



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  
INTERIM REPORT



## About GCL New Energy

- Renowned privately-owned solar power company 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 honorary title of "5A Solar Power Plants Operation and Maintenance Service Provider"

Forward-looking statements contained in this Interim 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 Interim 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

# Contents

## 1. Overview & Our Strategy

2022 Interim Performance Summary	2
Business Review	3
Management Discussion and Analysis	6

## 2. Corporate Governance

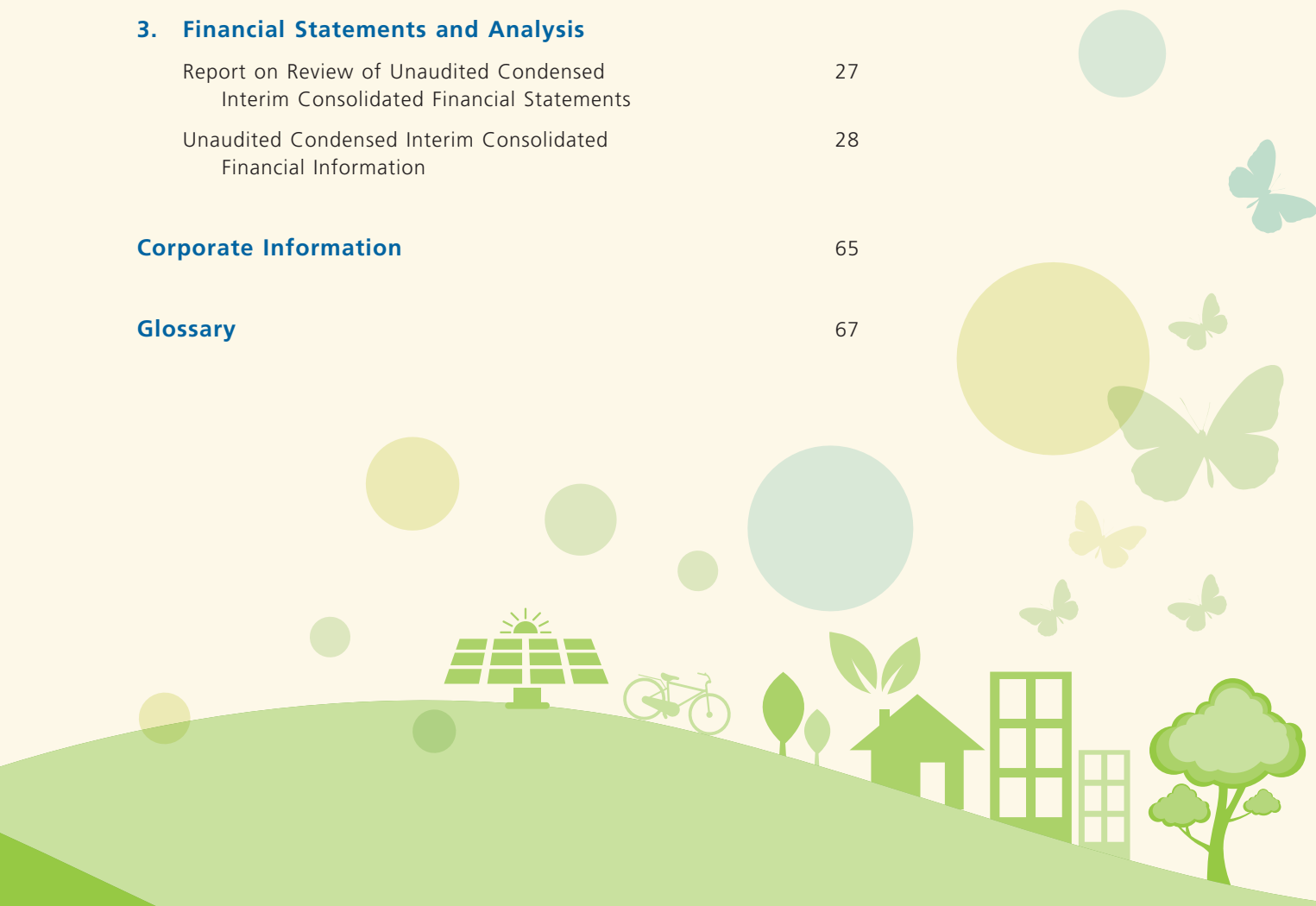
Our Directors	16
Interests in Company's Securities and Share Option Scheme	17
Corporate Governance and Other Information	24
Communication with Shareholders	26

## 3. Financial Statements and Analysis

Report on Review of Unaudited Condensed Interim Consolidated Financial Statements	27
Unaudited Condensed Interim Consolidated Financial Information	28

<b>Corporate Information</b>	65
------------------------------	----

<b>Glossary</b>	67
-----------------	----

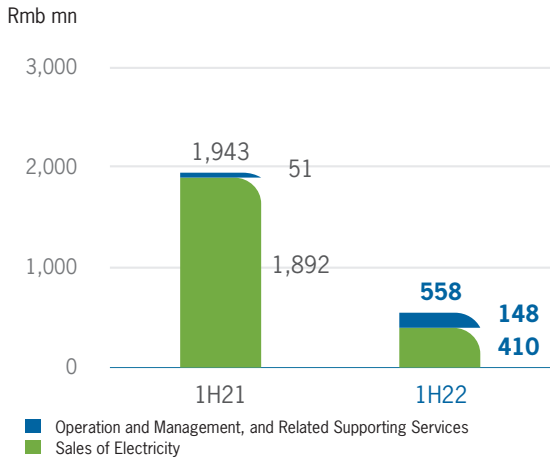




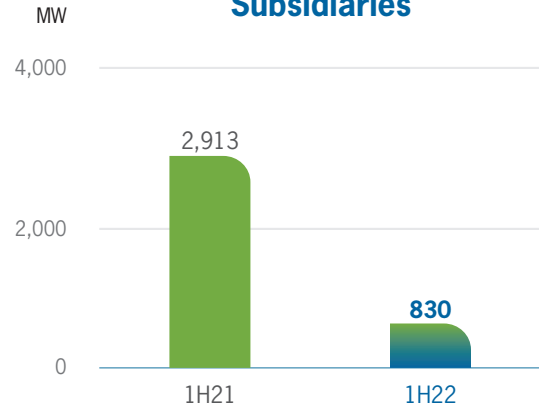
# Overview & Our Strategy

## 2022 Interim Performance Summary

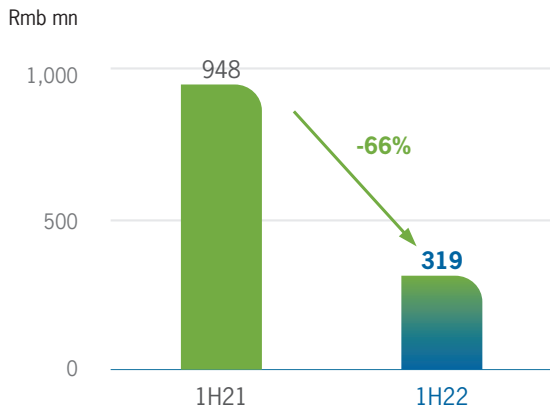
### Revenue



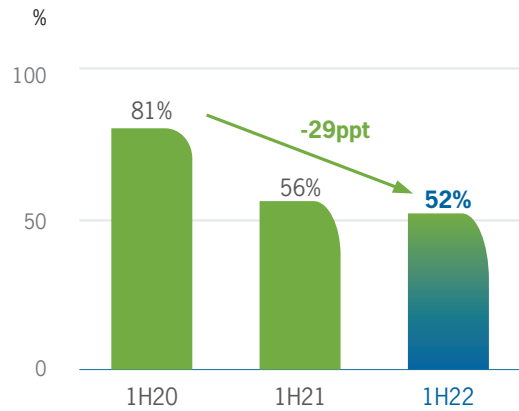
### Grid-Connected Capacity of Subsidiaries



### Finance Costs



### Gearing Ratio





In the first half of 2022, various industries continuously faced different challenges due to the adverse effects of severe and complex circumstances in the PRC and abroad, such as global economy hit by inflation, soaring energy prices caused by the energy crisis due to tensions between Russia and Ukraine, as well as the repeated outbreak of the COVID-19 pandemic. In this context, GCL New Energy was also somewhat affected. In response to these, the central banks of various countries introduced a series of policies and measures, actions were taken to bring the COVID-19 pandemic under control, and the PRC focused on promoting the high-quality development of renewable energy. The management of GCL New Energy also made a prompt decision and adjusted its clean energy business development strategy decisively in due course by investing in the liquefied natural gas (“LNG”) business with an asset-light model. Considering all the above, the Group is expected to gain further momentum in the second half of 2022.

GCL New Energy’s asset-light transformation in 2021 not only reduced the Group’s total liabilities to total assets ratio to a relatively stable level for a balanced cash flow, but also opened up an opportunity to enter into a new industry for a magnificent turnaround and took business sustainability to a new level. With a significant reduction in overall debts and a great improvement in liquidity and financing pressure, the Group proactively and prudently handled debt clause requirements concerning the Existing Notes. The Group completed a repurchase amounting to approximately US\$76.9 million on 25 January 2022, representing 15.03% of the outstanding principal amount of the Existing Notes as at the Issuance Date based on the Redemption Price. At the same time, the Group also repurchased the Existing Notes with a face value of US\$1 each from its holders at a price of US\$0.975 on 18 March 2022, with a total repurchased amount of approximately US\$45.1 million. In the future, the Group will continue to perform the corresponding obligations to the holders of the Existing Notes as agreed and repurchase and repay debts at a proportion on time in strict compliance with the debt clauses of the Existing Notes to further reduce the Group’s overall debt level and financing costs.

As a leading company in the solar power industry, the Group has accumulated abundant experience in the development, construction, and operation and maintenance (“O&M”) management of solar power plants with the installed capacity of more than 7GW. We boast a professional team and expertise and flexibility as a private enterprise. The Group and other GCL affiliated companies complement each other for high-quality development across the entire solar power industry chain. To continuously and thoroughly implement strategic asset-light transformation, the Group will actively transform its business strategy in terms of the development of solar power plants to adopt an asset-light development cycle of “development – construction – operation – transfer”. The Group will also work with central enterprises, state-owned enterprises, large financial institutions, and partners across the industry chain to invest in and develop solar power plant projects through joint development, commissioned development or cooperative development. Their relatively lower financing costs and longer financing periods will help improve the return on investment of the projects. Meanwhile, the Group will tap into the distributed energy field for zero-carbon industrial parks by developing the projects of the comprehensive application of distributed energy, mainly, clean energy to provide comprehensive net-zero emission solutions for the parks. So far, the Group has founded professional development companies including 18 provincial ones that are specialized in the development of solar power projects with a focus on distributed energy projects in parks. These projects are expected to become a new growth driver for business development.



## Overview & Our Strategy

### Business Review

In addition, leveraging on its extensive experience in O&M of solar power plants, scale advantage and huge data accumulation, the Group expedites the O&M management outsourcing business of various clean energy projects. As a national high-tech enterprise, GCL New Energy accelerates technological advancement through continuous investment in R&D, constantly improves the level of intelligent O&M and the efficiency of the power station system, and strives to provide value-added services for the O&M management outsourcing of the clients including equipment commission, equipment function testing, secondary system maintenance, external cable maintenance, electricity market transaction, asset evaluation and wind and solar power to hydrogen storage integrated energy services, so as to create value for the clients, achieve a win-win situation and promote mutual development. Currently, the Group provides O&M management outsourcing services for energy projects in 106 solar power plants with total installed capacity of more than 3.4GW. The Group has extended its O&M management outsourcing business across the country and established a leading market presence.

To seize the development opportunity of “carbon peak, carbon neutrality” (“dual carbon”), GCL New Energy has been seeking innovation to continuously update the original solar power business development ideas. The Group aims to pursue progress while ensuring stability by improving its development strategies. In July 2021, the Group announced that it has established the Hydrogen Energy business unit. It also actively studied the long-term purchase of stable natural gas sources at competitive prices from POLY-GCL Petroleum Investments Limited\* (保利協鑫天然氣投資有限公司) (“POLY-GCL Petroleum”) to provide a solid guarantee for the development of the Hydrogen Energy business. In fact, the price of LNG has been on the rise over the years, driven by strong demand from countries across the world for clean energy. The Russia-Ukraine tension in the first half of 2022 has further impacted the global supply of LNG, driving up the price of LNG to a historical high level. Considering a global shortage of energy and a growing energy gap, the management of the Group considers that energy prices are expected to remain high for a long period of time. This combined with the yet-to-mature hydrogen production technologies and market has made the management of GCL New Energy resolutely adjust its clean energy development strategy after in-depth research and prudent consideration.

With foresight and extensive professional knowledge, the management of GCL New Energy will continue to steer its strategy towards the “dual carbon” goals so that the Group will make efforts in the “dual carbon” field to resolutely seize the great opportunity of tapping into the LNG business. On 18 July 2022, the Group announced that its indirectly wholly-owned subsidiary, GCL New Energy Hong Kong Investment Limited\* (協鑫新能源香港投資有限公司) (“GCL New Energy Hong Kong”), had entered into a memorandum of understanding with POLY-GCL Petroleum Group Limited\* (保利協鑫天然氣集團有限公司) (“POLY-GCL Petroleum Group”) to invest in the Ethiopia-Djibouti natural gas project of POLY-GCL Petroleum Group located in the Ethiopian gas field in Africa by holding minority interests at low and controllable risks. POLY-GCL Petroleum Group has a 45-year upstream exploration and development period for natural gas deposits located in the Ogaden Basin, Ethiopia, Africa with 5 trillion cubic metres of natural gas deposits and approximately 4 billion tonnes of crude oil, meeting the conditions for large-scale commercial development. The Ethiopia-Djibouti natural gas project plans to transport natural gas from the deposits to a liquefaction plant located off the coast of Djibouti through a pipeline of approximately 750 kilometres for the export of LNG converted from natural gas to end clients in multiple countries or regions. In this way, the Group will keep up with the huge demand for clean energy from countries around the world and rising energy prices.

\* English names for identification purpose only



After the implementation of the Ethiopia-Djibouti natural gas project, GCL New Energy will provide operation and management services for POLY-GCL Petroleum Group with its rich experience in the O&M management outsourcing business and leading advantages in technology and operation and management, to further expand the service scope, scale and regional coverage of its energy projects. This not only follows the Group's long-term asset-light development direction, but also reduces the risk of over-reliance on a single service scope and provides a long-term stable source of income. Meanwhile, GCL New Energy may choose to increase its investment in the Ethiopia-Djibouti natural gas project through further equity investment to greatly increase the flexibility and return of investment. On the other hand, GCL New Energy still believes that the Hydrogen Energy business has huge potential for future development. Therefore, it will continue to conduct research on hydrogen energy, especially 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 planning of the Hydrogen Energy business.

To seize the rare opportunity of investing in the natural gas business while avoiding excessive financial burden, GCL New Energy completed the placing and subscription of a total of 2,275,000,000 shares of the Company (the "Placing Shares") in early August 2022 (the "Placing Transaction"), representing approximately 9.74% of the issued share capital as enlarged. The Group placed its shares to no fewer than six independent third-party professional, institutional or other investors at the placing price of HK\$0.138 per Placing Share. After taking into account all related costs, fees, expenses and commission of the Placing Transaction, the net proceeds of the Placing Transaction were approximately HK\$310 million. The Group intends to apply 90% of the amount 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.

Looking forward, despite many challenges GCL New Energy faced in the first half of 2022, the Group believes that the clean energy industry will continue to grow rapidly and reach another peak under the continuous leadership of the "dual carbon" goals and with the accelerated application of global clean energy. According to data released by the National Energy Administration, the PRC's newly installed renewable energy capacity reached 54.75 million kW, accounting for 80% of the PRC's newly installed capacity in the first half of 2022. The newly increased installed capacity of solar power stood at 30.88 million kW, accounting for 44.7% of the newly installed capacity nationwide, in which large-scale ground-mounted solar power plants and distributed solar power plants contributed to 11.23 million kW and 19.65 million kW, respectively. This reflects that despite the COVID-19 pandemic, China still leads the world in the newly installed solar power capacity and the prospects of the solar power generation industry remain bright. With years of experience in the new energy industry, GCL New Energy will tap into its own potential and devote itself to scientific management and control from the perspective of professional management. It will continue to firmly grasp investment and development opportunities in the development, construction and O&M management outsourcing of solar power plants in the solar power industry. It will take the initiative and do its best to plan for and conduct research on the development of the clean energy business. It will also conscientiously implement asset-light development and manage its finances well to maintain the gearing ratio at a reasonable level, ensure a stable cash flow, and steadily advance the future development of various core and new clean energy businesses. Despite all the difficulties and adversities, GCL New Energy endeavours to usher in a new journey for sustainable development.



# Management Discussion and Analysis

## Overview

For the six months ended 30 June 2022, loss attributable to owners of the Company for the period was RMB514 million, as compared to profit attributable to owners of the Company of RMB53 million in the last reporting period. The loss for the Reporting Period was mainly attributable to the combined effect of the following:

1. the grid connected capacity of subsidiaries decreased from 2.9GW as at 30 June 2021 to 0.8GW as at 30 June 2022, representing a decrease of 72% in business scale. Our sales volume of electricity and the revenue from electricity generation of the Group decreased proportionally by 76% and 78%, respectively. The drop in our business scale led to a decrease in gross profit by RMB995 million, from RMB1,250 million in the same period of last year to RMB255 million in the current period;
2. the decrease in administrative expenses by 1%, from RMB263 million to RMB261 million, mainly due to decrease in staff costs and other general administrative expenses following the disposal of solar power plant projects;
3. the exchange loss of RMB144 million during the six months ended 30 June 2022, as compared to the exchange gain of RMB23 million for the six months ended 30 June 2021. The exchange loss is mainly caused by the appreciation of USD against RMB for USD denominated indebtedness;
4. the loss on disposal of subsidiaries of RMB33 million for the six months ended 30 June 2022, as compared to a gain on disposal of subsidiaries of RMB248 million for the six months ended 30 June 2021; and
5. the decrease in finance costs of RMB629 million, mainly due to the decrease in business scale and repayment of debts.





## Business Review

### Capacity and Electricity Generation

As at 30 June 2022, the grid-connected capacity of the Group's subsidiary power plants was approximately 830MW (31 December 2021: 996MW). Details of capacity, electricity sales volume and revenue for the six months ended 30 June 2022 are set out below.

Subsidiaries by provinces	Tariff Zones	Number of solar power plant	Grid-connected Capacity <sup>(1)</sup> (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB million)
Inner Mongolia	1	4	189	151	0.74	111
Others	1	–	–	20	0.75	15
		<b>4</b>	<b>189</b>	<b>171</b>	<b>0.74</b>	<b>126</b>
Qinghai	2	4	98	61	0.61	37
Jilin	2	4	51	41	0.73	30
Liaoning	2	3	60	49	0.53	26
Gansu	2	1	20	14	0.79	11
		<b>12</b>	<b>229</b>	<b>165</b>	<b>0.63</b>	<b>104</b>
Jiangsu	3	2	23	64	0.86	55
Hebei	3	1	21	14	0.36	5
Shandong	3	5	149	97	0.80	78
Henan	3	3	9	5	0.60	3
Guangdong	3	4	13	7	0.57	4
Fujian	3	3	56	25	0.76	19
Shanghai	3	1	7	3	1.00	3
Others	3	–	–	4	1.25	5
		<b>19</b>	<b>278</b>	<b>219</b>	<b>0.79</b>	<b>172</b>
<b>Subtotal</b>		<b>35</b>	<b>696</b>	<b>555</b>	<b>0.72</b>	<b>402</b>
US		2	134	86	0.42	36
<b>Total of Subsidiaries</b>		<b>37</b>	<b>830</b>	<b>641</b>	<b>0.68</b>	<b>438</b>



## Overview & Our Strategy

### Management Discussion and Analysis

	Revenue (RMB million)
Representing:	
Electricity sales	184
Tariff adjustment – government subsidies received and receivable	254
Total revenue of subsidiaries for electricity sales	438
Less: effect of discounting tariff adjustment to present value <sup>(2)</sup>	(28)
Total revenue of solar power plants, after discounting	410
Solar power plants operation and management service income	74
Solar related supporting service income	74
<b>Total revenue of the Group</b>	<b>558</b>

(1) 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 six months ended 30 June 2022, the Group’s revenue was mainly derived from (i) solar power electricity generation; (ii) service fee income from the provision of the solar power plants operation and management services; and (iii) income from solar related supporting services. The table below sets forth an analysis of the Group’s revenue:

	Six months ended 30 June	
	2022 RMB’000 (Unaudited)	2021 RMB’000 (Unaudited)
<b>Revenue</b>		
– Sales of electricity and tariff adjustments	<b>410,224</b>	1,891,721
– Solar power plants operation and management service	<b>73,995</b>	26,232
– Solar related supporting service income	<b>73,817</b>	24,697
	<b>558,036</b>	1,942,650

The decrease in revenue was mainly attributable to the disposal of solar power plants during 2021 and 2022. The grid-connected capacity decreased from 2.9GW as at 30 June 2021 to 0.8GW as at 30 June 2022. The average tariff (net of tax) for the PRC was approximately RMB0.72/kWh (2021: RMB0.73/kWh).

During the six months ended 30 June 2022, the Group provided operation and maintenance services for some of the 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 30 June 2022, the Group had entered into contracts to provide operation and maintenance services for solar power plants with total installed capacity of approximately 3,364MW.



The Group's gross margin for the six months ended 30 June 2022 was 45.6%, as compared to 64.4% for the six months ended 30 June 2021. The cost of sales mainly consisted of depreciation, which accounted for 51.2% (2021: 78.8%) 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 six months ended 30 June 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 RMB26 million (2021: RMB53 million) and bank interest income of RMB7 million (2021: RMB9 million).

### Administrative Expenses

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses decreased by 1% to RMB261 million (2021: RMB263 million) for the six months ended 30 June 2022. The decrease in administrative expenses was mainly due to a decrease in staff costs and other general administration expense following the disposal of solar power plant projects.

### Other gains and losses, net

During the six months ended 30 June 2022, the net loss amounted to RMB216 million (2021: net gain of RMB35 million). The net loss for 2022 was mainly due to exchange loss caused by the appreciation of USD against RMB for USD denominated indebtedness of RMB144 million (2021: exchange gain of RMB23 million).

### Share of profits of associates

Share of profits of associates amounted to RMB68 million (2021: RMB65 million), mainly representing the share of profits from several partly held solar power plants.

### Finance Costs

Total borrowing costs decreased by 66% from RMB948 million to RMB319 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 RMB18,101 million as at 30 June 2021 to RMB5,540 million as at 30 June 2022. However, the effect of the drop in average borrowing balance was partly offset by the increase in the average borrowing rate from approximately 7.4% in 2021 to approximately 8.5% in 2022.

### Income Tax Expense

Income tax expense for the six months ended 30 June 2022 was RMB16 million (2021: RMB42 million). There is a decrease in income tax expense because of the disposal of solar power plants during 2021 and 2022, leading to decrease in taxable income.



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

Profit attributable to other non-controlling interests amounted to RMB4 million for the six months ended 30 June 2022 (2021: RMB26 million).

### **Interim Dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

### **Property, Plant and Equipment**

Property, plant and equipment was RMB4,755 million and RMB5,520 million as at 30 June 2022 and 31 December 2021, respectively. The decrease was mainly due to the disposal of solar power plants in 2021 and 2022.

### **Other Non-current Assets**

As at 30 June 2022, other non-current assets was RMB104 million (31 December 2021: RMB204 million), which mainly included refundable value-added tax of approximately RMB104 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 recognized 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 RMB48 million as at 30 June 2022, as some power plants entered into the project list of subsidy for renewable energy power plants (the "Subsidy List").

### **Trade and Other Receivables**

As at 30 June 2022, trade and other receivables of RMB5,551 million (31 December 2021: RMB6,320 million) mainly included trade and bills receivables of RMB1,490 million (31 December 2021: RMB1,608 million), refundable value-added tax of RMB62 million (31 December 2021: RMB67 million) and consideration receivables from disposal of subsidiaries of RMB371 million (31 December 2021: RMB374 million).

As at 30 June 2022, tariff adjustments receivables of RMB1,404 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 RMB48 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 30 June 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 RMB1,340 million as at 31 December 2021 to RMB1,100 million as at 30 June 2022. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction cost of RMB236 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, bonds and senior notes payable, lease liabilities and loans from related companies.

As at 30 June 2022, bank balances and cash of the Group were approximately RMB458 million (31 December 2021: RMB609 million), including bank balances and cash of RMB18 million, for projects classified as held for sale (31 December 2021: RMB23 million). For the six months ended 30 June 2022, the Group's primary source of funding included cash generated from its operating activities and proceeds from disposal of power plants.

## 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 in an acceptable level.

The Group was in net current assets position of approximately RMB4,120 million as at 30 June 2022 (31 December 2021: RMB4,558 million).



## Overview & Our Strategy Management Discussion and Analysis

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 30 June 2022 and 31 December 2021 were calculated as follows:

	<b>30 June 2022 RMB million</b>	31 December 2021 RMB million
<b>Non-current indebtedness</b>		
Loans from related companies	<b>15</b>	–
Bank and other borrowings	<b>1,988</b>	2,009
Senior notes	<b>1,652</b>	2,648
Lease liabilities	<b>252</b>	333
	<b>3,907</b>	4,990
<b>Current indebtedness</b>		
Loans from related companies	–	32
Bank and other borrowings	<b>270</b>	1,084
Senior notes	<b>865</b>	467
Lease liabilities	<b>30</b>	38
	<b>1,165</b>	1,621
<b>Indebtedness for solar power plants projects classified as held for sale</b>		
Bank and other borrowings – due within one year	<b>143</b>	128
Bank and other borrowings – due after one year	<b>312</b>	327
Lease liabilities	<b>13</b>	10
	<b>468</b>	465
Total indebtedness	<b>5,540</b>	7,076
Less: Cash and cash equivalents		
– continuing operations	<b>(440)</b>	(586)
– projects classified as held for sale	<b>(18)</b>	(23)
Pledged bank and other deposits		
– continuing operations	<b>(155)</b>	(430)
Net debts	<b>4,927</b>	6,037
Total equity	<b>6,562</b>	6,954
Net debts to total equity	<b>75%</b>	87%
Total liabilities	<b>7,167</b>	8,963
Total assets	<b>13,729</b>	15,917
Total liabilities to total assets	<b>52.2%</b>	56.3%

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

	<b>30 June 2022 RMB million</b>	31 December 2021 RMB million
Renminbi ("RMB")	<b>2,613</b>	3,368
Hong Kong dollars ("HK\$")	–	178
United States dollars ("US\$")	<b>2,927</b>	3,530
	<b>5,540</b>	7,076



## Pledge of Assets

As at 30 June 2022, the following assets were pledged for bank and other facilities granted to the Group:

- property, plant and equipment of RMB3,290 million (31 December 2021: RMB4,106 million);
- bank and other deposits of RMB155 million (31 December 2021: RMB430 million);
- rights to collect the sales of electricity for certain subsidiaries. As at 30 June 2022, the trade receivables and contract assets of those subsidiaries amounted to RMB1,322 million (31 December 2021: RMB1,538 million); and

Besides, lease liabilities of RMB281 million (31 December 2021: RMB371 million) are recognized in respect of right-of-use assets amounting to RMB226 million (31 December 2021: RMB317 million) as at 30 June 2022.

## Financial Guarantees provided to Related Companies and Third Parties

As at 30 June 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 RMB1,576 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 RMB477 million (31 December 2021: RMB477 million).

## Capital and Other Commitments

As at 30 June 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 disposals

During the six months ended 30 June 2022, the Group has entered into various share transfer agreements with different third parties to dispose equity interests in companies which hold various solar power plants. 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)	Disposal status as at 30 June 2022
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	Completed
March	Jiangsu Hesheng New Energy Co., Ltd.* (江蘇和盛新能源有限公司)	60%-100%	85	89	Completed
April	Hangzhou Xingguang New Energy Co., Ltd.* (杭州興光新能源有限公司)	100%	21	23	Completed
<b>Total</b>			<b>166</b>	<b>256</b>	

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

\* English name for identification purpose only



## Events After the Reporting Period

Save as disclosed elsewhere in the unaudited condensed interim consolidated financial statements, the following significant events took place after the end of the reporting period:

- (a) In August 2022, the Group completed a top-up placing and subscription of 2,275,000,000 shares at HK\$0.138 per share, raising a net proceeds of approximately HK\$310,000,000 (equivalent to RMB267,000,000) after deducting placing commission and related expenses.
- (b) On 17 August 2022, the Group proposed to implement the share consolidation that every twenty issued and unissued shares capital of the Company be consolidated into one consolidated share. Subject to conditions and approval of the special general meeting on 27 September 2022, the authorised share capital of the Company of par value of HK\$0.004166666667 will be consolidated into one consolidated share of HK\$0.083. Upon the share consolidation becoming effective, the authorised share capital of the Company will remain at HK\$150,000,000 divided into 1,800,000,000 shares of HK\$0.083 each, of which 1,167,435,772 consolidated shares will be in issue.

Please refer to the relevant announcements of the Company dated 17 August 2022 and 30 August 2022 for details.

- (c) On 30 August 2022, GCL Technology Holdings Limited, a company listed on the Stock Exchange with stock code: 3800 (“GCL Technology”), a controlling shareholder of the Company, announced a declaration of conditional special interim dividend by way of a distribution in specie of 8,639,024,713 ordinary shares of the Company to the shareholders of GCL Technology (the “Proposed Distribution in Specie”). The Proposed Distribution in Specie is subject to approval by the independent shareholders of GCL Technology at its extraordinary general meeting to be announced. As at 30 August 2022, GCL Technology Holdings Limited holds 10,376,602,000 shares through Elite Time Global Limited, its wholly-owned subsidiary, representing approximately 44.44% of the issued share capital of the Company. Following completion of the Proposed Distribution in Specie, GCL Technology will, through Elite Time Global Limited, hold approximately 1,737,577,287 shares, representing 7.44% of the issued share capital of the Company.

Please refer to the relevant announcement of GCL Technology dated 30 August 2022 for details.

## Risk Factors and Risk Management

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

### 1. Policy risk

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





## 2. Risk associated with tariff

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

## 3. Risk related to interest rate

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

## 4. Foreign currency risk

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

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

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

## Employee and Remuneration Policies

We consider our employees to be our most important resource. As at 30 June 2022, the Group had approximately 874 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 six months ended 30 June 2022 was approximately RMB125 million (30 June 2021: RMB148 million).



## Corporate Governance

# Our Directors

The Board consists of eleven members of which four are independent non-executive Directors, bringing in a sufficient independent voice and enhancing independent judgment. The other members are four executive Directors and three non-executive Directors. In addition, three of the Board members are female Directors, improving the gender diversity in the boardroom.

As at 30 June 2022 and up to the date of publication of this report, the composition of the Board is set out below:

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

### Changes in Directors and Directors' Information

- Mr. Liu Genyu resigned as the vice chairman and was appointed as the co-chief executive officer of China Nuclear Energy Technology Corporation Limited (HKEX stock code: 611) with effect from 10 May 2022. He also tendered his resignation as an executive Director and Vice Chairman of the Board with effect from 9 September 2022.
- Mr. Lee Conway Kong Wai retired as an independent non-executive director of WH Group Limited (HKEX stock code: 288) with effect from 1 June 2022.
- Mr. Zhu Gongshan was appointed as executive Director, Chairman of the Board and chairman of the Nomination Committee of the Company with effect from 9 September 2022.
- Mr. Zhu Yufeng ceased to act as President and chairman of the Nomination Committee of the Company. He was re-designated from Chairman to Vice Chairman of the Board with effect from 9 September 2022. He was also appointed as a vice chairman of GCL Technology and the chairman of GCL System Integration with effect from 9 September 2022.
- Mr. Wang Dong was appointed as an executive Director, the President and a member of the Risk Assessment Committee and the Corporate Governance Committee of the Company with effect from 9 September 2022.
- Mr. Cai Xianhe was appointed as an independent non-executive Director and a member of the Audit Committee and the Corporate Governance Committee of the Company with effect from 9 September 2022.
- Mr. Xu Songda tendered his resignation as an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Corporate Governance Committee of the Company with effect from 9 September 2022.

Save as disclosed above, the Company is not aware of any other change in Directors and Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2021 Annual Report.

### Audit Committee

The Audit Committee has reviewed, with the management of the Group, the accounting principles and practices adopted by the Group, its internal control and financial reporting matters including a review of the Company's interim report and interim results for the Reporting Period.

The Company's external auditor, Crowe (HK) CPA Limited, has conducted a review of the interim financial information of the Group for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

There is no disagreement raised by the Company's external auditor or the Audit Committee with the accounting treatment adopted by the Company.

Corporate Governance  
**Interests in**  
**Company's Securities and Share Option Scheme**



### Interests of Directors and Chief Executive

As at 30 June 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:

#### (A) The Company – Long Position

Directors	Beneficiary of a Trust	Number of Shares		Approximate percentage of issued Shares (Note 2)
		Number of underlying Shares (Note 1)	Total	
Mr. ZHU Yufeng	–	17,500,000	17,500,000	0.08%
	1,905,978,301 (Note 3)	–	1,905,978,301	9.04%
Ms. HU Xiaoyan	–	15,000,000	15,000,000	0.07%
Ms. SUN Wei	–	10,000,000	10,000,000	0.05%
Mr. YEUNG Man Chung, Charles	–	5,000,000	5,000,000	0.02%
Mr. FANG Jiancai	–	5,000,000	5,000,000	0.02%
Mr. XU Songda	–	2,000,000	2,000,000	0.01%
Mr. LEE Conway Kong Wai	–	2,000,000	2,000,000	0.01%
Mr. WANG Yanguo	–	2,000,000	2,000,000	0.01%
Dr. CHEN Ying	–	2,000,000	2,000,000	0.01%

Notes:

- 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 subsection headed "Share Option Scheme" in this "Corporate Governance" section.
- The percentage was calculated based on 21,073,715,441 Shares in issue as at 30 June 2022.
- Those Shares were beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited ("Dongsheng Photovoltaic"). For further information of the shareholding structure of Dongsheng Photovoltaic, please refer to note 3 under the subsection headed "Interests of Substantial Shareholders" in this "Corporate Governance" section.



## Corporate Governance Interests in Company's Securities and Share Option Scheme

### (B) Associated Corporations

#### GCL Technology

Directors	Number of ordinary shares in GCL Technology					Approximate percentage of issued shares (Note 1)
	Long position/ short position	Beneficiary of a trust	Personal interests	Number of underlying Shares	Total	
Mr. ZHU Yufeng	Long position	6,395,332,156 (Note 2)	–	1,510,755 (Note 3)	6,396,842,911	23.60%
	Short position	240,000,000 (Note 4)	–	–		
Ms. SUN Wei	Long position	–	5,723,000	1,712,189 (Note 3)	7,435,189	0.02%
Mr. YEUNG Man Chung, Charles	Long position	–	–	1,700,000 (Note 3)	1,700,000	0.006%

Notes:

- The percentage was calculated based on 27,104,071,086 shares of GCL Technology in issue as at 30 June 2022.
- Mr. Zhu Yufeng is beneficially interested in a trust as to 6,395,332,156 shares in GCL Technology. An aggregate of 6,395,332,156 shares in GCL Technology are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan (an executive director and the chairman of GCL Technology) and his family (including Mr. Zhu Yufeng, a director of GCL Technology and the Company respectively, and the son of Mr. Zhu Gongshan) as beneficiaries.
- These are share options granted by GCL Technology to the eligible persons, pursuant to the share option scheme of GCL Technology, adopted by the shareholders of GCL Technology on 22 October 2007. Such granted share options can be exercised by Mr. Zhu Yufeng and Mr. Yeung Man Chung, Charles during the period from 18 April 2016 to 28 March 2026 at an exercise price of HK\$1.324 per share of GCL Technology and Ms. Sun Wei during the period from 15 March 2016 to 18 February 2026 at an exercise price of HK\$1.160 per share of GCL Technology.
- The short position was held as a result of an equity derivative agreement entered by Happy Genius Holdings Limited.

Save as disclosed above, as at 30 June 2022, the Company is not aware of any of the Directors or 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 subsection headed "Share Option Scheme" in this "Corporate Governance" section, at no time during the Reporting Period was the Company, its subsidiaries, its fellow subsidiaries or its holding company 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 30 June 2022, so far as is known to the Directors, the following persons (other than the Directors and chief executive of the Company as disclosed above) had interests in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

### Long Position in the Shares

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares (Note 1)
Elite Time Global Limited (Note 2)	Beneficial owner	10,376,602,000	49.24%
GCL Technology (Note 2)	Interest in controlled corporation	10,376,602,000	49.24%
Asia Pacific Energy Fund Limited (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
Asia Pacific Energy Holdings Limited (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
Credit Suisse Trust Limited (Note 3)	Trustee	1,905,978,301	9.04%
Dongsheng Photovoltaic Technology (Hong Kong) Limited (Note 3)	Beneficial owner	1,905,978,301	9.04%
Golden Concord Group Limited (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
Golden Concord Group Management Limited (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
Zhu Gongshan (Note 3)	Founder of trust	1,905,978,301	9.04%
營口其印投資管理有限公司 (Note 3)	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	1,905,978,301	9.04%
協鑫新能科技(深圳)有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
協鑫集團有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
GCL System Integration Technology Co., Ltd. (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
句容協鑫集成科技有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
江蘇協鑫建設管理有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%
協鑫(遼寧)實業有限公司 (Note 3)	Interest in controlled corporation	1,905,978,301	9.04%



## Corporate Governance Interests in Company's Securities and Share Option Scheme

Notes:

1. The percentage was calculated based on 21,073,715,441 Shares in issue as at 30 June 2022.
2. Elite Time Global Limited is wholly-owned by GCL Technology.
3. Dongsheng Photovoltaic Technology (Hong Kong) Limited is wholly-owned by 句容協鑫集成科技有限公司, which is in turn wholly-owned by GCL System Integration. 江蘇協鑫建設管理有限公司, 協鑫集團有限公司 and 營口其印投資管理有限公司 are controlling shareholders of GCL System Integration. 營口其印投資管理有限公司 is a party acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 44.61% owned by 協鑫(遼寧)實業有限公司, 46.68% owned by 江蘇協鑫建設管理有限公司 and 8.71% owned by GCL-Poly (Taicang Harbour) Limited. 協鑫(遼寧)實業有限公司 and GCL-Poly (Taicang Harbour) Limited are wholly-owned by Mr. Zhu Gongshan (an executive director and the chairman of GCL Technology and Mr. Zhu Yufeng's father). 江蘇協鑫建設管理有限公司 is wholly-owned by 協鑫新能科技(深圳)有限公司. 協鑫新能科技(深圳)有限公司 is wholly-owned by Golden Concord Group Management Limited which is in turn wholly-owned by Golden Concord Group Limited. Golden Concord Group Limited is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family, including Mr. Zhu Gongshan as beneficiaries.

Save as disclosed above, as at 30 June 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.

### Share Option Scheme

The Company adopted the Share Option Scheme on 15 October 2014. The purpose of the Share Option Scheme is to enable the Company to grant options to personnel as incentives or rewards for their contribution or potential contribution to the Group. The Share Option Scheme shall be valid and effective for a period of 10 years from 15 October 2014, after which no further share 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 share 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. Further details of the Share Option Scheme are set out in the Company's 2021 Annual Report.

Share options were first granted on 23 October 2014 to subscribe for 536,840,000 Shares. On 24 July 2015, share options were second granted to subscribe for 473,460,000 Shares. Share options were third granted on 26 February 2021 to subscribe for 381,318,750 Shares (of which 370,516,250 share options have been accepted by the grantees). Share options were fourth granted on 3 November 2021 to subscribe for 60,500,000 Shares. A total of 520,661,748 share options were outstanding under the Share Option Scheme as at 30 June 2022. Particulars of the Share Option Scheme are set out in note 27 to the Unaudited Condensed Interim Consolidated Financial Statements.



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

Name or category of participants	Date of grant	Exercise period <i>(Notes 1 to 4)</i>	Exercise price HK\$ <i>(Note 5)</i>	Adjusted Exercise Price HK\$ <i>(Note 6)</i>	Number of share options		
					As at 1.1.2022	Lapsed during the Reporting Period	As at 30.6.2022
<b>Directors:</b>							
Mr. ZHU Yufeng	03.11.2021	03.11.2021 to 02.11.2031	0.357	–	17,500,000	–	17,500,000
Ms. HU Xiaoyan	03.11.2021	03.11.2021 to 02.11.2031	0.357	–	15,000,000	–	15,000,000
Ms. SUN Wei	03.11.2021	03.11.2021 to 02.11.2031	0.357	–	10,000,000	–	10,000,000
Mr. YEUNG Man Chung, Charles	03.11.2021	03.11.2021 to 02.11.2031	0.357	–	5,000,000	–	5,000,000
Mr. FANG Jiancai	03.11.2021	03.11.2021 to 02.11.2031	0.357	–	5,000,000	–	5,000,000
Mr. XU Songda	03.11.2021	03.11.2021 to 02.11.2031	0.357	–	2,000,000	–	2,000,000
Mr. LEE Conway Kong Wai	03.11.2021	03.11.2021 to 02.11.2031	0.357	–	2,000,000	–	2,000,000
Mr. WANG Yanguo	03.11.2021	03.11.2021 to 02.11.2031	0.357	–	2,000,000	–	2,000,000
Dr. CHEN Ying	03.11.2021	03.11.2021 to 02.11.2031	0.357	–	2,000,000	–	2,000,000
Sub-total					60,500,000	–	60,500,000
Mr. SHA Hongqiu <i>(Note 7)</i>	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	8,052,800	–	8,052,800
Employees of the Group (in aggregate)	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	26,574,240	–	26,574,240
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	40,696,838	–	40,696,838
	26.02.2021	26.02.2021 to 25.02.2031	0.384	–	350,913,750	(24,660,000)	326,253,750
Employees of the Affiliate Companies (in aggregate) <i>(Note 8)</i>	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	25,768,960	–	25,768,960
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	32,815,160	–	32,815,160
Total					545,321,748	(24,660,000)	520,661,748



## Corporate Governance Interests in Company's Securities and Share Option Scheme

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:

<b>Vesting period</b>	<b>Accumulative Share Options Vested</b>
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 30 June 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:

<b>Condition</b>	<b>Exercise period</b>
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 30 June 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:

<b>Vesting Date</b>	<b>Accumulative Share Options Vested</b>
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 30 June 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 30 June 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 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.
7. 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.
8. 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.



## Corporate Governance Practices

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

## Compliance With Corporate Governance Code

Throughout the Reporting Period, the Company complied with the code provisions set out in the 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, being the Chairman of the Board, has taken up the role of the President of the Company since 7 December 2020, 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.

## Compliance with Model Code

The Board adopted the Model Code with terms no less exacting 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.

## 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 have a direct or indirect interest) operates within its own legal, corporate and financial framework. As at 30 June 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.



Mr. Liu Genyu, an executive Director and Vice Chairman of the Company (resigned on 9 September 2022), is also the co-chief executive officer and an executive director of China Nuclear Energy Technology Corporation Limited (a company listed on the Main Board of the Stock Exchange, stock code: 611) (“China Nuclear Energy Technology”). The Group is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants. China Nuclear Energy Technology, through its subsidiaries, is principally engaged in new energy operations, including but not limited to, (a) provision of engineering, procurement and construction and consulting and general construction services relating to construction of photovoltaic power plants and other general construction and engineering services; (b) power generation operations; (c) financing operations; and (d) inspection, maintenance, repair, construction, installation and provision of expertise in such works for nuclear power plants via its associated companies.

As such, the businesses of the Group and that of China Nuclear Energy Technology may be in competition and Mr. Liu Genyu may be deemed to have interests in competing businesses of the Group pursuant to Rule 8.10(2) of the Listing Rules. However, as at 30 June 2022, as (i) Mr. Liu Genyu merely serves as executive directors of the Company and China Nuclear Energy Technology but is not interested in any equity interests of the Company and is not interested in 5% or above of equity interests in China Nuclear Energy Technology; and (ii) the Company and China Nuclear Energy Technology have separate and independent management teams. The Company and the Board are of the view that Mr. Liu Genyu’s overlapping directorships in the Company and China Nuclear Energy Technology do not affect the Company’s operation and independence and does not present any direct conflict of interests.

## Risk Management and Internal Control

The Company has in practice complied with the requirements under the CG Code relating to risk management and internal control during the Reporting Period. Details of the Group’s risk management and internal control systems (the “Systems”), as well as risk management procedures were set out in the Corporate Governance Report of the Company’s 2021 Annual Report.

During the Reporting Period, the Group has conducted ongoing reviews to identify deficiencies in operations and opportunities. All major findings were communicated to senior management of the respective business units to enforce the remediation.

During the Reporting Period, the Internal Control Function of the Group reviewed the effectiveness of the Systems. Based on the ongoing efforts devoted by the Group, 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 Group.

## Purchase, Sale Or Redemption Of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares listed on the Stock Exchange during the Reporting Period.

## Environmental, Social and Governance Reporting

GCL New Energy has issued annual Environmental, Social and Governance Report since 2015, to report on the performance of the Group in environmental, social and governance issues annually. The Company’s Environmental, Social and Governance Report 2021 has been included in the Company’s 2021 Annual Report, which is published on the websites of the Stock Exchange and the Company.

## Events after the Reporting Period

Details of the events after the Reporting Period of the Group are set out in note 33 to the Unaudited Condensed Interim Consolidated Financial Statements.



## Corporate Governance

# Communication with Shareholders

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](http://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.

In addition to accessing information on the corporate website, enquiries or requests 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:

### ***Board Secretarial and Investor Relations Department***

Telephone: +852 2606 9200

Facsimile: +852 2462 7713

Email: [gneir@gclnewenergy.com](mailto:gneir@gclnewenergy.com)

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

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

### ***Tricor Abacus Limited***

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Telephone: (852) 2980-1333

Facsimile: (852) 2810-8185

# Report on Review of Unaudited Condensed Interim Consolidated Financial Statements



國富浩華（香港）會計師事務所有限公司  
**Crowe (HK) CPA Limited**  
香港 銅鑼灣 禮頓道77號 禮頓中心9樓  
9/F Leighton Centre,  
77 Leighton Road,  
Causeway Bay, Hong Kong

## TO THE BOARD OF DIRECTORS OF GCL NEW ENERGY HOLDINGS LIMITED

協鑫新能源控股有限公司

*(incorporated in Bermuda with limited liability)*

### Introduction

We have reviewed the unaudited condensed interim consolidated financial statements of GCL New Energy Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 28 to 64, which comprise the unaudited condensed consolidated statement of financial position as of 30 June 2022 and the related unaudited condensed consolidated statement of profit or loss and other comprehensive income, the unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these unaudited condensed interim consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these unaudited condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Crowe (HK) CPA Limited**

*Certified Public Accountants*

Hong Kong, 30 August 2022

**Chan Wai Dune, Charles**

Practising Certificate Number P00712



# Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

Six months ended 30 June

	NOTES	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	558,036	1,942,650
Cost of sales		(303,339)	(692,202)
Gross profit		254,697	1,250,448
Other income	4	80,136	79,607
Administrative expenses			
– share-based payment expenses	27	(8,560)	(8,084)
– other administrative expenses		(252,753)	(254,658)
Other gains and losses, net	5	(216,477)	35,480
Share of profits of associates		67,962	65,158
Share of losses of joint ventures		(288)	(287)
Finance costs	6	(319,322)	(947,844)
(Loss) profit before tax		(394,605)	219,820
Income tax expense	7	(15,796)	(41,885)
<b>(Loss) profit for the period</b>	8	<b>(410,401)</b>	177,935
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		28,555	27,150
Total comprehensive (expense) income for the period		(381,846)	205,085
(Loss) profit for the period attributable to:			
Owners of the Company		(513,772)	52,826
Non-controlling interests			
– Owners of perpetual notes		99,550	99,550
– Other non-controlling interests		3,821	25,559
		(410,401)	177,935
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(485,217)	79,976
Non-controlling interests			
– Owners of perpetual notes		99,550	99,550
– Other non-controlling interests		3,821	25,559
		(381,846)	205,085
		RMB cents (Unaudited)	RMB cents (Unaudited)
(Loss) earnings per share			
– Basic and diluted	11	(2.44)	0.26

# Unaudited Condensed Consolidated Statement of Financial Position



At 30 June 2022

	NOTES	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	4,754,841	5,520,394
Right-of-use assets	12	226,020	316,517
Interests in associates	13	1,376,635	1,350,913
Interests in joint ventures	14	2,863	3,151
Amounts due from related companies	15	17,443	24,481
Other investments	16	43,714	43,714
Other non-current assets	17	103,788	203,701
Contract assets	18	47,864	40,941
Pledged bank and other deposits		87,688	181,366
Deferred tax assets		26,187	29,264
		<b>6,687,043</b>	7,714,442
<b>CURRENT ASSETS</b>			
Trade and other receivables	19	5,550,744	6,319,867
Amounts due from related companies	15	294,039	262,839
Tax recoverable		346	1,691
Pledged bank and other deposits		67,081	248,396
Bank balances and cash		439,873	586,050
		<b>6,352,083</b>	7,418,843
Assets classified as held for sale	10	689,553	783,384
		<b>7,041,636</b>	8,202,227
<b>CURRENT LIABILITIES</b>			
Other payables and deferred income	21	1,100,068	1,340,231
Amounts due to related companies	15	109,630	114,220
Tax payable		5,254	4,763
Loans from related companies	22	–	32,325
Bank and other borrowings	23	269,543	1,084,285
Senior notes	25	865,233	467,305
Lease liabilities		29,658	38,477
		<b>2,379,386</b>	3,081,606
Liabilities directly associated with assets classified as held for sale	10	542,340	562,365
		<b>2,921,726</b>	3,643,971
<b>NET CURRENT ASSETS</b>			
		<b>4,119,910</b>	4,558,256
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>10,806,953</b>	12,272,698



## Unaudited Condensed Consolidated Statement of Financial Position

At 30 June 2022

	NOTES	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Loans from related companies	22	14,811	–
Bank and other borrowings	23	1,987,915	2,009,185
Senior notes	25	1,651,564	2,648,062
Lease liabilities		251,505	332,887
Deferred income	21	338,365	327,850
Deferred tax liabilities		679	841
		<b>4,244,839</b>	5,318,825
<b>NET ASSETS</b>			
		<b>6,562,114</b>	6,953,873
<b>CAPITAL AND RESERVES</b>			
Share capital	24	73,629	73,629
Reserves		3,815,923	4,292,580
Equity attributable to owners of the Company		3,889,552	4,366,209
Equity attributable to non-controlling interests			
– owners of perpetual notes		2,637,272	2,537,722
– other non-controlling interests		35,290	49,942
<b>TOTAL EQUITY</b>		<b>6,562,114</b>	6,953,873

The unaudited condensed interim consolidated financial statements on pages 28 to 64 were approved and authorised for issue by the Board of Directors on 30 August 2022 and are signed on its behalf by:

**Zhu Yufeng**  
DIRECTOR

**Hu Xiaoyan**  
DIRECTOR



# Unaudited Condensed Consolidated Statement of Changes in Equity



For the six months ended 30 June 2022

	Attributable to owners of the Company								Non-controlling interests		Total equity RMB'000	
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Legal reserves RMB'000 (Note)	Translation reserve RMB'000	Special reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Perpetual notes RMB'000		Other non-controlling interests RMB'000
At 1 January 2021 (Audited)	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
Profit for the period	-	-	-	-	-	-	-	52,826	52,826	99,550	25,559	177,935
Other comprehensive income for the period	-	-	-	-	27,150	-	-	-	27,150	-	-	27,150
<b>Total comprehensive income for the period</b>	-	-	-	-	27,150	-	-	52,826	79,976	99,550	25,559	205,085
Issue of shares through placement (note 24)	6,955	752,531	-	-	-	-	-	-	759,486	-	-	759,486
Qualified expenses recognised in equity (note 24)	-	(12,404)	-	-	-	-	-	-	(12,404)	-	-	(12,404)
Transfer to legal reserves	-	-	-	713	-	-	-	(713)	-	-	-	-
Recognition of equity settled share-based payments (note 27)	-	-	-	-	-	-	8,084	-	8,084	-	-	8,084
Forfeitures of share options (note 27)	-	-	-	-	-	-	(94,542)	94,542	-	-	-	-
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(101,040)	(101,040)
Acquisition of addition interest in a subsidiary through deemed consideration received	-	-	-	-	-	-	-	-	-	-	(19,979)	(19,979)
Disposal of subsidiaries	-	-	-	4,906	-	-	-	-	4,906	-	(105,361)	(100,455)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(4,867)	(4,867)
<b>At 30 June 2021 (Unaudited)</b>	<b>73,629</b>	<b>5,005,357</b>	<b>15,918</b>	<b>1,958,798</b>	<b>(57,849)</b>	<b>491,218</b>	<b>91,587</b>	<b>(1,702,745)</b>	<b>5,875,913</b>	<b>2,429,486</b>	<b>965,392</b>	<b>9,270,791</b>
At 1 January 2022 (Audited)	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) profit for the period	-	-	-	-	-	-	-	(513,772)	(513,772)	99,550	3,821	(410,401)
Other comprehensive income for the period	-	-	-	-	28,555	-	-	-	28,555	-	-	28,555
<b>Total comprehensive income (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,555</b>	<b>-</b>	<b>-</b>	<b>(513,772)</b>	<b>(485,217)</b>	<b>99,550</b>	<b>3,821</b>	<b>(381,846)</b>
Transfer to legal reserves	-	-	-	24,430	-	-	-	(24,430)	-	-	-	-
Recognition of equity settled share-based payments (note 27)	-	-	-	-	-	-	8,560	-	8,560	-	-	8,560
Disposal of subsidiaries	-	-	-	(19,725)	-	-	-	19,725	-	-	(18,473)	(18,473)
<b>At 30 June 2022 (Unaudited)</b>	<b>73,629</b>	<b>5,005,356</b>	<b>15,918</b>	<b>1,350,967</b>	<b>(29,890)</b>	<b>(182,517)</b>	<b>81,148</b>	<b>(2,425,059)</b>	<b>3,889,552</b>	<b>2,637,272</b>	<b>35,290</b>	<b>6,562,114</b>

Note: Legal reserves represent the amounts set aside from the retained earnings by certain subsidiaries established in the People's Republic of China (the "PRC") and is not distributable as dividend. In accordance with the relevant regulations and their articles of association, the Company's subsidiaries established 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 the loans, advances, cash dividends.



# Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

Six months ended 30 June

NOTES	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,722,496</b>	1,464,644
<b>INVESTING ACTIVITIES</b>		
Interest received	<b>44,758</b>	11,199
Payments for construction and purchase of property, plant and equipment	<b>(592,376)</b>	(3,591)
Payments for right-for-use assets	<b>(19,369)</b>	–
Proceeds from disposal of property, plant and equipment	<b>78,516</b>	–
Receipts of consideration receivables from disposal of subsidiaries with solar power plant projects	<b>601</b>	2,945,516
Withdrawal of pledged bank and other deposits	<b>396,262</b>	3,009
Placement of pledged bank and other deposits	<b>(121,188)</b>	(40,000)
Advance to related companies	<b>(28,622)</b>	–
Repayment from related companies	–	29,499
Proceeds from disposal of subsidiaries with solar power plant projects	<b>243,434</b>	2,070,013
Dividend received from related companies	<b>42,240</b>	24,424
	<b>28</b>	
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>44,256</b>	5,040,069
<b>FINANCING ACTIVITIES</b>		
Interest paid	<b>(497,948)</b>	(950,007)
Payments for acquisition of additional interest in a subsidiary	–	(232,680)
Proceeds from bank and other borrowings	<b>1,359,837</b>	1,296,267
Repayment of bank and other borrowings	<b>(2,119,469)</b>	(6,299,892)
Repayments of lease liabilities	<b>(18,448)</b>	(12,211)
Repayment of loans from related parties	<b>(17,514)</b>	(837,626)
Proceeds from issue of shares through placement	–	759,486
Transaction costs paid for the issue of shares through placement	–	(12,404)
Repayment of loans from an associate of ultimate holding company	–	(9,936)
Repayment to related parties	<b>(4,590)</b>	(200,625)
Advance from related parties	–	10,935
Repayment of bonds payable	<b>(618,647)</b>	(161,795)
Dividend paid to non-controlling interests	<b>(5,063)</b>	(208,445)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,921,842)</b>	(6,858,933)

## Unaudited Condensed Consolidated Statement of Cash Flows



For the six months ended 30 June 2022

Six months ended 30 June

	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(155,090)</b>	(354,220)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		
– bank balances and cash	<b>586,050</b>	1,143,481
– bank balances and cash classified as held for sale	<b>23,351</b>	48,018
	<b>609,401</b>	1,191,499
Effect of exchange rate changes on the balance of cash held in foreign currencies	<b>4,038</b>	(28,456)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Represented by		
– bank balances and cash	<b>439,873</b>	618,029
– bank balances and cash classified as held for sale	<b>18,476</b>	190,794
	<b>458,349</b>	808,823



# Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

## 1A. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

The functional currency of the Company and the presentation currency of the Group’s unaudited condensed interim consolidated financial statements are Renminbi (“RMB”).

### **Change in presentation of unaudited condensed consolidated statement of profit or loss and other comprehensive income**

In prior periods, solar related supporting services income was included under “Other income”. From 2022 onwards, solar related supporting services income is presented under “Revenue”, to more appropriately reflect the nature of such income. The comparative figures have been represented to conform with the revised presentation. No restatement of prior period comparative figures was made as the amounts were immaterial to the consolidated financial statements.

## 1B. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The Group made certain disposals of subsidiaries during the current interim period and the details are set out in note 28.

## 2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRS Standards”), the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2021.

### **Application of amendments to IFRS Standards**

During the six months ended 30 June 2022, the Group has applied the following amendments to IFRS Standards issued by the IASB, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s unaudited condensed interim consolidated financial statements:

Annual Improvement Projects	Annual Improvements 2018 – 2020 Cycle
IAS 16 (Amendments)	Proceeds before Intended Use
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
IFRS 3 (Amendments)	Reference to the Conceptual Framework

The application of the amendments to IFRS Standards during the six months ended 30 June 2022 has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed interim consolidated financial statements.



### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from sales of electricity and tariff adjustments, and provision of operation and management services and solar related supporting services. Revenue arising from sales of electricity is derived substantially from sales of electricity to local grid companies in the People's Republic of China (the "PRC") for the six months ended 30 June 2022 and 2021.

Revenue recognised during the periods are as follows:

	Six months ended 30 June	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
<b>Revenue</b>		
Recognised at a point in time:		
– Sales of electricity	<b>183,982</b>	776,647
– Tariff adjustments	<b>226,242</b>	1,115,074
Subtotal	<b>410,224</b>	1,891,721
Recognised over time:		
– Operation and management services income	<b>73,995</b>	26,232
– Solar related supporting services income	<b>73,817</b>	24,697
Subtotal	<b>147,812</b>	50,929
	<b>558,036</b>	1,942,650

For sales of electricity and tariff adjustments, 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 been transferred, being at the point when electricity has generated and transmitted to the customers and the amount included tariff adjustments of approximately RMB226,242,000 (six months ended 30 June 2021: RMB1,115,074,000) recognised during the period. The Group generally grants credit period of approximately one month from the date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. 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 the 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補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.



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

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-owned 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 were recognised as revenue and due from grid companies in the PRC in accordance with the relevant power purchase agreements.

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. The management of the Group assessed that all of the Group’s operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. The contract assets are transferred to trade receivables upon the relevant power plant obtained the approval for registration in the List or when the relevant power plant is enlisted in the List since the release of the 2020 Measures.

Since certain of the tariff adjustments were yet to obtain approval for registration in the List by the PRC government, the management considered that it contains a significant financing component over the relevant portion of the tariff adjustments until the settlement of the trade receivables. For the six months ended 30 June 2022, the respective tariff adjustments were adjusted for this financing component based on an effective interest rate ranging from 2.11% to 2.37% per annum (six months ended 30 June 2021: 2.36% to 3.03% per annum) and adjustments were made in relation to the revision of expected timing of tariff collection. As such, the Group’s revenue was adjusted by approximately RMB28 million (six months ended 30 June 2021: RMB18 million) and interest income amounting to approximately RMB26 million (six months ended 30 June 2021: RMB53 million) (note 4) was recognised.

Operation and management services income represents the service income from provision of the solar power plants operation and management services.

Solar related supporting services income represents the income from provision of solar related supporting services

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

\* English name for identification purpose only



### 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### 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.

	Six months ended 30 June	
	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Unaudited)
PRC	<b>518,896</b>	1,901,868
Other countries	<b>39,140</b>	40,782
	<b>558,036</b>	1,942,650

In prior periods, solar related supporting services income was included under "Other Income". From current interim period onwards, solar related supporting services income is presented under "Revenue", to more appropriately reflect the nature of such income. The comparative figures have been represented to conform with the current period's presentation (note 1A).

### 4. OTHER INCOME

	Six months ended 30 June	
	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Unaudited)
Government grants:		
– Incentive subsidies (Note)	<b>477</b>	3,656
– Investment Tax Credit ("ITC") (note 21c)	<b>6,879</b>	6,640
– Others	<b>275</b>	147
Interest arising from contracts containing significant financing component	<b>25,700</b>	53,052
Interest income of financial assets at amortised cost:		
– Bank interest income	<b>6,903</b>	8,761
– Interest income from other loan receivables	<b>–</b>	419
– Interest income from former subsidiaries (note 19)	<b>37,855</b>	2,019
Others	<b>2,047</b>	4,913
	<b>80,136</b>	79,607

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 during the periods and the conditions attached thereto were fully complied with.



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Exchange (loss) gain, net (Note a)	(144,492)	22,808
Impairment losses on property, plant and equipment (Note b)	(700)	–
Impairment loss on expected credit loss model, net of reversal	(53,720)	–
Loss on measurement of assets classified as held for sale to fair value less cost to sell	–	(235,327)
(Loss) gain on disposal of solar power plant projects (note 28)	(32,531)	247,999
Gain on disposal of property, plant and equipment	1	–
Gain on early termination of a lease	14,965	–
	<b>(216,477)</b>	35,480

Notes:

- (a) Exchange (loss) gain mainly arose from the bank and other borrowings and the senior notes, all are denominated in United States dollars (“US\$”) which appreciated (six months ended 30 June 2021: depreciated) against RMB during the current interim period.
- (b) The impairment loss on property, plant and equipment amounting to approximately RMB700,000 is provided due to termination of constructing certain in-progress solar power projects during the six months ended 30 June 2022. During the six months ended 30 June 2022, having considered the financial resources of the Group, and the equipment costs related to certain solar power plants, which were still in their preliminary stage and therefore would not generate future economic returns to the Group, the management determined to suspend these projects and the relevant equipment costs in these projects are fully impaired. No impairment on property, plant and equipment was provided for the six months ended 30 June 2021.

### 6. FINANCE COSTS

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	188,416	728,354
Senior notes	120,659	153,476
Loans from related companies (note 32b)	139	32,019
Lease liabilities	10,108	33,995
	<b>319,322</b>	947,844

There was no borrowing capitalised for both reporting periods.





## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
PRC Enterprise Income Tax ("EIT"):		
Current tax	13,924	39,053
PRC dividend withholding tax	–	920
Deferred tax	1,872	1,912
<b>Total</b>	<b>15,796</b>	<b>41,885</b>

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

Certain subsidiaries of the Group, being enterprises engaged in solar photovoltaic projects, under the EIT Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the six months ended 30 June 2022 and 2021, certain subsidiaries of the Company engaged in the solar photovoltaic projects are in the 3-year 50% exemption period. Certain of such subsidiaries of the Group have completed the 3-year full exemption period or 3-year 50% exemption period in current period.

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

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

Under the tax law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the unaudited condensed consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to approximately RMB278,241,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB1,607,067,000) 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 six months ended 30 June 2022, no withholding tax (six months ended 30 June 2021: RMB920,000) is charged to profit or loss for the dividends declared and paid by the PRC subsidiaries (six months ended 30 June 2021: RMB18,396,000).



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 8. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Unaudited)
(Loss) profit for the period has been arrived at after charging:		
Depreciation of:		
– Property, plant and equipment	<b>153,107</b>	527,242
– Right-of-use assets	<b>20,732</b>	40,102
Staff costs (including directors' remuneration but excluding share-based payments)		
– Salaries, wages and other benefits	<b>97,922</b>	124,058
– Retirement benefit scheme contributions	<b>18,964</b>	15,842
Share-based payment expenses (note 27) (administrative expenses in nature)	<b>8,560</b>	8,084

### 9. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2022, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2021: Nil).

### 10. ASSETS CLASSIFIED AS HELD FOR SALE

#### Disposal of solar power plants

- (a) On 16 November 2021, the Group entered into four share 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”), an independent third party to dispose of its 100% equity interest in four wholly-owned subsidiaries, namely 海東市源通光伏發電有限公司 Haidong Yuantong Photovoltaic Power Generation Co., Ltd.\* (“Haidong Yuantong”), 互助吳陽光伏發電有限公司 Huzhu Haoyangyangfu Power Generation Co., Ltd.\* (“Huzhu Hao-yangyangfu”), 化隆協合太陽能發電有限公司 Hualong Xiehe Solar Power Co., Ltd.\* (“Hualong Xiehe”), 青海百能光伏投資管理有限公司 Qinghai Baineng Photovoltaic Investment Management Co., Ltd.\* (“Qinghai Baineng”) for consideration in aggregate of RMB22,800,000 as at the date of disposals. The Group and State Power Investment mutually agreed to reduce the consideration from RMB22,800,000 to RMB20,666,000 during year ended 31 December 2021. The subsidiaries operate solar power plant projects with in aggregate of 98.08MW in Qinghai, the PRC. As at 30 June 2022, 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.



## 10. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

### Disposal of solar power plants (Continued)

As at 30 June 2022, the assets and liabilities attributable to these solar power plant projects have been classified as a disposal group held for sale and are presented separately in the unaudited condensed interim consolidated statement of financial position.

As at 30 June 2022, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment	381,572
Right-of-use assets	24,722
Trade and other receivables	264,783
Bank balances and cash	18,476
<b>Total assets classified as held for sale</b>	<b>689,553</b>
Other payables	(75,069)
Bank and other borrowings – due within one year	(143,010)
Bank and other borrowings – due after one year	(311,670)
Lease liabilities	(12,591)
<b>Total liabilities directly associated with assets classified as held for sale</b>	<b>(542,340)</b>
Net assets of solar power plant projects classified as held for sale	147,213
Intragroup balances	(125,401)
<b>Net assets of solar power plant projects</b>	<b>21,812</b>

The following is an aged analysis of trade receivables presented based on the invoice date at 30 June 2022, which approximated the respective revenue recognition date:

	RMB'000
Unbilled (note)	227,357
0–90 days	2,339
91–180 days	554
	<b>230,250</b>



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 10. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

#### Disposal of solar power plants (Continued)

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

	RMB'000
0-90 days	21,037
91-180 days	13,530
181-365 days	30,530
Over 365 days	162,260
	227,357

For the sales of electricity business, the Group generally granted credit period of approximately one month to local 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.

The carrying amounts of the above bank and other borrowings are repayable<sup>#</sup>:

	RMB'000
Within one year	143,010
More than one year, but not exceeding two years	31,260
More than two years, but not exceeding five years	98,480
More than five years	181,930
	454,680
Less: Bank and other borrowings – due within one year	(143,010)
Bank and other borrowings – due after one year	311,670

<sup>#</sup> The repayable amounts of bank and other borrowings are based on scheduled repayment dates set out in the respective loan agreements.

### 11. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
<b>(Loss) Earnings</b>		
(Loss) profit for the purpose of basic and diluted (loss) earnings per share		
((Loss) profit for the period attributable to owners of the Company)	<b>(513,772)</b>	52,826



## 11. (LOSS) EARNINGS PER SHARE (Continued)

	Six months ended 30 June	
	2022 '000 (Unaudited)	2021 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<b>21,073,715</b>	20,631,726

Diluted (loss) earnings per share did not assume the exercise of the share options granted by the Company, since the exercise would result in decrease in loss per share for the six months ended 30 June 2022 (six months ended 30 June 2021: exercise price is higher than the average price).

## 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Six months ended 30 June 2022	Property, plant and equipment RMB'000	Right-of-use assets RMB'000
Carrying amount at 1 January 2022 (Audited):	<b>5,520,394</b>	<b>316,517</b>
Additions	<b>381,860</b>	<b>28,292</b>
Exchange differences	<b>(7,919)</b>	<b>2,920</b>
Disposal of subsidiaries (note 28)	<b>(907,172)</b>	<b>(28,359)</b>
Disposals	<b>(78,515)</b>	–
Depreciation	<b>(153,107)</b>	<b>(20,732)</b>
Early termination	–	<b>(72,618)</b>
Impairment loss	<b>(700)</b>	–
Carrying amount at 30 June 2022 (Unaudited)	<b>4,754,841</b>	<b>226,020</b>
	Property, plant and equipments RMB'000	Right-of-use assets RMB'000
Six months ended 30 June 2021		
Carrying amount at 1 January 2021 (Audited):	25,363,172	1,257,603
Additions	3,591	–
Exchange differences	(14,603)	(4,230)
Disposal of subsidiaries	(7,399,286)	(308,737)
Disposals	(176,739)	–
Depreciation	(527,242)	(40,102)
Transfer to assets held for sale	(6,007,901)	(255,398)
Carrying amount at 30 June 2021 (Unaudited)	11,240,992	649,136

At 30 June 2022, the Group was in the process of obtaining property ownership certificates in respect of property interests held by the Group in the PRC with a carrying amount of approximately RMB80,831,000 (31 December 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.



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

Lease contracts are entered into fixed terms of 3 to 50 years. The lease agreements entered into between the landlords and the Group include renewal options at the discretion of the respective group entities for further 5 to 11 years (31 December 2021: 5 to 25 years) from the end of the leases with fixed rental.

During the current interim period, the Group entered into several new lease agreements for the use of lands for 43 to 50 years. The Group is required to make fixed annually payments, except for full payment of RMB17,726,000 was paid for certain leases. On lease commencement, the Group recognised RMB28,292,000 of right-of-use asset and RMB10,566,000 of lease liability.

#### 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 six months period ended 30 June 2022, the Group has raised RMB433,745,000 (31 December 2021: RMBnil) borrowings in respect of such arrangements which are accounted as collateralised borrowings.

### 13. INTERESTS IN ASSOCIATES

Same as disclosed in the Group's 2021 annual report, there is no material change for the six months ended 30 June 2022.

### 14. INTERESTS IN JOINT VENTURES

Same as disclosed in the Group's 2021 annual report, there is no material change for the six months ended 30 June 2022.



## 15. AMOUNTS WITH RELATED COMPANIES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>Amounts due from related companies – non-current</b>		
– Amounts due from associates (Note a)	<b>17,443</b>	24,481
	<b>17,443</b>	24,481
<b>Amounts due from related companies – current</b>		
– Amounts due from associates (Note a)	<b>269,415</b>	234,312
– Amounts due from fellow subsidiaries (Note b)	<b>22,698</b>	28,005
– Amounts due from the companies controlled by Mr. Zhu Yufeng, the chairman of the Group, and his family (Note c)	<b>1,926</b>	522
	<b>294,039</b>	262,839
<b>Amounts due to related companies – current</b>		
– Amounts due to associates (Note a)	<b>4,103</b>	4,214
– Amounts due to fellow subsidiaries (Note b)	<b>103,711</b>	106,934
– Amounts due to the companies controlled by Mr. Zhu Yufeng and his family (Note c)	<b>1,816</b>	3,072
	<b>109,630</b>	114,220

Notes:

- (a) The amounts with associates are non-trade nature, unsecured, non-interest bearing with no fixed repayment term except for amounts due from associates of approximately RMB17,443,000 (31 December 2021: RMB24,481,000) which, in the opinion of the Directors, are expected to be received after twelve months from the end of the reporting period and are classified as non-current.
- (b) The amounts due from/to fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment except for the amounts due from fellow subsidiaries of approximately RMB6,933,000 (31 December 2021: RMB12,797,000) which are arising from operation and management services rendered to fellow subsidiaries with a credit term of 30 days.

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:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
0–90 days	<b>3,961</b>	11,959
91–180 days	<b>2,972</b>	838
	<b>6,933</b>	12,797

- (c) Mr. Zhu Yufeng and his family members hold in aggregate more than 20% of the related companies' share capital as at 30 June 2022 and 31 December 2021 and exercise significant influence over the related companies. The amounts with companies controlled by Mr. Zhu Yufeng and his family are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment except for amounts due to companies controlled by Mr. Zhu Yufeng and his family of approximately RMB296,000 (31 December 2021: RMB1,205,000) which is arising from training services provided by related companies with credit term of 30 days. As at 30 June 2022, the aging of the trade related balances is within 90 days (31 December 2021: within 90 days). The maximum amount outstanding during the year ended 30 June 2022 is approximately RMB1,166,000 (31 December 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.



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 16. OTHER INVESTMENTS

Same as disclosed in the Group's 2021 annual report, there is no material change for the six months ended 30 June 2022.

### 17. OTHER NON-CURRENT ASSETS

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Refundable value-added tax	<b>103,639</b>	141,625
Others	<b>149</b>	62,076
	<b>103,788</b>	203,701

### 18. CONTRACT ASSETS

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Arising from sales of electricity	<b>48,174</b>	41,179
Less: Allowance for credit loss	<b>(310)</b>	(238)
	<b>47,864</b>	40,941

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 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 3. 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 contract assets are transferred to trade receivables when the Group's respective on-grid solar power plants are enlisted in the List. The Group considers the settlement terms contain a 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 RMB28 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB18 million) for this financing component and in relation to the revision of the expected timing of receipt of the 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 30 June 2022 and 31 December 2021 are classified as non-current as they are expected to be received after twelve months from the reporting date.





## 19. TRADE AND OTHER RECEIVABLES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade receivables (Note a)	<b>1,493,122</b>	1,610,920
Prepayment and deposits	<b>294,398</b>	446,903
Other receivables		
– Amounts due from former subsidiaries (Note b)	<b>3,059,467</b>	2,875,173
– Consideration receivable from disposal of subsidiaries	<b>371,253</b>	374,404
– Receivables for modules procurement	<b>54,161</b>	62,800
– Refundable value-added tax	<b>62,008</b>	66,982
– Dividend receivables	–	396,094
– Others	<b>650,245</b>	866,853
	<b>5,984,654</b>	6,700,129
Less: Allowance for credit loss		
– Trade	<b>(2,761)</b>	(2,892)
– Non-trade	<b>(431,149)</b>	(377,370)
	<b>(433,910)</b>	(380,262)
	<b>5,550,744</b>	6,319,867

Notes:

- (a) In prior periods, consultancy services fee receivables was included under "Other Receivables". From current interim period onwards, consultancy services fee receivables are presented under "Trade Receivables", to more appropriately reflect the nature of such receivables. The comparative figures have been represented to conform with the current period's presentation.

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



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 19. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(a) (Continued)

Trade receivables include bills received amounting to approximately RMB11,935,000 (31 December 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 payment for 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:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Unbilled (Note)	<b>1,414,038</b>	1,492,086
0–90 days	<b>45,909</b>	36,238
91–180 days	<b>5,812</b>	3,574
Over 180 days	<b>12,667</b>	26,240
	<b>1,478,426</b>	1,558,138

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 the end of the reporting period.

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

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
0–90 days	<b>419,586</b>	246,631
91–180 days	<b>69,213</b>	127,517
181–365 days	<b>149,938</b>	233,434
Over 365 days	<b>775,301</b>	884,504
	<b>1,414,038</b>	1,492,086

As at 30 June 2022, included in these trade receivables are debtors with aggregate carrying amount of approximately RMB24,821,000 (31 December 2021: RMB30,451,000) which are past due as at the end of the reporting period. 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 six months ended 30 June 2022 and the year ended 31 December 2021. The amounts are non-trade in nature, unsecured, interest-bearing ranging from 1.26% to 9.52% and have no fixed term of repayment.



## 20. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

The basis of determining the inputs and assumptions and the estimation techniques used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s 2021 annual report.

## 21. OTHER PAYABLES AND DEFERRED INCOME

	<b>30 June 2022 RMB’000 (Unaudited)</b>	31 December 2021 RMB’000 (Audited)
Payables for purchase of plant and machinery and construction costs (Note a)	<b>235,649</b>	502,155
Payables to vendors of solar power plants	<b>24,586</b>	32,011
Other tax payables	<b>26,645</b>	39,244
Other payables	<b>475,108</b>	341,149
Advance from engineering, procurement and construction (“EPC”) constructors (Note b)	<b>86,920</b>	37,400
Deferred income (Note c)	<b>368,312</b>	341,046
Dividend payable to non-controlling shareholders	<b>26,658</b>	31,721
Accruals		
– Staff costs	<b>21,179</b>	79,666
– Legal and professional fees	<b>5,315</b>	37,674
– Interest payables	<b>116,743</b>	193,176
– Consultancy fees	<b>2,204</b>	9,290
– Others	<b>49,114</b>	23,549
	<b>1,438,433</b>	1,668,081
Analysed as:		
Current	<b>1,100,068</b>	1,340,231
Non-current deferred income	<b>338,365</b>	327,850
	<b>1,438,433</b>	1,668,081

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



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 21. OTHER PAYABLES AND DEFERRED INCOME (Continued)

Notes:

- (a) Included in payables are bills issued to creditors for purchase of plant and machinery and for construction costs totalling approximately RMB58,286,000 (31 December 2021: RMB87,517,000) which 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 RMB5,036,000 (31 December 2021: RMB36,713,000). All bills presented by the Group are aged within 1 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 into service by the taxpayer. The Directors analysed the facts and circumstances of the ITC and determined that it is of the 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.

Against this, the Group entered into inverted lease arrangements or other finance arrangements for its qualified solar power plant projects in the US with third party financial institutions to effectively utilise its ITC over these financings by passing on the benefit to financial institutions as part of the repayments. The details of the arrangements are disclosed in note 27 to the consolidated financial statements in the Group's 2021 annual report. Approximately US\$1,027,000 (equivalent to approximately RMB6,879,000) (six months ended 30 June 2021: US\$1,027,000 (equivalent to approximately RMB6,640,000)) of the ITC benefit was recognised as a government grant income in profit or loss for the six months ended 30 June 2022.

### 22. LOANS FROM RELATED COMPANIES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Loans from:		
– companies controlled by Mr. Zhu Yufeng and his family (Note a)	<b>14,811</b>	32,325
	<b>14,811</b>	32,325
Analysed as:		
Current	–	32,325
Non-current	<b>14,811</b>	–
	<b>14,811</b>	32,325

Note:

- (a) As at 30 June 2022, loan from 協鑫光伏系統有限公司 GCL Solar System Limited ("GCL Solar System") is unsecured, interest-free and repayable from 2022 through 2023 (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 GCL Solar System in total amounted to approximately RMB32,325,000. These loans were unsecured, interest-bearing ranging from 8% to 12% per annum).

\* English name for identification purpose only



## 23. BANK AND OTHER BORROWINGS

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Bank loans	<b>874,031</b>	989,996
Other loans	<b>1,383,427</b>	2,103,474
	<b>2,257,458</b>	3,093,470
Secured	<b>1,781,638</b>	2,516,675
Unsecured	<b>475,820</b>	576,795
	<b>2,257,458</b>	3,093,470
The carrying amount of borrowings that are repayable on demand due to breach of loan covenants <sup>#</sup>		
– Other loans	–	213,125
The carrying amount of the remaining bank loans and other loans	<b>2,257,458</b>	2,880,345
	<b>2,257,458</b>	3,093,470
Less: Amounts due within one year or repayable on demand due to breach of loan covenants (shown under current liabilities)	<b>(269,543)</b>	(1,084,285)
Amounts due after one year	<b>1,987,915</b>	2,009,185

As at 31 December 2021, the Group's involvement in certain litigation cases relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain other borrowings had triggered the cross default clauses of certain of the Group's other borrowings as set out in the respective loan agreements between the Company and several financial institutions. Accordingly, other borrowings of the Group amounting to approximately RMB89 million was reclassified from non-current liabilities to current liabilities as at 31 December 2021. The management of the Group considered that the claims arising from the litigation did not have material impact to the Group.

<sup>#</sup> Scheduled repayment terms for the other borrowings that are repayable on demand due to breach of loan covenants are as follow:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within one year	–	123,653
More than one year, but not exceeding two years	–	20,566
More than two years, but not exceeding five years	–	62,850
More than five years	–	6,056
	–	213,125



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 23. BANK AND OTHER BORROWINGS *(Continued)*

The bank and other borrowings carry effective interest rates ranging from 2.5% to 10.8% (31 December 2021: 1.72% to 9.75%) per annum.

Included in other loans is approximately RMB1,092 million (31 December 2021: RMB5,656 million) in which the Group entered into finance lease arrangements with financial institutions with lease terms ranging from 1 year to 12 years (31 December 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 by the financial institutions, and the Group is entitled to purchase back the equipment at a minimal consideration upon maturity of the respective leases, except for one of the financing arrangements with a financial institution which provided the Group with an early buyout option to purchase back the relevant equipment at a pre-determined price at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value at 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 therefore accounts for the arrangement as a collateralised borrowing at amortised cost using the 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 12.

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

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



## 24. SHARE CAPITAL

	Number of shares	Amount HK\$'000	
Authorised:			
At 1 January 2021, 30 June 2021, 31 December 2021 and 30 June 2022			
– Ordinary shares of HK\$0.00416 each	<b>36,000,000,000</b>	<b>150,000</b>	
	Number of shares	Amount HK\$'000	Shown in unaudited condensed consolidated financial statements as RMB'000
Issued and fully paid:			
At 1 January 2021 (audited)			
– Ordinary shares of HK\$0.00416 each	<b>19,073,715,441</b>	<b>79,474</b>	<b>66,674</b>
Issue of shares on placement (Note)	<b>2,000,000,000</b>	<b>8,320</b>	<b>6,955</b>
At 30 June 2021 (unaudited), 31 December 2021 (audited) and 30 June 2022 (unaudited)			
– Ordinary shares of HK\$0.00416 each	<b>21,073,715,441</b>	<b>87,794</b>	<b>73,629</b>

Note:

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 Technology, the Company and the placing agents under which up to a total of 2,000 million of new shares of the Group to be issued (the "Transaction"). The Transaction has been completed on 17 and 19 February 2021 and net proceeds of the Transaction, after taking into account all related costs, fees, expenses and commission of the Transaction, were approximately HK\$895 million (equivalent to RMB747 million).



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 25. SENIOR NOTES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Senior notes	<b>2,516,797</b>	3,115,367
Analysed as:		
Current	<b>865,233</b>	467,305
Non-current	<b>1,651,564</b>	2,648,062
	<b>2,516,797</b>	3,115,367

On 23 January 2018, the Group issued senior notes of US\$500 million (equivalent to RMB3,167 million) (the "2018 Senior Notes"), which bore interest at 7.1% and matured on 30 January 2021. During the six months ended 30 June 2021, the restructuring of the 2018 Senior Notes (the "Restructuring") was implemented and completed under the Bermuda Scheme (i.e. the scheme of arrangement under Part VII of the Bermuda Companies Act 1981). On 16 June 2021, the Restructuring has become effective, i.e., the 2018 Senior Notes was replaced by the New Senior Notes (defined below) was issued. Under the restructuring support agreement ("RSA"), 5% of the original principal amount of US\$25 million (the "Upfront Consideration") was repaid to the holders of the 2018 Senior Notes. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration was settled through issuance of new senior note (the "New Senior Notes").

The principal amount of the New Senior Notes amounted to US\$511,638,814, which the Company completed the redemption of New Senior Notes of approximately US\$76.9 million (equivalent to approximately RMB490 million) and the repurchase of approximately US\$45.1 million (equivalent to approximately RMB285 million) on 25 January 2022 and 18 March 2022 respectively. Principal amount of approximately US\$134 million (equivalent to approximately RMB865 million) will be payable on 30 January 2023 and the remaining balance will be matured on 30 January 2024, bearing interest at 10% per annum.





## 26. PERPETUAL NOTES

Same as disclosed in the Group's 2021 annual report, there is no material change for the six months ended 30 June 2022.

The perpetual notes are classified as equity instruments in the Group's unaudited condensed interim 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 南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd\* to the holders are recognised in equity in the unaudited condensed interim consolidated financial statements of the Group. The entire distribution payment of approximately RMB99,550,000 (six months ended 30 June 2021: RMB99,550,000) for the six months ended 30 June 2022 was deferred by the Group.

## 27. SHARE-BASED PAYMENT TRANSACTIONS

### Equity settled share option scheme

Same as disclosure in the Group's 2021 annual report, there is no material change relating to the share-based payment transactions for the six months ended 30 June 2022, except for the following movements of share options during the current interim period as follows:

#### For the six months ended 30 June 2022

	Exercise Price	Date of grant	Exercise Period	Number of share options			
				Outstanding at 1 January 2022	Granted during the period	Forfeited during the period	Outstanding at 30 June 2022
Directors (including Mr. Sha Hongqiu) (Note)	HK\$0.606	24.07.2015	24.7.2015 – 23.07.2025	8,052,800	–	–	8,052,800
	HK\$0.357	3.11.2021	3.11.2021 – 24.11.2024	60,500,000	–	–	60,500,000
Employees and others providing similar services	HK\$1.1798	23.10.2014	22.10.2024	52,343,200	–	–	52,343,200
	HK\$0.606	24.07.2015	24.07.2015 – 23.07.2025	73,511,998	–	–	73,511,998
	HK\$0.384	26.02.2021	26.02.2021 – 25.02.2031	350,913,750	–	(24,660,000)	326,253,750
				545,321,748	–	(24,660,000)	520,661,748
Exercisable at the end of the period				52,343,200			52,343,200
Weighted average exercise price (HK\$)				0.4906	–	0.0383	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 Share Option Scheme.

\* English name for identification purpose only



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 27. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### Equity settled share option scheme (Continued)

For the six months ended 30 June 2021

	Exercise Price	Date of grant	Exercise Period	Number of share options			
				Outstanding at 1 January 2021	Granted during the period	Forfeited during the period	Outstanding at 30 June 2021
Directors	HK\$1.1798	23.10.2014	24.11.2014 – 22.10.2024	58,382,800	–	(2,013,200)	56,369,600
Employees and others providing similar services	HK\$0.606	24.07.2015	24.07.2015 – 23.07.2025	24,460,380	–	(603,960)	23,856,420
	HK\$1.1798	23.10.2014	24.11.2014 – 22.10.2024	194,797,232	–	(142,454,032)	52,343,200
	HK\$0.606	24.07.2015	24.07.2015 – 23.07.2025	164,790,486	–	(85,842,848)	78,947,638
	HK\$0.384	26.02.2021	26.02.2021 – 25.02.2031	–	370,516,250	(6,352,500)	364,163,750
				442,430,898	370,516,250	(237,266,540)	575,680,608
Exercisable at the end of the period				253,180,032			108,712,800
Weighted average exercise price (HK\$)				0.9344	0.3840	0.9650	0.5739

Note: The exercisability of all outstanding share options which were granted in 2015 are subject to meeting of a market condition during the exercise period.

Under current share option scheme, each option gives the holder the right to subscribe for one ordinary share of the Company. Share options were first granted on 23 October 2014 to subscribe for 536,840,000 Shares. On 24 July 2015, share options were second granted to subscribe for 473,460,000 Shares. Share options of 381,318,750 shares which were third granted on 26 February 2021, of which 370,516,250 shares options have been accepted by the grantees. On 3 November 2021, share options were fourth granted to subscribe 60,500,000 shares. During the six months ended 30 June 2022, share-based payment expense of approximately RMB8,560,000 (six months ended 30 June 2021: RMB8,084,000) was recognised in profit or loss. In addition, during the six months ended 30 June 2021, share options granted to certain employees have been forfeited after the vesting period due to the resignation, and the respective share options reserve of approximately RMB94,542,000 was transferred to the Group's accumulated losses.



## 27. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### Equity settled share option scheme *(Continued)*

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.

The following assumptions were used to calculate the fair values of share options:

	<b>Granted on 26 February 2021</b>	<b>Granted on 3 November 2021</b>
<b>Fair value of and assumptions for share options</b>		
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
Weighted average volatility	64.71%	63.42%
Weighted average 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 was 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.



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 28. DISPOSAL OF SUBSIDIARIES

(a) Ningxia Xinken

On 25 January 2022, the Group entered into a share transfer agreement with 湖南新華水利電力有限公司 Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.\* (“Hunan Xinhua”) 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 of interest in shareholder’s loan as at the date of completion of disposals. Ningxia Xinken operates a solar power plant project with a capacity of 30MW in Ningxia, the PRC. The disposal was completed during the current interim period.

(b) Zhejiang Shuqimeng

On 25 April 2022, the Group entered into a share 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 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 RMB22,590,000. Zhejiang Shuqimeng operates a solar power plant project with a capacity of 21MW in Zhejiang, the PRC. The disposal was completed during the current interim period.

(c) Six subsidiaries in Jiangsu

On 16 March 2022, the Group entered into six share transfer agreements with 江蘇和盛新能源有限公司 Jiangsu Hesheng New Energy Co., Ltd.\* (“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.\*, 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 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 disposals were completed during the current interim period.

(d) Ningxia Shengjing

On 21 March 2022, the Group entered into a share transfer agreement with Hunan Xinhua to dispose its 100% equity interest in Ningxia Shengjing Solar Power Technology Company Limited\* (“Ningxia Shengjing”) 寧夏盛景太陽能科技有限公司, at a consideration of approximately RMB153,913,000 of interest in shareholder’s loan as at the date of completion of disposals. The Group and Hunan Xinhua agreed to reduce the consideration from approximately RMB153,913,000 to RMB135,052,000. Ningxia Shengjing operates a solar power plant project with a capacity of 30MW in Ningxia, the PRC. The disposal was completed during the current interim period.

\* English name for identification purpose only



## 28. DISPOSAL OF SUBSIDIARIES (Continued)

The net assets of the solar plant projects at the date of disposal were as follows:

	Ningxia Xinken RMB'000 (Note a)	Zhejiang Shuqimeng RMB'000 (Note b)	Six subsidiaries in Jiangsu RMB'000 (Note c)	Ningxia Shengjing RMB'000 (Note d)	Total RMB'000
<b>Consideration:</b>					
Consideration received	8,800	22,590	89,204	135,052	255,646
	8,800	22,590	89,204	135,052	255,646
<b>Analysis of assets and liabilities over which control was lost:</b>					
Property, plant and equipment	176,087	109,878	453,544	167,663	907,172
Right-of-use assets	9,122	–	19,237	–	28,359
Other non-current assets	17,308	1,687	22,049	6	41,050
Deferred tax assets	1,345	9	2,114	–	3,468
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)	(30,024)	(894,737)
Bank and other borrowings	–	–	–	(98,000)	(98,000)
Lease liabilities	(1,840)	–	(20,358)	–	(22,198)
Deferred tax liabilities	–	–	–	(145)	(145)
Intragroup payables	–	–	(3,871)	–	(3,871)
Net assets disposed of	24,577	40,462	105,648	135,963	306,650
<b>Gain on disposal of subsidiaries:</b>					
Total consideration, net of transaction cost	8,800	22,590	89,204	135,052	255,646
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)	(17,872)	2,029	(911)	(32,531)
<b>Net cash inflow arising from disposal:</b>					
Cash consideration received	8,800	22,590	89,204	135,052	255,646
Less: bank balances and cash disposed of	(28)	(1,610)	(8,987)	(1,587)	(12,212)
	8,772	20,980	80,217	133,465	243,434



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Directors consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost in the unaudited condensed interim consolidated financial statements approximate their fair values.

### 30. CONTINGENT LIABILITIES

Except for the financial guarantees provided by the Group to related parties as disclosed in note 32(f), the Group had no any other material contingent liability as at 30 June 2022 and 31 December 2021.

### 31. PLEDGE OF ASSETS/RESTRICTIONS ON 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:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Property, plant and equipment	<b>3,289,973</b>	4,105,925
Pledged bank and other deposits	<b>154,769</b>	429,762
Trade receivables and contract assets	<b>1,321,888</b>	1,538,162
	<b>4,766,630</b>	6,073,849

The Group's secured bank and other borrowings and loans from related companies were secured, individually or in combination, by (i) certain property, plant and equipment of the Group; (ii) certain pledged bank and other deposits of the Group; (iii) certain subsidiaries' trade receivables, contract assets and fee collection rights in relation to the sales of electricity; (iv) certain right-of-use assets of the Group; and (v) equity interests in certain project companies of the Group.

#### Restrictions on assets

In addition, lease liabilities of approximately RMB281,163,000 (31 December 2021: RMB371,364,000) are recognised with related right-of-use assets of approximately RMB226,020,000 (31 December 2021: RMB316,517,000) as at 30 June 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 is disclosed in note 21.



## 32. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the unaudited condensed interim consolidated financial statements, the Group also entered into the following material transactions or arrangements with related parties:

### (a) Management services income from related companies

	Six months ended 30 June	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
<b>Fellow subsidiaries</b>		
蘇州保利協鑫光伏電力投資有限公司 Suzhou GCL-Poly Solar Power Investment Ltd.* ("Suzhou GCL-Poly") (Note i)	<b>3,580</b>	7,489
GCL Solar Energy Limited (Note ii)	<b>2,670</b>	2,589
<b>Associates (Note iii)</b>		
江陵縣協鑫光伏電力有限公司 Jiangling GCL Solar Power Co., Ltd.* ("Jiangling")	<b>1,476</b>	316
華容縣協鑫光伏電力有限公司 Huarong GCL Solar Power Co., Ltd.* ("Huarong")	<b>620</b>	2,445
林州市新創太陽能有限公司 Linzhou Xinchuang Solar Co., Ltd.* ("Linzhou Xinchuang")	<b>447</b>	1,125
新安縣協鑫光伏電力有限公司 Xinan GCL Solar Power Co., Ltd.* ("Xinan")	<b>1,471</b>	304
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co. Ltd.* ("Ruzhou")	<b>1,245</b>	255
	<b>11,509</b>	14,523

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-Poly and its subsidiaries.
- (ii) GCL New Energy Inc., an indirect wholly-owned subsidiary of the Company, provided asset management and administrative services to GCL Solar Energy Limited for its overseas operations in the US and South Africa. GCL Solar Energy Limited is a subsidiary of GCL Technology.
- (iii) During the six months ended 30 June 2022, Suzhou GCL Operation provided operation and management services to the solar power plants of Jiangling, Huarong, Linzhou Xinchuang, Xinan and Ruzhou.

\* English name for identification purpose only



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 32. RELATED PARTY DISCLOSURES (Continued)

#### (b) Interest expense on loans from related companies

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>The companies controlled by Mr. Zhu Yufeng and his family</b>		
GCL Group Limited	–	1,354
Nanjing Xinneng	139	27,685
Jiangsu GCL Real Estate	–	69
江蘇協鑫建設管理有限公司		
Jiangsu GCL Construction Management Limited*	–	2,727
阜寧協鑫房地產開發有限公司		
Funing Property Development Limited*	–	184
	<b>139</b>	32,019

Details of the loans from related companies are set out in note 22.

#### (c) Expense related to short-term leases/payments for right-of-use assets to related companies (Note)

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Fellow subsidiary</b>		
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	<b>8,882</b>	8,149

Note: The Group entered into 2 lease agreements for the use of office premises from Suzhou GCL Industrial Applications Research for one year during the year ended 31 December 2019. The Group applied the short-term lease recognition exemption and therefore no right-of-use assets and lease liabilities was recognised as at 30 June 2020.

During the year ended 31 December 2020, the Group renewed one of the above lease agreements for three years and recognised right-of-use assets and lease liabilities of RMB45,570,000. The Group made payments for the respective right-of-use assets of approximately RMB8,882,000 (six months ended 30 June 2021: RMB8,149,000) for the premises during the current interim period.

\* English name for identification purpose only





## 32. RELATED PARTY DISCLOSURES (Continued)

### (d) Profit attributable on perpetual notes

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
保利協鑫(蘇州)新能源有限公司 GCL-Poly (Suzhou) New Energy Co., Ltd*	38,714	38,714
Suzhou GCL-Poly	27,653	27,653
太倉協鑫光伏科技有限公司 Taicang GCL Photovoltaic Technology Co., Ltd*	11,061	11,061
江蘇協鑫硅材材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd*	22,122	22,122
	<b>99,550</b>	99,550

Perpetual notes are 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. The notes are denominated in RMB.

### (e) Guarantees granted by related companies

At 30 June 2022, certain bank and other borrowings of the Group amounting to approximately RMB112,000,000 (31 December 2021: RMB362,000,000) were guaranteed by the ultimate holding company and/or fellow subsidiaries.

### (f) Guarantees provided to related companies

As at 30 June 2022, the Group provided guarantee to its associates and their subsidiaries for certain of their bank and other borrowings with a maximum amount of approximately RMB1,575,954,000 (31 December 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 30 June 2022 and 31 December 2021 is considered insignificant.

\* English name for identification purpose only



## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

### 32. RELATED PARTY DISCLOSURES (Continued)

#### (g) Compensation of key management personnel

The remuneration of senior management personnel, comprising directors' (whether executive or otherwise) remuneration during the period was as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Short-term benefits	4,124	4,226
Post-employment benefits	86	196
	<b>4,210</b>	4,422

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.

### 33. EVENTS AFTER REPORTING PERIOD

Save as disclosed elsewhere in the unaudited condensed interim consolidated financial statements, the following significant events took place after the end of the reporting period:

- (a) In August 2022, the Group completed a top-up placing and subscription of 2,275,000,000 shares at HK\$0.138 per share, raising a net proceeds of approximately HK\$310,000,000 (equivalent to RMB267,000,000) after deducting placing commission and related expenses.
- (b) On 17 August 2022, the Group proposed to implement the share consolidation that every twenty issued and unissued shares capital of the Company be consolidated into one consolidated share. Subject to conditions and approval of the special general meeting on 27 September 2022, the authorised share capital of the Company of par value of HK\$0.004166666667 will be consolidated into one consolidated share of HK\$0.083. Upon the share consolidation becoming effective, the authorised share capital of the Company will remain at HK\$150,000,000 divided into 1,800,000,000 shares of HK\$0.083 each, of which 1,167,435,772 consolidated shares will be in issue.

Please refer to the relevant announcements of the Company dated 17 August 2022 and 30 August 2022 for details.

- (c) On 30 August 2022, GCL Technology Holdings Limited, a company listed on the Stock Exchange with stock code: 3800 ("GCL Technology"), a controlling shareholder of the Company, announced a declaration of conditional special interim dividend by way of a distribution in specie of 8,639,024,713 ordinary shares of the Company to the shareholders of GCL Technology (the "Proposed Distribution in Specie"). The Proposed Distribution in Specie is subject to approval by the independent shareholders of GCL Technology at its extraordinary general meeting to be announced. As at 30 August 2022, GCL Technology Holdings Limited holds 10,376,602,000 shares through Elite Time Global Limited, its wholly-owned subsidiary, representing approximately 44.44% of the issued share capital of the Company. Following completion of the Proposed Distribution in Specie, GCL Technology will, through Elite Time Global Limited, hold approximately 1,737,577,287 shares, representing 7.44% of the issued share capital of the Company.

Please refer to the relevant announcement of GCL Technology dated 30 August 2022 for details.

### 34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current interim period's presentation.

## 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



## Corporate Information

### Principal Place of Business In Hong Kong

Unit 1707A, Level 17  
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  
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 as at 30 June 2022:	21,073,715,441 shares

### Links to Official Website/ Wechat Platform of the Company

Website: [www.gclnewenergy.com/](http://www.gclnewenergy.com/)  
WeChat ID: gclnewenergy



“Adjusted Exercise Price”	adjusted exercise price due to rights issue
“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
“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
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“CG Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules
“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’ report 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
“Director(s)”	the director(s) of the Company from time to time
“Existing Notes”	the 10.00% senior notes due in 2024 issued by the Company on the Issuance Date and listed on the Singapore Exchange Securities Trading Limited
“GCL Technology”	GCL Technology Holdings Limited 協鑫科技控股有限公司 (formerly known as GCL-Poly Energy Holdings Limited 保利協鑫能源控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3800)
“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 Small & Medium Enterprises Board of the Shenzhen Stock Exchange (stock code: 002506)
“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



## Glossary

“Issuance Date”	16 June 2021
“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
“PRC” or “China”	The People’s Republic of China
“Reporting Period”	the six months ended 30 June 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.00416̄) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company on 15 October 2014
“Solar Energy Business” or “continuing operations”	the sale of electricity, development, construction, operation and management of solar power plants
“State Grid”	State Grid Corporation of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	United States of America
“US\$” or “USD”	US Dollars, the lawful currency of the United States



GCL New Energy

**Hong Kong**

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

Tel: 852-2606 9200

Fax: 852-2462 7713

**Suzhou**

Address: GCL New Energy Center,  
28 Xinqing Road, Industrial Park,  
Suzhou City, the PRC

Tel: 86-512-6853 2108

Website: [www.gclnewenergy.com](http://www.gclnewenergy.com)

