. Wang obtained an Executive Master degree of Business and Administration (EMBA) from the China Europe International Business School.

HU Xiaoyan

Aged 51, an executive Director appointed on 9 May 2014. Ms. Hu is the vice-chairman of the Risk Assessment Committee and a member of the Corporate Governance Committee of the Company. Ms. Hu is also a director of several subsidiaries of the Company. Ms. Hu has been functionally responsible for the finance duties of the Company since 4 January 2019. Ms. Hu joined the GCL Group in October 2004. She currently serves as the executive president and senior business partner of Golden Concord in charge of finance, capital, risk management, internal control and audit. She is also a director of core subsidiaries of Golden Concord. Ms. Hu has extensive experience in strategic management and control, investment management, financial management, risk control, internal audit and corporate governance. Ms. Hu was appointed as director of GCL Energy Technology in March 2023 and director of Jiangsu Xinhua Semiconductor Material Technology Co., Ltd. in June 2022. And she acted as a director of GCL System Integration from June 2017 to February 2021. Ms. Hu obtained a Master degree in Business Administration from the China Europe International Business School in September 2008.

Non-Executive Directors

SUN Wei

Aged 51, a non-executive Director appointed on 9 May 2014. Ms. Sun is also a member of the Remuneration Committee of the Company. Ms. Sun is currently an executive director of GCL Technology, a director of GCL System Integration, the vice chairman of Golden Concord and the joint president of China Hong Kong Economic Trading International Association. She was an executive director of GCL Technology for the periods from November 2006 to July 2007 and from October 2007 to January 2015 and she was the honorary chairman of the Finance and Strategy Function of GCL Technology. Ms. Sun was a director of GCL Energy Technology from February 2021 to February 2023. Ms. Sun has over 25 years of experience in the Group's investment and management, corporate finance, financial strategy and management experience. Ms. Sun obtained a degree of Doctor of Philosophy in Business Administration in 2005.

YEUNG Man Chung, Charles

Aged 55, a non-executive Director appointed on 18 September 2015. Mr. Yeung is also a member of the Corporate Governance Committee of the Company. He is currently an executive director, the chief financial officer, the company secretary of GCL Technology, and an independent non-executive director of Tree Holdings Limited (HKEX stock code: 8395). He is also the vice president of Golden Concord Group Limited, a company controlled by Zhu Family Trust. Mr. Yeung previously served as a partner of Deloitte Touche Tohmatsu. When Mr. Yeung left Deloitte Touche Tohmatsu in March 2014, he was the Head of Corporate Finance Advisory Services, Southern China. He was a part-time member of the Central Policy Unit of the Government of Hong Kong Special Administrative Region and was a director of Millennial Lithium Corp., a company with its shares listed on the TSX Venture Exchange in Canada during the period from November 2017 to January 2022. Mr. Yeung has a Bachelor of Business degree with major in accounting and he is also a member of The Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Yeung has over 30 years of experience in accounting, auditing and financial management.

FANG Jiancai

Aged 43, a non-executive Director appointed on 1 March 2021. Mr. Fang has served as the deputy general manager and chief financial officer of GCL System Integration since February 2021. Furthermore. Mr. Fang has served as the general manager of the finance department of GCL System Integration since 2015. Mr. Fang has served as general manger of the finance department of certain subsidiaries of GCL System Integration and GCL Technology. Prior to joining GCL Technology and GCL System Integration, Mr. Fang worked at Ernst & Young. Mr. Fang graduated from Nanjing Audit University (南京審計大學) (previously known as Nanjing Audit College (南京審計學院)) and obtained a bachelor's degree in audit, and later obtained an EMBA master's degree from the China Europe International Business School (中歐國際工商學院). Mr. Fang has intensive knowledge and experience in financial management.

Independent Non-Executive Directors

LEE Conway Kong Wai

Aged 68, an independent non-executive Director appointed on 9 May 2014. Mr. Lee also serves as the chairman of both the Audit Committee and the Remuneration Committee and a member of the Corporate Governance Committee of the Company. Mr. Lee served as a partner of Ernst & Young. Mr. Lee was a member of the Chinese People's Political Consultative Conference of Hunan Province in the PRC from 2007 to 2017. Mr. Lee currently also serves as an independent non-executive director for each of Chaowei Power Holdings Limited (HKEX stock code: 951), West China Cement Limited (HKEX stock code: 2233), China Modern Dairy Holdings Ltd. (HKEX stock code: 1117), GOME Retail Holdings Limited (HKEX stock code: 493), NVC International Holdings Limited (HKEX stock code: 2222), Yashili International Holdings Ltd (HKEX stock code: 1230), Intchains Group Limited (a company listed on the Nasdaq Stock Exchange in U.S., stock code: ICG); and an independent non-executive director and independent director of Guotai Junan Securities Co., Ltd (listed on both the Stock Exchange and SSE with respective HKEX stock code: 2611 and SSE stock code: 601211) respectively.

Mr. Lee also served as an independent non-executive director of Sino Vanadium Inc. (a company previously listed on the TSX Venture Exchange in Canada, stock code: SVX) and China Taiping Insurance Holdings Company Limited (HKEX stock code: 966); a non-executive director and deputy chairman of China Environmental Technology and Bioenergy Holdings Limited (HKEX stock code: 1237); and an independent non-executive director for each of CITIC Securities Company Limited (HKEX stock code: 6030), Tibet Water Resources Ltd. (HKEX stock code: 1115), China Rundong Auto Group Limited (a company previously listed on the Stock Exchange and delisted in October 2022, former HKEX stock code: 1365) and WH Group Limited (HKEX stock code: 288) from September 2009 to December 2011, from October 2009 to August 2013, from July 2014 to September 2015, from November 2011 to May 2016, from March 2011 to February 2020, from July 2014 to December 2020 and from July 2014 to June 2022 respectively.

Mr. Lee received a Bachelor's degree in arts from the Kingston University (formerly known as the Kingston Polytechnic) in London, the United Kingdom in July 1980 and obtained his postgraduate diploma in business from the Curtin University of Technology in Australia in February 1988. Mr. Lee became a member of the Institute of Chartered Accountants in England and Wales in October 2007, The Chartered Accountants, Australia and New Zealand (formerly, the Institute of Chartered Accountants in Australia) in December 1996, the Association of Chartered Certified Accountants in September 1983, the Hong Kong Institute of Certified Public Accountants in March 1984 and the Macau Society of Registered Accountants in July 1995.

Our Directors

WANG Yanguo

Aged 60, an independent non-executive Director appointed on 9 February 2015. Mr. Wang is a member of both the Remuneration Committee and the Nomination Committee of the Company. Mr. Wang graduated from the School of Economics of Peking University with a PhD degree, Master's degree and Bachelor's degree in Economics in 1999, 1988 and 1985 respectively. Mr. Wang previously served as a teaching assistant, a lecturer and an associate professor at the School of Economics of Peking University during the period from 1988 to 1996. Mr. Wang has extensive experience in securities and finance industries.

Mr. Wang has been the chairman of the board of Zhuhai Golden Bridge Capital Management Co., Ltd. since November 2014. Mr. Wang was the chairman of the board of Essence International Financial Holdings Limited from May 2009 to October 2014 and the member of the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC from April 2012 to July 2016. Mr. Wang was the vice chairman of Essence Securities Co., Ltd. during the period from July 2013 to May 2014 and was the president from June 2006 to July 2013. Mr. Wang was the president of Changjiang BNP Paribas Peregrine from 2005 to 2006, the president of Soochow Securities Co., Ltd (SSE stock code: 601555) from March 2002 to July 2005, a director of Ninestar Corporation (SZSE stock code: 002180) from November 2015 to August 2021 and a director of Huaming Power Equipment Co., Ltd. (SZSE stock code: 002270) from June 2016 to December 2021. Mr. Wang also served for the CSRC from April 1996 to March 2002 as the deputy division head of Department of Dispatch, division head of Department of Fund, deputy director of Nanjing Office and deputy director of Shanghai Securities Regulatory Office. Mr. Wang served as a member of the Shenzhen Stock Exchange from 2007 to 2014.

CHEN Ying

Aged 45, an independent non-executive Director appointed on 22 April 2015. Dr. Chen is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Dr. Chen received a doctorate degree in management specialising in Management Science and Engineering from Nanjing University in 2006, and a master's degree in Finance in 2003 and a bachelor's degree in Economics in 2000 from Southeast University.

Dr. Chen is a professor of the School of Management, director of the Fintech Research and Development Centre at the Nanjing University. Dr. Chen has been a coordinator of Nanjing University — Jiangsu Hi-tech Group Post doctorate Work Station since 2013. Dr. Chen has served as an independent director of Jiangsu Lianhuan Pharmaceutical Co. Ltd. (SSE stock code: 600513) and Jiangsu SINOJIT Wind Energy Technology Co., Ltd. (SSE stock code: 601218) since August 2019 and November 2020 respectively.

Dr. Chen has a long history of involvement in the research of financial related areas, having undertaken more than 20 consultation projects, including key projects of the National Natural Science Foundation and the CSRC, the Mechanism for Chinese — American Dialogue in Technological Innovation under the Ministry of Science and Technology, key soft science projects of Jiangsu Province, joint research project of Shanghai Stock Exchange, Nanjing Municipal Finance Office, Bank of Nanjing, Jiangsu Branch of the Industrial and Commercial Bank of China and Nanjing Zijin Investment Credit and Guaranty and others. Dr. Chen has also been invited to serve as senior lecturer in the internal training programmes of numerous enterprises and entities, such as Jiangsu Provincial Development and Reform Commission, People's Bank of China (Nanjing Branch), China Development Bank (Jiangsu Branch), Industrial and Commercial Bank of China (Jiangsu Branch), Bank of China (Jiangsu Branch), CITIC Bank (Nanjing Branch), Bank of Nanjing, Postal Savings Bank of China (Jiangsu Branch) and Nanjing Iron & Steel Co., Ltd.

CAI Xianhe

Aged 68, an independent non-executive Director appointed on 9 September 2022. Mr. Cai is also a member of Audit Committee and the Corporate Governance Committee. Mr. Cai is currently the chief executive officer and chairman of Beijing Zhongtian Huahai Energy Technology Co., Ltd.(北京中天華海能源科技有限公司). He acted as the general manager of China Offshore Oil (Singapore) International Pte. Ltd.(中國海油新加坡國際公司)from November 1996 to May 1999, held various senior positions at CNOOC Gas and Power Group Co., Limited from 1994 to 2013, the vice president (deputy bureau level) of Bejing Petroleum Exchange from October 1993 to May 1994, served as geologist and assistant manager and manager of various departments of China Offshore Oil Naihai West Corporation from June 1983 to October 1993. Mr. Cai has extensive experience in international LNG resources procurement and domestic LNG sales. Mr. Cai has obtained a Master's degree from the Graduate School of Chinese Academy of Social Scineces(中國社會科學院研究生院)and a professional certificate in petroleum geology from Ecole Nationale Supérieure du Pétrole et des Moteurs in Paris. He obtained the credential of a professor-level senior economist awarded by China National Offshore Oil Corporation.

Corporate Governance Report

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving 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 CG Code, 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.

The Board

Board Composition

The Board currently consists of eleven members of which four are independent non-executive Directors, bringing in a sufficient independent voice and enhancing independent judgment. At least one of the independent non-executive Directors is with appropriate professional qualifications or accounting or related financial management expertise throughout the Reporting Period. The other members of the Board comprise four executive Directors and three non-executive Directors.

The Directors during the Reporting Period and up to the date of this report (unless otherwise stated) were:

Executive Directors	**Non-executive Directors**	**Independent Non-executive Directors**
Mr. ZHU Gongshan *(Chairman)* *(appointed on 9 September 2022)* Mr. ZHU Yufeng *(Vice Chairman)* *(re-designated on 9 September 2022)* Mr. WANG Dong *(President)* *(appointed on 9 September 2022)* Ms. HU Xiaoyan Mr. LIU Genyu *(resigned on 9 September 2022)*	Ms. SUN Wei Mr. YEUNG Man Chung, Charles Mr. FANG Jiancai	Mr. XU Songda *(resigned on 9 September 2022)* Mr. LEE Conway Kong Wai Mr. WANG Yanguo Dr. CHEN Ying Mr. CAI Xianhe *(appointed on 9 September 2022)*

The Board's composition reflects an appropriate balance of skills, experience and diversity of perspectives among its members that are relevant to the Group's strategy, governance and business and contribute to the Board's effectiveness. In addition, three of the Board members are female directors, improving the gender diversity in the boardroom.

The names and biographical details of the Directors are set out in "Our Directors" of this annual report and available on the website of the Company. A list of all the Directors identifying their roles, functions and titles is available on the websites of the Company and the Stock Exchange.

Role and Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the long term success of the Group by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value. The Directors are aware of their duties to act in good faith and expected to make decisions objectively in the best interests of the Company.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulating long and short term strategies and reviewing of its financial performance, results and the effectiveness of the risk management and internal control systems;

- approving and authorising material transactions, including acquisition, investment, disposal of assets or setting dividend policies and capital expenditure;

- performing corporate governance functions in accordance with the CG Code, including formulating corporate governance policies, and reviewing and monitoring the corporate governance practices of the Group; and

- communicating with key stakeholders, including Shareholders and regulatory bodies.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates the Shareholders on the operations and financial position of the Group through interim and annual results announcements as well as the publication of timely reports and announcements or other matters as prescribed by the relevant laws, rules and regulations.

During the Reporting Period, the Board has regularly reviewed the contributions from the Directors and confirmed that they have devoted sufficient time performing their responsibilities.

The non-executive Directors advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his/her own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors, to evaluate the functioning of the Board.

Chairman and President

The distinct and separate roles and responsibilities of the Chairman and President are acknowledged with a clear and well established division of responsibilities to ensure a balance of power and authority, and reinforce their independence and accountability.

The Chairman is primarily responsible for providing leaderships to the Board; monitoring effective implementation of the Company's strategies, good corporate governance practices and established procedures; ensuring value creation and maximisation to the Shareholders; and drawing up and approving the agenda for each Board meeting, and taking into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda. The President is responsible for the day-to-day operations of the Group and to achieve performance targets.

Appointment, Re-election and Removal of the Directors

Each of the Directors has been appointed for a specific term of not more than 3 years, subject to the provisions on Directors' retirement as set out in the Bye-laws. All Directors appointed by the Board to fill a casual vacancy on or as an addition to the Board shall hold office only until the next annual general meeting of the Company, and every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every 3 years.

In accordance with article 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Accordingly, each of Ms. Hu Xiaoyan, Ms. Sun Wei, Mr. Fang Jiancai and Dr. Chen Ying shall retire by rotation at the AGM and, being eligible, will offer themselves for re-election at the AGM.

Reference is made to the announcement of the Company dated 9 September 2022 regarding the appointment of Mr. Zhu Gongshan, Mr. Wang Dong and Mr. Cai Xianhe as Directors of the Company. Pursuant to article 83(2) of the Bye-laws and paragraph 4(2) of Appendix 3 of the Listing Rules, each of Mr. Zhu Gongshan, Mr. Wang Dong and Mr. Cai Xianhe shall hold office only until the following annual general meeting of the Company after their appointment and be subject to re-election at the AGM.

Confirmation of Independency

Each independent non-executive Director has made a written annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines as set out in Rule 3.13 of the Listing Rules, and considers all of its independent non-executive Directors to be independent of the management and free of any relationship that could materially interfere with the exercise of their judgment. Moreover, none of the independent non-executive Directors has served on the Board for a period of more than nine years.

Compliance with Model Code

The Board adopted the Model Code with terms no less than the required standard set out in Appendix 10 to the Listing Rules as its own model code of conduct regarding Directors' securities transactions. Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Reporting Period.

Risk Management and Internal Controls

The Board has an overall responsibility to maintain sound and effective risk management and internal control systems (the "Systems"), including financial, operational and compliance controls, for the Group and to review their effectiveness to safeguard the Group's assets, to protect Shareholders' values, and to identify and manage the risks so that they can be understood, reduced, mitigated, transferred or avoided to achieve business objectives. The Systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has delegated to the management the design, implementation and monitoring of the Systems on an on-going basis. The Board has also entrusted the Audit Committee with the responsibility to review the Systems. The Corporate Governance Committee has been delegated with responsibilities by the Board to oversee the Group's overall risk management framework, including the risk governance structure and risk management process, and to advise the Board on the risk and corporate governance related matters of the Group. The Corporate Governance Committee is also responsible for approving the Group's risk and corporate governance policies and assessing the effectiveness of the Group's risk controls/mitigation tools. The Corporate Governance Committee held a meeting during the Reporting Period to review the Company's policies and practices on risk management, internal control systems and corporate governance for the year of 2021 and its plan.

With the assistance of the Audit Committee and the Corporate Governance Committee, the Board has conducted reviews of the effectiveness of the Systems and performed necessary and appropriate actions to maintain the Systems for the interests of the Shareholders. In particular, the Board's review has considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and their training programmes and budget.

During the Reporting Period, the Group persistently dedicated efforts in enhancing the maturity of the corporate governance infrastructure across various business units and functions. In particular, a group-wide exercise has been launched to rationalise the existing policies and procedures so as to further emphasise the internal control objectives associated with key business processes and mitigate and control unnecessary divergences among different business units. During the Reporting Period, the Internal Control Department has carried out procedures for the review of the compliance with the relevant corporate governance requirements as well as the effectiveness of risk management of the Group. The Group has conducted ongoing reviews during the Reporting Period to identify deficiencies in operations and opportunities. All major findings were communicated to senior management of the respective business units to enforce the remediation.

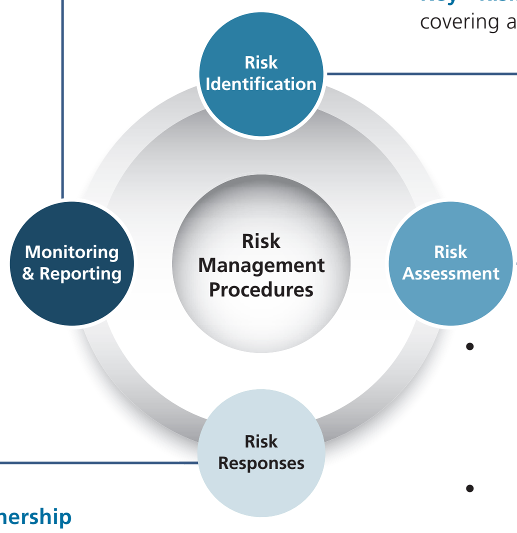
In view of risk management, the Group has revisited the methodology and approach to further improve the relevancy and effectiveness of the existing risk management process to identify, evaluate, manage and communicate significant risks (including ESG risks). The changes in the nature and extent of significant risks (including ESG risks) and the Group's capabilities and strategies to respond to these changes were better captured and articulated within the organisation.

Risk Management Procedures

Together with the utilisation of IT system tools and regular internal control reviews by management, all these paved the way of enabling ongoing monitoring and overseeing of internal control effectiveness of the Group.

- Setting up **project risk reporting system**. Regional companies' risk management staff report project risks on a monthly basis and report the same to the management by the internal control quarterly report. Risk alert report would be prepared when necessary
- In addressing risks concerned by the Board, the Internal Control Department will assist in risk supervision and regular reporting

- Developing and maintaining a **risk profile** catered for the Company's business and current management, covering strategy, market, operation, finance and legal matters
- Establishing and maintaining **Key Risk Indicators** (KRI), covering all major processes



- Performing **overall risk assessment** of the Company through industry research and benchmarking, management survey and interview
- Supporting risk assessment with **quantitative considerations** by attempting to apply KRI in the risk assessment process
- Piloting **KRI measurement** as a means of demonstration of key risk level of the Company to provide a more objective perspective

- Implementing **risk ownership mechanism**, in particular, tracking and managing key respective risks, monitoring KRI information, etc.
- Conducting **quarterly tracking** on the effectiveness of the measures to manage the major risks to ensure proper execution as planned
- Enhancing risk response capability through **active involvement** by middle and senior management

The Internal Control Function is independent of the daily operations of the Group. The person in charge of the Internal Control Function has reported directly to the Corporate Governance Committee. All other Directors are informed of the findings of these internal audit plans and assignments from the report by the chairman of the Corporate Governance Committee. The Internal Control Function is closely involved in the assessment of the quality of risk management of the Group. During the Reporting Period, the Internal Control Function reviewed the effectiveness of the Systems.

Based on the ongoing efforts devoted by the Group and reviews carried out by the Internal Control Department, the Corporate Governance Committee and the Board concluded that the risk management and internal control systems of the Group are basically effective whereas the Company's staff and resources for the internal audit, financial reporting functions as well as those relating to the ESG performance and reporting of the Company are adequate. There is neither material irregularities nor areas of material concerns that would have significant adverse impact on the Company's financial positions or results of operations. Management should pay attention to and monitor the important risk indicators, including the gearing ratio and the repayment ability of the Company.

Accountability and Audit

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The interim and annual reports published within 2022 were published within the time limits as required under the Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, other inside information announcements and other financial disclosures required under the Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements. The financial statements, which should be read in conjunction with the independent auditor's report, are made with a view to distinguishing for Shareholders the responsibilities of the Directors from those of the auditor in relation to the financial statements.

Inside Information

The management are encouraged to report any incidence or information they believe as inside information when performing their duties to the executive Directors or the Company Secretary. If the executive Directors or the Company Secretary recognizes that the information constitutes inside information, the executive Directors or the Company Secretary will report to the Board and recommend timely disclosure of such information pursuant to the relevant provisions under the SFO and the Listing Rules.

Measures to further enhance corporate governance practices

The Group has attached importance to the promotion of anti-corruption and integrity promotion system. Anti-fraud management structure is established through internal business ethics guidelines such as the Anti-Corruption Regulations(反腐敗條例), the Anti-Fraud and Whistleblowing Management Standards(反舞弊與舉報管理標準)and Ten Prohibitions at GCL(協鑫十戒), which sets out the code of conduct for employees when performing their duty in the course of business operations.

Whistle-blowing policy and procedures are also in place to allow direct reporting to the Audit Committee. The Audit Committee is responsible for reviewing the relevant policy and system regularly.

As regards corporate culture, the employee handbook of the Company and GCL Basic Law(協鑫基本法)of the Group have strengthened strategic management and promoted the Company's purpose, values and strategy which satisfies itself that these and the Company's culture are aligned.

Further details are set out in the Company's 2022 ESG Report.

The Board Committees

(1) Remuneration Committee

The Remuneration Committee was established on 15 September 2005 to oversee the remuneration policy and structure for all Directors and senior management of the Company. The Remuneration Committee currently comprises three independent non-executive Directors, one executive Director and one non-executive Director, namely, Mr. Lee Conway Kong Wai who is the chairman of the Remuneration Committee, Mr. Wang Yanguo, Dr. Chen Ying, Mr. Zhu Yufeng and Ms. Sun Wei. The Company Secretary acts as the secretary to the Remuneration Committee.

Provided with sufficient resources by the Company to discharge its duties, the roles and functions of the Remuneration Committee are:

- to make recommendations to the Board on the policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy

- to review and approve the remuneration proposals of the President and senior management with reference to the goals and objectives of the Company

- to determine and approve, with delegated responsibility, the performance-based remuneration packages (included benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of executive Directors and senior management with reference to the corporate goals and objectives

- to make recommendations to the Board on the remuneration of non-executive Directors

- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules

The Remuneration Committee held one meeting during the Reporting Period. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. No individual Director is involved in deciding his or her own remuneration. No disagreement on the remuneration or compensation arrangement resolved by the Board during the Reporting Period.

In considering the level of remuneration payable to the executive Directors and recommending remuneration of non-executive Directors, the Remuneration Committee have referred to the incentive policies of the Company to link rewards to the corporate and individual performance, the Guide for Remunerating Independent Non-executive Directors issued by The Hong Kong Institute of Directors, the CG Code and the associated Listing Rules.

Principal works performed by the Remuneration Committee during the Reporting Period included:

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the year of 2022
- to review and recommend on the remuneration packages of all executive Directors for the year of 2022 and bonus payment for the year of 2021
- to review and recommend on the remuneration of Mr. Zhu Gongshan, Mr. Wang Dong and Mr. Cai Xianhe, who have been appointed as Directors with effective from 9 September 2022

The remuneration of the executive Directors, who are regarded as senior management of the Company, are set out in note 12 to the consolidated financial statements in this annual report.

The Company has adopted the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Board, at its discretion, to grant share options to selected eligible participants to motivate them and to optimise their performance and efficiency for the benefit of the Group.

The terms of reference setting out the Remuneration Committee's authority and its duties are available on the websites of the Company and the Stock Exchange.

(2) Nomination Committee

The Nomination Committee was established on 9 May 2014 to review the structure, size and composition (including but not limited to the gender, skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

The Nomination Committee currently comprises one executive Director and two independent non-executive Directors, namely, Mr. Zhu Gongshan who is the chairman of the Board and the Nomination Committee (appointed on 9 September 2022), Mr. Wang Yanguo and Dr. Chen Ying. Mr. Zhu Yufeng ceased to act as the chairman of the Nomination Committee on 9 September 2022. Mr. Xu Songda resigned as an independent non-executive Director and a member of Nomination Committee on 9 September 2022. The Company Secretary acts as the secretary to the Nomination Committee.

The roles and functions of the Nomination Committee include to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; review the nomination policy and the progress on achieving the objectives set for implementing the policy and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the President.

The Nomination Committee held one meeting during the Reporting Period.

Principal works performed by the Nomination Committee during the Reporting Period included:

- to review the diversity, structure, size and composition of the Board
- to assess the independence of the independent non-executive Directors
- to make recommendations to the Board on the proposed re-election of the retiring Directors at the 2022 annual general meeting
- to review and recommend on the appointment of Mr. Zhu Gongshan, Mr. Wang Dong and Mr. Cai Xianhe as Directors with effective from 9 September 2022

The terms of reference setting out the Nomination Committee's authority and its duties are available on the websites of the Company and the Stock Exchange.

Gender diversity

The Board currently comprises eleven members of which three are female, thereby demonstrating the Company's commitment to gender diversity. More details on the employees' gender ratios of the Group are set out in the 2022 ESG Report of the Company. In line with the commitment and principles of the gender diversity of the Board, the Company targets to avoid a single gender senior workforce and will review the gender diversity of the senior workforce on a timely basis in accordance with the business development of the Group.

Board Diversity policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board. The policy adopted aims to set out the approach to achieve diversity on the Board. A summary of the policy is set out below:

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, ethnicity, age, length of service) will be disclosed in the "Corporate Governance Report" of the annual report annually.

Monitoring and Reporting

The Nomination Committee will report annually, in the "Corporate Governance Report" of the annual report, on the Board's composition under diversified perspectives, and monitor the implementation of this policy.

Review of this policy

The Nomination Committee will review this policy, as appropriate, to ensure the effectiveness of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Disclosure of this policy

A summary of this policy together with the measurable objectives set for implementing this policy, and the progress made towards achieving those objectives will be disclosed annually in the "Corporate Governance Report" of the annual report.

(3) Audit Committee

The Audit Committee was set up on 1 April 1999, which comprises three independent non-executive Directors, namely, Mr. Lee Conway Kong Wai who is the chairman of the Audit Committee, Dr. Chen Ying and Mr. Cai Xianhe (appointed as an Independent Non-executive Director and a member of the Audit Committee with effect from 9 September 2022). Mr. Xu Songda resigned as an Independent Non-executive Director and a member of Audit Committee on 9 September 2022. The Company Secretary acts as the secretary to the Audit Committee.

The Audit Committee performs, amongst others, the following roles and functions:

- ensure that co-operation is given by the Company's management to the external auditor where applicable

- review the Group's interim and annual results announcements and reports and the financial statements prior to their recommendations to the Board for approval

- review the effectiveness of Group's financial reporting process, risk management and internal control systems
- review continuing connected transaction(s) of the Group
- consider and endorse the proposed amendments to the Company's policy on connected transactions, with a recommendation to the Board for approval
- consider and approve the Company's policy on engaging external auditor to supply non-audit services and the whistle-blowing policy of the Company

The Audit Committee held three meetings during the Reporting Period.

Principal works performed by the Audit Committee during the Reporting Period included:

- to approve the scope of audit for the year ended 31 December 2021
- to review the annual financial statements for the year ended 31 December 2021 and the interim financial statements for the six months ended 30 June 2022
- to review the work performed by Internal Control Function and the Group's internal control system
- to review the report on continuing connected transactions of the Group for the financial year ended 31 December 2021

Auditor's Remuneration

The remuneration, reviewed and approved by the Audit Committee on its statutory audit scope and non-audit services, paid or payable to the auditor in respect of audit and non-audit services provided by Crowe (HK) CPA Limited for the 2022 financial year was as follows:

Nature of services	**2022 RMB'000**	2021 RMB'000
Audit services	**1,800**	3,500
Non-audit services		
– Interim review	**800**	1,400
– Services related to review of share options adjustments under the Share Option Scheme due to the Share Consolidation	**9**	460

The terms of reference setting out the Audit Committee's authority and its duties are available on the websites of the Company and the Stock Exchange.

(4) Corporate Governance Committee

The Corporate Governance Committee was set up on 27 April 2016 to oversee risk management and corporate governance functions of the Company. The Corporate Governance currently comprises three executive Directors, one non-executive Director and two independent non-executive Directors, namely, Mr. Zhu Yufeng, who is the chairman of the Corporate Governance Committee, Mr. Wang Dong (appointed as an executive Director and a member of the Corporate Governance Committee on 9 September 2022), Ms. Hu Xiaoyan, Mr. Yeung Man Chung, Charles, Mr. Lee Conway Kong Wai and Mr. Cai Xianhe (appointed as an independent non-executive Director and a member of the Corporate Governance Committee on 9 September 2022). Mr. Xu Songda resigned as an independent non-executive Director and a member of Corporate Governance Committee on 9 September 2022. The company secretary acts as the secretary to the Corporate Governance Committee.

Provided with sufficient resources by the Company to discharge its duties, the roles of the Corporate Governance Committee are:

- to assist the Board to evaluate and determine the nature and extent of the risks the Group are willing to take in achieving the strategic objectives
- to ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems
- to oversee management in the design, implementation and monitoring of the risk management systems of the Group
- to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board
- to review and monitor the training and continuous professional development of directors and senior management
- to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report

The Corporate Governance Committee held 1 meeting during the Reporting Period.

Principal works performed by the Corporate Governance Committee during the Reporting Period included to review the Company's policies and practices on risk management, internal control systems and corporate governance for the year of 2021 and its plan and mid-year review for the year of 2022.

The terms of reference setting out the Corporate Governance Committee's authority and its duties are available on the websites of the Company and the Stock Exchange.

Board and Board Committee Meetings

Practices and Conduct of Meetings

The Board meets regularly at least four times each year and more frequently as the needs of the business demand. Apart from the Board meetings, the Board would from time to time devote separate sessions to consider and review the Group's strategy and business activities.

The Board and Committees' meeting schedule and the agenda of each meeting are made available to Directors in advance.

Notices of regular Board meetings were served to all Directors at least 14 days before the meetings. For all other Board and Committees' meetings, reasonable notices were given.

Papers for Board meetings or Committees' meetings together with all relevant information are sent to all Directors or Committee members at least 3 days before each meeting to enable them to make informed decisions with adequate data. The Board and each Director also have direct and independent access to the management whenever necessary.

According to the current Board practice, any material transactions involving a conflict of interest with a substantial Shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The Bye-laws also contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Meetings held and Attendance

The Board held 6 Board meetings during the Reporting Period. The composition of the Board and the Committees, the attendance records of the Directors at the Board meetings, committees meetings and general meetings during the Reporting Period are set out below:

	Meetings attended/held						
Name of Directors	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**Corporate Governance Committee meeting**	**Annual general meeting**	**Special general meeting**
Executive Directors							
Mr. ZHU Gongshan *(Chairman)* *(appointed on 9 September 2022)*	1/1	N/A	N/A	N/A	N/A	N/A	1/1
Mr. ZHU Yufeng *(Vice Chairman)* *(re-designated on 9 September 2022)*	6/6	N/A	1/1	1/1	1/1	1/1	2/2
Mr. WANG Dong *(President)* *(appointed on 9 September 2022)*	1/1	N/A	N/A	N/A	N/A	N/A	1/1
Ms. HU Xiaoyan	6/6	N/A	N/A	N/A	1/1	1/1	2/2
Mr. LIU Genyu *(resigned on 9 September 2022)*	5/5	N/A	N/A	N/A	N/A	1/1	1/1
Non-executive Directors							
Ms. SUN Wei	6/6	N/A	1/1	N/A	N/A	1/1	2/2
Mr. YEUNG Man Chung, Charles	6/6	N/A	N/A	N/A	1/1	1/1	2/2
Mr. FANG Jiancai	4/6	N/A	N/A	N/A	N/A	1/1	2/2
Independent Non-executive Directors							
Mr. LEE Conway Kong Wai	6/6	3/3	1/1	N/A	1/1	1/1	2/2
Mr. WANG Yanguo	4/6	N/A	1/1	1/1	N/A	1/1	2/2
Dr. CHEN Ying	5/5	3/3	1/1	1/1	N/A	1/1	2/2
Mr. CAI Xianhe *(appointed on 9 September 2022)*	1/1	N/A	N/A	N/A	N/A	N/A	1/1
Mr. XU Songda *(resigned on 9 September 2022)*	5/5	3/3	N/A	1/1	1/1	1/1	1/1

During the Reporting Period, the Chairman has also held a meeting with the independent non-executive Directors without the presence of other Directors.

Mechanisms to Ensure Independent Views

The Board has established mechanisms and the Company has provided resources to ensure independent views and input are available to the Board. Channels are in place through formal and informal means whereby Independent Non-executive Directors can express their views in an open and candid manner as well as in a confidential manner, should circumstances required; these include regular board meetings and interaction with management and other Board members. Discussion sessions with key management personnel are also held to discuss major issues and any concerns. Members of the Board and the Board Committees are authorized by the Board to seek advice from the company secretary, in-house legal team and independent professional advisers where necessary.

Induction and Continuous Development

Upon their appointment, Directors are advised on their legal obligations and duties as directors of a listed company. Each newly appointed Director receives a comprehensive induction package designed to enhance his/her knowledge and understanding of the Group's culture and operations. The package usually includes a briefing or an introduction to the Group's structure, businesses strategies, recent developments and corporate governance practices.

Through the course of their directorship, Directors are updated on any developments or changes affecting the Company and their obligations to it at regular Board meetings.

The Company provided continuous professional training and Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates from time to time. In addition, all Directors were requested to provide the Company with the records of the other training they received. All Directors are also encouraged to attend relevant training courses at the Company's expense.

The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary. The Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors at the expense of the Company.

During the year, all Directors attended the Directors' training(s) organised by the Company with topics relating to directors' duties and update on latest regulatory developments.

Company Secretary

The selection, appointment and dismissal of the Company Secretary is subject to approval by the Board in accordance with the Bye-laws and CG Code. The Company Secretary is an employee of the Company and is responsible for facilitating the Board's processes and communications among Board members with the Shareholders and with the management of the Company. Draft and final versions of minutes are disseminated to Directors for comment and filed for record purposes respectively within a reasonable time after each meeting. All Directors have access to the minutes of the Board and committee meetings of the Company. All Directors should have access to the advice and services of the Company Secretary to ensure that the Board procedures, and all applicable law, rules and regulations, are followed.

During the Reporting Period, the Company Secretary is Mr. HO Yuk Hay and he undertook over 15 hours of relevant professional trainings.

Constitutional Documents

During the Reporting Period, the Bye-laws of the Company was amended and passed at the 2022 annual general meeting held on 31 May 2022 of the Company so as to comply with the revised requirements of the Listing Rules, such as the requirements on core shareholder protection standards; allow general meetings of the Company to be held as a hybrid or electronic meetings in addition to physical meetings; and certain house-keeping amendments. The amendments were disclosed in details in the Company's circular dated 26 April 2022. The amended Bye-laws is published on the websites of the Company and the Stock Exchange.

Corporate Social Responsibility

Environmental Policies and Performance

GCL New Energy is committed to environmental protection continuously through a series of powerful environmental protection measures. All solar power plants follow the GCL New Energy's PV Power Station Environmental Protection Management Standards strictly to ensure that operations are in compliance with the general national and local laws and regulations. In addition, GCL New Energy strictly abides by the Law of the People's Republic of China on Conserving Energy(《中華人民共和國節約能源法》), the Environmental Protection Law of the People's Republic of China(《中華人民共和國環境保護法》)and other relevant laws and regulations, and has formulated its internal management policies such as the EHS Management Standards, Management Standards for Environmental Protection of Power Plants based on its actual situation, following which, GCL New Energy proactively manages its own environmental management objectives effectively.

GCL New Energy is committed to reducing energy consumption and emissions, and strives to reduce its consumption of and impact on environmental resources. For example, using the clean energy generated by solar power plant at the stage of power plant operation to promote the efficient use of renewable energy. In addition, GCL New Energy continued to improve its performance of environmental protection and resource conservation at the stage of power plant operation through the new model of digital intelligent operation and maintenance of power plant.

Relationships with stakeholders

GCL New Energy believes regular and transparent communication with stakeholders can not only strengthen mutual trust and respect and build harmonious relationship, but also help contribute to long term company success. GCL New Energy maintains open, two-way and smooth communication and exchange with its key stakeholders (including investors/shareholders, government bodies, clients, employees, local communities, media and partners) through investors' meetings, on-site visits, internal publications and employees' performance reviews. GCL New Energy will review the stakeholder communication programme on a regular basis with the aim to further improve its effectiveness.

Environmental, Social and Governance Reporting

For more information about GCL New Energy's environmental protection practices and performance, employee relations and giving back to the society, please refer to the 2022 ESG Report published on the websites of the Company (www.gclnewenergy.com) and HKEXnews (www.hkexnews.hk).

Report of the Directors

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

Principal Activities and Segment Information

During the Reporting Period, the principal activity of the Company was investment holding. The principal activities of the Group were the sale of electricity, development, construction, operation and management of solar power plants.

An analysis of the performance of the Group for the Reporting Period by segments is set out in note 6 to the consolidated financial statements.

Business Review

A review of the business of the Group during the Reporting Period, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the "Chairman's Statement" and the "Management Discussion and Analysis" of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 39(b) to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2022, if applicable, are provided in note 46 to the consolidated financial statements. An analysis of the Group's performance during 2022 using financial key performance indicators is provided in the "2022 Performance Summary" and the "Financial Summary" of this annual report.

In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the "Chairman's Statement", the "Management Discussion and Analysis", the "Corporate Governance Report" and this "Report of the Directors" of this annual report, as well as the Company's ESG Report, respectively.

Results and Appropriations

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 68 to 69. The Board does not recommend the payment of a final dividend for the Reporting Period.

Reserves

Details of movements in the reserves of the Group and of the Company during the Reporting Period are set out in the consolidated statement of changes in equity on pages 72 to 73 and note 48 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2022, the Company's accumulated losses and other components of equity available for cash distribution and/or distribution in specie amounted to RMB3,103,117,000 (31 December 2021: RMB4,284,007,000). In accordance with the Bermuda Companies Act, the Company's share premium and contributed surplus may be distributed in certain circumstances.

Donations

The Group did not make any charitable and other donations during the Reporting Period.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the Reporting Period are set out in note 33 to the consolidated financial statements.

Equity-Linked Agreements

Save for the Share Option Scheme described below, no equity-linked agreements were entered into by the Group during the Reporting Period, or subsisted at the end of the Reporting Period.

Closure of Register of Members

The register of members of the Company will be closed from 24 May 2023 to 30 May 2023, both days inclusive, during which period no transfer of Shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 23 May 2023.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Bye-laws, or the laws of Bermuda which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

Summary Financial Information

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section "Financial Summary". Readers of the summary financial information are strongly encouraged to read the section "Management Discussion and Analysis" set out in this annual report, which does not form part of the consolidated financial statements, for a reasonable appreciation of the Group's financial results and positions in the context of its activities.

Purchase, Sale 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 is 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 is 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. There are no changes to the intended use of net proceeds from the Placing and none of the net proceeds from the Placing had been utilised as at 31 December 2022 and up to the date of this report. The Company expects that the net proceeds will be fully utilised by the end of 2023. 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.

Directors

The Directors during the Reporting Period and up to the date of this report (unless otherwise stated) were:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU Gongshan *(Chairman)* *(appointed on 9 September 2022)*	Ms. SUN Wei	Mr. XU Songda *(resigned on 9 September 2022)*
Mr. ZHU Yufeng *(Vice Chairman)* *(re-designated on 9 September 2022)*	Mr. YEUNG Man Chung, Charles	Mr. LEE Conway Kong Wai
Mr. WANG Dong *(President)* *(appointed on 9 September 2022)*	Mr. FANG Jiancai	Mr. WANG Yanguo
Ms. HU Xiaoyan		Dr. CHEN Ying
Mr. LIU Genyu *(resigned on 9 September 2022)*		Mr. CAI Xianhe *(appointed on 9 September 2022)*

In accordance with article 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Ms. Hu Xiaoyan, Ms. Sun Wei, Mr. Fang Jiancai and Dr. Chen Ying shall retire by rotation at the AGM, and being eligible, will offer themselves for re-election at the AGM.

Pursuant to article 83(2) of the Bye-laws and paragraph 4(2) of Appendix 3 of the Listing Rules, each of Mr. Zhu Gongshan, Mr. Wang Dong and Mr. Cai Xianhe shall hold office only until the following annual general meeting of the Company after their appointment and be subject to re-election at the AGM.

The Directors' biographical details are set out on pages 17 to 24.

Changes in Directors Information

1. Ms. Sun Wei resigned as a director of GCL Energy Technology with effect from 16 February 2023.

2. Ms. Hu Xiaoyan was appointed as a director of GCL Energy Technology with effect from 6 March 2023.

3. Mr. Lee Conway Kong Wai was appointed as an independent non-executive director of Intchains Group Limited (a company listed on the Nasdaq Stock Exchange in U.S., stock code: ICG) with effect from 15 March 2023.

Directors' Service Contracts

No Director proposed for re-election at the AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Share Option Scheme

The Company adopted the Share Option Scheme on 15 October 2014. The purpose of the Share Option Scheme is to motivate personnel to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such personnel who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives of the Company, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Eligible participants of the Share Option Scheme include: (i) executive Directors, managers or other employees holding an executive, managerial, supervisory or similar position in the Group; (ii) director or proposed director of any member of the Group; (iii) direct or indirect shareholder of any member of the Group; (iv) supplier of goods or services to any member of the Group; (v) customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (vi) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (vii) an associate (as defined under the Listing Rules) of the foregoing persons.

The Share Option Scheme shall be valid and effective for a period of 10 years from 15 October 2014, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The remaining life of the Share Option Scheme is approximately 1 year and 6 months. Any offer of grant of share options shall remain open for acceptance, together with an acceptance remittance of HK$1.00 to be received by the Company no more than 30 days from the date of offer.

Further particulars of the Share Option Scheme are set out in note 35 to the consolidated financial statements.

Share options were first granted on 23 October 2014 to subscribe for 26,842,000 Shares. On 24 July 2015, share options were second granted to subscribe for 23,673,000 Shares. Share options were third granted on 26 February 2021 to subscribe for 19,065,937 Shares (of which 18,525,812 share options have been accepted by the grantees). Share options were fourth granted on 3 November 2021 to subscribe for 3,025,000 Shares. A total of 25,113,369 share options were outstanding under the Share Option Scheme as at 31 December 2022. The minimum period for which an option must be held before it can be exercised will be determined by the Board upon the grant of an option.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group is 105,368,577, being not more than 10% of the issued share capital of the Company as at 21 May 2021, the date of passing the ordinary resolution approving the refreshment of the scheme mandate under the Share Option Scheme.

The number of further share options that may be granted under the Share Option Scheme was 102,343,577 as at 1 January 2022 and 102,343,577 as at 31 December 2022. As at the date of this report, the number of further share options that may be granted under the Share Option Scheme was 102,343,577, representing approximately 8.77% of the number of total issued shares of the Company.

As at the date of this annual report, 28 March 2023, the total number of shares issuable under the share options first granted on 23 October 2014, second granted on 24 July 2015, third granted on 26 February 2021 and fourth granted on 3 November 2021 are 2,365,507 shares (representing approximately 0.20% of total issued Shares), nil share, nil share and nil share respectively.

Details of the share options movements under the Share Option Scheme during the Reporting Period are as follows:

					Number of share options			
Name or category of participants	**Date of grant**	**Exercise period** *(Notes 1 to 4)*	**Exercise price** HK$ *(Note 5)*	**Adjusted Exercise Price** HK$ *(Note 6)*	**As at 1.1.2022**	**Adjusted As at 1.1.2022** *(Note 6)*	**Lapsed during the Reporting Period**	**As at 31.12.2022**
Directors:								
Mr. ZHU Yufeng	03.11.2021	03.11.2021 to 02.11.2031	0.357	7.14	17,500,000	875,000	–	875,000
Ms. HU Xiaoyan	03.11.2021	03.11.2021 to 02.11.2031	0.357	7.14	15,000,000	750,000	–	750,000
Ms. SUN Wei	03.11.2021	03.11.2021 to 02.11.2031	0.357	7.14	10,000,000	500,000	–	500,000
Mr. YEUNG Man Chung, Charles	03.11.2021	03.11.2021 to 02.11.2031	0.357	7.14	5,000,000	250,000	–	250,000
Mr. FANG Jiancai	03.11.2021	03.11.2021 to 02.11.2031	0.357	7.14	5,000,000	250,000	–	250,000
Mr. XU Songda *(Note 7)*	03.11.2021	03.11.2021 to 02.11.2031	0.357	7.14	2,000,000	100,000	(100,000)	–
Mr. LEE Conway Kong Wai	03.11.2021	03.11.2021 to 02.11.2031	0.357	7.14	2,000,000	100,000	–	100,000
Mr. WANG Yanguo	03.11.2021	03.11.2021 to 02.11.2031	0.357	7.14	2,000,000	100,000	–	100,000
Dr. CHEN Ying	03.11.2021	03.11.2021 to 02.11.2031	0.357	7.14	2,000,000	100,000	–	100,000
Sub-total					**60,500,000**	**3,025,000**	**(100,000)**	**2,925,000**
Mr. SHA Hongqiu *(Note 8)*	24.07.2015	24.07.2015 to 23.07.2025	0.606	12.12	8,052,800	402,640	–	402,640
Employees of the Group (in aggregate)	23.10.2014	24.11.2014 to 22.10.2024	1.1798	23.596	26,574,240	1,328,709	(251,650)	1,077,059
	24.07.2015	24.07.2015 to 23.07.2025	0.606	12.12	40,696,838	2,034,838	(238,060)	1,796,778
	26.02.2021	26.02.2021 to 25.02.2031	0.384	7.68	350,913,750	17,545,686	(1,563,000)	15,982,686
Employees of the Affiliate Companies (in aggregate) *(Note 9)*	23.10.2014	24.11.2014 to 22.10.2024	1.1798	23.596	25,768,960	1,288,448	–	1,288,448
	24.07.2015	24.07.2015 to 23.07.2025	0.606	12.12	32,815,160	1,640,758	–	1,640,758
Total					**545,321,748**	**27,266,079**	**(2,152,710)**	**25,113,369**

Notes:

1. The exercise period of the share options granted on 23 October 2014 is ten years from the grant date to 22 October 2024. The vesting schedule of such share options is as follow:

Vesting period	Accumulative Share Options Vested
24 November 2014 to 22 October 2015	20%
23 October 2015 to 22 October 2016	40%
23 October 2016 to 22 October 2017	60%
23 October 2017 to 22 October 2018	80%
On 23 October 2018	100%

All of the share options granted on 23 October 2014 have vested and none of the share options have been exercised as at 31 December 2022.

2. The exercise period of share options granted on 24 July 2015 is ten years from the grant date to 23 July 2025. The share options are exercisable during the period indicated upon fulfillment of the conditions indicated as follows:

Condition	Exercise period
Fulfillment of the performance targets from 24 July 2015 to 23 July 2016	24 July 2015 to 23 July 2025
Fulfillment of the performance targets from 24 July 2016 to 23 July 2017	24 July 2016 to 23 July 2025
Fulfillment of the performance targets from 24 July 2017 to 23 July 2018	24 July 2017 to 23 July 2025
Fulfillment of the performance targets from 24 July 2018 to 23 July 2019	24 July 2018 to 23 July 2025
Performance targets from 24 July 2019 onwards are achieved	24 July 2019 to 23 July 2025

If the performance targets from 24 July 2015 to 23 July 2025 are not achieved, all of the share options shall not become exercisable as scheduled. None of the share options have vested as at 31 December 2022 since all of the performance target conditions mentioned hereinabove were not achieved.

3. Subject to vesting and other conditions, the exercise period of the share options granted on 26 February 2021 is ten years from the grant date to 25 February 2031. The vesting schedule of such share options is as follow:

Vesting Date	Accumulative Share Options Vested
26 February 2022	25%
26 February 2023	50%
26 February 2024	75%
26 February 2025	100%

None of the share options granted on 26 February 2021 has vested as at 31 December 2022.

4. Subject to vesting and other conditions, the exercise period of the share options granted on 3 November 2021 is ten years from the grant date to 2 November 2031. The vesting schedule of such share options is as follow:

Vesting Date	Accumulative Share Options Vested
3 November 2022	25%
3 November 2023	50%
3 November 2024	75%
3 November 2025	100%

None of the share options granted on 3 November 2021 has vested as at 31 December 2022.

5. The exercise price of share options pursuant to the Share Option Scheme shall not be less than whichever is the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value per share of the Company. The closing prices of the Shares immediately before the date on which the share options were granted on 23 October 2014, 24 July 2015, 26 February 2021 and 3 November 2021 were HK$4.75, HK$0.580, HK$0.375 and HK$0.330 respectively.

6. Pursuant to the terms of the Share Option Scheme, adjustments are required to be made to the exercise price and the number of Shares that can be subscribed for under the outstanding share options as a result of:

   (i) the rights issue of the Company with effect from 2 February 2016. The exercise prices per Share were adjusted to HK$1.1798 and HK$0.606 for the grant of share options on 23 October 2014 and 24 July 2015 respectively. For further details, please refer to the Company's announcement dated 2 February 2016.

   (ii) the completion of Share Consolidation of the Company that every twenty issued and unissued shares capital of the Company be consolidated into one consolidated share with effect from 31 October 2022. The exercise prices per Share were adjusted to HK$23.596, HK$12.12, HK$7.68 and HK$7.14 for the grant of share options on 23 October 2014, 24 July 2015, 26 February 2021 and 3 November 2021 respectively. For further details, please refer to the Company's announcement dated 31 October 2022.

7. Mr. Xu Songda resigned as an independent non-executive Director with effect from 9 September 2022.

8. While Mr. Sha Hongqiu retired from office as a non-executive Director with effect from 17 June 2020, his share options remain exercisable under the Share Option Scheme.

9. These are ex-employees of the Group who were subsequently transferred to the Affiliate Companies and their share options remain exercisable under the Share Option Scheme.

Interests of Directors and Chief Executive

As at 31 December 2022, so far as is known to the Directors, the interests of the Directors and chief executive in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Position in the ordinary shares of the Company

	Number of Shares				
Directors	**Beneficiary of a Trust**	**Personal Interests**	**Number of underlying Shares** *(Note 1)*	**Total**	**Approximate percentage of issued Shares** *(Note 2)*
Mr. ZHU Gongshan	197,143,696 *(Note 3)*		–	197,143,696	16.89%
Mr. ZHU Yufeng	197,143,696 *(Note 3)*		875,000	198,018,696	16.96%
Mr. Wang Dong		11,495	–	11,495	0.001%
Ms. HU Xiaoyan	–		750,000	750,000	0.06%
Ms. SUN Wei		90,995	500,000	590,995	0.05%
Mr. YEUNG Man Chung, Charles	–		250,000	250,000	0.02%
Mr. FANG Jiancai	–		250,000	250,000	0.02%
Mr. LEE Conway Kong Wai	–		100,000	100,000	0.01%
Mr. WANG Yanguo	–		100,000	100,000	0.01%
Dr. CHEN Ying	–		100,000	100,000	0.01%

Notes:

1. These are share options granted by the Company to the Directors pursuant to the Share Option Scheme on 3 November 2021. For further details, please refer to the section headed "Share Option Scheme" in this "Report of the Directors".

2. The percentage was calculated based on 1,167,435,772 Shares in issue as at 31 December 2022.

3. Those Shares were beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited ("Dongsheng Photovoltaic") and Golden Concord Group Limited. For further information of the shareholding structure of Dongsheng Photovoltaic and Golden Concord Group Limited, please refer to note 3 under the section headed "Interests of Substantial Shareholders" in this "Report of the Directors".

Save as disclosed above, as at 31 December 2022, none of the Directors or any chief executive of the Company had an interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save for the Company's share option scheme as mentioned under the section headed "Share Option Scheme" above, at no time during the Reporting Period was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Directors or chief executive of the Company to acquire benefits by means of acquisition of Shares in, or debentures of the Company or any other body corporate.

Interests of Substantial Shareholders

As at 31 December 2022, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company as disclosed above) had interest in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

Long Position in the Shares

Name	Nature of interest	Number of Shares	(L/LP)*	Approximate percentage in issued Shares *(Note 1)*
Zhu Gongshan *(Note 2)*	Founder of trust	197,143,696	(L)	16.89%
Zhu Yufeng *(Note 2)*	Beneficiary of a trust	197,143,696	(L)	16.89%
Credit Suisse Trust Limited *(Note 2)*	Trustee	197,143,696	(L)	16.89%
Asia Pacific Energy Fund Limited *(Note 2)*	Interest in controlled corporation	197,143,696	(L)	16.89%
Asia Pacific Energy Holdings Limited *(Note 2)*	Interest in controlled corporation	197,143,696	(L)	16.89%
Golden Concord Group Limited *(Note 2)*	Interest in controlled corporation	197,143,696	(L)	16.89%
Elite Time Global Limited *(Note 3)*	Beneficial owner	86,878,864	(L)	7.44%
GCL Technology *(Note 3)*	Interest in controlled corporation	86,878,864	(L)	7.44%
GCL System Integration *(Note 2)*	Interest in controlled corporation	95,298,915	(L)	8.16%
句容協鑫集成科技有限公司 *(Note 2)*	Interest in controlled corporation	95,298,915	(L)	8.16%
Dongsheng Photovoltaic Technology (Hong Kong) Limited *(Note 2)*	Beneficial owner	95,298,915	(L)	8.16%
The Bank of New York Mellon Corporation *(Note 4)*	Interest in controlled corporation	60,550,346 55,115,767	(L) (LP)	5.19% 4.72%
Invesco Exchange-Traded Fund Trust II – Invesco Solar ETF	Person having a security interest in shares	59,969,548	(L)	5.14%
Invesco Capital Management LLC	Investment manager	59,256,703	(L)	5.08%

* (L/LP) represents (Long position/Lending pool)

Notes:

(1) The percentage was calculated based on 1,167,435,772 Shares in issue as at 31 December 2022.

(2) (i) Dongsheng Photovoltaic Technology (Hong Kong) Limited ("Dongsheng Photovoltaic") is interested in 95,298,915 shares in the Company, being approximately 8.16% equity interest of the Company.Dongsheng Photovoltaic is wholly-owned by 句容協鑫集成科技有限公司 which is in turn wholly-owned by GCL System Integration. 江蘇協鑫建設管理有限公司, 協鑫集團有限公司 and 營口其印投資管理有限公司 are controlling shareholders of GCL System Integration. 營口其印投資管理有限公司 and 江蘇協鑫建設管理有限公司are parties acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 44.61% owned by 上海其旬投資管理有限公司 and 46.68% owned by 江蘇協鑫建設管理有限公司 and 8.71% owned by GCL-Poly (Taicang Harbour) Limited. 上海其旬投資管理有限公司 is wholly-owned by Mr. Zhu Yufeng. GCL-Poly (Taicang Harbour) Limited is wholly-owned by Golden Concord Group Limited. 江蘇協鑫建設管理有限公司 is wholly-owned by 協鑫新能科技（深圳）有限公司. 協鑫新能科技（深圳）有限公司 is wholly-owned by Golden Concord Group Management Limited, which is in turn wholly-owned by Golden Concord Group Limited. Golden Concord Group Limited is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family, including Mr. Zhu Gongshan as beneficiaries.

(ii) An aggregate of 101,844,781 shares in the Company, being approximately 8.72% equity interest of the Company, are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited.

(3) Elite Time Global Limited is wholly-owned by GCL Technology.

(4) The Bank of New York Mellon Corporation is listed on New York Stock Exchange. The capacity of The Bank of New York Mellon Corporation in holding the 60,550,346 Shares of long position and 55,115,767 Shares of lending pool respectively was as controlled corporation.

Save as disclosed above, as at 31 December 2022, no other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Directors' interests in competing business

Each of the companies in the Golden Concord Group (a general reference to the companies in which Mr. Zhu Yufeng and his family members have a direct or indirect interest) operates within its own legal, corporate and financial framework. As at 31 December 2022, the Golden Concord Group might have had or developed interests in business similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

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

Connected Transactions

The Group entered into the following connected transactions within the meaning of Chapter 14A of the Listing Rules during the Reporting Period:

Renewal of Lease Agreement with Suzhou GCL Industrial Applications Research

On 30 September 2020, Suzhou GCL Operation (an indirect wholly-owned subsidiary of the Company) as tenant and Suzhou GCL Industrial Applications Research Co., Ltd.* 蘇州協鑫工業應用研究院有限公司 ("Suzhou GCL Industrial Applications Research") (an indirect wholly-owned subsidiary of GCL Technology) as landlord entered into a lease agreement for the renewal of lease of the Premises, for a term of three years commencing from 1 October 2020 to 30 September 2023 ("2020 Lease Agreement"). Under the 2020 Lease Agreement, the rent payable by Suzhou GCL Operation to Suzhou GCL Industrial Applications Research is approximately RMB1,480,403 per month.

Suzhou GCL Industrial Applications Research is an indirect wholly-owned subsidiary of GCL Technology. Zhu Family Trust, under which Mr. Zhu Gongshan and Zhu Yufeng (both executive Directors) are one of the beneficiaries, is a substantial shareholder of GCL Technology. Suzhou GCL Industrial Applications Research is therefore a connected person of the Company under the Listing Rules. As a result, the entering into of the 2020 Lease Agreement with Suzhou GCL Industrial Applications Research and the transactions contemplated thereunder constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the transactions have been set out in the announcement of the Company dated 30 September 2020.

Gaotang EPC Agreement and Rooftop Reinforcement Construction Supplementary Agreement

On 7 September 2022, Gaotang Xiechen Photovoltaic Power Generation Co., Ltd.* 高唐協辰光伏發電有限公司 (an indirect wholly-owned subsidiary of the Company) as principal and GCL Energy Engineering Co., Ltd.* 協鑫能源工程有限公司 ("GCL Energy Engineering") (a direct wholly-owned subsidiary of GCL System Integration) as contractor entered into (i) an EPC agreement for the construction of the Rooftop Distributed Photovoltaic Power Station at a consideration of approximately RMB13,270,140 (tax inclusive) ("Gaotang EPC Agreement"); and (ii) a supplementary agreement for the rooftop reinforcement construction work over the Rooftop Distributed Photovoltaic Power Station at a consideration of approximately RMB837,962 (tax inclusive) ("Rooftop Reinforcement Construction Supplementary Agreement").

GCL System Integration is a majority-controlled company held indirectly by Zhu Family Trust. By virtue of GCL System Integration and its subsidiaries, including GCL Energy Engineering are associates of Mr. Zhu Gongshan and his family and thus connected persons of the Company under the Listing Rules. As such, the entering into of the Gaotang EPC Agreement and Rooftop Reinforcement Construction Supplementary Agreement constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the transactions have been set out in the announcement of the Company dated 7 September 2022.

Shandong EPC Agreement

On 9 December 2022, Shandong Wanhai Solar Power Co., Ltd.* 山東萬海電力有限公司 (an indirect wholly-owned subsidiary of the Company) as principal and GCL Green Energy System Technology Co., Ltd.* 協鑫綠能系統科技有限公司 ("GCL Green Energy") (a direct wholly-owned subsidiary of GCL System Integration) as contractor entered into an EPC agreement for the technical transformation of planned construction capacity of approximately 8.58MW of part of the Yangkou Photovoltaic Power Station at a consideration of approximately RMB13,998,356 (tax inclusive) ("Shandong EPC Agreement").

GCL Green Energy is a direct wholly-owned subsidiary of GCL System Integration and thus a connected person of the Company under the Listing Rules. As such, the entering into of the Shandong EPC Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the transactions have been set out in the announcement of the Company dated 9 December 2022.

Continuing Connected Transactions

The following transactions of the Group constituted fully exempt continuing connected transactions for the Company during the Reporting Period under the Listing Rules.

Management services income from joint ventures/associates

The management services income from joint ventures or associates of the Company during the Reporting Period did not constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Interests on loan of a company controlled by Mr. ZHU Yufeng and his family

The loan from Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)* 南京鑫能陽光產業投資基金企業（有限合夥）, a company controlled by Mr. ZHU Yufeng and his family, during the Reporting Period were conducted on normal commercial terms or better and thus fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Interests on perpetual notes

The perpetual notes agreement was entered into with GCL-Poly (Suzhou), Jiangsu GCL Silicon Material Technology Development Co., Ltd.* 江蘇協鑫硅材料科技發展有限公司, Suzhou GCL Photovoltaic Technology Co., Ltd.* 蘇州協鑫光伏科技有限公司 and Taicang GCL Photovoltaic Technology Co., Ltd.* 太倉協鑫光伏科技有限公司, all being wholly-owned subsidiaries of GCL Technology. As the perpetual notes have an indefinite term, favourable repayment terms and the perpetual notes are not secured by any assets of the Company, the Board considers that the terms of the perpetual notes are on normal commercial terms and are favourable to the Company. Consequently, the perpetual notes is fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Guarantees granted by ultimate holding company/fellow subsidiaries

The guarantees provided by GCL Technology, ultimate holding company of the Company, and/or fellow subsidiaries of the Company during the Reporting Period were conducted on normal commercial terms or better and were not secured by the assets of the Group and thus fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Guarantees provided to associates

The guarantees provided by the Group to its associates during the Reporting Period did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

Compensation of Key Management

Payments of emoluments and bonus to the Directors pursuant to their respective service contracts with the Company were fully exempt connected transactions under Rules 14A.95 of the Listing Rules while payments of emoluments/ consultancy fee to senior management do not constitute connected transactions under Chapter 14A of the Listing Rules.

The following transactions of the Group constituted Non-exempt Continuing Connected Transactions for the Company during the Reporting Period under the Listing Rules.

Management Services Income

(i) Suzhou GCL Photovoltaic Power Technology Co., Ltd.

On 10 July 2020, Suzhou GCL Operation (an indirect wholly-owned subsidiary of the Company) and Suzhou GCL Technology (an indirect subsidiary of GCL Technology) entered into the operation and services agreement ("Suzhou Operation Services Agreement"). Under the Suzhou Operation Services Agreement, Suzhou GCL Operation will provide certain operation services to Suzhou GCL Technology for a term of three years commencing from 10 July 2020, for a consideration of RMB35,300,000 per year. The respective annual caps for the continuing connected transactions under the Suzhou Operation Services Agreement were/will be RMB35,300,000 for the years ended 31 December 2021 and 31 December 2022 respectively and RMB18,375,342 for the period from 1 January 2023 to 9 July 2023.

On 1 June 2021, Suzhou GCL Operation and Suzhou GCL Technology, entered into the supplemental agreement ("Supplemental Agreement") to amend certain terms of the Suzhou Operation Services Agreement, including but not limited to, reducing the annual service fee to RMB9,831,230 due to the disposal of certain power plants with approximately 220MW installed capacity originally held by Suzhou GCL Technology. The revised annual caps for the continuing connected transactions under the Supplemental Agreement were/will be RMB12,780,599 for the year ended 31 December 2022 and RMB6,699,508 for the period from 1 January 2023 to 9 July 2023.

The fees receivable under the Suzhou Operation Services Agreement and the Supplemental Agreement were determined by arm's length negotiations between the parties and taking into account the installed capacity of the power plants held by Suzhou GCL Technology and the charging rate per watt.

Suzhou GCL Technology is an indirect subsidiary of GCL Technology and thus a connected person of the Company under the Listing Rules. The entering into of the Suzhou Operation Services Agreement and the Supplemental Agreement by Suzhou GCL Operation and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the transactions have been set out in the announcements of the Company dated 10 July 2020 and 1 June 2021 respectively.

The total amount received by the Group for the provision of operation services under the Supplemental Agreement for the Reporting Period was approximately RMB8,217,000.

(ii) GCL Solar Energy Limited

On 21 May 2019, GCL New Energy, Inc. (an indirect wholly-owned subsidiary of the Company) as service provider, and GCL Solar Energy Limited (an indirect wholly-owned subsidiary of GCL Technology), as service recipient, entered into an asset management and administrative services agreement for a term of three years for provision of certain asset management and administrative services to GCL Solar Energy Limited by GCL New Energy Inc. ("2019 Asset Management and Administrative Services"). As the 2019 Asset Management and Administrative Services Agreement expired on 20 May 2022, on 23 May 2022 GCL New Energy, Inc. and GCL Solar Energy Limited entered into another asset management and administrative services agreement for a term of three years for provision of certain asset management and administrative services to GCL Solar Energy Limited by GCL New Energy Inc. ("2022 Asset Management and Administrative Services"). The respective annual caps for the continuing connected transactions under the 2019 Asset Management and Administrative Services Agreement and the 2022 Asset Management and Administrative Services Agreement were/will be US$191,781 for the period from 1 January 2022 to 20 May 2022, US$305,479 for the period from 23 May 2022 to 31 December 2022, US$500,000 for the years ending 31 December 2023 and 31 December 2024 respectively, and US$194,521 for the period from 1 January 2025 to 22 May 2025.

Details of the transactions have been set out in the announcement of the Company dated 23 May 2022.

The amount received by the Group for the provision of asset management and administrative services under the 2019 Asset Management and Administrative Services Agreement and the 2022 Asset Management and Administrative Services Agreement were US$191,781 for the period from 1 January 2022 to 20 May 2022 and US$305,479 for the period from 23 May 2022 to 31 December 2022 respectively.

GCL Solar Energy Limited is an indirect wholly-owned subsidiary of GCL Technology and thus a connected person of the Company under the Listing Rules. The entering into of the 2019 Asset Management and Administrative Services Agreement and 2022 Asset Management and Administrative Services Agreement by GCL New Energy, Inc. and the transactions contemplated thereunder constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the related party transactions undertaken in normal course of business are set out in note 44 to the consolidated financial statements. Save as the fully exempt connected transactions/continuing connected transactions disclosed above, all related party transactions should constitute connected transactions/continuing connected transactions under the Listing Rules and that they have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

All the Non-exempt Continuing Connected Transactions have been reviewed by the independent non-executive Directors who have confirmed that for the year ended 31 December 2022 the Non-exempt Continuing Connected Transactions have been entered into by the Group (i) in the ordinary and usual course of the business of the Group; (ii) are carried out on normal commercial terms or better; and (iii) in accordance with the relevant agreements in respect thereof, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

The Company has formulated appropriate and effective internal control procedures in its daily operation to monitor the connected transactions/continuing connected transactions, such as (i) having mechanisms for identifying connected persons, review and update the list of connected persons and conduct background investigation before entering into transactions; and (ii) monitoring the amounts involved in the transactions regularly to ensure that they will not exceed the approved annual caps.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions on the Non-exempt Continuing Connected Transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has confirmed to the Board in writing that for the Reporting Period, the Non-exempt Continuing Connected Transactions, which were entered into:

1. have received the approval of the Board;

2. have been in accordance with the pricing policies of the Company for transactions involving the provision of goods or services;

3. have been in accordance with the relevant agreements governing such transactions; and

4. have not exceeded the relevant announced cap amounts for the Reporting Period.

Permitted Indemnity Provision

Pursuant to article 164(1) of the Bye-laws, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate insurance cover for the Directors in respect of potential liability and costs associated with legal proceedings that maybe brought against any of the Directors.

Directors' Material Interests in Transactions, Arrangements or Contracts

Save as disclosed above, no transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end or at any time during the Reporting Period.

Emolument Policy

The emolument policy of the Group to reward its employees is based on their performance, qualifications, competence and market comparables. Remuneration package generally comprises salary, contribution to pension schemes and bonuses relating to the profit of the relevant company and individual's performance. The remuneration package of the executive Directors and the senior management are also linked to the performance of the Group and the return to the Shareholders. The remuneration policy of the executive Directors is reviewed by the Remuneration Committee.

The Company has adopted Share Option Scheme as an incentive to Directors and eligible employees, details of the schemes are set out under the section headed "Share Option Scheme" in this "Report of the Directors" and in note 35 to the consolidated financial statements.

Retirement Benefit Plans

Details of the Group's retirement benefit plans are shown in note 43 to the consolidated financial statements.

Remuneration of Directors and Five Highest Paid Individuals

Details of the remuneration paid by the Group to the Directors and the five highest paid individuals of the Group for the Reporting Period are set out in note 12 to the consolidated financial statements.

Arrangement to Purchase Shares or Debentures

Other than as disclosed above, at no time during the Reporting Period was the Company or any of its subsidiaries, fellow subsidiaries or holding companies a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Management Contracts

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the Reporting Period.

Finance Costs Capitalised

No finance costs was capitalised by the Group during the Reporting Period (31 December 2021: Nil).

Major Customers and Suppliers

During the Reporting Period, the aggregate amount of purchases (not including those which are of capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases.

During the Reporting Period, the Group's five largest customers accounted for approximately 60% (2021: 62%) of the Group's total sales. The largest customer accounted for approximately 23% (2021: 27%) of the Group's total sales.

None of the Directors, their associates or shareholders (who to the knowledge of the Directors own more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

Sufficiency of Public Float

As at the date of this annual report, to the best knowledge of the Directors and based on the information publicly available to the Directors, the Company has maintained sufficient public float of the Shares.

Auditor

Crowe (HK) CPA Limited was appointed as the auditor of the Company with effect from 15 July 2021 to fill the casual vacancy created by the resignation of Deloitte Touche Tohmatsu on 14 July 2021. For details, please refer to the announcement of the Company dated 15 July 2021. Save as disclosed above, there were no other changes in the auditors of the Company during the past three years.

The consolidated financial statements have been audited by Crowe (HK) CPA Limited, who retires and, being eligible, offers itself for re-appointment at the AGM. A resolution will be proposed at the AGM to re-appoint Crowe (HK) CPA Limited as auditor of the Company.

Events after the Reporting Period

Details of the events after the Reporting Period of the Group are set out in note 46 to the consolidated financial statements.

By order of the Board

ZHU Gongshan
Chairman

Hong Kong, 28 March 2023

Communication with Shareholders

Shareholders' Rights of Accessing Information

GCL New Energy recognises the importance of maintaining on-going communication between the Board and the Shareholders. The Company proactively promotes investor relations and communications with the Shareholders is always given high priority. The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from the Shareholders. A Shareholders' Communication Policy was adopted by the Board which is available on the Company's website and is regularly reviewed to ensure its effectiveness.

To ensure all the Shareholders have equal and timely access to important information of the Company, we make extensive use of several communication channels, including publication of annual and interim financial reports, announcements, circulars, listing documents, notice of meetings, proxy forms together with other filings as prescribed under the Listing Rules and key news and developments of the Group to our corporate website at **www.gclnewenergy.com**. The "Investor Relations" section offers a level of information disclosure in easily and readily accessible form and provides timely updates to the Shareholders. Corporate Communications will be provided to Shareholders in either or both English and Chinese version(s) to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either or both English and/or Chinese) and means of receipt of the Corporate Communications in hard copy or through electronic means.

Dividend Policy

The Company recognizes the importance of maximizing return to Shareholders and believes that driving growth creates significant value to Shareholders. The Dividend Policy aims to set out the approach with the objective of achieving right balance of the amount of dividend and the amount of profits retained in the business for various purposes.

The Board would consider the following factors before declaring or recommending dividend to the Shareholders from time to time:

(a) financial results of the Company;

(b) Shareholders' interests;

(c) general business conditions, strategies and future expansion needs;

(d) the Company's capital requirements;

(e) the payment of cash dividends to the Company from its subsidiaries;

(f) possible effects on liquidity and financial position of the Company; and

(g) the amount of profit can be distributed under applicable accounting standards and other factors that the Board may deem relevant and appropriate.

The Company may declare dividends in any currency through general meetings of the Shareholders, but the declared dividends shall not exceed the amount recommended by the Board. The Board may also declare dividends or other distributions from time to time.

Any dividend declared by the Company shall be conducted in accordance with the Bermuda Companies Act, the Memorandum and Articles of the Company and other applicable laws and regulations, and shall not affect the normal operation of the Company and its subsidiaries.

Review of the Policy

The Board will review the Dividend Policy, as appropriate, which will include an assessment of the effectiveness of the Dividend Policy and approve any amendments thereto if necessary.

Convening of a Special General Meeting on Requisition by Shareholders

In accordance with bye-law 58 of the Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act.

Procedures for Putting Forward Proposals at General Meeting by Shareholders

Pursuant to the Bermuda Companies Act, Shareholders holding not less than one-twentieth of the paid-up capital of the Company, or of not less than one hundred in number, can deposit a written request to the Company Secretary, at the expense of the requisitionists, to: (i) move a resolution at an annual general meeting; and/or (ii) circulate any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting. The written request must be deposited at the principle place of business in Hong Kong of the Company, for the attention of the Company Secretary, not less than six weeks before the next annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week in the case of any other requisition.

Shareholders' Right to Propose a Person for Election as a Director

The procedures for Shareholders to propose a person for election as Director are published on the Company's website at http://www.gclnewenergy.com.

Procedures for Directing Shareholders' Enquiries to the Board

In addition to accessing information on the corporate website, enquiries to the Board or request of information, to the extent it is publicly available, from the Shareholders and other report users are welcome by email, telephone or in writing to our Company Secretary at:

Contact: Board Secretarial and Investor Relations Department
Address: Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Telephone: (852) 2606-9200
Facsimile: (852) 2462-7713
Email: gneir@gclnewenergy.com

Any shareholding matters, such as transfer of Shares, change of name or address, and loss of Share certificates should be address in writing to the Hong Kong branch share registrar and transfer office of the Company:

Tricor Abacus Limited

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Telephone: (852) 2980-1333
Facsimile: (852) 2810-8185

Independent Auditor's Report

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
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TO THE SHAREHOLDERS OF GCL NEW ENERGY HOLDINGS LIMITED
協鑫新能源控股有限公司
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 68 to 217, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition on tariff adjustments on electricity sales	
We identified the recognition of the Group's revenue on tariff adjustments on electricity sales as a key audit matter due to the significant management judgement involved in determining whether each of the Group's operating power plants had qualified for, and had met, all the requirements and conditions as required under the prevailing government policies and regulations for entitlement of the tariff adjustments and accordingly, the timing and eligibility of accruing revenue on tariff adjustments. As described in note 6 to the consolidated financial statements, revenue on tariff adjustments on electricity sales of approximately RMB415 million was recognised for the year ended 31 December 2022 in which the Group had submitted the applications for tariff adjustments of all on-grid solar power plants and under government's approval process.	Our procedures in relation to the recognition of the Group's revenue on tariff adjustment on electricity sales included: • Obtaining an understanding of key controls in connection with the recognition of tariff adjustment and assessing the operating effectiveness of key controls; • Obtaining the relevant supporting documents, for example, power purchase agreements with relevant grid companies, and an understanding of the policies and regulations set by the government authorities on tariff adjustment on sales of electricity in this industry to evaluate the appropriateness of management's judgement on recognising tariff adjustments on electricity sales; • Obtaining legal opinion from the Group's legal advisor in the People's Republic of China (the "PRC") in relation to the assessment that all of the Group's solar power plants currently in operation have met the requirement and conditions as stipulated in the prevailing government policies and regulations for the entitlement of the tariff adjustment when the electricity was delivered on grid; and • Assessing the appropriateness of the Group's entitlement of the tariff adjustments on electricity sales by checking the Group's applications of the tariff adjustments on electricity sales to their subsequent approvals issued by the PRC government, as applicable.

Key audit matters	How our audit addressed the key audit matters

Impairment assessment of property, plant and equipment

As at 31 December 2022, the Group had property, plant and equipment of approximately RMB4,468 million, which accounted for a significant portion of the Group's assets.

During the year ended 31 December 2022, there were evidences relating to certain property, plant and equipment which indicated that economic performance was worse than expected. Management performed impairment test accordingly by comparing the recoverable amounts based on the higher of fair value less costs of disposal and value-in-use calculation of the cash-generating units that the property, plant and equipment belong to with the carrying amounts of the identified cash-generating units as at 31 December 2022. As a result, management assessed the recoverable amounts of those assets were less than their carrying amounts and an impairment of approximately RMB102,553,000 was provided. Estimating the recoverable amounts requires significant management judgements and estimates including estimated useful life of the asset, costs expected to be incurred in replacing an asset and depreciation or obsolescence of the asset applied to its fair value; and future sales volume, future electricity unit price, cost of inventories sold and the discount rates applied to these forecasted future cash flows.

In addition to the above impairment test, due to the damaged modules of certain photovoltaic solar power plants in the United States, management based on the extent of damage to estimate the provision of full impairment of approximately RMB243,550,000 as at 31 December 2022.

The accounting policies and disclosures of the impairment are included in notes 4, 5, 8 and 15 to the consolidated financial statements.

Our procedures in relation to the impairment assessment of property, plant and equipment included:

- Evaluating management's assessment on the impairment indicators for property, plant and equipment, and management's identification of cash-generating units;
- Evaluate the competence, independence and works performed by experts engaged by the management to assess their estimation;
- Comparing management's valuation methodologies, that are, value-in-use calculation based on future discounted cash flows, to industry practice and assessed the key assumptions used, such as estimates of future sales volume, future electricity unit price and cost of inventories sold by analysing the historical accuracy of management's estimates, and discount rates with reference to comparable companies similar to the Group's business; and fair value calculation based on the estimated useful life of the asset, costs expected to be incurred in replacing an asset and depreciation or obsolescence status of the asset;
- Involving our valuation specialists to assist us with assessing the valuation methodologies, discount rates and costs expected to be incurred in replacing an asset;
- Evaluating the sensitivity of the significant assumptions described above by assessing the changes to the recoverable amounts of the cash-generating units resulting from possible changes in these assumptions, both individually and in the aggregate;
- Assessing the status of damaged modules of photovoltaic solar power plants and their impact on production volume, inquired senior management about the process and timeline of identifying those damaged modules and understanding the latest negotiation process with the supplier; and
- Assessing the adequacy of the Group's disclosures included in the consolidated financial statements regarding the impairment assessment of property, plant and equipment.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2023

Chan Wai Dune, Charles
Practising Certificate Number P00712

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	6	**929,057**	2,844,899
Cost of sales		**(477,989)**	(1,066,123)
Gross profit		**451,068**	1,778,776
Other income	7	**149,488**	95,911
Other gains and losses, net	8	**(104,526)**	140,800
Impairment loss on expected credit loss model, net of reversal	8	**(386,156)**	(60,515)
Impairment loss on property, plant and equipment	8	**(358,968)**	(294,211)
Administrative expenses			
— share-based payment expenses	35	**(17,121)**	(20,718)
— other administrative expenses		**(554,505)**	(675,791)
Share of profits of associates	17	**122,768**	99,461
Share of profits of joint ventures	18	**25**	16
Finance costs	9	**(571,543)**	(1,578,409)
Loss before tax		**(1,269,470)**	(514,680)
Income tax expense	10	**(18,911)**	(47,044)
Loss for the year	11	**(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)
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)

	NOTES	2022 RMB'000	2021 RMB'000
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	14		
— 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	15	**4,468,062**	5,520,394
Right-of-use assets	16	**219,290**	316,517
Interests in associates	17	**1,431,441**	1,350,913
Interests in joint ventures	18	**3,176**	3,151
Amounts due from related companies	24	**17,443**	24,481
Other investments	19	**45,643**	43,714
Other non-current assets	20	**107,265**	203,701
Contract assets	22	**54,957**	40,941
Pledged bank and other deposits	25	**200,785**	181,366
Deferred tax assets	32	**25,383**	29,264
		6,573,445	7,714,442
CURRENT ASSETS			
Trade and other receivables	21	**3,993,895**	6,319,867
Amounts due from related companies	24	**282,657**	262,839
Tax recoverable		**346**	1,691
Pledged bank and other deposits	25	**61,001**	248,396
Bank balances and cash	25	**797,125**	586,050
		5,135,024	7,418,843
Assets classified as held for sale	26	**455,087**	783,384
		5,590,111	8,202,227
CURRENT LIABILITIES			
Other payables and deferred income	27	**985,852**	1,340,231
Amounts due to related companies	24	**143,145**	114,220
Tax payable		**2,383**	4,763
Loans from related companies	28	**4,811**	32,325
Bank and other borrowings	29	**436,921**	1,084,285
Senior notes	30	**—**	467,305
Lease liabilities	31	**30,305**	38,477
		1,603,417	3,081,606
Liabilities directly associated with assets classified as held for sale	26	**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	29	**2,082,502**	2,009,185
Senior notes	30	**1,722,571**	2,648,062
Lease liabilities	31	**239,991**	332,887
Deferred income	27	**343,979**	327,850
Deferred tax liabilities	32	**679**	841
		4,389,722	5,318,825
NET ASSETS		**5,978,032**	6,953,873
CAPITAL AND RESERVES			
Share capital	33	**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

The consolidated financial statements on pages 68 to 217 were approved and authorised for issue by the Board of Directors on 28 March 2023 and are signed on its behalf by:

Zhu Yufeng	**Hu Xiaoyan**
DIRECTOR	DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company									Non-controlling interests		
	Share capital RMB'000	**Share premium** RMB'000	**Contributed surplus** RMB'000 *(Note a)*	**Legal reserves** RMB'000 *(Note b)*	**Translation reserve** RMB'000	**Special reserve** RMB'000 *(Note c)*	**Share options reserve** RMB'000	**Accumulated losses** RMB'000	**Sub-total** RMB'000	**Perpetual notes** RMB'000	**Other non-controlling interests** RMB'000	**Total equity** RMB'000
At 1 January 2021	66,674	4,265,230	15,918	1,953,179	(84,999)	491,218	178,045	(1,849,400)	5,035,865	2,329,936	1,171,080	8,536,881
Loss for the year	—	—	—	—	—	—	—	(790,274)	(790,274)	207,786	20,764	(561,724)
Other comprehensive expense for the year	—	—	—	—	26,554	—	—	—	26,554	—	—	26,554
Total comprehensive expense for the year	—	—	—	—	26,554	—	—	(790,274)	(763,720)	207,786	20,764	(535,170)
Transfer to legal reserves	—	—	—	7,090	—	—	—	(7,090)	—	—	—	—
Issue of new shares	6,955	752,531	—	—	—	—	—	—	759,486	—	—	759,486
Transaction costs attributable to the issue of new shares	—	(12,405)	—	—	—	—	—	—	(12,405)	—	—	(12,405)
Acquisition of additional equity interests in non-wholly owned subsidiaries *(note 36)*	—	—	—	—	—	(673,735)	—	—	(673,735)	—	(912,837)	(1,586,572)
Equity-settled share option arrangement *(note 35)*	—	—	—	—	—	—	20,718	—	20,718	—	—	20,718
Forfeitures of share options *(note 35)*	—	—	—	—	—	—	(126,175)	126,175	—	—	—	—
Disposal of subsidiaries *(note 37(b))*	—	—	—	(614,007)	—	—	—	614,007	—	—	(145,143)	(145,143)
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(83,922)	(83,922)
At 31 December 2021 and 1 January 2022	73,629	5,005,356	15,918	1,346,262	(58,445)	(182,517)	72,588	(1,906,582)	4,366,209	2,537,722	49,942	6,953,873
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,492,546)**	**(1,492,546)**	**200,750**	**3,415**	**(1,288,381)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**47,291**	**–**	**–**	**–**	**47,291**	**–**	**–**	**47,291**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**47,291**	**–**	**–**	**(1,492,546)**	**(1,445,255)**	**200,750**	**3,415**	**(1,241,090)**
Transfer to legal reserves	**–**	**–**	**–**	**24,052**	**–**	**–**	**–**	**(24,052)**	**–**	**–**	**–**	**–**
Issue of new shares	**8,144**	**261,572**	**–**	**–**	**–**	**–**	**–**	**–**	**269,716**	**–**	**–**	**269,716**
Transaction costs attributable to the issue of new shares	**–**	**(3,115)**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,115)**	**–**	**–**	**(3,115)**
Equity-settled share option arrangement *(note 35)*	**–**	**–**	**–**	**–**	**–**	**–**	**17,121**	**–**	**17,121**	**–**	**–**	**17,121**
Forfeiture of share options *(note 35)*	**–**	**–**	**–**	**–**	**–**	**–**	**(5,908)**	**5,908**	**–**	**–**	**–**	**–**
Disposal of subsidiaries *(note 37(a))*	**–**	**–**	**–**	**(19,725)**	**–**	**–**	**–**	**19,725**	**–**	**–**	**(18,473)**	**(18,473)**
At 31 December 2022	**81,773**	**5,263,813**	**15,918**	**1,350,589**	**(11,154)**	**(182,517)**	**83,801**	**(3,397,547)**	**3,204,676**	**2,738,472**	**34,884**	**5,978,032**

Notes:

(a) Contributed surplus represents (i) the amount of RMB16,924,000 (equivalent to HK$15,941,000) credited to the contributed surplus as a result of the capital reduction and consolidation of shares of the Company on 16 September 2003; and (ii) the Company made a distribution in respect of 2008 final dividend amounting to RMB1,006,000 (equivalent to HK$1,138,000) out of the contributed surplus during the year ended 31 March 2009.

(b) Legal reserves represent the amounts set aside from the retained earnings by certain subsidiaries incorporated in the People's Republic of China ("PRC"). In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to legal reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances and cash dividends.

(c) Special reserve represents the difference between (i) the consideration to acquire additional interest in subsidiaries and the respective share of the carrying amounts of net assets acquired; and (ii) the consideration to dispose of partial interest in subsidiaries without losing controls and the carrying amounts of the attributable net assets disposed of.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
OPERATING ACTIVITIES		
Loss before tax	**(1,269,470)**	(514,680)
Adjustments for:		
Amortisation of deferred income on government grant		
— ITC (defined in note 7)	**(14,341)**	(13,082)
Depreciation of:		
— property, plant and equipment	**285,870**	850,544
— right-of-use assets	**34,810**	71,295
Impairment loss on property, plant and equipment	**358,968**	294,211
Impairment loss on expected credit loss model, net of reversal	**386,156**	60,515
Loss/(gain) on disposal of property, plant and equipment	**1,375**	(523)
Finance costs	**571,543**	1,578,409
Interest income	**(106,738)**	(18,997)
Interest arising from contracts containing significant financial component	**(10,052)**	(28,750)
Share-based payment expenses	**17,121**	20,718
Share of profits of joint ventures	**(25)**	(16)
Share of profits of associates	**(122,768)**	(99,461)
Gain on early termination of a lease	**(25,444)**	(1,701)
Gain on redemption of senior notes	**(169,121)**	—
Loss/(gain) on disposal of solar power plant projects	**47,630**	(84,669)
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**11,342**	—
Unrealised exchange loss/(gain), net	**218,733**	(71,994)
Operating cash flows before movements in working capital	**215,589**	2,041,819
Decrease/(increase) in other non-current assets	**168,566**	(101,495)
(Increase)/decrease in contract assets	**(14,193)**	1,192,908
Decrease/(increase) in trade and other receivables	**518,843**	(7,146,310)
Decrease/(increase) in amounts due from related companies	**8,349**	(19,270)
Increase in other payables	**381,110**	4,681,263
Decrease in amounts due to related companies	**—**	(2,534)
Cash generated from operations	**1,278,264**	646,831
Income taxes paid	**(19,946)**	(43,797)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**1,258,318**	602,584

	NOTES	2022 RMB'000	2021 RMB'000
INVESTING ACTIVITIES			
Interest received		**36,346**	18,997
Payments for construction and purchase of property, plant and equipment		**(696,726)**	(2,960,268)
Payments of right-of-use assets		**(28,144)**	(12,823)
Proceeds from disposal of property, plant and equipment		**29,616**	—
Payment for acquisition of other investments		**(1,930)**	—
Proceeds from disposal of subsidiaries with solar power plant projects	37	**228,335**	4,231,193
Settlement of consideration and other receivables in relation to former subsidiaries		**1,778,933**	225,080
Withdrawal of pledged bank and other deposits		**313,964**	435,513
Placement of pledged bank and other deposits		**(150,407)**	(121,269)
Advance to related companies		**(16,701)**	(3,634)
Repayment from related companies		**—**	108,087
Dividend received from associates		**42,240**	28,572
Repayment from non-controlling interests		**—**	18,750
NET CASH GENERATED FROM INVESTING ACTIVITIES		**1,535,526**	1,968,198

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
FINANCING ACTIVITIES		
Interest paid	**(972,110)**	(1,235,203)
Proceeds from bank and other borrowings	**2,011,290**	1,359,837
Repayment of bank and other borrowings	**(2,476,544)**	(903,011)
Repayments of lease liabilities	**(35,012)**	(33,287)
Proceeds from loans from related companies	**–**	10,000
Repayment of loans from related companies	**(27,652)**	(886,183)
Proceeds from issue of shares through placement	**269,716**	759,486
Transaction costs paid for the issue of shares through placement	**(3,115)**	(12,405)
Redemption of senior notes	**(1,115,640)**	—
Repayment of senior notes	**(253,689)**	(161,795)
Advances from related companies	**29,081**	32,721
Repayment to related companies	**(156)**	(211,425)
Acquisition of additional equity interests in non-wholly owned subsidiaries	**–**	(1,586,572)
Dividend paid to non-controlling interests	**(13,844)**	(283,082)
NET CASH USED IN FINANCING ACTIVITIES	**(2,587,675)**	(3,150,919)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**206,169**	(580,137)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		
Represented by		
— bank balances and cash	**586,050**	1,143,481
— bank balances and cash classified as held for sale	**23,351**	48,018
	609,401	1,191,499
Effect of exchange rate changes on the balance of cash held in foreign currencies	**34,763**	(1,961)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Represented by		
— bank balances and cash	**797,125**	586,050
— bank balances and cash classified as held for sale	**53,208**	23,351
	850,333	609,401

1. GENERAL INFORMATION

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as 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 ("IASB"). 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* ("IFRS 2"), leasing transactions that are accounted for in accordance with IFRS 16 *Lease* ("IFRS 16"), 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* ("IAS 36").

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by International Accounting Standards Board for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRSs	Annual improvements to IFRS standards 2018-2020 Cycle
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 Effective for annual periods beginning on or after a date to be determined

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

As part of the amendments, Illustrative Example 25 accompanying IFRS 16 is added to illustrate the application of the requirements in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate.

The directors of the Company do not expect the amendments will have material impact on the financial position or performance of the Group. The impacts of application on disclosures or presentation, if any, will be disclosed in the Group's future consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

Amendments to IAS 1 Classification of Liabilities as Current or Non-current ("2020 Amendments") and Non-current Liabilities with Covenants ("2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of a right to defer settlement for at least twelve months from the reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the 2020 Amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or noncurrent only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.

Based on the Group's outstanding liabilities as at 31 December 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The directors of the Company do not expect the amendments will have material impact on the financial position or performance of the Group. The impacts of application on disclosures or presentation, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to IAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The directors of the Company do not expect the amendments will have material impact on the financial position or performance of the Group. The impacts of application on disclosures, if any, will be disclosed in the Group's future consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

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

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

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

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 or IFRIC 21, in which the Group applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37") or IFRIC 21 Levies ("IFRIC 21") instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms, except for right-of-use assets relating to leasehold lands in which the relevant acquirees are the registered owners with full upfront lease payments, which are measured at fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

Investments in associates and joint ventures

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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

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

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

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

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets and disposal groups held for sale (Continued)

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or a joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale from the time when the investment is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 investment properties and deferred tax assets which continue to be measured in accordance with the accounting policies set out in respective sections. Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the assets (or all the assets and liabilities in the group) are measured in accordance with applicable IFRSs.

When the criteria of non-current assets (and disposal groups) classified as held for sale has no longer been met, the Group shall cease to classify non-current assets (and disposal groups) as held for sale. The Group shall measure each non-current asset that ceased to be classified as held for sale at the lower of its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had the asset not been classified as held for sale; and its recoverable amount at the date of the subsequent decision not to sell.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue from sales of electricity is recognised at a point in time when the control of the electricity transferred, being at the point when electricity has generated and transmitted to the customer.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Revenue refers to amounts received from operation and management services that is recognised over time during the provision of service, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue is recognised on a straight-line basis because the entity's inputs are expended evenly throughout the scheduled performance period.

Revenue from solar related supporting services, mainly represent contracts with customers in relation to sales of solar modules with related supporting services that the Group has acted as an agent and, is recognised at a point in time on a net basis when the control is transferred to the customer, which is at the time when the solar module is delivered and confirmed with the customer.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Variable consideration

For contracts that contain variable consideration in relation to sales of electricity to the grid companies which contain tariff adjustments related to solar power plants yet to be enlisted in the List (as defined in note 6) by the grid companies, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstance during the reporting period.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease component from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as loans from a related company and other loans within the scope of IFRS 9.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the year in which they become receivable. Such grants are presented under "other income".

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit schemes and the Mandatory Provident Fund Schemes, are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

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

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 35.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment arrangements (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted to employees and others providing similar services (Continued)

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting condition is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit and loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings (accumulated losses).

Taxation

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

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

Property, plant and equipment

Property, plant and equipment including buildings are tangible assets that are held for use in the production or supply of goods or services, or for administration purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment and right-of-use assets

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Other gains and losses, net" line item.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets, financial guarantee contracts and contract assets

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

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

The Group always recognises lifetime ECL for trade receivables and contract assets, including those with significant financing component.

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

(i) Significant increase in credit risk

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets, financial guarantee contracts and contract assets (Continued)

(i) Significant increase in credit risk (Continued)

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets, financial guarantee contracts and contract assets (Continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

Lifetime ECL for trade receivables and contract assets are assessed collectively for debtors with shared credit risk characteristics by reference to past default experience of the debtor, adjusted for factors in relation to general economic conditions of the solar industry and an assessment of both the current as well as the forecast direction at the reporting date.

12m ECL for all other instruments (including other receivables and amounts due from related companies) are assessed individually for debtors by reference to past repayment history, credit rating or financial position and overdue status of the debtor and the forward looking information that is available without undue cost or effort, and considering the debtors operating in solar power industry which is well supported by the prevailing government policies.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets, financial guarantee contracts and contract assets (Continued)

(v) Measurement and recognition of ECL (Continued)

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

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely, are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including other payables, amounts due to related companies, loans from related companies, bank and other borrowings and senior notes are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

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

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Provisions and contingent liabilities

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 4.

Cash at banks exclude bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

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

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or joint controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition on tariff adjustments on sales of electricity

Tariff adjustments represents subsidy received and receivable from the government authorities in respect of the Group's solar power generation business.

Pursuant to the 2020 Measures (as defined in note 6) announced by the PRC government in January 2020, the grid companies will regularly announce a List (as defined in note 6) for solar power plant projects which are entitled to the tariff adjustments. For those on-grid solar power plants which are not yet enlisted in the List, they need to meet the relevant requirements and conditions for tariff subsidy as stipulated in the 2020 Measures and to complete the submission and application on the Platform (as defined in note 6). Grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List.

Tariff adjustments of RMB414,994,000 (2021: RMB1,559,732,000) were included in the sales of electricity for the year ended 31 December 2022 as disclosed in note 6, of which the relevant tariff adjustments were recognised only to the extent that it is highly probable that such an inclusion would not result in a significant revenue reversal in the future on the basis that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants, and taking into account the legal opinion as advised by the Group's legal advisor in the PRC, who considered that all of the Group's solar power plants currently in operation had met the requirements and conditions as stipulated in the New Tariff Notice issued in August 2013 for the entitlement of the tariff subsidy when the electricity was delivered on grid, and also the requirements and conditions for the entitlement of the tariff subsidy under the 2020 Measures. Hence, the Group's operating power plants are able to be enlisted in the List subsequent to the year ended 31 December 2022 and the accrued revenue on tariff subsidy are fully recoverable. During the current year, the Group recognised revenue of RMB19 million (2021: RMB23 million) in respective of tariff adjustments recognised as revenue relating to solar power plants not yet registered in the List.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

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

Determination of timing of settlement of tariff adjustments on sales of electricity

For the tariff adjustments yet to obtain approval for registration in the List by the PRC government at the end of the reporting period, the Group considered that it contained a significant financing component over the relevant portion of tariff adjustment until the settlement of the trade receivables. In determining the period of extended financing, the Group has to exercise judgement and make estimation in timing of collection of the tariff adjustments with reference to historical pattern and experience for application and approval for registration in the List. The Group has adjusted the respective tariff adjustment for the financing component based on estimated timing of collection.

The adjustment for financing component is sensitive to changes in expected timing of settlement of the tariff adjustments. Change in facts and circumstances will result in revision of the expected collection period of the tariff adjustments which will be reflected as an increase or a reduction in financing component adjustment for the period in which such a revision takes place.

The revenue of the Group was adjusted by approximately RMB38 million for the year ended 31 December 2022 (2021: RMB31 million) for this financing component and in relation to revision of expected timing of tariff settlement.

Provision of ECL for trade receivables and contract assets

The Group uses a provision matrix to calculate ECL on trade receivables and contract assets. The provision rates are based on internal credit rating as groupings for various debtors which shared credit risk characteristics by reference to repayment history of the debtor, taking into account general economic conditions of the solar industry, relevant country default risk, and an assessment of both the current as well as forecast direction at the reporting date. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at 31 December 2022 and 2021, the ECL provision for trade receivables and contract assets is considered insignificant.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 39(b).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Useful lives and impairment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, and impairment if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value-in-use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or revenue growth rates in the cash flow projections, could materially affect the recoverable amounts.

During the year ended 31 December 2022, there were evidences relating to certain property, plant and equipment which indicated that the related economic performance was worse than expected or the related physical damages were noted. As a result, impairment loss of approximately RMB643,023,000 (2021: RMB399,623,000) on property, plant and equipment was made as at 31 December 2022.

Provision of ECL on amounts due from related companies

The Group measures loss allowance equal to 12m ECL for amounts due from related companies. Management regularly reviews the past repayment history, internal credit rating or financial position of counterparties and overdue status of the receivables. The amount of ECL reflects changes in credit risk since initial recognition and is sensitive to changes in estimates.

As at 31 December 2022, the carrying amounts due from related companies were approximately RMB300 million (2021: RMB287 million).

The information about the ECL and the Group's amounts due from related companies are disclosed in notes 39(b) and 24, respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	2022 **RMB'000**	2021 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

6. REVENUE AND SEGMENT INFORMATION (Continued)

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*

6. REVENUE AND SEGMENT INFORMATION (Continued)

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 when 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 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 7) 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: RMB$370 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 **RMB'000**	2021 RMB'000
Within one year	**58,385**	95,157
After one year	**318,031**	275,110
	376,416	370,267

6. REVENUE AND SEGMENT INFORMATION (Continued)

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

Disaggregated revenue information

	2022	2021
	RMB'000	RMB'000
Timing of revenue recognition:		
— At a point in time	**777,066**	2,765,262
— Over time	**151,991**	79,637
Total	**929,057**	2,844,899

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**	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC	**846,737**	2,761,970	**5,327,923**	6,316,507
US	**82,320**	82,929	**956,268**	1,119,110
	929,057	2,844,899	**6,284,191**	7,435,617

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

6. REVENUE AND SEGMENT INFORMATION (Continued)

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

7. OTHER INCOME

	2022 RMB'000	2021 RMB'000
Compensation income *(note 41(ii))*	**—**	24,895
Government grants		
— Incentive subsidies *(Note)*	**1,533**	2,960
— Energy Income Credit ("ITC") *(note 27(c))*	**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.

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

	2022 RMB'000	2021 RMB'000
Exchange (loss)/gain, net *(Note a)*	**(238,744)**	53,907
Loss on measurement of assets classified as held for sale to fair value less cost to sell *(note 26(a))*	**(11,342)**	—
(Loss)/gain on disposal of solar power plant projects *(note 37)*	**(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 *(note 16)*	**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)
Impairment loss on property, plant and equipment *(note (b))*:		
— Property, plant and equipment (excluding assets classified as held for sale)	**358,968**	294,211
	358,968	294,211

Notes:

(a) Exchange (loss)/gain mainly arose from the bank and other borrowings and the senior notes, all are denominated in US$ which appreciated (2021: depreciated) against RMB for the current year.

(b) Impairment loss on property, plant and equipment amounting to RMB358,968,000 and RMB294,211,000 is recognised during the years ended 31 December 2022 and 2021 with details as below.

8. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS, NET OF REVERSAL/IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: *(Continued)*

(b) (Continued)

Year ended 31 December 2022

(i) As disclosed in note 26(a), the Group entered into two equity transfer agreements with 湖南新華水利電力有限公司* Hunan Xinhua Water Conservancy and Electric Power Co., Ltd. ("Hunan Xinhua Water") on 31 December 2022 to dispose of its entire equity interest in a wholly-owned subsidiary and 51% equity interest in a non-wholly-owned subsidiary, the disposals have not been completed and the relevant assets and liabilities were classified as assets held for sale as at 31 December 2022.

Upon the date of the equity transfer agreements, the management conducted a review of the recoverable amount of each of two subsidiaries, being the CGU to which the assets belong when it is not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of each of the two subsidiaries has been determined at the higher of value-in-use and fair value less costs to sell, which approximates the consideration stipulated in each equity transfer agreement. As the recoverable amount of approximately RMB26,370,000 is lower than the carrying amount of the net assets of each subsidiary, impairment loss of approximately RMB11,342,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial.

(ii) During the year ended 31 December 2022, due to changing of local policies in relation to the adjustment of electricity price and grid-connected capacity, the management of the Group concluded there was indication for impairment of several photovoltaic solar power plants and conducted impairment assessment on these plants. The recoverable amounts of these photovoltaic solar power plants are estimated individually.

The recoverable amounts of these several photovoltaic solar power plants have been determined, with assistance from independent professional valuers, based on the higher of fair value less costs of disposal and value-in-use.

The key assumptions used in estimating the fair value of these several photovoltaic solar power plants under depreciated replacement cost approach include estimation of construction as if building the similar structures, adjusting for physical deterioration, depreciation, obsolescence and optimization or current market price of the similar assets. The fair value measurement is categorised into Level 3 fair value hierarchy.

The value-in-use calculation uses cash flow projections based on financial budgets approved by the management of respective operating subsidiaries covering the twenty-one to twenty-two years based on the remaining useful lives of the solar power plants within the operating periods granted by local bureau with pre-tax discount rates ranging from 8% to 10% as at 31 December 2022. The forecasted revenue is by reference to the historical on-grid electricity generated and existing selling price under the power purchase agreements with negative growth rates. Another key assumption for the value-in-use calculations is the efficiency of the on-grid electricity which is determined based on the cash generating unit's past performance and management expectation for market development.

All relevant assets subject to impairment were impaired to recoverable amounts of approximately RMB318,995,000 based on the value-in-use and the impairment loss of approximately RMB102,553,000 has been recognised in profit or loss within the relevant functions to which these assets relate during the year ended 31 December 2022.

8. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS, NET OF REVERSAL/IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: (Continued)

(b) (Continued)

Year ended 31 December 2022 (Continued)

(iii) The modules of certain photovoltaic solar power plants in the United States were confirmed as damaged after the inspection in the last quarter of 2022. Accordingly, based on the extent of damage and the impact on production volume, the management estimated that a full impairment loss of approximately RMB243,550,000 was recognised for the respective property, plant and equipment for the year ended 31 December 2022.

Apart from the impairment assessment of the operating subsidiaries, full impairment loss of approximately RMB6,348,000 and RMB6,517,000 of certain in-progress solar projects in relation to the construction in progress and the power generation and equipment has been recognised in profit or loss, respectively, after taking into consideration of the financial resources of the Group as well as the equipment costs related to certain in-progress solar power plants, which are still in preliminary stage, the management is of the opinion that those in-progress solar projects will not generate future economic returns to the Group.

Year ended 31 December 2021

(i) As disclosed in note 26(b)(i), the Group entered into four equity transfer agreements with 國家電投集團新疆能源化工額敏有限責任公司* State Power Investment Group Xinjiang Energy Chemical Emin Co., Ltd. on 16 November 2021 to dispose of its 100% equity interest in four wholly-owned subsidiaries, the disposals have not been completed and the relevant assets and liabilities were classified as assets held for sale as at 31 December 2021.

Upon the date of the equity transfer agreements, the management conducted a review of the recoverable amount of each of four subsidiaries, being the CGU to which the assets belong when it is not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of each of the four subsidiaries has been determined at the higher of value-in-use and fair value less costs to sell, which approximates the consideration stipulated in each equity transfer agreement. As the recoverable amount is lower than the carrying amount of the net assets of each of the four subsidiaries, impairment loss of approximately RMB168,522,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial.

8. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS, NET OF REVERSAL/IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: (Continued)

(b) (Continued)

Year ended 31 December 2021 (Continued)

(ii) On 16 March 2022, the Group entered into a series of transfer agreements with 江蘇和盛新能源有限公司* Jiangsu Hesheng New Energy Co., Ltd. ("Jiangsu Hesheng") to sell its equity interest in six subsidiaries.

As at 31 December 2021 upon the date of equity transfer agreements, the management conducted a review of the recoverable amount of each of six subsidiaries, being the CGU to which the assets belong when it is not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of each of the six subsidiaries has been determined at the higher of value-in-use and fair value less costs to sell, which approximates the consideration stipulated in each equity transfer agreement. As the recoverable amount is lower than the carrying amount of the net assets of each of six subsidiaries, impairment loss of approximately RMB42,140,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial.

(iii) On 21 March 2022, the Group entered into a transfer agreement with Hunan Xinhua Water to sell its 100% equity interest in a subsidiary.

As at 31 December 2021 and upon the date of equity transfer agreement, the management conducted a review of the recoverable amount of the subsidiary, being the CGU to which the assets belong when it is not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of the subsidiary has been determined at the higher of value-in-use and fair value less costs to sell, which approximates the consideration of the subsidiary stipulated in the equity transfer agreement. As the recoverable amount is lower than the carrying amount of the net assets of the subsidiary, impairment loss of approximately RMB17,846,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amount of other category of property, plant and equipment and right-of-use assets are immaterial.

Apart from the impairment assessment of the operating subsidiaries, impairment loss of approximately RMB8,768,000 and RMB56,934,000 of certain in-progress solar projects in relation to the construction in progress and the power generation and equipment has been recognised in profit or loss, respectively, after taking into consideration of the financial resources of the Group as well as the equipment costs related to certain in-progress solar power plants, which are still in preliminary stage, the management is of the opinion that those in-progress solar projects will not generate future economic returns to the Group.

9. FINANCE COSTS

	2022 **RMB'000**	2021 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

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

10. INCOME TAX EXPENSE

	2022 RMB'000	2021 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 *(note 32)*	**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, 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 income was 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 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.

10. INCOME TAX EXPENSE (Continued)

The tax charge for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 RMB'000	2021 RMB'000
Loss before tax	**(1,269,470)**	(514,680)
Tax at the domestic income tax rate of 25% *(Note)*	**(317,368)**	(128,670)
Tax effect of share of profits of joint ventures	**(6)**	(4)
Tax effect of share of profits of associates	**(30,692)**	(24,865)
Tax effect of expenses not deductible for tax purpose	**259,959**	132,661
Tax effect of deductible temporary differences not recognised	**193,281**	81,502
Tax effect of income not taxable for tax purpose	**(83,500)**	(43,960)
Tax effect of tax losses not recognised	**57,475**	103,991
Utilisation of tax losses previously not recognised	**(52,397)**	(4,270)
Over-provision in prior years	**(821)**	(1,712)
Withholding tax on distributed profits of the PRC subsidiaries	**—**	920
Effect of tax exemptions and concessions granted to the PRC subsidiaries	**(7,020)**	(68,549)
Income tax expense for the year	**18,911**	47,044

Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used which is PRC EIT rate.

11. LOSS FOR THE YEAR

	2022 RMB'000	2021 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 *(Note)*:		
— 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 *(note 35)* (administrative expenses in nature)	**17,121**	20,718

Note: Depreciation of property, plant and equipment and right-of-use assets include RMB24,920,000 and RMB1,759,000 respectively in relation to the adjustment for depreciation that would have been recognised had the assets not been classified as held for sale.

12. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Particulars of the emoluments of Directors, the chief executive and the five highest paid employees are as follows:

(a) Directors' and President/Chief Executive's emoluments

The emoluments of each of the Directors and the President/Chief Executive of the Company are set out below:

Year ended 31 December 2022

Name of director	Directors fees RMB'000	Other emoluments Bonuses RMB'000	Other emoluments Salaries and other benefits RMB'000	Other emoluments Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
President/Chief Executive and Executive Directors						
Mr. ZHU Yufeng *(note i)*	—	7,000	3,445	—	847	11,292
Mr. WANG Dong *(note ii)*	—	650	172	—	—	822
Executive Directors						
Mr. ZHU Gongshan *(note iii)*	—	—	—	—	—	—
Ms. HU Xiaoyan	—	1,630	2,096	99	726	4,551
Mr. LIU Genyu *(note iv)*	—	—	2,387	119	—	2,506
Non-executive Directors						
Ms. SUN Wei	431	—	—	—	484	915
Mr. FANG Jiancai	104	—	—	—	242	346
Mr. YEUNG Man Chung, Charles	431	—	—	—	242	673
Independent Non-executive Directors						
Mr. CAI Xianhe *(note v)*	86	—	—	—	—	86
Mr. XU Songda *(note vi)*	164	—	—	—	—	164
Mr. LEE Conway Kong Wai	285	—	—	—	97	382
Mr. WANG Yanguo	243	—	—	—	97	340
Dr. CHEN Ying	243	—	—	—	97	340
Total	1,987	9,280	8,100	218	2,832	22,417

12. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and President/Chief Executive's emoluments (Continued)

Year ended 31 December 2021

Name of director	Directors fees RMB'000	Other emoluments Bonuses RMB'000	Other emoluments Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
President/Chief Executive and Executive Director						
Mr. ZHU Yufeng	—	7,000	3,325	—	146	10,471
Executive Directors						
Ms. HU Xiaoyan	—	4,300	1,247	379	125	6,051
Mr. Liu Genyu	—	—	2,494	132	—	2,626
Non-executive Directors						
Ms. SUN Wei	415	—	—	—	83	498
Mr. FANG Jiancai *(note vii)*	83	—	—	—	42	125
Mr. YEUNG Man Chung, Charles	415	—	—	—	42	457
Mr. HE Deyong *(note viii)*	17	—	—	—	—	17
Independent Non-executive Directors						
Mr. WANG Bohua *(note ix)*	91	—	—	—	—	91
Mr. XU Songda	231	—	—	—	17	248
Mr. LEE Conway Kong Wai	273	—	—	—	17	290
Mr. WANG Yanguo	231	—	—	—	17	248
Dr. CHEN Ying	231	—	—	—	17	248
Total	1,987	11,300	7,066	511	506	21,370

12. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and President/Chief Executive's emoluments (Continued)

Notes:

(i) Mr. ZHU Yufeng ceased to act as President of the Company, was re-designated as Vice Chairman of the Board and remained as an executive Director of the Company with effect from 9 September 2022.

(ii) Mr. WANG Dong was appointed as an executive director and the President of the Company with effect from 9 September 2022.

(iii) Mr. ZHU Gongshan was appointed as an executive director of the Company with effect from 9 September 2022.

(iv) Mr. LIU Genyu resigned as an executive director of the Company with effect from 9 September 2022.

(v) Mr. CAI Xianhe was appointed as an independent non-executive director of the Company with effect from 9 September 2022.

(vi) Mr. XU Songda resigned as an independent non-executive director of the Company with effect from 9 September 2022.

(vii) Mr. FANG Jiancai was appointed as a non-executive director of the Company with effect from 1 March 2021.

(viii) Mr. HE Deyong resigned as a non-executive director of the Company with effect from 1 March 2021.

(ix) Mr. WANG Bohua resigned as an independent non-executive director of the Company with effect from 21 May 2021.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Bonuses are discretionary and are based on the Group's performance for both years.

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

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

12. DIRECTORS', PRESIDENT/CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

The five highest paid employees of the Group during the year included three directors (2021: three), details of whose remuneration are set out in (a) above. Details of the emoluments of the remaining two (2021: two) highest paid employees in 2022 who are neither a director nor president/chief executive of the Company are as follows:

	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	**2,760**	2,760
Performance-related bonuses	**1,830**	1,650
Retirement benefits scheme contributions	**248**	243
Share-based payments	**814**	1,119
	5,652	5,772

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

	2022 No. of employees	2021 No. of employees
HK$1,500,001 to HK$2,000,000 (equivalent to approximately RMB1,302,601 to RMB1,736,800)	**—**	—
HK$2,000,001 to HK$2,500,000 (equivalent to approximately RMB1,736,801 to RMB2,171,000)	**—**	—
HK$2,500,001 to HK$3,000,000 (equivalent to approximately RMB2,171,001 to RMB2,605,200)	**1**	1
HK$3,000,001 to HK$3,500,000 (equivalent to approximately RMB2,605,201 to RMB3,039,400)	**1**	1

13. 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).

14. 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 RMB'000	2021 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)

	2022 '000	(Restated) 2021 '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$0.083 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 current period. Comparative figure of the weighted average number of ordinary shares for calculating basic loss per share has 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 do 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.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Power generators and equipment RMB'000	Leasehold improvements, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2021	1,203,591	28,293,241	205,930	29,906	591,567	30,324,235
Additions	—	160,821	4,013	1,040	146,618	312,492
Disposal of subsidiaries *(note 37(b))*	(933,202)	(20,275,614)	(29,871)	(11,262)	—	(21,249,949)
Disposals	—	(4,792)	(9,446)	(1,563)	—	(15,801)
Transfer	111,218	143,780	—	—	(254,998)	—
Transfer to assets classified as held for sale *(note 26(b)(i))*	(27,691)	(618,425)	(683)	(417)	—	(647,216)
Effect of foreign currency exchange differences	—	(10,388)	(7)	—	(1,284)	(11,679)
At 31 December 2021	353,916	7,688,623	169,936	17,704	481,903	8,712,082
Additions	—	192,092	2,094	7,034	167,769	368,989
Disposal of subsidiaries *(note 37(a))*	(24,526)	(1,266,138)	(1,698)	(1,145)	—	(1,293,507)
Disposals	—	(29,542)	—	(1,612)	—	(31,154)
Transfer	25,690	43,122	—	—	(68,812)	—
Transfer from assets classified as held for sale *(note 26(b)(i))*	24,087	369,295	390	159	—	393,931
Transfer to assets classified as held for sale *(note 26(a))*	(24,167)	(279,753)	(33,658)	(99)	—	(337,677)
Effect of foreign currency exchange differences	—	75,799	31,370	—	652	107,821
At 31 December 2022	**355,000**	**6,793,498**	**168,434**	**22,041**	**581,512**	**7,920,485**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2021	188,031	4,231,220	49,263	22,006	470,543	4,961,063
Depreciation expense	41,701	798,594	8,491	1,758	—	850,544
Impairment loss recognised in profit or loss *(note 8(b))*	—	285,444	—	—	8,767	294,211
Eliminated on disposal of subsidiaries *(note 37(b))*	(164,103)	(2,467,563)	(16,919)	(8,336)	—	(2,656,921)
Eliminated on disposals	—	—	(2,463)	(1,418)	—	(3,881)
Transfer to assets classified as held for sale *(note 26(b)(i))*	(3,604)	(249,130)	(293)	(258)	—	(253,285)
Effect of foreign currency exchange differences	—	(42)	(1)	—	—	(43)
At 31 December 2021	62,025	2,598,523	38,078	13,752	479,310	3,191,688
Depreciation expense	14,228	263,862	6,099	1,681	—	285,870
Impairment loss recognised in profit or loss *(note 8(b))*	—	352,620	—	—	6,348	358,968
Eliminated on disposal of subsidiaries *(note 37(a))*	(6,573)	(377,489)	(1,289)	(1,004)	—	(386,355)
Eliminated on disposals	—	—	—	(163)	—	(163)
Transfer to assets classified as held for sale *(note 26(a))*	(5,588)	(52,257)	(10,742)	(149)	—	(68,736)
Effect of foreign currency exchange differences	—	61,779	9,372	—	—	71,151
At 31 December 2022	64,092	2,847,038	41,518	14,117	485,658	3,452,423
CARRYING AMOUNTS						
At 31 December 2022	**290,908**	**3,946,460**	**126,916**	**7,924**	**95,854**	**4,468,062**
At 31 December 2021	291,891	5,090,100	131,858	3,952	2,593	5,520,394

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Buildings	2%–4% or over the lease term, whichever is shorter
Power generators and equipment	4% per annum in the PRC or the percentage calculated based on license period in the US
Leasehold improvements, furniture, fixtures and equipment	20%–25%
Motor vehicles	20%–30%

All buildings were held under leases in the PRC.

As at 31 December 2022, the Group was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB45,311,000 (2021: RMB162,650,000). In the opinion of the Directors, the absence of the property ownership certificates to these property interests does not impair their carrying value to the Group as the Group paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Rooftops RMB'000	Others RMB'000	Total RMB'000
At 31 December 2021 and 1 January 2022				
Carrying amount	261,991	33,805	20,721	316,517
At 31 December 2022				
Carrying amount	186,725	11,137	21,428	219,290
For the year ended 31 December 2022				
Depreciation charge	(18,640)	(2,109)	(14,061)	(34,810)
Disposal of subsidiaries *(note 37(a))*	(16,392)	(11,967)	—	(28,359)
Transfer from assets classified as held for sale *(note 26(b)(i))*	10,855	—	12,224	23,079
Transfer to assets classified as held for sale *(note 26(a))*	(28,025)	—	—	(28,025)
For the year ended 31 December 2021				
Depreciation charge	(39,653)	(4,700)	(26,942)	(71,295)
Disposal of subsidiaries *(note 37(b))*	(761,923)	(79,517)	(7,336)	(848,776)
Transfer to assets classified as held for sale *(note 26(b)(i))*	(10,855)	—	(12,224)	(23,079)

16. RIGHT-OF-USE ASSETS (Continued)

	2022	2021
	RMB'000	RMB'000
Expense relating to short-term leases	**(1,472)**	(3,388)
Total cash outflow for leases	**(36,484)**	(36,675)
Additions to right-of-use assets	**28,144**	35,874
Early termination of a lease	**(61,792)**	(32,583)
Effect of foreign currency exchange differences	**4,536**	(1,227)

For both years, the Group leases lands, rooftops and other equipment for its operations. Lease contracts are entered into for fixed terms of three to fifty years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold lands where its solar power plants are primarily located and office buildings. The Group is the registered owner of these property interests. The Group has obtained the land use right certificates for all leasehold lands except for those with carrying amount of RMB11,226,000 (2021: RMB8,195,000) in which the Group is in the process of obtaining. Lump sum payments were made upfront to acquire these property interests.

The Group regularly entered into short-term leases for office, motor vehicles and staff quarter. As at 31 December 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The Group has extension options in a number of leases for the leasehold lands. They are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors.

The Group assessed at lease commencement date/date of initial application whether it is reasonably certain to exercise the extension option. There is no extension option which the Group is not reasonably certain to exercise, the related lease liabilities are recognised. As at 31 December 2022, lease liabilities with the exercise of extension options of RMB129,503,000 (2021: RMB201,369,000) are recognised.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2022 and 2021, there is no such triggering event.

Details of the lease maturity analysis of lease liabilities are set out in note 31.

16. RIGHT-OF-USE ASSETS (Continued)

Sale and leaseback transactions – seller-lessee

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. During the year ended 31 December 2022, the Group has raised RMB1,011,290,000 (2021: nil) borrowings in respect of such arrangements which are accounted as collateralised borrowings.

17. INTERESTS IN ASSOCIATES

	2022 RMB'000	2021 RMB'000
Cost of unlisted investments in associates	**1,133,124**	1,133,124
Share of post-acquisition profits, net of dividend received	**298,317**	217,789
	1,431,441	1,350,913

Details of the Group's associates at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2022	2021	**2022**	2021	
喀什博思光伏科技有限公司 Kashgar Solbright Technology Co. Ltd.*	PRC	**–**	20%	**–**	20%	Deregistered
華容縣協鑫光伏電力有限公司 Huarong County GCL Solar Power Co. Ltd.* ("Huarong")	PRC	**20%**	20%	**20%**	20%	Operation of solar power plants in the PRC
北京華橋新能源諮詢有限公司 Beijing Hua Qiao New Energy Limited*	PRC	**30%**	30%	**30%**	30%	Provision of consultancy services on solar power plant
林州市新創太陽能有限公司 Linzhou City Xinchuang Solar Company Limited* ("Linzhou Xinchuang")	PRC	**20%**	20%	**20%**	20%	Operation of solar power plants in the PRC
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co. Ltd.* ("Ruzhou")	PRC	**45%**	45%	**45%**	45%	Operation of solar plants in the PRC

17. INTERESTS IN ASSOCIATES (Continued)

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2022	2021	**2022**	2021	
新安縣協鑫光伏電力有限公司 Xinan County GCL Solar Power Co., Ltd.* ("Xinan")	PRC	**45%**	45%	**45%**	45%	Operation of solar power plants in the PRC
江陵縣協鑫光伏電力有限公司 Jiangling County GCL Solar Power Co., Ltd.* ("Jiangling")	PRC	**45%**	45%	**45%**	45%	Operation of solar power plants in the PRC
山西協鑫新能源科技有限公司 Shanxi GCL New Energy Technologies Co., Ltd.* ("Shanxi GNE")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
汾西縣協鑫光伏電力有限公司 Fenxi County GCL Photovoltaic Co., Ltd.* ("Fenxi GCL")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
芮城縣協鑫光伏電力有限公司 Ruicheng County GCL Photovoltaic Co., Ltd.* ("Ruicheng GCL")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.* ("Yu County Jinyang")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
盂縣協鑫光伏電力有限公司 Yu County GCL Photovoltaic Co., Ltd.* ("Yu County GCL")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping County Photovoltaic Development Co., Ltd.* ("Hanneng Guangping")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
河北協鑫新能源有限公司 Hebei GCL New Energy Co., Ltd.* ("Hebei GNE")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
宿州協鑫光伏電力有限公司 Suzhou GCL Solar Power Co., Ltd.* ("Suzhou GCL Solar Power") *(Note a)*	PRC	**10%**	10%	**20%**	20%	Operation of solar power plants in the PRC
淮北鑫能光伏電力有限公司 Huaibei Xinneng Solar Power Co., Ltd.* ("Huaibei Xinneng") *(Note a)*	PRC	**10%**	10%	**20%**	20%	Operation of solar power plants in the PRC

17. INTERESTS IN ASSOCIATES (Continued)

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2022	2021	**2022**	2021	
合肥建南電力有限公司 Hefei Jiannan Power Company Ltd.* ("Hefei Jiannan") *(Note a)*	PRC	**10%**	10%	**20%**	20%	Operation of solar power plants in the PRC
合肥久陽新能源有限公司 Hefei Jiuyang GCL New Energy Company Ltd.* ("Hefei Jiuyang") *(Note a)*	PRC	**10%**	10%	**20%**	20%	Operation of solar power plants in the PRC
欽州鑫奧光伏電力有限公司 Qinzhou Xinao Photovoltaic Power Company Limited* ("Xinao") *(Note b)*	PRC	**40%**	40%	**40%**	40%	Operation of solar power plants in the PRC
金湖正輝太陽能電力有限公司 Jinhu Zhenghui Photovoltaic Co., Ltd* ("Jinhu") *(Note c)*	PRC	**15.5%**	15.5%	**25%**	25%	Operation of solar power plants in the PRC
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.* ("Funan GCL") *(Note d)*	PRC	**10%**	10%	**20%**	20%	Operation of solar power plants in the PRC
合肥鑫仁光伏電力有限公司 Hefei Xinren Solar Power Co., Ltd.* ("Hefei Xinren") *(Note d)*	PRC	**10%**	10%	**20%**	20%	Operation of solar power plants in the PRC
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited* ("Tianchang GCL") *(Note d)*	PRC	**10%**	10%	**20%**	20%	Operation of solar power plants in the PRC
碭山協鑫光伏電力有限公司 Dangshan GCL Solar Power Co., Ltd.* ("Dangshan GCL") *(Note d)*	PRC	**10%**	10%	**20%**	20%	Operation of solar power plants in the PRC
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd* ("Hengshan Jinghe") *(Note e)*	PRC	**19.6%**	19.6%	**20%**	20%	Operation of solar power plants in the PRC
安福協鑫新能源有限公司 Anfu GCL New Energy Co., Ltd.* ("Anfu GCL") *(Note f)*	PRC	**49%**	49%	**33.3%**	33.3%	Operation of solar power plants in the PRC

17. INTERESTS IN ASSOCIATES (Continued)

Notes:

(a) On 16 November 2020, as disclosed in note 37(b)(i)(b), the Group announced that it has entered into a series of five share transfer agreements with 徐州國投環能源有限公司 Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* ("Xuzhou State Investment"), an independent third party, for disposal of 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and 67% equity interest in Dangshan Xinneng Photovoltaic Power Company Limited ("Dangshan Xinneng"). As the Group has right to appoint one out of five directors of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and therefore the Group retains significant influence on Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang upon completion of the disposal. Accordingly, the remaining 10% equity interest in Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang are accounted for as associates.

(b) On 21 August 2020, the Group disposed of a total of 60% equity interest in Xinao to 國家電投集團貴州金元威寧能源有限公司 State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* ("State Power Investment Corporation Guizhou Jinyuan Weining") and 廣西金元南方新能源有限公司 Guangxi Jinyuan South New Energy Limited*, which are independent third parties, the Group retains significant influence on Xinao upon completion of this disposal. Accordingly, the remaining 40% equity interest in Xinao is accounted for as investment in an associate.

(c) In July 2020, the Group disposed of 75% equity interest in Jinhu to 國開新能源科技有限公司 CDB New Energy Technology Co., Ltd.* ("CDB New Energy"), in June 2021, the Group further entered into supplemental agreement with CDB New Energy to disposed of its 9.5% equity interest in Jinhu to an independent third party. As the Group has right to appoint one out of four directors of Jinhu and therefore the Group retains significant influence on Jinhu upon completion of the disposal. Accordingly, the remaining 15.5% equity interest in Jinhu is accounted for as an associate.

(d) On 22 November 2020, as disclosed in note 37(b)(ii) the Group entered into five equity transfer agreements with Xuzhou State Investment to dispose of its 90% equity interest in each of Dangshan GCL, Funan GCL, Hefei Xinren and Tianchang GCL and its 50% equity interest in Taihu Xinneng Solar Power Co., Ltd ("Taihu Xinneng"). As the Group has right to appoint one out of five directors of Dangshan GCL, Funan GCL, Hefei Xinren and Tianchang GCL and therefore the Group retains significant influence on Dangshan GCL, Funan GCL, Hefei Xinren and Tianchang GCL upon completion of the disposal. Accordingly, the remaining 10% equity interest in Dangshan GCL, Funan GCL, Hefei Xinren and Tianchang GCL are accounted for as associates.

(e) On 1 April 2021, as disclosed in note 37(b)(xii) the Group entered into four equity transfer agreements with 三峽資產管理有限公司 Three Gorges Asset Management Co., Ltd. ("Three Gorges") to dispose of its 98.4% equity interest in Jingbian GCL Solar Power Co., Ltd. ("Jingbian GCL"), its 80.3514% equity interest in Hengshan Jinghe and its 100% equity interest in two wholly-owned subsidiaries, namely Yulin Longyuan Solar Energy Limited ("Yulin Longyuan") and Yulin Yushen Industrial Area Energy Co., Ltd., ("Yulin Yushen"). As the Group has right to appoint one out of five directors of Hengshan Jinghe and therefore the Group retains significant influence on Hengshan Jinghe upon completion of the disposal. Accordingly, the remaining 19.6% equity interest in Hengshan Jinghe is accounted for as an associate.

(f) On 24 June 2021, as disclosed in note 37(b)(vi) the Group entered into six equity transfer agreements with 重慶綠欣能源發展有限公司 Chongqing Lvxin Energy Development Co., Ltd.* ("Chongqing Lvxin") to dispose of its 100% equity interest in four wholly-owned subsidiaries namely, Shiyan Yunneng Photovoltaic Development Co., Ltd.* ("Shiyan Yunneng"), Jingshan GCL Photovoltaic Power Co. Ltd.* ("Jingshan GCL"), Jingshan Xinhui Solar Power Ltd.* ("Jingshan Xinhui") and Shanggao County Lifeng GCL New Energy Co., Ltd.* ("Shanggao County Lifeng"), its 70% equity interest in Shicheng GCL Solar Power Co., Ltd.* ("Shicheng GCL") and its 51% equity interest in Anfu GCL. As the Group has right to appoint one out of three directors of Anfu GCL and therefore the Group retains significant influence on Anfu GCL upon completion of the disposal. Accordingly, the remaining 49% equity interest in Anfu GCL is accounted for as an associate.

** English name for identification only*

All associates are accounted for using the equity method in these consolidated financial statements.

17. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates as at 31 December 2022 and 2021 is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Standards.

Hebei GNE and its subsidiaries

	2022 **RMB'000**	2021 RMB'000
Current assets	**1,212,589**	1,191,285
Non-current assets	**2,333,347**	2,626,908
Current liabilities	**(925,828)**	(657,332)
Non-current liabilities	**(1,333,880)**	(1,924,919)

	2022 **RMB'000**	2021 RMB'000
Revenue	**448,700**	388,098
Profit and total comprehensive income for the year	**127,928**	78,841
Dividends received from Hebei GNE and its subsidiaries during the year	**22,140**	2,100

17. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of material associates (Continued)

Hebei GNE and its subsidiaries (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hebei GNE and its subsidiaries recognised in the consolidated financial statements:

	2022 RMB'000	2021 RMB'000
Net assets of Hebei GNE and its subsidiaries	**1,286,228**	1,223,690
Proportion of the Group's ownership interest in Hebei GNE and its subsidiaries	**30%**	30%
Carrying amount of the Group's interest in Hebei GNE and its subsidiaries	**385,868**	367,107

Aggregate information of associates that are not individually material

	2022 RMB'000	2021 RMB'000
The Group's share of profit from operations and total comprehensive income	**84,390**	75,809
Carrying amount of the Group's interests in other associates	**1,045,573**	983,806
Dividends received from other associates	**20,100**	26,472

18. INTERESTS IN JOINT VENTURES

	2022 RMB'000	2021 RMB'000
Cost of unlisted investment in joint ventures	**4,900**	4,900
Share of post-acquisition losses, net of dividend received	**(1,724)**	(1,749)
	3,176	3,151

18. INTERESTS IN JOINT VENTURES (Continued)

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2022	2021	**2022**	2021	
北京京糧協鑫科技有限公司 Beijing Jing Liang GCL Technology Limited* ("Jingliang")	PRC	**49%**	49%	**49%**	49%	Provision of consultancy services on solar power plant

** English name for identification only*

All joint ventures are accounted for using the equity method in these consolidated financial statements.

Aggregate information of joint ventures that are not individually material

	2022 **RMB'000**	2021 RMB'000
The Group's share of profits from operations and total comprehensive income	**25**	16
Carrying amount of the Group's interests in the joint ventures	**3,176**	3,151

19. OTHER INVESTMENTS

	2022 **RMB'000**	2021 RMB'000
Unlisted equity investment *(note)*	**43,714**	43,714
Club membership	**1,929**	—
	45,643	43,714

Note:

During the year ended 31 December 2021, the Group disposed of 99.635% equity interest in Jingbian County Shunfeng New Energy Limited* ("Jingbian County") and disposed of 98.4% equity interest in Jingbian GCL, the wholly-owned subsidiaries, and retained the remaining 0.365% and 1.6% equity interest respectively in the companies. The Group also disposed of 90% equity interest in Shenmu Jingpu Power Co., Ltd.* ("Shenmu Jingpu"), Shenmu Jingfu Solar Power Co., Ltd.* ("Shenmu Jingfu"), Shenmu Ping Xi Power Co., Ltd.*, Shenmu Ping Yuan Power Co., Ltd.*, Shenmu County Jingdeng Power Co., Ltd.* ("Shenmu County Jingdeng") and Xixian New District GCL Photovoltaic Power Co., Ltd* ("Xixian New District"). The Group was not given the right to appoint any directors, and therefore the Directors considered that the Group was not able to exercise significant influence over these companies. Such equity investments were therefore accounted for as equity instruments at FVTPL as at 31 December 2021.

20. OTHER NON-CURRENT ASSETS

	2022 RMB'000	2021 RMB'000
Refundable value-added tax	**34,744**	141,625
Others	**72,521**	62,076
	107,265	203,701

21. TRADE AND OTHER RECEIVABLES

	2022 RMB'000	2021 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	**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 approximately 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.

21. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(a) (Continued)

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**	109,505
91–180 days	**13,824**	1,928
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 RMB50,499,000 (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 current year and prior periods. The amounts are non-trade in nature, unsecured, interest bearing from 4.45% to 9.52% per annum and repayable on demand.

Details of impairment assessment of trade and other receivables excluding prepayments and deposits and refundable value-added taxes are set out in note 39(b).

22. CONTRACT ASSETS

	2022 RMB'000	2021 RMB'000
Arising from sales of electricity	**55,372**	41,179
Less: Allowance for credit loss	**(415)**	(238)
	54,957	40,941

As at 1 January 2021, contract assets amounted to approximately RMB1,227,979,000 (net of loss allowance of approximately RMB5,398,000).

The contract assets 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. Tariff adjustment is recognised as revenue upon electricity is generated as disclosed in note 6. Pursuant to the 2020 Measures, for those on-grid solar power plants yet to be registered on the List, they are required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List. The Group considers the settlement terms contain significant financing component, and has adjusted the respective tariff adjustment for the financing component based on effective interest rate with reference to state treasury bonds of the PRC, as well as the estimated timing of collection. Accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties. The revenue of the Group was adjusted by approximately RMB38 million for the year ended 31 December 2022 (2021: RMB31 million) for this financing component and in relation to revision of expected timing of tariff adjustment in the contract assets.

Contract assets are reclassified to trade receivables at the point the respective on-grid solar power plant projects are enlisted on the List. The balances as at 31 December 2022 and 2021 are classified as non-current as they are expected to be received after twelve months from the reporting date.

Details of impairment assessment are set out in note 39(b).

23. TRANSFER OF FINANCIAL ASSETS

During the current year, the Group endorsed certain bills for the settlement of payables for purchase of plant and machinery and construction costs; and discounted certain bills received by the Group to banks for financing.

The following were the Group's bills as at 31 December 2022 and 2021 that were transferred to banks or creditors by discounting or endorsing the bill, respectively, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these bills, it continues to recognise the full carrying amount of the receivables and recognised the cash received on the transfer as secured borrowings or the amounts outstanding with the creditors remain to be recognised as other payables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

23. TRANSFER OF FINANCIAL ASSETS (Continued)

At 31 December 2022

	Bills discounted to banks with full recourse RMB'000	Bills endorsed to creditors with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	**8,889**	**50,623**	**59,512**
Carrying amount of associated liabilities	**(8,889)**	**(50,623)**	**(59,512)**
Net position	**—**	**—**	**—**

At 31 December 2021

	Bills discounted to banks with full recourse RMB'000	Bills endorsed to creditors with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	8,156	36,713	44,869
Carrying amount of associated liabilities	(8,156)	(36,713)	(44,869)
Net position	—	—	—

The Directors consider that the carrying amounts of the endorsed and discounted bills approximate their fair values.

The finance cost recognised for bills discounted to banks were included in interest on bank and other borrowings (note 9).

24. AMOUNTS DUE FROM/TO RELATED COMPANIES

	2022 RMB'000	2021 RMB'000
Amounts due from associates		
— Non-trade related *(Note a)*	**267,067**	258,793
Amounts due from fellow subsidiaries		
— Trade related *(Note b)*	**4,448**	12,797
— Non-trade related *(Note b)*	**23,638**	15,208
	28,086	28,005
Amounts due from the companies of which Mr. Zhu Yufeng and his family have significant influence		
— Non-trade related *(Note c)*	**4,947**	522
Analysed for reporting purposes as:		
— Current assets	**282,657**	262,839
— Non-current assets	**17,443**	24,481
	300,100	287,320
— Trade related	**4,448**	12,797
— Non-trade related	**295,652**	274,523
	300,100	287,320
Amounts due to associates		
— Non-trade related *(Note a)*	**4,059**	4,214
Amounts due to fellow subsidiaries		
— Non-trade related *(Note b)*	**125,875**	106,934
Amounts due to the companies of which Mr. Zhu Yufeng and his family have significant influence		
— Non-trade related *(Note c)*	**13,211**	3,072
Analysed for reporting purposes as:		
— Current liabilities	**143,145**	114,220

24. AMOUNTS DUE FROM/TO RELATED COMPANIES (Continued)

Notes:

(a) The amounts due from/to associates are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for an amount of RMB17,443,000 (2021: RMB24,481,000) which, in the opinion of the Directors, is expected to be received after twelve months from the end of the reporting period and is classified as non-current.

(b) The amounts due from/to fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for the amounts due from fellow subsidiaries of approximately RMB4,448,000 (2021: RMB12,797,000) which is arising from operation and management services rendered to fellow subsidiaries with a credit term of 30 days.

As at 1 January 2021, amounts due from fellow subsidiaries in trade nature amounted to approximately RMB9,986,000.

The following is an aged analysis of the amounts due from fellow subsidiaries arising from operation and management services presented based on the invoice date which approximated the respective revenue recognition date:

	2022 **RMB'000**	2021 RMB'000
0–90 days	**1,244**	11,959
91–180 days	**424**	838
More than 365 days	**2,780**	–
	4,448	12,797

As at 31 December 2022, included in these trade receivables with aggregate carrying amount of RMB4,017,000 (2021: RMB1,601,160) which are past due as at the end of the reporting date. These trade receivables relate to several fellow subsidiaries in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

(c) Mr. Zhu Yufeng and his family members hold in aggregate more than 20% equity interest in related companies as at 31 December 2022 and 2021 and exercise significant influence over the related companies. The amounts due from/to the companies of which Mr. Zhu Yufeng and his family exercise significant influence are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for amounts of RMBnil (2021: RMB1,205,000) due to companies of which Mr. Zhu Yufeng and his family exercise significant influence which is arising from training services provided by related companies with credit term of 30 days.

As at 31 December 2022, the aging of the trade related balances is within 90 days (2021: within 90 days), included in these receivables with aggregate carrying amount of RMBnil (2021: RMB1,205,000) which are past due as at the end of the reporting date. These receivables relate to several related companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over those balances. The maximum amount outstanding during the year ended 31 December 2022 is RMB4,947,000 (2021: RMB1,166,000) in relation to the non-trade balances for the amounts due from the companies of which Mr. Zhu Yufeng and his family exercise significant influence.

25. PLEDGED BANK AND OTHER DEPOSITS/BANK BALANCES AND CASH

Pledged bank and other deposits

Pledged bank and other deposits represent deposits pledged to banks and other financial institutions to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits carry fixed interest rates ranging from 0.25% to 0.3% (2021: 0.3% to 2.25%) per annum.

At 31 December 2022, pledged other deposits approximate RMB131,026,000 (2021: RMB103,173,000) are non-interest bearing.

Bank and other deposits amounting to RMB61,001,000 (2021: RMB248,396,000) have been pledged to secure the Group's bills payable and short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to RMB200,785,000 (2021: RMB181,366,000) have been pledged to secure long-term borrowings and are therefore classified as non-current assets.

Bank balances

Bank balances carry interest at floating rates range from 0.25% to 0.3% (2021: 0.01% to 0.385%) per annum or fixed rates range from 1.8% to 2.25% (2021: 1.1% to 2.75%) per annum.

Details of impairment assessment of pledged bank and other deposits and bank balances are set out in note 39(b).

26. ASSETS CLASSIFIED AS HELD FOR SALE

Disposal groups classified as held for sale

(a) Year ended 31 December 2022

On 31 December 2022, the Group entered into two equity transfer agreements with Hunan Xinhua Water, an independent third party to dispose of its 100% equity interest in a wholly-owned subsidiary, namely 磴口協鑫光伏電力有限公司 Dengkou GCL Photovoltaic Power Co,. Ltd* ("Dengkou GCL"), and 51% equity interest in 鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co,. Ltd* ("Yuncheng Xinhua") for aggregate consideration of RMB26,370,000 as at the date of disposals. The subsidiaries operate solar power plant projects with in aggregate of 50MW in Shandong and Inner Mongolia, the PRC.

As at 31 December 2022, the disposal of Dengkou GCL and Yuncheng Xinhua have not been completed and the relevant assets and liabilities were classified as disposal groups held for sale.

** English name for identification only*

26. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

(a) Year ended 31 December 2022 (Continued)

As at 31 December 2022, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment *(note 15)*	268,941
Right-of-use assets *(note 16)*	28,025
Other non-current assets	2,756
Trade and other receivables	108,999
Pledged bank deposits	4,500
Bank balances and cash	53,208
	466,429
Less: Impairment loss on property, plant and equipment *(note 8(b)(i))*	(11,342)
Total assets classified as held for sale	455,087
Other payables	(19,522)
Other borrowing — due within one year	(3,830)
Other borrowing — due after one year	(145,046)
Lease liabilities — current	(1,740)
Lease liabilities — non-current	(21,565)
Tax payable	(682)
Total liabilities directly associated with assets classified as held for sale	(192,385)
Net assets of solar power plant projects classified as held for sale	262,702
Intragroup balances	(241,471)
Net assets of disposal group	21,231

26. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

(a) Year ended 31 December 2022 (Continued)

The following is an aged analysis of trade receivables presented based on the invoice date at 31 December 2022, which approximated the respective revenue recognition date:

	RMB'000
Unbilled *(Note)*	102,897
0–90 days	3,609
	106,506

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

	RMB'000
0–90 days	9,742
91–180 days	14,789
181–365 days	54,520
Over 365 days	23,846
	102,897

For the electricity sale business, the disposal group generally granted 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 contract between the disposal group and the respective local grid companies.

As at 31 December 2022, none of these trade receivables are past due as at the end of the reporting date.

26. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

(a) Year ended 31 December 2022 (Continued)

The carrying amount of the secured other borrowing is repayable:

	RMB'000
Within one year	3,830
More than one year, but not exceeding two years	3,828
More than two years, but not exceeding five years	27,898
More than five years	113,320
	148,876
Less: Other borrowing — due within one year	(3,830)
Other borrowing — due after one year	145,046

The effective interest rate (which are equal to contracted interest rates) on the disposal group's other borrowing is 4.94%.

The disposal group's other borrowing is denominated in the functional currency of the subsidiaries.

Lease liabilities payable:

	2022 RMB'000
Within one year	**1,740**
Within a period of more than one year but not more than two years	**1,641**
Within a period of more than two years but not more than five years	**4,525**
Within a period of more than five years	**15,399**
	23,305

The weighted average incremental borrowing rate applied to lease liabilities is 5.32%.

The lease obligations are denominated in the functional currency of the subsidiaries.

26. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

(b) Year ended 31 December 2021

(i) On 16 November 2021, the Group entered into four equity transfer agreements with 國家電投集團新疆能源化工額敏有限責任公司 State Power Investment Group Xinjiang Energy Chemical Emin Co., Ltd.* ("State Power Investment Group Xinjiang"), an independent third party, to dispose of its 100% equity interest in four wholly-owned subsidiaries, namely Haidong Yuantong Photovoltaic Power Generation Co., Ltd.* ("Haidong Yuantong"), Huzhu Haoyangyangfu Power Generation Co., Ltd.* ("Huzhu Hao-yangyangfu"), Hualong Xiehe Solar Power Co., Ltd.* ("Hualong Xiehe"), Qinghai Baineng Photovoltaic Investment Management Co., Ltd.* ("Qinghai Baineng") for aggregate consideration of RMB22,800,000 as at the date of disposals. The Group and State Power Investment Group Xinjiang mutually agreed to reduce the consideration from RMB22,800,000 to RMB20,666,000 during the year ended 31 December 2021. The subsidiaries operate solar power plant projects with in aggregate of 98.08MW in Qinghai, the PRC.

As at 31 December 2021, the disposal of Haidong Yuantong, Huzhu Haoyangyangfu, Hualong Xiehe and Qinghai Baineng have not been completed and presented the relevant assets and liabilities were classified as held for sale as disposal groups held for sale.

On 15 November 2022, the Group entered into four cancellation agreements with State Power Investment Group Xinjiang in relation to these four equity transfer transactions. The Group and State Power Investment Group Xinjiang mutually agreed to cancel the transactions without any compensations and penalties. The Group measured each non-current asset that ceased to be classified as held for sale at the lower of its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had the asset not been classified as held for sale; and its recoverable amount at the date of the subsequent decision not to sell.

** English name for identification only*

26. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

(b) Year ended 31 December 2021 (Continued)

(i) (Continued)

As at 31 December 2021, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment *(note 15)*	393,931
Right-of-use assets *(note 16)*	23,079
Other non-current assets	119,424
Other current assets	81
Trade and other receivables	223,518
Bank balances and cash	23,351
Total assets classified as held for sale	783,384
Other payables	(98,045)
Bank and other borrowings — due within one year	(128,000)
Bank and other borrowings — due after one year	(326,680)
Lease liabilities — current	(843)
Lease liabilities — non-current	(8,769)
Tax payable	(28)
Total liabilities directly associated with assets classified as held for sale	(562,365)
Net assets of solar power plant projects classified as held for sale	221,019
Intragroup balances	(200,353)
Net assets of disposal group	20,666

26. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

(b) Year ended 31 December 2021 (Continued)

(i) (Continued)

The following is an aged analysis of trade receivables presented based on the invoice date at 31 December 2021, which approximated the respective revenue recognition date:

	RMB'000
0–90 days	18,598
91–180 days	16,602
Over 180 days	162,260
	197,460

For the electricity sale business, the Group generally granted 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 contract between the Group and the respective local grid companies.

As at 31 December 2021, none of these trade receivables are past due as at the end of the reporting date.

The carrying amounts of the bank borrowings are repayable:

	RMB'000
Within one year	4,000
More than one year, but not exceeding two years	30,640
More than two years, but not exceeding five years	97,230
More than five years	198,810
	330,680
Less: Bank borrowings — due within one year	(4,000)
Bank borrowings — due after one year	326,680

26. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

(b) Year ended 31 December 2021 (Continued)

(i) (Continued)

The carrying amounts of the other borrowings are repayable:

	RMB'000
Within one year	124,000
Other borrowings — due within one year	124,000

The effective interest rates (which are equal to contracted interest rates) on the disposal group's borrowings are ranged from 5.39% to 8.1%.

The disposal group's borrowings are denominated in the functional currency of the subsidiaries.

Lease liabilities payable:

	2021 RMB'000
Within one year	843
Within a period of more than one year but not more than two years	793
Within a period of more than two years but not more than five years	2,111
Within a period of more than five years	5,865
	9,612

The weighted average incremental borrowing rate applied to lease liabilities is 6.23%.

The lease obligations are denominated in the functional currency of the subsidiaries.

26. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

(b) Year ended 31 December 2021 (Continued)

(ii) Below disposals of subsidiaries were completed during the year ended 31 December 2021 and the relevant assets and liabilities of these subsidiaries were classified as held for sale as at 31 December 2020.

(a) On 29 September 2020, the Group entered into six equity transfer agreements with 華能工融一號（天津）股權投資基金合夥企業有限公司 Huaneng Gongrong No. 1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 1 Fund") and 華能工融二號（天津）股權投資基金合夥企業有限公司 Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 2 Fund") to dispose of its 100% equity interest in six wholly-owned subsidiaries, namely 湖北省麻城市金伏太陽能電力有限公司 Hubei Macheng Photovoltaic Power Company Limited* ("Hubei Macheng"), 輝縣市協鑫光伏電力有限公司 Huixian City GCL Photovoltaic Power Company Limited* ("Huixian City GCL"), 淇縣協鑫新能源有限公司 Qixian GCL New Energy Limited* ("Qixian GCL"), 汝陽協鑫新能源有限公司 Ruyang GCL New Energy Limited* ("Ruyang GCL"), 包頭市中利騰輝光伏發電有限公司 Baotou Zhonglitenghui Photovoltaic Power Company Limited* ("Baotou Zhonglitenghui"), 寧夏中衛協鑫光伏電力有限公司 Ningxia Zhongwei Photovoltaic Power Company Limited* ("Ningxia Zhongwei") at consideration in aggregate of RMB576,001,000 and the repayment of corresponding interest in shareholder's loan as at the date of disposals. The subsidiaries operate solar power plant projects with in aggregate capacity of 403MW in Henan, the PRC.

The disposals of Huixian City GCL and Qixian GCL were completed during the year ended 31 December 2020 with an aggregate consideration of RMB117,515,000. During the year ended 31 December 2021, the disposals of Hubei Macheng, Ruyang GCL, Baotou Zhonglitenghui and Ningxia Zhongwei with an aggregate consideration of RMB449,924,000 were completed.

(b) On 16 November 2020, the Group entered into five equity transfer agreements with Xuzhou State Investment to dispose of its 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and 67% equity interest in Dangshan Xinneng, at consideration in aggregate of RMB276,437,000 and the repayment of corresponding interest in shareholder's loan as at the date of completion of disposals. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB276,437,000 to RMB269,267,000 during the year ended 31 December 2020. The subsidiaries operate solar power plant projects with in aggregate capacity of 174MW in Anhui, the PRC.

(c) On 4 December 2020, the Group entered into a share transfer agreement with 北京聯合榮邦新能源科技有限公司 Beijing United Rongbang New Energy Technology Co., Ltd.* ("Beijing United Rongbang"), an independent third party, to disposal all of its 99.2% equity interests in 正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Company Limited* ("Zhenglanqi") for consideration in aggregate of RMB209,600,000 and the repayment of corresponding interest in shareholder's loan as at the date of disposal. During the year of 2020, RMB79,000,000 has been received and recognised as other payables as at 31 December 2020. Zhenglanqi has a solar power plant project with installed capacity of approximately 50MW in Inner Mongolia, the PRC.

(d) The Group entered into a share swap agreement with 上海綠璟投資有限公司 Shanghai Lujing Investment Management Limited* ("Shanghai Lujing"). Pursuant to the terms of the share swap agreement, the Group will acquire 20% of equity interests in each of Shenmu Jingpu, Shenmu Jingfu and Shenmu County Jingdeng at consideration of combination of cash of RMB69,260,000 and 80% equity interest in 神木國泰農牧發展有限公司 Shenmu Guotai Development Limited* ("Shenmu Guotai").

** English name for identification only*

26. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

(b) Year ended 31 December 2021 (Continued)

(ii) (Continued)

As at 31 December 2020, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment	2,613,456
Right-of-use assets	75,051
Other non-current assets	81,784
Trade and other receivables	718,055
Pledged bank deposits	43,882
Bank balances and cash	48,018
	3,580,246
Less: Impairment loss on property, plant and equipment	(54,497)
Total assets classified as held for sale	3,525,749
Other payables	(148,414)
Loan from a related company — due within one year	(3,085)
Bank and other borrowings — due within one year	(329,800)
Bank and other borrowings — due after one year	(1,383,066)
Lease liabilities — current	(3,035)
Lease liabilities — non-current	(48,823)
Tax payable	(3,345)
Total liabilities directly associated with assets classified as held for sale	(1,919,568)
Net asset of solar power plant projects classified as held for sale	1,606,181
Intragroup balances	(820,206)
Net assets of disposal group	785,975

27. OTHER PAYABLES AND DEFERRED INCOME

	2022 RMB'000	2021 RMB'000
Payables for purchase of plant and machinery and construction costs *(Note a)*	**145,317**	502,155
Payables to vendors of solar power plants	**24,586**	32,011
Other tax payables	**31,716**	39,244
Other payables	**512,979**	341,149
Advance from Engineering, procurement and construction ("EPC") contractors *(Note b)*	**48,917**	37,400
Deferred income *(Note c)*	**362,244**	341,046
Dividend payable to non-controlling shareholders	**17,877**	31,721
Accruals		
— Staff costs	**50,076**	79,666
— Legal and professional fees	**20,493**	37,674
— Interest payable	**92,908**	193,176
— Consultancy fees	**—**	9,290
— Others	**22,718**	23,549
	1,329,831	1,668,081
Analysed as:		
Current	**985,852**	1,340,231
Non-current deferred income	**343,979**	327,850
	1,329,831	1,668,081

The Group has financial risk management policies in place to ensure settlement of payables within the credit time frame.

Notes:

a. Included in payables for purchase of plant and machinery and construction costs are RMB69,758,000 (2021: RMB87,517,000) in which the Group presented bills to relevant creditors for settlement and remained outstanding at the end of the reporting period. It also contains obligations arising from endorsing bills with recourse with an aggregate amount of approximately RMB50,623,000 (2021: RMB36,713,000). All bills presented by the Group is aged within one year and not yet due at the end of the reporting period.

b. The advance represents the amounts received from EPC contractors for modules procurement, in which the modules will be used in the construction of the Group's solar power plants.

c. Pursuant to the relevant prevailing federal policies in the US, taxpayers that construct or acquire on or before 31 December 2019 qualified energy property are allowed to claim an energy investment tax credit ("ITC") at 30% for the taxable year in which such property is placed in service by the taxpayer. The Directors analysed the facts and circumstances of the ITC and determined that it is of nature of a government grant that is provided to the Group in the form of tax benefits relating to construction or acquisition of qualified energy property.

27. OTHER PAYABLES AND DEFERRED INCOME (Continued)

Notes: (Continued)

c. (Continued)

Against this, the Group entered into an inverted lease arrangement in February 2017 for its qualified solar power plant projects in the US ("Qualified Assets") with a third party financial institution, which acts as a tax equity investor, and the arrangement allows the Group to pass its entitled ITC ("ITC Benefit") that constitutes the right to offset against future tax payables to the tax equity investor for cash receipts in exchange. During the year ended 31 December 2017, ITC Benefit of the Group related to the Qualified Assets amounted to US$34,090,000 (equivalent to approximately RMB222,751,000) and was recognised as a government grant ("Grant") as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the tax equity investor and accordingly, the ITC Benefit was derecognised during the year that the invested lease arrangement was entered into with the tax equity investor. Approximately US$1,136,000 (equivalent to approximately RMB7,935,000) (2021: US$1,136,000 (equivalent to approximately RMB7,239,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

During the year ended 31 December 2018, the Group entered into another financing arrangement for its four qualified solar power plant projects in the US with a third party financial institution, in which the Group passed its ITC Benefit to the financial institution that constitutes the right to offset against future tax payables to the financial institution for cash receipts in exchange. During the current year, ITC Benefit of the Group related to the four projects amounted to US$23,603,000 (equivalent to approximately RMB164,386,000) (2021: US$24,520,000 (equivalent to approximately RMB156,334,000)) and was recognised as a Grant as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the financial institution and accordingly, the relevant ITC Benefit was derecognised during year ended 31 December 2019. Approximately US$917,000 (equivalent to approximately RMB6,406,000) (2021: US$906,000 (equivalent to approximately RMB5,843,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

28. LOANS FROM RELATED COMPANIES

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

Note:

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)* ("Nanjing Xinneng"), 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited* ("Jiangsu GCL Real Estate") 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 is unsecured, interest-fee and repayable from 2022 through 2023.

* *English name for identification only*

29. BANK AND OTHER BORROWINGS

	2022 RMB'000	2021 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 bank borrowings	**—**	109,259
Variable-rate bank borrowings	**736,701**	880,737
	736,701	989,996

29. BANK AND OTHER BORROWINGS (Continued)

	2022 RMB'000	2021 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 other borrowings	**106,895**	100,557
Variable-rate other 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. Further details of the Group's management of liquidity risk are set out in note 39(b).

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.

29. BANK AND OTHER BORROWINGS (Continued)

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

	2022 **RMB'000**	2021 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%

29. BANK AND OTHER BORROWINGS (Continued)

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

	2022 **RMB'000**	2021 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, 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 as disclosed in note 16.

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.

30. SENIOR NOTES

	2022 **RMB'000**	2021 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

30. SENIOR NOTES (Continued)

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 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 RMB286 million on 18 March 2022, approximately US$11.8 million (equivalent to RMB84 million) on 9 September 2022 and approximately US$122.6 million (equivalent to RMB870 million) on 28 October 2022.

The New Senior Notes are unsecured, bear interest at 10% per annum and are payable on 30 January 2024.

31. LEASE LIABILITIES

	2022 RMB'000	2021 RMB'000
Lease liabilities payable:		
Within one year	**30,305**	38,476
Within a period of more than one year but not more than two years	**19,309**	44,710
Within a period of more than two years but not more than five years	**39,348**	61,419
Within a period of more than five years	**181,334**	226,759
	270,296	371,364
Less: Amount due for settlement with 12 months shown under current liabilities	**(30,305)**	(38,477)
Amount due for settlement after 12 months shown under non-current liabilities	**239,991**	332,887

The weighted average incremental borrowing rate applied to lease liabilities is 5.32% (2021: 5.34%).

All lease obligations are denominated in the functional currencies of the relevant group entities.

32. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 **RMB'000**	2021 RMB'000
Deferred tax assets	**25,383**	29,264
Deferred tax liabilities	**(679)**	(841)
	24,704	28,423

The following are the deferred tax liabilities (assets) recognised and movements thereon during the year:

	Fair value adjustments on acquisitions RMB'000	**Unrealised profits on plant and equipment** RMB'000	**Others** RMB'000	**Total** RMB'000
At 1 January 2021	5,969	(134,866)	35,245	(93,652)
Charge (credit) to profit or loss	—	18,116	(767)	17,349
Disposal of solar power plant projects	(5,969)	87,486	(33,637)	47,880
At 31 December 2021	—	(29,264)	841	(28,423)
Charge (credit) to profit or loss	—	3,881	(162)	3,719
At 31 December 2022	**—**	**(25,383)**	**679**	**(24,704)**

Under the tax law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to RMB158,934,000 (2021: RMB149,930,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. During the current year, withholding tax of RMBnil (2021: RMB920,000) are charged to profit or loss for the dividends declared and paid by the PRC subsidiaries of RMBnil (2021: RMB18,400,000).

32. DEFERRED TAXATION (Continued)

At the end of the reporting period, the Group has unused tax losses of approximately RMB1,398,475,000 (2021: RMB1,813,977,000) available for offset against future profits. Unrecognised tax losses of approximately RMB15,640,000 (2021: RMB6,959,000) was disposed together with the disposal of subsidiaries during the year ended 31 December 2022. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB1,388,037,000 (2021: RMB1,605,786,000) will expire from 2023 to 2027 (2021: 2022 to 2026) and other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary difference mainly in respect of impairment of certain assets in aggregate of approximately RMB1,442,384,000 (2021: RMB763,448,000). No deferred tax asset has been recognised to the deductible temporary difference as it is not probable that tax profit will be available against which the deductible temporary difference can be utilised.

33. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.083 (2021 (restated): HK$0.083) each		
Authorised:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	1,800,000,000	150,000
Issued and fully paid		
At 1 January 2021	19,073,715,441	79,474
Issue of shares on placement *(Note a)*	2,000,000,000	8,320
At 31 December 2021 and 1 January 2022	21,073,715,441	87,794
Issue of share on placement *(Note b)*	2,275,000,000	9,441
Share Consolidation	(22,181,279,669)	–
At 31 December 2022	1,167,435,772	97,235

	2022	2021
	RMB'000	RMB'000
Shown in the financial statements as	**81,773**	73,629

33. SHARE CAPITAL (Continued)

Notes:

(a) On 10 February 2021, the Group announced that a placing agreement has been entered into among the Elite Time Global Limited, a wholly-owned subsidiary of GCL-Poly, the Company and the placing agents under which up to a total of 2,000 million new shares of the Company to be issued (the "2021 Transaction"). The 2021 Transaction has been completed on 17 and 19 February 2021 and net proceeds of the 2021 Transaction, after taking into account all related costs, fees, expenses and commission, were approximately HK$895,000,000 (equivalent to RMB747,081,000).

(b) On 28 July 2022, the Group announced that a placing agreement has been entered into among the Elite Time Global Limited, the Company and the placing agents under which up to a total of 2,275 million new shares of the Company to be issued (the "2022 Transaction"). The 2022 Transaction has been completed on 1 and 4 August 2022 and net proceeds of the 2022 Transaction, after taking into account all related costs, fees, expenses and commission, were approximately HK$310,325,000 (equivalent to RMB266,601,000).

(c) 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 in the share capital of the Company and the authorised share capital of the Company became HK$150,000,000 divided into 1,800,000,000 shares of HK$0.083 each, of which 1,167,435,772 Consolidated Shares are in issue.

34. PERPETUAL NOTES

On 18 November 2016, Nanjing GCL New Energy (as defined in note 47(a)), an indirect wholly-owned subsidiary, entered into a perpetual notes agreement with 保利協鑫（蘇州）新能源有限公司 GCL-Poly (Suzhou) New Energy Co., Ltd.* ("GCL-Poly (Suzhou)"), 江蘇協鑫矽材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd.* ("Jiangsu GCL"), 蘇州協鑫光伏科技有限公司 Suzhou GCL Photovoltaic Technology Co., Ltd.* ("Suzhou GCL") and 太倉協鑫光伏科技有限公司 Taicang GCL Photovoltaic Technology Co., Ltd.* ("Taicang GCL") (together, the "Lenders"). Each of the Lenders is a wholly-owned subsidiary of GCL-Poly. Nanjing GCL New Energy issued perpetual notes of RMB800,000,000 and RMB1,000,000,000 in November and December 2016, respectively and key terms are as follows:

* *English name for identification only*

(a) Interest rate

Interest rate is 7.3% per annum for the first two years, 9% per annum for the third to fourth year and 11% per annum starting from the fifth year.

(b) Maturity date

There is no maturity date.

34. PERPETUAL NOTES (Continued)

(c) Repayment terms

The distribution shall be repaid on the 21st day of the last month of each quarter (the "Distribution Payment Date"). Nanjing GCL New Energy shall have the right to defer any distribution payment indefinitely by notifying the Lenders five working days before the Distribution Payment Date, and there is no compound interest on the deferred distribution payment. If Nanjing GCL New Energy chooses to defer distribution payment, for as long as there is any deferred distribution payment not yet paid in full, Nanjing GCL New Energy is not permitted to declare and pay dividends to its shareholders. The Lenders shall have no right at any time to request repayment of the perpetual notes from Nanjing GCL New Energy, but Nanjing GCL New Energy shall have the right, but not the obligations, to repay the perpetual notes amount by notifying the Lenders in writing five working days before the repayment of the perpetual notes at par value.

(d) Classification of perpetual notes

The perpetual notes are classified as equity instruments in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by Nanjing GCL New Energy to the holders are recognised in equity in the consolidated financial statements of the Group. During the year ended 31 December 2022, profit and total comprehensive income of RMB200,750,000 (2021: RMB207,786,000) was attributable to perpetual notes holders in accordance with the terms of the agreement. The entire distribution payment of RMB200,750,000 for the year ended 31 December 2022 (2021: RMB207,786,000) was deferred by the Group.

35. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

The Company's new share option scheme was adopted pursuant to a resolution passed on 15 October 2014 ("New Share Option Scheme") for the primary purpose of providing incentives to directors and eligible employees. Under the New Share Option Scheme, the Board of directors of the Company may grant options to eligible employees including the Directors, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

On 26 February 2021 and 3 November 2021, the Company granted 370,516,250 and 60,500,000 share options (before adjustment of Share Consolidation) to the employees and directors under the Scheme respectively. Each share option entitles the holder to subscribe for one share of HK$0.00416 and HK$0.00416 of the Company at an exercise price (before adjustment of Share Consolidation) of HK$0.384 and HK$0.357 respectively. The contractual life of these share options is the period from the date on which an option certificate is issued after acceptance by the grantees and expiring on 25 February 2031 and 2 November 2031 respectively. Further details are set out in the Company's announcement dated 26 February 2021 and 3 November 2021 respectively.

The following table discloses the terms and conditions of the grants are as follows, whereby all options (before adjustment of Share Consolidation) are settled by physical delivery of shares:

	Number of options	Vesting conditions	Contractual life of options
Options granted to directors:			
24 July 2015	8,052,800	Exercisable in five even tranches immediately from 24 July of each year from 2015 to 2019	Expire at the close of business on 23 July 2025
3 November 2021	60,500,000	Exercisable in four even tranches immediately from 3 November of each year from 2022 to 2025	Expire at the close of business on 2 November 2031
Options granted to employees:			
23 October 2014	52,343,000	Exercisable in five even tranches immediately from 24 November of each year from 2014 to 2018	Expire at the close of business on 22 October 2024
24 July 2015	73,511,998	Exercisable in five even tranches immediately from 24 July of each year from 2015 to 2019	Expire at the close of business on 23 July 2025
26 February 2021	370,516,250	Exercisable in four even tranches immediately from 26 February of each year from 2022 to 2025	Expire at the close of business on 25 February 2031

35. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme (Continued)

The options outstanding at 31 December 2022 had a weighted average remaining contractual life of 7.38 years (2021: 8.23 years).

The fair value of services received in return for share options granted during the year ended 31 December 2021 was measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted was measured based on the Binomial Option pricing model for share options granted on 23 October 2014, 26 February 2021 and 3 November 2021, while based on the Monte Carlo mode for share options granted on 24 July 2015. The contractual life of the share option and expectations of early exercise were incorporated into the respective models.

	Granted on 26 February 2021	Granted on 3 November 2021
Fair value of and assumptions for share options		
Fair value at measurement date	HK$0.12	HK$0.12
Share price	HK$0.375	HK$0.330
Exercise price	HK$0.384	HK$0.357
Volatility	64.71%	63.42%
Share option life	10 years	10 years
Expected dividends	0%	0%
Risk-free interest rate (based on Exchange Fund Notes)	1.43%	1.50%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends were based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

35. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme (Continued)

At 31 December 2022, the number of shares in respect of which had been granted under the New Share Option Scheme and remained outstanding was approximately 25,113,369 (after the share consolidation of the Company with effect from 31 October 2022) (2021: 545,321,748) shares, representing 2.15% (2021: 2.6%) of the issued share capital of the Company at that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The following table discloses exercise prices and movements of the Company's share options, which have been adjusted pursuant to the Share Consolidation of the Company's shares becoming effective on 31 October 2022 as disclosed in notes 14 and 32(c):

2022

					Number of share options				
	Exercise price	Adjusted exercise price	Date of grant	Exercise period	Outstanding at 1 January 2022	Adjusted outstanding at 1 January 2022	Granted during the year	Forfeited during the year	Outstanding at 31 December 2022
Directors	HK$0.357	HK$7.14	3.11.2021	3.11.2021 – 2.11.2031	60,500,000	3,025,000	–	(100,000)	2,925,000
Former director *(Note)*	HK$0.606	HK$12.12	24.7.2015	24.7.2015 – 23.7.2025	8,052,800	402,640	–	–	402,640
Employees and others providing similar services	HK$1.1798	HK$23.596	23.10.2014	24.11.2014 – 22.10.2024	52,343,200	2,617,157	–	(251,650)	2,365,507
	HK$0.606	HK$12.12	24.7.2015	24.7.2015 – 23.7.2025	73,511,998	3,675,596	–	(238,060)	3,437,536
	HK$0.384	HK$7.68	26.2.2021	26.2.2021 – 25.2.2031	350,913,750	17,545,686	–	(1,563,000)	15,982,686
					545,321,748	27,266,079	–	(2,152,710)	25,113,369
Exercisable at 1 January 2022/ 31 December 2022					52,343,200	2,617,157			2,365,507
Weighted average exercise price *(HK$)*					0.4906	9.8119	–	10.0065	9.7952

Note: While Mr. Sha Hongqiu retired from office as a non-executive Director with effect from the conclusion of the annual general meeting of the Company held on 17 June 2020, his share options remain exercisable under the New Share Option Scheme.

35. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme (Continued)

2021 (Before adjustment of Share Consolidation)

				Number of share options			
	Exercise price	Date of grant	Exercise period	Outstanding at 1 January 2021	Granted during the year	Forfeited during the year	Outstanding at 31 December 2021
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	(58,382,800)	—
	HK$0.357	3.11.2021	3.11.2021-2.11.2031	—	60,500,000	—	60,500,000
Former director *(Note)*	HK$0.606	24.7.2015	24.7.2015–23.7.2025	24,460,380	—	(16,407,580)	8,052,800
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	194,797,232	—	(142,454,032)	52,343,200
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	164,790,486	—	(91,278,488)	73,511,998
	HK$0.384	26.2.2021	26.2.2021-25.2.2031	—	370,516,250	(19,602,500)	350,913,750
				442,430,898	431,016,250	(328,125,400)	545,321,748
Exercisable at 1 January 2021/31 December 2021				253,180,032			52,343,200
Weighted average exercise price *(HK$)*				0.9344	0.3802	0.9439	0.4906

Note: While Mr. Sha Hongqiu retired from office as a non-executive Director with effect from the conclusion of the annual general meeting of the Company held on 17 June 2020, his share options remain exercisable under the New Share Option Scheme.

During the current year, share-based payment expense of RMB17,121,000 (2021: RMB20,718,000) has been recognised in profit or loss. In addition, share options granted to certain Directors and employees have been forfeited during both years and respective share options reserve of approximately RMB5,908,000 (2021: RMB126,175,000) is transferred to the Group's accumulated losses.

36. MATERIAL ACQUISITION OF ADDITIONAL INTEREST IN SUBSIDIARIES

During the year ended 31 December 2021, the Group entered into equity transfer agreements with the non-controlling shareholders to acquire additional equity interest of 7.18% in Suzhou GCL New Energy Investment Co., Ltd. ("Suzhou GCL New Energy") and 19% in Shicheng GCL at consideration of RMB1,485,533,000 and RMB101,039,000 respectively. The difference between the considerations to acquire additional equity interests in above subsidiaries and the relevant carrying amounts of non-controlling interests was recognised in special reserve in consolidated statement of changes in equity.

37. DISPOSAL OF SUBSIDIARIES

(a) During the year ended 31 December 2022, the Group completed the following disposal of subsidiaries:–

(i) Ningxia Xinken

On 25 January 2022, the Group entered into an equity transfer agreement with Hunan Xinhua Water to dispose of its 100% equity interest in a wholly-owned subsidiary, namely 寧夏鑫墾簡泉光伏電力有限公司 Ningxia Xinken Jianquan Photovoltaic Power Company Limited* ("Ningxia Xinken"), at a consideration of approximately RMB8,800,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. The subsidiary operates a solar power plant project with a capacity of 30MW in Ningxia, the PRC.

The Group has granted a put option to Hunan Xinhua Water, pursuant to which the Group has agreed that within two-year period from the completion date of disposal if there is undisclosed obligations of Ningxia Xinken exceeding RMB10 million or the operation of Ningxia Xinken is disrupted for more than three months due to the reasons stipulated in the supplementary agreement, the Group shall repurchase the entire interest in Ningxia Xinken from Hunan Xinhua Water at a purchase price calculated in accordance with terms specified in the supplementary agreement. In the opinion of the Directors, the possibility regarding the occurrence of the specified events as stipulated in the supplementary agreement that would trigger the repurchase event is remote, and the fair value of the put option as at 31 December 2022 is considered as insignificant.

(ii) Zhejiang Shuqimeng

On 25 April 2022, the Group entered into an equity transfer agreement with 杭州興光新能源有限公司 Hangzhou Xingguang New Energy Co., Ltd.* ("Hangzhou Xingguang") to dispose of its 100% equity interest in a wholly-owned subsidiary, namely 浙江舒奇蒙電力科技有限公司 Zhejiang Shuqimeng Power Technology Co., Ltd.* ("Zhejiang Shuqimeng"), at a consideration of approximately RMB23,800,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Hangzhou Xingguang agreed to reduce the consideration from approximately RMB23,800,000 to RMB7,491,000. The subsidiary operates solar power plant projects with an aggregate capacity of 22MW in Zhejiang, the PRC.

The Group has granted a put option to Hangzhou Xingguang, pursuant to which the Group has agreed that if the operation of Zhejiang Shuqimeng is disrupted for more than six months due to the reasons stipulated in the equity transfer agreement, the Group shall repurchase the entire interest in Zhejiang Shuqimeng from Hangzhou Xingguang at a purchase price calculated in accordance with terms specified in the equity transfer agreement. In the opinion of the Directors, the possibility regarding the occurrence of the specified events as stipulated in the equity transfer agreement that would trigger the repurchase event is remote, and the fair value of the put option as at 31 December 2022 is considered as insignificant.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(a) During the year ended 31 December 2022, the Group completed the following disposal of subsidiaries:– (Continued)

(iii) Six subsidiaries in Jiangsu

On 16 March 2022, the Group entered into six equity transfer agreements with Jiangsu Hesheng to dispose of its 100% equity interest in five wholly-owned subsidiaries, namely 高郵協鑫光伏電力有限公司 Gaoyou GCL Photovoltaic Power Co., Ltd.*, 南通海德新能源有限公司 Nantong Haide New Energy Co., Ltd.* ("Nantong Haide New Energy"), 邳州協鑫光伏電力有限公司 Pizhou GCL Photovoltaic Power Co., Ltd.*, 宿遷綠能電力有限公司 Suqian Green Energy Power Co., Ltd.* and 蘇州工業園區鼎裕太陽能電力有限公司 Suzhou Industrial Park Dingyu Solar Power Co., Ltd.* and its 60% equity interest in 江蘇協鑫海濱新能源科技發展有限公司 Jiangsu GCL Haibin New Energy Technology Development Co., Ltd.*, at an aggregate consideration of approximately RMB90,380,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Jiangsu Hesheng agreed to reduce the consideration from approximately RMB90,380,000 to RMB89,204,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 85MW in Jiangsu, the PRC.

The Group has granted a put option to Jiangsu Hesheng, pursuant to which the Group has agreed that if 21.92% of the remaining aggregate grid-connected capacity of all the solar plant operated by Nantong Haide New Energy ("Unregistered Project") fails to be registered under the National Subsidy Catalogue within the three-year period from the date of signing of the equity transfer agreement, the Group shall repurchase the 21.92% equity interest in Nantong Haide New Energy from Jiangsu Hesheng at a repurchase price calculated in accordance with terms specified in the equity transfer agreement. The Unregistered Project has fulfilled the registration requirements with necessary qualification; further, significant part of the aggregate grid-connected capacity of all the solar plant operated by Nantong Haide New Energy has already been registered in the List and receipt of tariff adjustment receivables is stable, in the opinion of the Directors, it is highly probable that the Unregistered Project will be registered in the List within three years after signing of the equity transfer agreement and therefore, the possibility regarding the occurrence of the specified events as stipulated in the equity transfer agreement that would trigger the repurchase event is remote, and the fair value of the put option as at 31 December 2022 is considered insignificant.

(iv) Ningxia Shengjing

On 21 March 2022, the Group entered into an equity transfer agreement with Hunan Xinhua Water to dispose its 100% equity interest in 寧夏盛景太陽能科技有限公司 Ningxia Shengjing Solar Power Technology Company Limited* ("Ningxia Shengjing"), at a consideration of approximately RMB153,913,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. The Group and Hunan Xinhua agreed to reduce the consideration from approximately RMB153,913,000 to RMB135,052,000. The subsidiary operates a solar power plant project with a capacity of 30MW in Ningxia, the PRC.

The Group has granted a put option to Hunan Xinhua Water, pursuant to which the Group has agreed that within two-year period from the completion date of disposal if (a) there is undisclosed obligations of Ningxia Shengjing exceeding RMB10 million or (b) the operation of Ningxia Shengjing is disrupted for more than three months due to the reasons stipulated in the supplementary agreement or (c) certain defects not being rectified by the Group within the specified period, the Group shall repurchase the entire interest in Ningxia Shengjing from Hunan Xinhua Water at a purchase price calculated in accordance with terms specified in the supplementary agreement. In the opinion of the Directors, the possibility regarding the occurrence of the specified events as stipulated in the supplementary agreement that would trigger the repurchase event is remote, and the fair value of the put option as at 31 December 2022 is considered as insignificant.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(a) During the year ended 31 December 2022, the Group completed the following disposal of subsidiaries:– (Continued)

The net assets of the solar plant projects at the dates of disposals were as follows:

	Ningxia Xinken RMB'000 *(Note i)*	Zhejiang Shuqimeng RMB'000 *(Note ii)*	Six subsidiaries in Jiangsu RMB'000 *(Note iii)*	Ningxia Shenqing RMB'000 *(Note iv)*	Total RMB'000
Consideration:					
Consideration	8,800	7,491	89,204	135,052	240,547
	8,800	7,491	89,204	135,052	240,547
Analysis of assets and liabilities over which control was lost:					
Property, plant and equipment *(note 15)*	176,087	109,858	453,544	167,663	907,152
Right-of-use assets *(note 16)*	9,122	—	19,237	—	28,359
Other non-current assets	18,653	1,716	24,163	6	44,538
Trade and other receivables	53,398	12,128	172,938	94,876	333,340
Bank balances and cash	28	1,610	8,987	1,587	12,212
Other payables	(230,871)	(84,850)	(548,992)	(30,169)	(894,882)
Bank and other borrowings	—	—	—	(98,000)	(98,000)
Lease liabilities	(1,840)	—	(20,358)	—	(22,198)
Intragroup balances	—	—	(3,871)	—	(3,871)
Net assets disposed of	24,577	40,462	105,648	135,963	306,650
(Loss)/gain on disposal of subsidiaries:					
Total consideration, net of transaction cost	8,800	7,491	89,204	135,052	240,547
Non-controlling interest	—	—	18,473	—	18,473
Net assets disposed of	(24,577)	(40,462)	(105,648)	(135,963)	(306,650)
(Loss) gain on disposal	(15,777)	(32,971)	2,029	(911)	(47,630)
Net cash inflow arising on disposal:					
Cash consideration received	8,800	7,491	89,204	135,052	240,547
Less: bank balances and cash disposed of	(28)	(1,610)	(8,987)	(1,587)	(12,212)
	8,772	5,881	80,217	133,465	228,335

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:–

(i) Disposal groups classified as held for sale as at 31 December 2020

(a) Hua Neng Phase 2

On 29 September 2020, the Group entered into six equity transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its 100% equity interest in six wholly-owned subsidiaries, namely Hubei Macheng, Huixian City GCL, Qixian GCL, Ruyang GCL, Baotou Zhonglitenghui, Ningxia Zhongwei at an aggregate consideration of RMB576,001,000 and the repayment of corresponding interest in shareholder's loan as at the date of disposals. The Group and Hua Neng No.1 Fund and Hua Neng No.2 Fund mutually agreed to reduce the consideration from RMB576,001,000 to RMB567,439,000 during the year ended 31 December 2021. The subsidiaries operate solar power plant projects with an aggregate capacity of 403MW in Henan, the PRC ("the Project A").

The disposals of Huixian City GCL and Qixian GCL were completed during the year ended 31 December 2020 with an aggregate consideration of RMB117,515,000. During the year ended 31 December 2021, the disposals of Hubei Macheng, Ruyang GCL, Baotou Zhonglitenghui and Ningxia Zhongwei with an aggregate consideration of RMB449,924,000 were completed.

The Group has granted a put option to Hua Neng No.1 Fund and Hua Neng No.2 Fund, pursuant to which the Group has agreed that if the Project A fails to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the disposal date during the four-year period after the disposal or the operation of the Project A is disrupted for more than six months due to the reasons stipulated in the equity transfer agreements, the Group shall repurchase the entire equity interest in the Project A from Hua Neng No.1 Fund and Hua Neng No.2 Fund at a repurchase price which is the higher of (1) equity value of the Project A assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the equity transfer agreements, together with any outstanding shareholder's loan advanced to the Project A by Hua Neng No.1 Fund and Hua Neng No.2 Fund. As the Project A has already registered in the List and receipt of tariff adjustment receivables is stable, in the opinion of the Directors, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the disposal date and therefore, the possibility regarding the occurrence of the specified events as stipulated in the equity transfer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at 31 December 2021 is considered as insignificant.

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– (Continued)

(i) Disposal groups classified as held for sale as at 31 December 2020 (Continued)

(b) Hefei Jiannan & Hefei Jiuyang

On 16 November 2020, the Group entered into five equity transfer agreements with Xuzhou State Investment to dispose of its 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and 67% equity interest in Dangshan Xinneng, at an aggregate consideration of RMB276,437,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB276,437,000 to RMB269,267,000 during the year ended 31 December 2020. The subsidiaries operate solar power plant projects with an aggregate capacity of 174MW in Anhui, the PRC.

The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng were completed during the year ended 31 December 2020 with an aggregate consideration of RMB166,476,000. During the year ended 31 December 2021, the disposals of Hefei Jiannan and Hefei Jiuyang with an aggregate consideration of RMB102,791,000 were completed.

(c) Zhenglanqi

On 4 December 2020, the Group entered into an equity transfer agreement with Beijing United Rongbang to disposal of all of its 99.2% equity interests in Zhenglanqi at an aggregate consideration of RMB211,100,000 and the repayment of interest in shareholder's loan as at the date of disposal. During the year ended 31 December 2020, RMB79,000,000 has been received and recognised as other payables as at 31 December 2020. The Group and Beijing United Rongbang mutually agreed to reduce the consideration from RMB211,100,000 to RMB209,600,000. Zhenglanqi has a solar power plant project with installed capacity of approximately 50MW in Inner Mongolia, the PRC.

(d) Shenmu Guotai

On 10 December 2020, the Group entered into an agreement with Shanghai Lujing and 陝西省神木縣國祥綠化生態有限公司 Shaanxi Shenmu Guoxiang Green Ecology Co., Ltd.* ("Shenmu Guoxiang"). Pursuant to the agreement, Shanghai Lujing and Shenmu Guoxiang transferred their equity interests (i.e. 20%) in Shenmu County Jingdeng to the Group and the Group transferred its controlling right (i.e. 80% equity interest) in Shenmu Guotai. The transaction has been completed on January 2021. After the completion of the transaction, the Group holds 100% of equity interests in Shenmu County Jingdeng and has no equity interest in Shenmu Guotai.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– (Continued)

(ii) Five subsidiaries in Anhui

On 22 November 2020, the Group entered into five equity transfer agreements with Xuzhou State Investment to dispose of its 90% equity interest in each of Dangshan GCL, Funan GCL, Hefei Xinren and Tianchang GCL and its 50% equity interest in Taihu Xinneng, at an aggregate consideration of RMB312,728,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB312,728,000 to RMB307,898,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 217MW in Anhui, the PRC.

(iii) Hua Neng Phase 3

On 19 November 2020, the Group entered into fourteen equity transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its 100% equity interest in twelve wholly-owned subsidiaries, namely Baoying Xinyuan Photovoltaic Power Co., Ltd.* ("Baoying Xinyuan"), Lianshui Xinyuan Photovoltaic Power Co., Ltd.* ("Lianshui Xinyuan"), Lanxi Jinrui Photovoltaic Power Co., Ltd.* ("Lanxi Jinrui"), Zhongli Tenghui Hainan Electric Power Co., Ltd.* ("Zhongli Tenghui"), Delingha Energy Power Co., Ltd.* ("Delingha Energy"), Gaotang County GCL Jinghui Photovoltaic Co., Ltd.* ("Gaotang County GCL"), Hetian GCL Photovoltaic Power Co., Ltd.* ("Hetian GCL"), Liaocheng Xiechang Photovoltaic Power Co., Ltd.* ("Liaocheng Xiechang"), Yanbian Xinneng Photovoltaic Power Co., Ltd.* ("Yanbian Xinneng"), Delingha Century Concord Photovoltaic Power Co., Ltd.* ("Delingha Century Concord"), Delingha Shidai New Energy Power Co., Ltd.* ("Delingha Shidai"), Hainanzhou Shineng Photovoltaic Power Co., Ltd.* ("Hainanzhou Shineng"), its 51% equity interest in Yuncheng Xinhua and its 56.5131% equity interest in Yili GCL Energy Limited ("Yili GCL") at an aggregate consideration of RMB666,654,000 and the repayment of interest in shareholder's loan as at the date of disposals (the "Disposal Date B"). The Group and Hua Neng No.1 Fund and Hua Neng No.2 Fund mutually agreed to reduce the consideration from RMB666,654,000 to RMB572,003,000 during the year ended 31 December 2021. The subsidiaries operate solar power plant projects with in aggregate capacity of 430MW in Yangzhou, Qinghai, Xinjiang, Shandong, Zhejiang and Sichuan, the PRC (the "Project B").

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– (Continued)

(iii) Hua Neng Phase 3 (Continued)

During the year ended 31 December 2021, the disposals of Baoying Xinyuan, Lianshui Xinyuan, Lanxi Jinrui, Zhongli Tenghui, Delingha Energy, Hetian GCL, Liaocheng Xiechang, Yanbian Xinneng, Yili GCL, Delingha Century Concord, Delingha Shidai, Hainanzhou Shineng with an aggregate consideration of RMB572,003,000 were completed. The disposals of Gaotang County GCL and Yuncheng Xinhua have been cancelled.

The Group has granted a put option to Hua Neng No.1 Fund and Hua Neng No.2 Fund, pursuant to which the Group has agreed that if the Project B fails to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date B during the four-year period after the Disposal Date B, or the operation of the Project B is disrupted for more than six months due to the reasons stipulated in the equity transfer agreements, the Group shall repurchase the entire equity interest in the Project B from Hua Neng No.1 Fund and Hua Neng No.2 Fund at a repurchase price which is the higher of (1) equity value of the Project B assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the equity transfer agreements, together with any outstanding shareholder's loan advanced to the Project B by Hua Neng No.1 Fund and Hua Neng No.2 Fund. As the Project B has already registered in the List and receipt of tariff adjustment receivables is stable, in the opinion of the Directors, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date B and therefore, the possibility regarding the occurrence of the specified events as stipulated in the equity transfer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at 31 December 2021 is considered as insignificant.

(iv) Six Subsidiaries in Henan

On 31 March 2021, the Group entered into six equity transfer agreements with Three Gorges to dispose of its 100% equity interest in four wholly-owned subsidiaries, namely Sanmenxia Xie Li Solar Power Co., Ltd.*, Kaifeng Huaxin New Energy Development Co., Ltd.*, Shangshui GCL Photovoltaic Electric Power Co, Ltd.* and Queshan Zhuiri New Energy Power Company Limited* and its 50% equity interest in each of Taiqian GCL Photovoltaic Power Company Limited* and Nanzhao Xin Li Photovoltaic Electric Power Co, Ltd.*, at an aggregate consideration of RMB364,650,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Three Gorges mutually agreed to reduce the consideration from RMB364,650,000 to RMB342,796,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 321MW in Henan, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– (Continued)

(v) Ceheng Solar and Liuzhi GCL

On 30 April 2021, the Group entered into two equity transfer agreements with State Power Investment Corporation Guizhou Jinyuan Weining to dispose of its 100% equity in two wholly-owned subsidiaries namely, Ceheng Solar Power Co., Ltd.* ("Ceheng Solar") and Liuzhi GCL Photovoltaic Power Co., Ltd.* ("Liuzhi GCL"), at an aggregate consideration of RMB225,560,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with an aggregate capacity of 134MW in Guizhou, the PRC.

(vi) Six subsidiaries in Hubei and Jiangxi

On 24 June 2021, the Group entered into six equity transfer agreements with Chongqing Lvxin to dispose of its 100% equity interest in four wholly-owned subsidiaries namely, Shiyan Yunneng, Jingshan GCL, Jingshan Xinhui and Shanggao County Lifeng, its 70% equity interest in Shicheng GCL and its 51% equity interest in Anfu GCL, at an aggregate consideration of RMB275,264,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Chongqing Lvxin mutually agreed to reduce the consideration from RMB275,264,000 to RMB272,864,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 149MW in Hubei and Jiangxi, the PRC.

(vii) Yongcheng Xin Neng

On 7 May 2021, the Group entered into an equity transfer agreement with 國家電投集團重慶電力有限公司 State Power Investment Corporation Chongqing Electric Power Co., Ltd.* ("State Power Investment Corporation Chongqing") to dispose of its 100% equity interest in a wholly-owned subsidiary namely, Yongcheng Xin Neng Photovoltaic Electric Power Co, Ltd.* ("Yongcheng Xin Neng"), at a consideration of RMB193,000,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. The Group and State Power Investment Corporation Chongqing mutually agreed to reduce the consideration from RMB193,000,000 to RMB166,584,000. The subsidiary operates solar power plant project with a capacity of 86MW in Henan, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– (Continued)

(viii) Seven Subsidiaries in Yunnan

On 25 June 2021, the Group entered into seven equity transfer agreements with Three Gorges to dispose of its 100% equity interest in six wholly-owned subsidiaries, namely Hong He Xian Rui Xin Photovoltaic Power Generation Company Limited*, Kun Ming Xu Feng Photovoltaic Power Generation Company Limited*, Luquan GCL Solar Power Generation Company Limited*, Heqing Xinhua Photovoltaic Power Co., Ltd.*, Menghai GCL Solar Agricultural Power Co., Ltd.* and Yuxi Zhongtai New Energy Technology Co., Ltd.* and its 80% equity interest in Yuanmou Green Power New Energy Development Limited*, at an aggregate consideration of RMB218,960,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Three Gorges mutually agreed to reduce the consideration from RMB218,960,000 to RMB216,330,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 229MW in Yunnan, the PRC.

(ix) Sixteen Subsidiaries in Jiangsu

On 21 July 2021, the Group entered in a series of sixteen equity transfer agreements with 宜興和創新能源有限公司 Yixing Hechuang New Energy Co., Ltd.* ("Yixing Hechuang") to dispose of its equity interests in Funing Xinyuan Photovoltaic Power Co., Ltd.*, Guanyun GCL Photovoltaic Power Co., Ltd.*, Donghai GCL Photovoltaic Power Co., Ltd.*, Peixian Xinri Photovoltaic Power Co., Ltd.*, Xuzhou Xinhui Photovoltaic Power Co., Ltd.*, Huaian Xinyuan Photovoltaic Power Co., Ltd.*, Huaian Ronggao Photovoltaic Power Generation Co., Ltd.*, Zhenjiang Xinli Photovoltaic Power Co., Ltd.*, Zhenjiang Xinlong Photovoltaic Power Co., Ltd.*, Zhangjiagang GCL Photovoltaic Power Co., Ltd.*, Nantong GCL New Energy Co., Ltd.*, Lianyungang Xinzhong Photovoltaic Power Co., Ltd.*, Xinyi Xinri Photovoltaic Power Co., Ltd.*, Jurong Xinda Photovoltaic Power Generation Co., Ltd.*, Nanjing Xinri Photovoltaic Power Generation Co., Ltd.* and Baoying GCL Photovoltaic Power Co., Ltd.* the subsidiaries, at an aggregate consideration of RMB481,314,000 and repayment of corresponding interest in shareholder's loan as at the date of disposals. The Group and Yixing Hechuang mutually agreed to reduce the consideration from RMB481,314,000 to RMB475,983,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 50MW in Jiangsu, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– (Continued)

(x) Yanyuan Baiwu

On 12 July 2021, the Group entered into an agreement with Hunan Xinhua Water to sell its equity interest in Yanyuan Baiwu New Energy Technology Co., Ltd* ("Yanyuan Baiwu") at a consideration of RMB170,387,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. The subsidiary operates solar power plant projects with an aggregate capacity of 50MW in Sichuan, the PRC.

(xi) Five subsidiaries in Hunan

On 27 August 2021 and 1 September 2021, the Group entered into six equity transfer agreements with Guizhou West Power Construction Co., Ltd.* ("Guizhou West Power") to dispose of its 100% equity interest in five wholly-owned subsidiaries, namely Taoyuan Xinhui Photovoltaic Power Co., Ltd.*, Taoyuan Xinneng Photovoltaic Power Co., Ltd.*, Taoyuan Xinyuan Photovoltaic Power Co., Ltd.*, Yongzhou Xiexin Photovoltaic Power Co., Ltd.* and Changsha Xinjia Photovoltaic Power Co., Ltd.* at an aggregate consideration of RMB118,161,000 and the repayment of interest in shareholder's loan as at the date of disposals. The Group and Guizhou West Power mutually agreed to reduce the consideration from RMB118,161,000 to RMB102,300,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 101MW in Hunan, the PRC.

(xii) Four subsidiaries in Shaanxi

On 1 April 2021, the Group entered into four equity transfer agreements with Three Gorges to dispose of its 98.4% equity interest in Jingbian GCL, its 80.3514% equity interest in Hengshan Jinghe and its 100% equity interest in two wholly-owned subsidiaries, namely Yulin Longyuan and Yulin Yushen at an aggregate consideration of RMB1,250,207,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Three Gorges mutually agreed to reduce the consideration from RMB1,250,207,000 to RMB1,249,997,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 469MW in Shaanxi, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– (Continued)

(xiii) Four subsidiaries in Shaanxi

On 30 August 2021, the Group entered into four equity transfer agreements with 寧夏含光新能源有限公司 Ningxia Hanguang New Energy Co., Ltd.* ("Ningxia Hanguang") to dispose of its 100% equity interests in Shenmu Pingyuan Power Co., Ltd.* ("Shenmu Pingyuan"), Shenmu Pingxi Power Co., Ltd.* ("Shenmu Pingxi"), Shenmu County Jingdeng and Xixian New District at an aggregate consideration of RMB270,934,000 and repayment of corresponding interest in shareholder' loan as at the date of disposals. The Group and Ningxia Hanguang mutually agreed to reduce the consideration from RMB270,934,000 to RMB267,929,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 271MW in Shaanxi, the PRC. The disposals of 90% of Shenmu County Jingdeng and Xixian New District was completed in October 2021. The disposals of 90% of Shenmu Pingyuan and Shenmu Pingxi was completed in November 2021. The disposals of all above companies were completed during the year ended 31 December 2021.

(xiv) Shenmu Jingfu and Shenmu Jingpu

On 13 September 2021, the Group entered into two equity transfer agreements with Ningxia Hanguang to dispose of its 100% equity interest in two wholly-owned subsidiaries, namely Shenmu Jingfu and Shenmu Jingpu at an aggregate consideration of RMB215,576,000. The Group and Ningxia Hanguang mutually agreed to reduce the consideration from RMB215,576,000 to RMB213,173,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 198MW in Shaanxi, the PRC. The disposals of 90% of Shenmu Jingfu and Shenmu Jingpu were completed during the year ended 31 December 2021.

(xv) Others

(a) Jingbian County

On 1 April 2021, the Group entered into an equity transfer agreement with Three Gorges to dispose of its 99.6353% equity interest in Jingbian County, at a consideration of RMB72,036,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. Jingbian County operates a solar power plant project with a capacity of 42MW in Shaanxi, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– (Continued)

(xv) Others (Continued)

(b) Zhenyuan County Xuyang

On 5 May 2021, the Group entered into an equity transfer agreement with 中電投新疆能源化工集團隴西新能源有限責任公司 CPI Xinjiang Energy Chemical Group Longxi New Energy Co. Ltd.* to dispose of its 100% equity interest in a wholly-owned subsidiary, namely Zhenyuan County Xuyang New Energy Technologies Co., Ltd.* ("Zhenyuan County Xuyang"), at a consideration of RMB22,500,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. Zhenyuan County Xuyang operates a solar power plant project with a capacity of 20MW in Gansu, the PRC.

(c) Ceheng Jingzhun and Luodian GCL

On 26 April 2021, the Group entered into two equity transfer agreements with State Power Investment Corporation Guizhou Jinyuan Weining to dispose of its 99% equity interest in Ceheng Jingzhun Solar Power Co., Ltd.* ("Ceheng Jingzhun") and its 100% equity interest in a wholly-owned subsidiary, namely Luodian GCL Photovoltaic Power Company Limited* ("Luodian GCL"), at an aggregate consideration of RMB35,228,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and State Power Investment Corporation Guizhou Jinyuan Weining mutually agreed to reduce the consideration from RMB35,228,000 to RMB14,500,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 70MW in Guizhou, the PRC.

(d) Dingan GCL and Suixi GCL

On 26 April 2021, the Group entered into two equity transfer agreements with 廣東金元新能源有限公司 Jinyuan New Energy Co., Ltd.* ("Jinyuan New Energy") to dispose of its 100% equity in two wholly-owned subsidiaries namely, Dingan GCL Solar Power Co., Ltd.* ("Dingan GCL") and Suixi GCL Photovoltaic Power Co., Ltd.* ("Suixi GCL"), at an aggregate consideration of RMB117,723,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with an aggregate capacity of 57MW in Hainan and Guangdong, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– (Continued)

(xv) Others (Continued)

(e) Hai Nan Yi Cheng and Yingde GCL

On 30 April 2021, the Group entered into two equity transfer agreements with Jinyuan New Energy to dispose of its 88.373% equity in Hai Nan Yi Cheng New Energy Company Limited * ("Hai Nan Yi Cheng") and its 90.1% equity in Yingde GCL Photovoltaic Power Co., Ltd.* ("Yingde GCL"), at an aggregate consideration of RMB91,051,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Jinyuan New Energy mutually agreed to reduce the consideration from RMB91,051,000 to RMB89,301,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 48MW in Guizhou, the PRC.

(f) Nanjing GCL

On 25 January 2021, the Group entered into an equity transfer agreement with an independent third party and agreed to sell 100% equity interest of Nanjing GCL New Energy Technology Co., Ltd.* ("Nanjing GCL") at a consideration of RMB13,000,000.

(g) Wulate Houqi Yuanhai

On 29 January 2021, the Group entered into an equity share transfer agreement with Beijing United Rongbang to dispose of its 100% equity interest in a wholly-owned subsidiary namely, Wulate Houqi Yuanhai New Energy Limited* ("Wulate Houqi Yuanhai"), at a consideration of RMB52,550,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. The Group and Beijing United Rongbang mutually agreed to reduce the consideration from RMB52,550,000 to RMB38,050,000. The subsidiary operates solar power plant project with a capacity of 53MW in Inner Mongolia, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– (Continued)

(xv) Others (Continued)

(h) Haifeng County GCL and Anlong Maoan

On 21 May 2021, the Group entered into two equity transfer agreements with Guizhou West Power to dispose of its 100% equity interest in two wholly-owned subsidiaries, namely Haifeng County GCL Solar Power Co., Ltd* ("Haifeng County GCL") and Anlong Maoan New Energy Development Company Limited* ("Anlong Maoan"), at an aggregate consideration of RMB82,264,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Guizhou West Power mutually agreed to reduce the consideration from RMB82,264,000 to RMB79,189,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 131MW in Guangdong and Guizhou, the PRC.

(i) Eshan GCL

On 5 July 2021, the Group entered into an agreement with Guizhou West Power to sell its equity interests in Eshan GCL Solar Power Generation Company Limited* ("Eshan GCL") at a consideration of RMB43,100,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. The Group and Guizhou West Power mutually agreed to reduce the consideration from RMB43,100,000 to RMB40,236,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 50MW in Yunnan, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– (Continued)

The net assets of the solar plant projects at the dates of disposals were as follows:

	Disposal groups classified as held for sale RMB'000 *Note (i)*	Five subsidiaries in Anhui RMB'000 *Note (ii)*	Hua Neng Phase 3 RMB'000 *Note (iii)*	Six subsidiaries in Henan RMB'000 *Note (iv)*	Ceheng Solar and Liuzhi GCL RMB'000 *Note (v)*	Six subsidiaries in Hubei and Jiangxi RMB'000 *Note (vi)*	Yong-cheng Xin Neng RMB'000 *Note (vii)*	Seven subsidiaries in Yunnan RMB'000 *Note (viii)*	Sixteen subsidiaries in Jiangsu RMB'000 *Note (ix)*	Yanyuan Baiwu RMB'000 *Note (x)*	Five subsidiaries in Hunan RMB'000 *Note (xi)*	Four subsidiaries in Shaanxi RMB'000 *Note (xii)*	Four subsidiaries in Shaanxi RMB'000 *Note (xiii)*	Shenmu Jingfu and Shenmu Jingpu RMB'000 *Note (xiv)*	Others RMB'000 *Note (xv)*	Total RMB'000
Consideration:																
Consideration received during:																
– current year	683,315	307,898	572,003	342,796	225,560	272,864	166,584	154,926	429,417	170,387	55,037	1,249,997	267,929	213,173	419,128	5,531,014
– prior year	79,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–	79,000
Consideration receivable	–	–	–	–	–	–	–	61,404	46,566	–	47,263	–	–	–	67,407	222,640
Deemed consideration received	19,979	–	–	–	–	–	–	–	–	–	–	–	–	–	–	19,979
	782,294	307,898	572,003	342,796	225,560	272,864	166,584	216,330	475,983	170,387	102,300	1,249,997	267,929	213,173	486,535	5,852,633
Property, plant and equipment	2,558,959	1,226,309	2,002,740	1,407,267	648,228	734,225	376,481	1,281,229	1,578,834	184,958	519,518	3,386,299	1,441,853	1,178,333	2,626,754	21,151,987
Right-of-use assets	75,051	42,848	80,716	148,369	18,677	22,015	31,409	35,703	161,907	18,805	15,914	91,725	62,011	–	118,677	923,827
Other non-current assets	81,784	52,066	95,592	123,231	32,543	52,497	39,000	33,808	101,868	2,286	28,959	80,278	100,746	56,140	54,508	935,306
Deferred tax assets	–	2,704	6,299	13,575	6,599	6,891	3,762	6,159	8,393	–	–	10,245	–	155	22,704	87,486
Trade and other receivables	718,055	563,855	1,219,233	761,080	277,233	253,267	164,788	478,812	1,241,982	192,584	210,043	1,932,128	635,164	600,019	952,942	10,201,185
Pledged bank deposits	43,882	–	–	–	–	–	–	–	–	–	–	–	–	–	–	43,882
Bank balances and cash	48,018	69,003	29,376	56,063	4,036	23,047	11,540	16,712	86,452	42,445	16,945	694,173	73,073	50,659	78,279	1,299,821
Other payables	(154,844)	(754,899)	(94,928)	(49,022)	(313,680)	(258,193)	(165,594)	(224,256)	(91,760)	(87,907)	(308,378)	(71,956)	(198,174)	(191,708)	(1,641,547)	(4,606,846)
Bank and other borrowings	(1,712,866)	(813,260)	(2,420,787)	(2,408,941)	(491,764)	(493,442)	(327,084)	(1,268,585)	(2,484,764)	(208,000)	(291,215)	(5,023,704)	(1,793,179)	(1,328,291)	(1,490,063)	(22,555,945)
Lease liabilities	(51,858)	(42,355)	(44,755)	(145,651)	(16,038)	(16,635)	(36,793)	(17,224)	(170,946)	–	(16,750)	(20,101)	(15,305)	–	(52,472)	(646,883)
Deferred tax liabilities	–	(866)	(28,518)	(3,248)	(302)	(1,664)	(550)	–	–	(501)	(638)	–	(1,004)	–	(2,315)	(39,606)
Intragroup balances	(820,206)	–	(306,677)	388,373	–	–	–	(9,627)	–	–	–	–	–	–	3,962	(744,175)
Net assets disposed of	785,975	345,405	538,291	291,096	165,532	322,008	96,959	332,731	431,966	144,670	174,398	1,079,087	305,185	365,307	671,429	6,050,039
Gain on disposal of subsidiaries:																
Total consideration, net of transaction cost	782,294	307,898	572,003	342,796	225,560	272,864	166,584	216,330	475,983	170,387	102,300	1,249,997	267,929	213,173	486,535	5,852,633
Non-controlling interest	4,721	–	26,861	–	–	73,780	–	19,802	–	–	–	–	19,979	–	–	145,143
Fair value residual interest	9,220	25,234	–	–	–	600	–	–	–	–	–	59,181	23,655	18,834	208	136,932
Net assets disposed of	(785,975)	(345,405)	(538,291)	(291,096)	(165,532)	(322,008)	(96,959)	(332,731)	(431,966)	(144,670)	(174,398)	(1,079,087)	(305,185)	(365,307)	(671,429)	(6,050,039)
(Loss) gain on disposal	10,260	(12,273)	60,573	51,700	60,028	25,236	69,625	(96,599)	44,017	25,717	(72,098)	230,091	6,378	(133,300)	(184,686)	84,669
Net cash inflow arising from disposal:																
Cash consideration received	762,315	307,898	572,003	342,796	225,560	272,864	166,584	154,926	429,417	170,387	55,037	1,249,997	267,929	213,173	419,128	5,610,014
Less: bank balances and cash disposed of	(48,018)	(69,003)	(29,376)	(56,063)	(4,036)	(23,047)	(11,540)	(16,712)	(86,452)	(42,445)	(16,945)	(694,173)	(73,073)	(50,659)	(78,279)	(1,299,821)
	714,297	238,895	542,627	286,733	221,524	249,817	155,044	138,214	342,965	127,942	38,092	555,824	194,856	162,514	340,849	4,310,193

38. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt, which mainly includes amounts due to related companies, loans from related companies, bank and other borrowings, senior notes and lease liabilities, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, perpetual notes and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022	2021
	RMB'000	RMB'000
Financial assets		
Amortised cost	**5,296,222**	7,355,758
FVTPL:		
Mandatorily measured at FVTPL	**45,643**	43,714
Financial liability		
Amortised cost	**5,829,629**	7,666,327

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

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

Market risk

Currency risk

The Group operates in the PRC, Japan and the US and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB, HK$, US$ and Japanese Yen ("JPY"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
The Group				
HK$	**122,012**	3,916	**23,188**	189,210
US$	**322,776**	9,550	**2,320,825**	3,479,861
JPY	**17**	—	**—**	—
Inter-company balances				
HK$	**—**	95,762	**—**	—
US$	**—**	657,460	**69,308**	469,889
JPY	**—**	—	**—**	21,495

The foreign currency assets in 2022 and 2021 mainly relate to the US$ and HK$ denominated pledged bank and other deposits and bank balances.

The foreign currency liabilities in 2022 and 2021 mainly relate to the US$ and HK$ denominated senior notes and bank and other borrowings.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2021: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2021: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2021: 5%) change in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of the balance is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates a decrease in post-tax loss (2021: a decrease in post-tax loss) and a negative number below indicates an increase in post-tax loss (2021: a increase in post-tax loss), where the functional currency of the respective entities had weakened 5% (2021: 5%) against the relevant foreign currencies. For a 5% (2021: 5%) strengthening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the loss (2021: loss) for the year.

	HK$	**US$**	**JPY**
	RMB'000	RMB'000	RMB'000
2022			
Increase in loss for the year	**4,941**	**(103,335)**	**1**
2021			
Increase in loss for the year	(3,738)	(133,414)	—

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to currency risk as the year end exposure does not reflect the exposure during the year.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 31). The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances (see note 25), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, certain of the Group's borrowings are issued at variable rates which expose the Group to cash flow interest rate risk. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2022 would have increased/decreased by approximately RMB12,063,000 (2021: RMB14,418,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

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

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the Group has a credit control policy in place under which credit evaluations of customers are performed on all customers requiring credit. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances collectively.

The Group's concentration of credit risk by geographical locations is mainly the PRC, which accounted for over 99% (2021: 99%) of the trade receivables as at 31 December 2022. The Group's significant concentration of credit risk primarily arises when it has significant exposure to individual customers. As at 31 December 2022, 91% (2021: 92%) and 92% (2021: 95%) of the trade receivables and contract assets are due from the Group's largest customer and the five largest customers respectively from sales of electricity and tariff adjustments.

The trade receivables arising from sales of electricity are mainly due from the local grid companies in various provinces in the PRC. The management considered the probability of default of trade receivables is low by taking into the account of the past default experience of the debtors, adjusted for general economic conditions of the solar industry and an assessment of both current as well as forecast direction of market conditions at the reporting date. Accordingly, the management is of the opinion that the credit risk of trade receivables is limited.

In relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the relevant counterparties are insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 5, the management are confident that all of the Group's operating power plants are able to be enlisted on the List in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

The Group always measures the loss allowance for trade receivables and contract assets, including those with significant financing component at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are assessed collectively for debtors which shared credit risk characteristics by reference to internal credit ratings, taking into account general economic conditions of the solar power industry, relevant country default risk, and an assessment of both the current as well as the forecast direction at the reporting date.

Based on the average loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

Bank balances and pledged bank and other deposits

The credit risks on bank balances and pledged bank and other deposits are limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies in the PRC and Hong Kong.

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

Based on the average loss rates, the ECL on bank balances and pledged bank and other deposits is considered insignificant.

Other receivables and amounts due from related companies

For the purpose of impairment assessment of other receivables and amounts due from related companies, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, the management of the Company makes periodical individual assessment on the recoverability of the receivables by taking into account their past repayment history, credit rating or financial position and overdue status and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies. Except for the accumulated impairment loss of approximately RMB762,686,000 (2021: RMB377,370,000) recognised on other receivables as at 31 December 2022, the management considered the ECL provision for other receivables and amounts due from related companies is insignificant.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB2,322,307,000 (2021: RMB2,017,854,000) if the guarantees were called upon in entirety, of which RMB712,000,000 (2021: RMB477,000,000) were provided to third parties and RMB1,610,307,000 (2021: RMB1,540,854,000) were provided to related companies (note 44(f)) as at 31 December 2022. The credit risks on financial guarantee contracts provided by the Group were limited as the underlying borrowings were secured by assets of the relevant borrowers.

In addition to those financial guarantees provided to related parties as set out in note 44(f), the Group also provided financial guarantees to certain third parties for certain of their bank and other borrowings as at 31 December 2022. Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, the credit risks on these financial guarantee contracts provided by the Group were limited.

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

The management considered the ECL provision of financial guarantee contracts is insignificant.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

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

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2022 RMB'000	2021 RMB'000
Financial assets at amortised cost						
Amounts due from related companies	24	N/A	Low risk *(Note a)*	12m ECL	**300,100**	287,320
Pledged bank and other deposits						
— Pledged bank deposits	25	Aa1 to Ba1	Low risk *(Note a)*	12m ECL	**130,760**	175,977
— Pledged other deposits	25	AA+ to Baa3	Low risk *(Note a)*	12m ECL	**131,026**	253,785
					261,786	429,762
Bank balances and cash	25	AA+ to Ba3	Low risk *(Note a)*	12m ECL	**797,125**	586,050
Other receivables and deposits*	20, 21	N/A	Low risk *(Note d)*	12m ECL	**2,277,562**	4,665,026
		N/A	Loss *(Note d)*	Lifetime ECL credit-impaired	**666,233**	377,370
					2,943,795	5,042,396
Trade receivables	21	N/A	Low risk *(Note b)*	Lifetime ECL not credit-impaired	**1,592,950**	1,673,720
Other items						
Contract assets	22	N/A	Low risk *(Note b)*	Lifetime ECL not credit-impaired	**55,372**	41,179
Assets classified as held for sale						
— Trade receivables	26	N/A	Low risk *(Note b)*	Lifetime ECL not credit-impaired	**106,506**	197,460
— Other receivables	26	N/A	Low risk *(Note d)*	12m ECL	**2,493**	25,833
— Pledged bank deposits	26	Aa1 to Ba1	Low risk *(Note a)*	12m ECL	**4,500**	—
— Bank balances and cash	26	AA+ to Baa3	Low risk *(Note a)*	12m ECL	**53,208**	23,351
Financial guarantee contracts	39(b), 44(f)	N/A	Low risk *(Note c)*	12m ECL	**2,322,307**	2,017,854

* The gross carrying amounts disclosed above include the relevant interest receivables which are presented in other receivables.

39. FINANCIAL INSTRUMENTS (Continued)
(b) Financial risk management objectives and policies (Continued)
Credit risk and impairment assessment (Continued)

Notes:

a. In determining the ECL of bank balances and pledged bank and other deposits, the Group has taken into account the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit agencies and forward looking information as appropriate. The Group assessed 12m ECL for bank balances and pledged bank and other deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies and the management considers that expected credit loss on bank balances and pledged bank and other deposits are immaterial. In determining the ECL of amounts due from related parties, the Group has taken into account the historical default experience and forward looking information as appropriate. There had been no significant increase in credit risk since initial recognition. The Group has considered the consistently low historical default rate in connection with payments and concluded that the expected credit loss on these balance is immaterial.

b. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items collectively for debtors grouped by internal credit rating.

   As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to the Solar Energy Business. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed collectively within lifetime ECL (not credit-impaired) as at 31 December 2021 and 2022.

   Gross carrying amount

   2022

Internal credit rating	**Average loss rate**	**Trade receivables RMB'000**	**Average loss rate**	**Contract assets RMB'000**
Low risk	**0.23%**	**1,592,950**	**0.72%**	**55,372**

   2021

Internal credit rating	Average loss rate	Trade receivables RMB'000	Average loss rate	Contract assets RMB'000
Low risk	0.18%	1,673,720	0.59%	41,179

   The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. During the current year, the Group has recognised impairment loss on trade receivables and contract assets of approximately RMB663,000 (2021: reversal of impairment loss of RMB7,108,000) and RMB177,000 (2021: reversal of impairment loss of RMB5,160,000), respectively.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

b. *(Continued)*

The following table shows movement in ECL that has been recognised for trade receivables:

	Lifetime ECL not-credit impaired RMB'000
At 1 January 2021	10,000
Changes due to trade receivables recognised at 1 January 2021:	
Impairment losses reversed	(7,108)
At 31 December 2021 and 1 January 2022	2,892
Changes due to trade receivables recognised at 1 January 2022:	
Impairment losses recognised	663
At 31 December 2022	3,555

The following table shows movement in ECL that has been recognised for contract assets:

	Lifetime ECL not-credit impaired RMB'000
At 1 January 2021	5,398
Changes due to contract assets recognised at 1 January 2021:	
Impairment losses	(5,160)
At 31 December 2021 and 1 January 2022	238
Changes due to contract assets recognised at 1 January 2022:	
Impairment losses recognised	177
At 31 December 2022	415

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

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

d. As at 31 December 2022 in the opinion of the Directors, the Group has recognised impairment loss on other receivables of approximately RMB762,686,000 (2021: RMB377,370,000).

The following table shows movement in ECL that has been recognised for other receivables.

	12m ECL RMB'000	Lifetime ECL Credit-impaired RMB'000
At 1 January 2021	—	304,587
Changes due to other receivables recognised at 1 January 2021:		
Impairment losses recognised	—	72,783
At 31 December 2021 and 1 January 2022	—	377,370
Changes due to other receivables recognised at 1 January 2022:		
Impairment losses recognised	96,453	288,863
At 31 December 2022	96,453	666,233

Changes in the loss allowance for other receivables are mainly due to:

2022

	Notes	12m ECL RMB'000	Lifetime ECL Credit-impaired RMB'000
Expected credit loss on other receivables other than amounts due from former subsidiaries	*(i)*	96,453	–
Expected credit loss on amounts due from former subsidiaries	*(ii)*	–	288,863
Total		96,453	288,863

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

d. *(Continued)*

Notes:

(i) The Group performs impairment assessment under expected credit loss on other receivables, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The ECL are assessed individually for debtors by reference to past repayment history, credit rating or financial position and overdue status of the debtors, forward-looking information that is available without undue cost or effort, and also taking into account of the prevailing government policies that support the solar power industry which the Group's debtors operate.

(ii) The Group completed substantial disposal of solar power plants during the financial years ended 31 December 2018 to 2022 as part of its transition to become an asset-light enterprise (the "Disposals"). The amount represents impairment loss arising from set off arrangements with amounts due from former subsidiaries in relation to general rectification and indemnification clauses (including RMB62,450,000 for rectification cost compensation, RMB57,210,000 for construction payable adjustments, RMB69,587,000 for tax on land use indemnification and RMB99,616,000 for on-grid electricity guarantee) in accordance with the terms of the sale and purchase agreements of the Disposals.

2021

	Increase in lifetime ECL Credit-impaired RMB'000
Other receivables with gross carrying amounts of RMB377,370,000 defaulted and transferred to credit-impaired	72,783

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

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

As at 31 December 2022, the Group's current assets exceeded its current liabilities by RMB3,794 million (2021: RMB4,558 million) and had bank balances and cash of approximately RMB797 million (2021: RMB586 million) against bank and other borrowings, senior notes, loans from related companies and lease liabilities due within one year amounted to approximately RMB472 million (2021: RMB1,622 million).

The Group finances its capital intensive operations by short-term and long-term bank and other borrowings and shareholders' equity and perpetual notes.

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

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

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

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest rate risk tables

	Weighted interest rate %	On demand interest or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2022								
Other payables	—	886,954	—	—	—	—	886,954	886,954
Amounts due to related companies	—	143,145	—	—	—	—	143,145	143,145
Loans from related companies	—	4,811	—	—	—	—	4,811	4,811
Bank and other borrowings								
— fixed-rate	6.24%	1,934	6,490	8,596	27,027	67,895	111,942	106,895
— variable-rate	4.62%	48,244	359,724	274,750	712,416	1,499,899	2,895,033	2,412,528
Senior notes	10%	—	—	1,894,828	—	—	1,894,828	1,722,571
Financial guarantee contracts	—	2,322,207	—	—	—	—	2,322,207	-
Subtotal		3,407,295	366,214	2,178,174	739,443	1,567,794	8,258,920	5,276,904
Lease liabilities	5.32%	13,367	23,600	45,224	97,529	210,739	390,459	270,296
Total		3,420,662	389,814	2,223,398	836,972	1,778,533	8,649,379	5,547,200

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest rate risk tables (Continued)

	Weighted interest rate %	On demand interest or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2021								
Other payables	—	1,250,391	—	—	—	—	1,250,391	1,250,391
Amounts due to related companies	—	114,220	—	—	—	—	114,220	114,220
Loans from related companies	5.26%	14,811	19,216	—	—	—	34,027	32,325
Bank and other borrowings								
— fixed-rate	6.50%	64,164	21,036	49,752	103,181	8,297	246,430	209,816
— variable-rate	3.46%	194,831	751,462	695,024	1,013,235	514,093	3,168,645	2,883,654
Senior notes	10%	538,239	—	1,076,478	1,812,187	—	3,426,904	3,115,367
Financial guarantee contracts	—	2,017,854	—	—	—	—	2,017,854	—
Subtotal		4,194,510	791,714	1,821,254	2,928,603	522,390	10,258,471	7,605,773
Lease liabilities	5.34%	11,072	33,217	49,588	89,992	329,043	512,912	371,364
Total		4,205,582	824,931	1,870,842	3,018,595	851,433	10,771,383	7,977,137

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest rate risk tables (Continued)

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

Bank and other borrowings that are repayable on demand due to breach of loan covenants which the cross default clauses in several banks of the Group have been triggered as a result of 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 borrowings, as disclosed in note 29, are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2022, the aggregate carrying amount of these bank and other loans amounted to RMB59,034,000 (2021: RMB213,125,000). The Group has not received any request from any lenders to accelerate the repayments of bank and other borrowings as a result of breach of financial covenants mentioned above. The Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing power plant projects in exchange for cash proceeds.

The following table details the Group's aggregate principal and interest cash outflows based on scheduled repayments for bank and other borrowings that became repayable on demand due to the aforesaid breach of loan covenants by the Group. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

	Weighted average interest rate %	Less than 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2022	**4.9%**	**22,334**	**22,334**	**32,514**	**—**	**77,182**	**59,034**
As at 31 December 2021	5.41	130,346	22,853	77,478	8,309	238,986	213,125

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest rate risk tables (Continued)

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

(c) Fair value measurements of financial instruments

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the Directors every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed below.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

Fair value measurements and valuation processes (Continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2022	2021			
	RMB'000	RMB'000			
Unlisted equity investments measured at financial assets at FVTPL	**43,714**	43,714	Level 3	Price to book ratio	PB value in the relevant industry and net assets value
Club membership	**1,929**	—	Level 2	Quoted prices from recent transaction price	N/A

Other than the unlisted equity investments measured at financial assets at FVTPL which was transferred from Level 2 to Level 3 during the year ended 31 December 2022, there is no transfer between the different levels of the fair value hierarchy for the year.

(ii) Reconciliation of Level 3 fair value measurements

	Unlisted equity investments measured at financial assets at FVTPL	
	2022	2021
	RMB'000	RMB'000
Opening balance	**43,714**	—
Additions	**—**	43,714
Closing balance	**43,714**	43,714

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

Fair value measurements and valuation processes (Continued)

The carrying amounts and fair values of the Group's financial instruments reasonably approximate to fair values.

Management has assessed that the fair values of pledged bank and other deposits, trade receivables, trade payables, financial assets included in other receivables and deposits, financial liabilities included in other payables and accruals, current portion of bank and other borrowings and senior notes, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the group finance controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the Directors and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the Directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of interest-bearing bank and other borrowings and senior notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings, and senior notes as at 31 December 2022 were assessed to be insignificant.

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Interest payable RMB'000 (Note 27)	Amounts due to related companies RMB'000 (Note 24)	Loans from related companies RMB'000 (Note 28)	Bank and other borrowings RMB'000 (Note 29)	Senior notes RMB'000 (Note 30)	Lease liabilities RMB'000 (Note 31)	Dividend payable to non-controlling shareholders RMB'000 (Note 27)	Total RMB'000
At 1 January 2021	177,932	312,194	908,508	24,004,522	3,261,099	987,686	230,881	29,882,822
Financing cash flows	(13,359)	(178,704)	(918,106)	(723,095)	(161,795)	(33,287)	(283,082)	(2,311,428)
Operating cash flows	–	(19,270)	–	–	–	–	–	(19,270)
Non-cash and other transactions:								
Exchange alignment on translation	(2,364)	–	–	(36,642)	(74,569)	–	–	(113,575)
Finance costs	–	–	41,923	1,179,921	323,731	32,834	–	1,578,409
Disposal of subsidiaries	(202,132)	–	–	(20,843,079)	–	(595,025)	–	(21,640,236)
Dividend declared	–	–	–	–	–	–	83,922	83,922
Non-cash settlement of discounted bills	–	–	–	(33,478)	–	–	–	(33,478)
New leases entered	–	–	–	–	–	23,051	–	23,051
Lease terminated	–	–	–	–	–	(34,284)	–	(34,284)
Reclassify to interest payable from senior notes	233,099	–	–	–	(233,099)	–	–	–
Transfer to liabilities directly associated with assets as held-for-sale	–	–	–	(454,680)	–	(9,612)	–	(464,292)
At 31 December 2021 and 1 January 2022	193,176	114,220	32,325	3,093,469	3,115,367	371,363	31,721	6,951,641
Financing cash flows	(299,559)	28,925	(27,652)	(1,137,805)	(1,369,329)	(35,012)	(13,844)	(2,854,276)
Non-cash and other transactions:								
Exchange alignment on translation	6,359	–	–	34,516	145,654	16,728	–	203,257
Finance costs	235,303	–	138	329,595	–	6,507	–	571,543
Disposal of subsidiaries	(42,371)	–	–	(98,000)	–	(22,198)	–	(162,569)
Gain on redemption	–	–	–	–	(169,121)	–	–	(169,121)
Non-cash settlement of discounted bills	–	–	–	(8,156)	–	–	–	(8,156)
New leases entered	–	–	–	–	–	33,837	–	33,837
Lease terminated	–	–	–	–	–	(87,236)	–	(87,236)
Transfer from liabilities associated with assets as held-for-sale	–	–	–	454,680	–	9,612	–	464,292
Transfer to liabilities directly associated with assets as held-for-sale	–	–	–	(148,876)	–	(23,305)	–	(172,181)
At 31 December 2022	92,908	143,145	4,811	2,519,423	1,722,571	270,296	17,877	4,771,031

41. CAPITAL COMMITMENTS, CONTINGENT ASSET AND CONTINGENT LIABILITIES

(i) Capital commitments

	2022	2021
	RMB'000	RMB'000
Capital contribution contracted but not provided for:		
Share capital of joint venture	**24,500**	24,500

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

(ii) Contingent asset

During the year ended 31 December 2019, the power generator and related equipment of a solar power plant of the Group located in Shandong Province, the PRC, was damaged during the typhoon. The Group has insurance policies in place to cover damages to property, plant and equipment amounting to RMB16,715,000 (2021: RMB16,715,000) incidental to the typhoon. The Group received RMBnil (2021: RMB24,895,000) from insurance claim as compensation income. During the year ended 31 December 2021, the Group fully claimed the remaining compensation.

(iii) Contingent liabilities

Except for the financial guarantee contracts provided by the Group as disclosed in note 39(b), the Group had no any other material contingent liability as at 31 December 2021 and 2022.

42. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

Pledge of assets

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2022	2021
	RMB'000	RMB'000
Property, plant and equipment	**2,956,646**	4,105,925
Pledged bank and other deposits	**261,786**	429,762
Trade receivables and contract assets	**1,385,107**	1,538,162
	4,603,539	6,073,849

Restrictions on assets

In addition, lease liabilities of RMB219,290,000 (2021: RMB371,363,000) are recognised with related right-of-use assets of RMB270,296,000 (2021: RMB316,517,000) as at 31 December 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

Details of bills issued by third parties endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs are disclosed in note 27.

43. RETIREMENT BENEFITS SCHEMES

(a) The PRC

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

During the year ended 31 December 2021, subject to the discretions of respective municipal government in the PRC, certain retirement benefit obligations are waived due to COVID-19.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

(c) The US

In 2015, the Company established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan and is funded by employers and employees, in the US that qualifies as an Inland Revenue Service ("IRS") deferred salary arrangement under Section 401(k) of the US Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to a maximum amount subject to certain IRS limitations.

(d) Japan

The Group participated in an employee's pension fund for all its employees in Japan. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to Employee's Pension Insurance Act.

During the year ended 31 December 2022, total amounts contributed by the Group to the schemes in the PRC, Hong Kong, the US and Japan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB36,268,000 (2021: RMB29,988,000).

44. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the consolidated financial statements, the Group also entered into the following material transactions or arrangements with related parties:

(a) Management services income from related companies

	2022 RMB'000	2021 RMB'000
Fellow subsidiaries		
蘇州協鑫光伏電力科技有限公司 Suzhou GCL Photovoltaic Power Technology Co., Ltd.* ("Suzhou GCL Technology") *(Note i)*	**8,218**	11,593
GCL Solar Energy Limited *(Note ii)*	**5,568**	5,096
Associates *(Note iii)*		
Jiangling	**3,055**	972
Huarong	**620**	5,498
Linzhou Xinchuang	**447**	2,476
Xinan	**2,876**	936
Ruzhou	**2,424**	786
Related company *(Note iv)*		
協鑫綠能系統科技有限公司 GCL Green Energy System Technology Co., Ltd* ("GCL Green Energy")	**3,357**	—
	26,565	27,357

* *English name for identification only*

Notes:

(i) 蘇州協鑫新能源運營科技有限公司 Suzhou GCL New Energy Operation and Technology Co., Ltd.* ("Suzhou GCL Operation"), an indirect wholly-owned subsidiary of the Company, provides operation and management services to the solar power plants of Suzhou GCL Technology and its subsidiaries.

(ii) GCL New Energy International Limited and GCL New Energy, Inc., indirect wholly-owned subsidiaries of the Company, provided asset management and administrative services to GCL Solar Energy Limited for its overseas operations in South Africa and the US. GCL Solar Energy Limited is a subsidiary of GCL Technology.

(iii) During the years ended 31 December 2022 and 2021, Suzhou GCL Operation provided operation and management services to the solar power plants of Jiangling, Huarong, Linzhou Xinchuang, Xinan and Ruzhou.

(iv) During the year ended 31 December 2022, Suzhou GCL Operation provided operation and management services to the solar power plants of GCL Green Energy, in which Mr. Zhu Yufeng and his family have significant influence.

44. RELATED PARTY DISCLOSURES (Continued)

(b) Interest on loans from related companies

	2022 RMB'000	2021 RMB'000
Related companies		
GCL Group Limited	—	1,354
Nanjing Xinneng	138	36,403
江蘇協鑫建設管理有限公司 Jiangsu GCL Real Estate Management Co., Ltd*	—	621
Jiangsu GCL Construction	—	2,727
阜寧房地產開發有限公司 Funing Property Development Limited*	—	184
新疆國信煤電能源有限公司 Xinjiang Guoxin Coal and Electricity Energy Co., Ltd.*	—	634
	138	41,923

Details of the loans from related companies are set out in note 28.

(c) Expense related to short-term leases/payments for right-of-use assets to related companies (Note)

	2022 RMB'000	2021 RMB'000
Fellow subsidiary		
蘇州協鑫工業應用研究院有限公司 Suzhou GCL Industrial Applications Research Co., Ltd* ("Suzhou GCL Industrial Applications Research")		
— Payments for right-of-use assets	16,298	17,765
— Lease liabilities	7,201	16,828

** English name for identification only*

44. RELATED PARTY DISCLOSURES (Continued)

(c) Expense related to short-term leases/payments for right-of-use assets to related companies (Note) (Continued)

Note: The Group has entered into a lease agreement for the use of office premises from Suzhou GCL Industrial Application Research for three years and recognised right-of-use assets and lease liabilities of RMB45,570,000 during the year ended 31 December 2020. The Group made payments for the respective right-of-use assets of RMB16,298,000 and RMB17,765,000 for the years ended 31 December 2022 and 2021 respectively for the premises.

(d) Gaotang EPC agreement and rooftop construction provided by a connected person

	2022 **RMB'000**	2021 RMB'000
Connected person *(Note)*		
協鑫能源工程有限公司 GCL Energy Engineering Co., Ltd*		
(“GCL Energy Engineering”)		
– EPC and rooftop construction	**14,108**	—

Note:

On 7 September 2022, the Group as principal and GCL Energy Engineering as contractor entered into (i) an EPC agreement for the construction of the rooftop distributed photovoltaic power station at a consideration of approximately RMB13,270,140; and (ii) a supplementary agreement for the rooftop reinforcement construction work over the rooftop distributed photovoltaic power station at a consideration of approximately RMB837,962. GCL Energy Engineering is an associate of Mr. Zhu Gongshan and his family and thus a connected person of the Company under the Listing Rules.

(e) Profit attributable on perpetual notes

	2022 **RMB'000**	2021 RMB'000
GCL-Poly (Suzhou)	**78,069**	80,806
Taicang GCL	**22,306**	23,087
Suzhou GCL	**55,764**	57,718
Jiangsu GCL	**44,611**	46,175
	200,750	207,786

Perpetual notes which are denominated in RMB and unsecured, have a variable distribution rate of 7.3% to 11% which could be deferred indefinitely at the option of the issuer and have no fixed repayment term. There is no distribution on perpetual notes for both years.

(f) Guarantees granted by related companies

At 31 December 2022, certain bank and other loans of the Group amounting to RMBnil (2021: RMB362,000,000) were guaranteed by ultimate holding company and/or fellow subsidiaries.

44. RELATED PARTY DISCLOSURES (Continued)

(g) Guarantees provided to related companies

As at 31 December 2022, the Group provided guarantee to its associates, including Shanxi GNE, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Fenxi GCL, Hanneng Guangping and Hebei GNE and their subsidiaries, for certain of their bank and other borrowings with maximum amount of RMB1,610,307,000 (2021: RMB1,540,854,000). Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition and the ECL as at 31 December 2022 and 2021 are considered insignificant.

(h) Compensation of key management personnel

The remuneration of senior management personnel, comprising directors' (whether executive or otherwise) remuneration during the year was as follows:

	2022 **RMB'000**	2021 RMB'000
Short-term benefits	**23,957**	24,763
Post-employment benefits	**466**	754
Share-based payments	**3,646**	1,625
	28,069	27,142

The remuneration of the Directors and other key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

45. MAJOR NON-CASH TRANSACTIONS

(a) Year ended 31 December 2022

(i) Short-term borrowings/advances drawn on discounted bills with recourse of approximately RMB8,156,000 have been settled through bills discounted to the relevant financial institutions.

(b) Year ended 31 December 2021

(i) The Group entered into two equity transfer agreements with 神木市晶元控股集團有限公司 Shenmu Jingyuan Group Holdings Limited* ("Shenmu Jingyuan") to acquire 20% equity interest in each of Shenmu Jingpu and Shenmu Jingfu at considerations of RMB53,280,000 and RMB15,080,000 respectively. The consideration payables had been offset with the balance due with Shenmu Jingyuan.

(ii) Short-term borrowings/advances drawn on discounted bills with recourse of approximately RMB33,478,000 have been settled through bills discounted to the relevant financial institutions.

46. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to the end of 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 purpose only*

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2022 %	Interest held 2021 %	Principal activities
Directly held:					
Pioneer Getter Limited	British Virgin Islands/ Hong Kong	US$1	100%	100%	Investment holding
Indirectly held:					
協鑫新能源國際有限公司 GCL New Energy International Limited	Hong Kong	HK$1	100%	100%	Investment holding
協鑫新能源發展有限公司 GCL New Energy Development Limited	Hong Kong	HK$1	100%	100%	Investment holding
協鑫新能源管理有限公司 GCL New Energy Management Limited	Hong Kong	HK$1	100%	100%	Investment holding
協鑫新能源貿易有限公司 GCL New Energy Trading Limited	Hong Kong	HK$1	100%	100%	Investment holding
協鑫新能源投資(中國)有限公司 GCL New Energy Investment (China) Co., Ltd[2] ("GCL New Energy Investment")	PRC	US$1,188,000,000	100%	100%	Investment holding
蘇州協鑫新能源運營科技有限公司 Suzhou GCL New Energy Operation and Technology Co., Ltd[3]	PRC	RMB50,000,000	100%	100%	Investment holding
南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd[3] ("Nanjing GCL New Energy")	PRC	US$1,188,000,000	100%	100%	Investment holding

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2022 %	Interest held 2021 %	Principal activities
Indirectly held: ***(Continued)***					
蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB12,928,250,000	**100%**	100%	Investment holding
鎮江協鑫新能源有限公司 Zhenjiang GCL New Energy Co., Ltd.* [1,3]	PRC	RMB33,000,000	**100%**	100%	Investment holding
高唐縣協鑫晶輝光伏有限公司 Gaotang County GCL Jing Hui Photovoltaic Co., Ltd.[1,3]	PRC	RMB81,000,000	**100%**	100%	Operation of solar power plant
猛海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.[1,3]	PRC	RMB85,000,000	**100%**	100%	Operation of solar power plant
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy Development Company Limited[1,3]	PRC	RMB273,600,000	**90.1%**	90.1%	Operation of solar power plant
鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co,. Ltd[1,3,5]	PRC	RMB58,597,800	**51%**	51%	Operation of solar power plant

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)
(a) General information of subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2022 %	Interest held 2021 %	Principal activities
Indirectly held: ***(Continued)***					
微山鑫能光伏電力有限公司 Weishan Xin Neng Solar Power Co., Ltd.[1, 3]	PRC	RMB75,000,000	**100%**	100%	Operation of solar power plant
互助昊陽光伏發電有限公司 Huzhu Haoyang Photovoltaic Electric Power Co., Ltd.[1,3]	PRC	RMB66,000,000	**100%**	100%	Operation of solar power plant
河南協鑫新能源投資有限公司 Henan GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB600,000,000	**100%**	100%	Operation of solar power plant
江蘇協鑫新能源有限公司 Jiangsu GCL New Energy Co., Ltd.[1,3]	PRC	RMB500,000,000	**100%**	100%	Operation of solar power plant
西安協鑫新能源管理有限公司 Xi'an GCL New Energy Management Co., Ltd.[1,3]	PRC	RMB1,500,000,000	**100%**	100%	Operation of solar power plant
安徽協鑫新能源投資有限公司 Anhui GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB238,000,000	**100%**	100%	Operation of solar power plant
內蒙古協鑫光伏電力有限公司 Inner Mongolia GCL Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB200,000,000	**100%**	100%	Operation of solar power plant

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2022 %	Interest held 2021 %	Principal activities
Indirectly held: *(Continued)*					
山東萬海電力有限公司 Shandong Wanhai Solar Power Co., Ltd.[1,3] ("Wanhai")	PRC	RMB60,000,000	**100%**	100%	Operation of solar power plant
寧夏協鑫新能源投資有限公司 Ningxia GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB200,000,000	**100%**	100%	Operation of solar power plant
江蘇協鑫新能源投資有限公司 Jiangsu GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB100,000,000	**100%**	100%	Operation of solar power plant
寧夏盛景太陽能科技有限公司 Ningxia Shengjing Solar Power Technology Company Limited[1,3,4]	PRC	RMB75,000,000	**—**	100%	Operation of solar power plant
高郵協鑫光伏電力有限公司 Gaoyou GCL Photovoltaic Power Company Limited[1,3,4]	PRC	RMB48,120,000	**—**	100%	Operation of solar power plant
寧夏鑫墾簡泉光伏電力有限公司 Ningxia Xin Ken Jiangquan Photovoltaic Power Company Limited[1,3,4]	PRC	RMB7,000,000	**—**	100%	Operation of solar power plant
常州中暉光伏科技有限公司 Changzhou Zhonghui Photovoltaic Technology Company Limited[1,3]	PRC	RMB10,000,000	**100%**	100%	Investment holding
青海協鑫新能源有限公司 Qinghai GCL New Energy Company Limited[1,3]	PRC	RMB149,480,000	**100%**	100%	Investment holding

1 English name for identification only

2 Foreign investment enterprises

3 Domestic PRC Companies

4 These subsidiaries were disposed of during the year ended 31 December 2022.

5 The subsidiaries were classified as held for sale as the Group signed equity transfer agreements with acquirers during the year.

The above table lists the subsidiaries of the Group which in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests as at 31 December 2022 and 2021:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	**2022**	2021	**2022**	2021
				RMB'000	RMB'000	**RMB'000**	RMB'000
Non-wholly owned subsidiary of Suzhou GCL New Energy:							
Nanjing GCL New Energy	PRC	**–**	–	**200,750**	207,786	**2,738,472**	2,537,722
				200,750	207,786	**2,738,472**	2,537,722

Nanjing GCL New Energy

The table below shows details of perpetual notes holders as at 31 December 2022 and 2021, the carrying amount of the perpetual notes of RMB2,738,472,000 as at 31 December 2022 (2021: RMB2,537,722,000) and interest expense arising from perpetual notes of RMB200,750,0000 (2021: RMB207,786,000) has been recognised in profit or loss by Nanjing GCL New Energy. The perpetual notes are classified as non-controlling interests in the consolidated financial statements of the Group.

Name of perpetual notes holders	Interest accrued to perpetual notes		Carrying amounts of perpetual notes	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
GCL-Poly (Suzhou)	**78,069**	80,806	**1,065,095**	987,025
Taicong GCL	**22,306**	23,087	**304,557**	282,252
Suzhou GCL	**55,764**	57,718	**760,589**	704,825
Jiangsu GCL	**44,611**	46,175	**608,231**	563,620
	200,750	207,786	**2,738,472**	2,537,722

48. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS		
Interests in subsidiaries	**2,192,835**	2,192,835
Amounts due from subsidiaries	**2,738,457**	5,875,986
	4,931,292	8,068,821
CURRENT ASSETS		
Prepayments	**1,229**	900
Amounts due from joint ventures	**—**	32
Bank balances and cash	**335,716**	6,390
	336,945	7,322
CURRENT LIABILITIES		
Accruals and other payables	**84,030**	215,916
Amount due to a fellow subsidiary	**256,960**	378,651
Senior notes	**—**	467,305
	340,990	1,061,872
NET CURRENT LIABILITIES	**(4,045)**	(1,054,550)
NON-CURRENT LIABILITIES		
Senior notes	**1,722,571**	2,648,062
NET ASSETS	**3,204,676**	4,366,209
CAPITAL AND RESERVES		
Share capital	**81,773**	73,629
Reserves	**3,122,903**	4,292,580
TOTAL EQUITY	**3,204,676**	4,366,209

48. SUMMARY FINANCIAL INFORMATION OF THE COMPANY (Continued)

Movement in equity

	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Share options reserve RMB'000	Accumulated profits RMB'000	Carrying Total RMB'000
At 1 January 2021	4,265,230	56,318	(64,015)	178,045	212,640	4,648,218
Issue of shares	752,531	—	—	—	—	752,531
Transaction costs attributable to the issue of new shares	(12,405)	—	—	—	—	(12,405)
Equity-settled share option arrangement	—	—	—	20,718	—	20,718
Loss and total comprehensive expense for the year	—	—	—	—	(1,116,482)	(1,116,482)
Forfeitures of share options *(note 35)*	—	—	—	(126,175)	126,175	—
At 31 December 2021 and 1 January 2022	**5,005,356**	**56,318**	**(64,015)**	**72,588**	**(777,667)**	**4,292,580**
Issue of shares	**261,572**	**—**	**—**	**—**	**—**	**261,572**
Transaction costs attributable to the issue of new shares	**(3,115)**	**—**	**—**	**—**	**—**	**(3,115)**
Equity-settled share option arrangement	**—**	**—**	**—**	**17,121**	**—**	**17,121**
Loss and total comprehensive expense for the year	**—**	**—**	**—**	**—**	**(1,445,255)**	**(1,445,255)**
Forfeiture of share options *(note 35)*	**—**	**—**	**—**	**(5,908)**	**5,908**	**—**
At 31 December 2022	**5,263,813**	**56,318**	**(64,015)**	**83,801**	**(2,217,014)**	**3,122,903**

49. COMPARATIVES

Certain comparative figures have been reclassified to confirm with current year's presentation.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended				
	31 December 2022 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2019 RMB'000	31 December 2018 RMB'000
Results (for continuing and discontinued operations)					
Revenue	**929,057**	2,844,899	5,023,754	6,051,987	5,632,397
(Loss) profit attributable to owners of the Company	**(1,492,546)**	(790,274)	(1,368,354)	294,688	469,680

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Assets and liabilities					
Total assets	**12,163,556**	15,916,669	45,036,468	54,416,226	61,179,861
Total liabilities	**(6,185,524)**	(8,962,796)	(36,499,587)	(44,446,583)	(51,478,321)
Total equity	**5,978,032**	6,953,873	8,536,881	9,969,643	9,701,540

For the year ended 31 December 2019, the Group has applied International Financial Reporting Standard ("IFRS") 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. The impact upon initial recognition is recognised in the opening retained earnings and comparative information has not been restated.

For the year ended 31 December 2018, the Group has applied IFRS 9 and IFRS 15 for the first time. The impact of IFRS 9 and IFRS 15 upon initial recognition on 1 January 2019 are recognised in the opening retained earnings and other components of equity without restating the comparative information.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. ZHU Gongshan *(Chairman)*
(appointed on 9 September 2022)
Mr. ZHU Yufeng *(Vice Chairman)*
(re-designated on 9 September 2022)
Mr. WANG Dong *(President)*
(appointed on 9 September 2022)
Ms. HU Xiaoyan

Non-executive Directors

Ms. SUN Wei
Mr. YEUNG Man Chung, Charles
Mr. FANG Jiancai

Independent Non-executive Directors

Mr. LEE Conway Kong Wai
Mr. WANG Yanguo
Dr. CHEN Ying
Mr. CAI Xianhe *(appointed on 9 September 2022)*

BOARD COMMITTEES

Audit Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Dr. CHEN Ying
Mr. CAI Xianhe *(appointed on 9 September 2022)*

Remuneration Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. ZHU Yufeng
Ms. SUN Wei
Mr. WANG Yanguo
Dr. CHEN Ying

Nomination Committee

Mr. ZHU Gongshan *(Chairman)*
(appointed on 9 September 2022)
Mr. WANG Yanguo
Dr. CHEN Ying

Corporate Governance Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. WANG Dong *(appointed on 9 September 2022)*
Ms. HU Xiaoyan
Mr. YEUNG Man Chung, Charles
Mr. LEE Conway Kong Wai
Mr. CAI Xianhe *(appointed on 9 September 2022)*

Risk Assessment Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. WANG Dong *(appointed on 9 September 2022)*
Ms. HU Xiaoyan

COMPANY SECRETARY

Mr. HO Yuk Hay

AUTHORISED REPRESENTATIVES

Mr. YEUNG Man Chung, Charles
Mr. HO Yuk Hay

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

AUDITOR

Crowe (HK) CPA Limited
Registered Public Interest Entity Auditors
9/F Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

Bank of China Limited
China Development Bank
Industrial and Commercial Bank of China Limited
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Share Registrar and Transfer Agent

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Abacus Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law

King & Wood Mallesons
13/F Gloucester Tower, The Landmark
15 Queen's Road Central
Central, Hong Kong

As to PRC law

Grandall Law Firm (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
The PRC

SHARE INFORMATION

Stock Code:	451
Board Lot Size:	2,000
Issued Shares:	1,167,435,772 shares

LINKS TO OFFICIAL WEBSITE/ WECHAT PLATFORM OF THE COMPANY

Website: www.gclnewenergy.com
WeChat ID: gclnewenergy

Glossary

"Adjusted Exercise Price"	adjusted exercise price due to the Share Consolidation
"Affiliate Company(ies)"	a controlling shareholder of the Company or a subsidiary or an associate of a controlling shareholder, as defined in the Share Option Scheme
"AGM"	the annual general meeting of the Company to be convened and held at 21st Floor, Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong on Tuesday, 30 May 2023 at 11 a.m.
"associate(s)", "connected person(s)", "controlling shareholder(s)", and "substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Audit Committee"	the audit committee of the Company
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda (as amended from time to time)
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"Catalogue"	Renewable Energy Tariff Subsidy Catalogue
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China
"Company" or "GCL New Energy"	GCL New Energy Holdings Limited 協鑫新能源控股有限公司
"Company Secretary"	the company secretary of the Company
"Corporate Communications"	including but not limited to: (a) the directors' reports, annual accounts together with a copy of the auditors' reports and, where applicable, summary financial reports; (b) interim reports and, where applicable, summary interim reports; (c) notices of meetings; (d) listing documents; (e) circulars; and (f) proxy forms
"Corporate Governance Committee"	the corporate governance committee of the Company
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company from time to time

"EPC"	engineering, procurement and construction
"ESG"	environmental, social and governance
"GCL Group Limited"	GCL Group Limited* 協鑫集團有限公司, a company controlled by the Zhu Family Trust
"GCL Energy Technology"	GCL Energy Technology Co. Ltd. 協鑫能源科技股份有限公司, a company incorporated in the PRC with its shares listed on the Small & Medium Enterprises Board of the SZSE (stock code: 002015)
"GCL Technology"	GCL Technology Holdings Limited 協鑫科技控股有限公司, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3800)
"GCL-Poly (Suzhou)"	GCL-Poly (Suzhou) New Energy Co., Ltd.* 保利協鑫(蘇州)新能源有限公司
"GCL System Integration"	GCL System Integration Technology Co., Ltd.* 協鑫集成科技股份有限公司, a company incorporated in the PRC with its shares listed on the Main Board of the SZSE (stock code: 002506)
"Golden Concord"	Golden Concord Holdings Limited 協鑫(集團)控股有限公司, a company controlled by the Zhu Family Trust
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Internal Control Department"	the internal control department of the Company
"Internal Control Function"	the internal control function of the Group
"kWh"	kilowatt hour
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatts
"MWh"	megawatt hour

"NDRC"	National Development and Reform Commission
"Nomination Committee"	the nomination committee of the Company
"Non-exempt Continuing Connected Transactions"	all the continuing connected transactions stipulated in paragraph "Management Services Income" in the "Report of the Directors"
"Premises"	the premises situated at 4th floor of headquarters building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC
"PV"	photovoltaic
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the year ended 31 December 2022
"Risk Assessment Committee"	the risk assessment committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Rooftop Distributed Photovoltaic Power Station"	the rooftop distributed photovoltaic power station located at Gaotang County Economic Development Zone, Liaocheng City, Shandong Province, the PRC with planned construction capacity of approximately 4.17MW
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Consolidation"	the consolidation of every twenty (20) issued and unissued ordinary share(s) of HK$0.004166666667 (being 1/240) each in the share capital of the Company into one (1) ordinary share(s) of HK$$0.08\dot{3}$ (being 1/12) each in the share capital of the Company, which was approved by the Shareholders at the special general meeting held on 27 October 2022 and became effective on 31 October 2022
"Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2014
"Share(s)"	ordinary share(s) of one-twelfth (1/12) of a Hong Kong dollar each (equivalent to HK$$0.08\dot{3}$) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Solar Energy Business" or "continuing operations"	the sale of electricity, development, construction, operation and management of solar power plants
"SSE"	Shanghai Stock Exchange

"State Grid"	State Grid Corporation of China
"Stock Exchange" or "HKEX"	The Stock Exchange of Hong Kong Limited
"Suzhou GCL Industrial Applications Research"	Suzhou GCL Industrial Applications Research Co., Ltd.* 蘇州協鑫工業應用研究院有限公司
"Suzhou GCL Operation"	Suzhou GCL New Energy Operation and Technology Co., Ltd.* 蘇州協鑫新能源運營科技有限公司
"Suzhou GCL Technology"	Suzhou GCL Photovoltaic Power Technology Co., Ltd.* 蘇州協鑫光伏電力科技有限公司 (formerly known as Suzhou GCL-Poly Solar Power Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司)
"SZSE"	Shenzhen Stock Exchange
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States
"Yangkou Photovoltaic Power Station"	the photovoltaic power station located at Yangkou Town, Shouguang City, Weifang City, Shandong Province, the PRC with planned construction capacity of 35MW
"Zhu Family Trust"	the discretionary trust known as "Asia Pacific Energy Fund", of which Mr. Zhu Gongshan (an executive Director) and his family (including Mr. Zhu Yufeng, an executive Director and son of Mr. Zhu Gongshan) are beneficiaries

* English name for identification only

GCL New Energy

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