GCL New Energy

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

2020 Annual Report

About GCL New Energy

GCL New Energy Holdings Limited is a new energy company focusing on solar power generation, and the world's leading polysilicon producer and wafer supplier, GCL-Poly Energy Holdings Limited (3800.HK) holds 53.3% of its equity interests.

GCL New Energy has become a solar power generation company with strong development and research capabilities as well as intelligent operations for facilitating the establishment of new electricity system with focus on new energy since the development of its solar power generation business. Since 2018, GCL New Energy has been proactively promoting the asset-light strategic transformation, striving to seize the prominent development opportunities brought by the domestic energy transformation, and taking the role as a practitioner and promoter of "Bringing Green Power to Life".

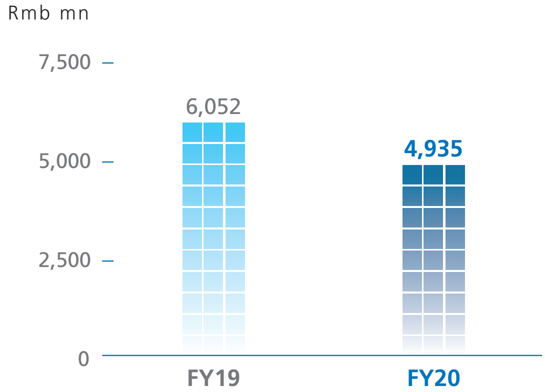
As of 31 December 2020, GCL New Energy operated 157 subsidiary solar power plants across 24 provinces in China, together with 2 solar power plants in the US, the total installed capacity was approximately 5.0GW. GCL New Energy continues to enhance the technologies for the operation, maintenance and management of its solar power plants and was awarded as the country's first "5A" certified operation and maintenance service unit in early 2020 with its operation and management outsourcing services to become increasingly mature.

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

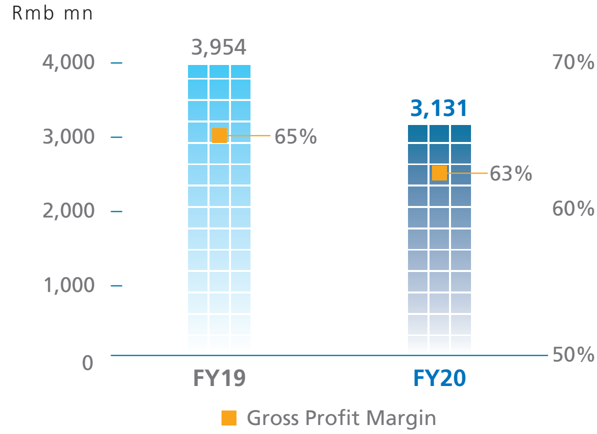
Contents

2020 Performance Summary

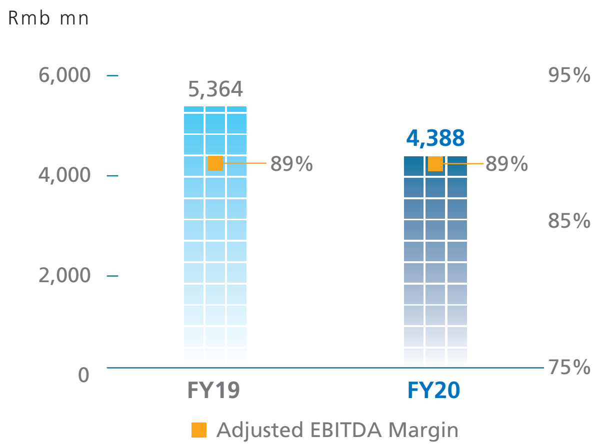
Revenue



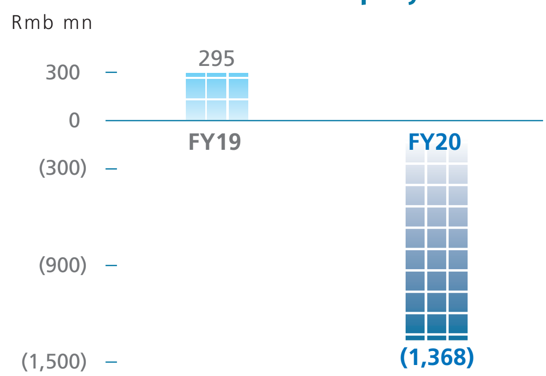
Gross Profit



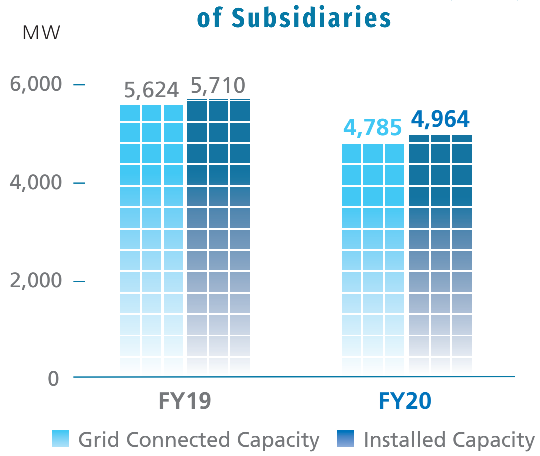
Adjusted EBITDA*



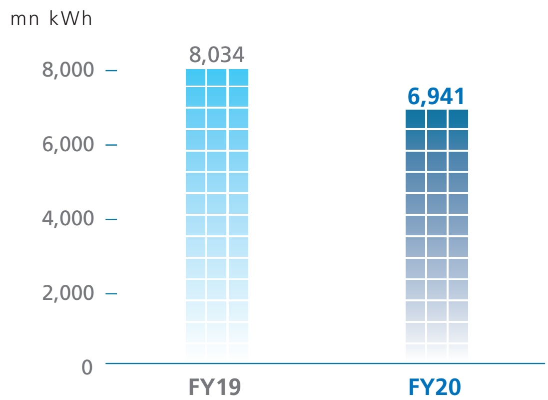
(Loss) Profit Attributable to Owners of the Company



Grid Connected & Installed Capacity of Subsidiaries



Electricity Sales of Subsidiaries



* Earnings before finance costs, taxation, depreciation and amortisation and non-operating items

Statement of the Chairman and President

"We firmly believe that with our innovation capability in actively tackling changes, our decisiveness, our cohesion and our visionary planning, we will be able to work together to build a sustainable "asset-light and highly profitable" solar power enterprise and play the role of the practitioner and promoter in "bringing green power to life"."

Zhu Yufeng
Chairman and President

Dear shareholders and investors,

In 2020, the world experienced challenges on an unprecedented scale. The global outbreak of the 2019 novel coronavirus ("COVID-19") epidemic, international political turmoil and frequent natural disasters have hit hard the global production and economic activities on the scale of which the world has not witnessed in over a century Despite the impact from various aspects, under the strong leadership of the Chinese government, China has made remarkable strategic achievements in the prevention and control of the COVID-19 epidemic, and overcome challenges from devastating floods and turned economic growth from negative to positive. Meanwhile, with its unremitting efforts and dedication, GCL New Energy overcame the challenges brought by the changes in environment with concerted efforts and accomplished its annual target.

Last year, there were times we felt frustrated and confused, but we never retreated. In spite of the difficulties we encountered, GCL New Energy has steadfastly tackled and taken a great step forward on the road of transformation from scale operation to asset-light management. During the year ended 31 December 2020, the Group announced the disposal of solar power plants with installed capacity of nearly 2GW, from which the Group will recover approximately RMB6.8 billion in cash and effectively reduce the debt scales by approximately RMB9.5 billion. In addition, together with the completion of the top-up placing with net proceeds of approximately HK$895 million in early 2021, the Group's liquidity will be improved significantly.

Since 2018, the Group has been resolutely pursuing the strategic asset-light transformation by vigorously introducing new strategic investors with state-owned enterprises directly owned by the State Council (the "Central Enterprises") and other state-owned enterprises (the "State-owned Enterprises") background, including China Huaneng Group Co., Ltd (中國華能集團有限公司), State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd. (國家電投集團貴州金元威寧能源股份有限公司), Beijing United Rongbang New Energy Technology Co., Ltd. (北京聯合榮邦新能源科技有限公司), Xuzhou State Investment & Environmental Protection Energy Co., Ltd. (徐州國投環保能源有限公司), CGN Solar Energy Development Co., Ltd. (中廣核太陽能開發有限公司), China Three Gorges New Energy Co., Ltd. (中國三峽新能源有限公司) ("China Three Gorges New Energy"), Wuling Power Corporation Ltd. (五凌電力有限公司), Shanghai Rongyao New Energy Co., Ltd. (上海榕耀新能源有限公司), to develop the solar power plant asset-light business, accelerate the introduction of capital, reduce financing costs, and continue to reduce the size of debts.

To achieve a new leap in the future development of GCL New Energy, we will continue to focus on strategic transformation, streamline and enhance competitiveness, and move forward in an asset-light model in 2021. In pursuit of the goal of "adjusting structure, reducing debts and maintaining balance", the Company will accelerate the disposal of solar power plant assets and enhance cooperation with Central Enterprises and State-owned Enterprises strategic investors. The Group intends to dispose of approximately 2GW of solar power plant assets in 2021. Pursuant to the announcements of the Company dated 31 March 2021 and 1 April 2021, the Company has entered into various share purchase agreements with China Three Gorges Asset Management Co., Ltd. (三峽資產管理有限公司) ("Three Gorges Asset Management"), a company wholly-owned by China Three Gorges Group Co., Ltd. (中國長江三峽集團有限公司) ("China Three Gorges Group"), pursuant to which GCL New Energy will dispose of its equity interests in companies holding solar power plants with a total capacity of approximately 790MW. These two transactions will generate a cash flow of approximately RMB2.3 billion to GCL New Energy and reduce its debts by approximately RMB5.5 billion. The cash proceeds from the transactions will also be used to further repay its debts, which is expected to reduce the Company's gearing level by approximately 3 percentage point, and the Group will also realize a gain of approximately RMB98 million upon completion of the disposal of these two batches of solar power plants. The Group has maintained strategic cooperation with subsidiaries of China Three Gorges Group since 2018, and as from now GCL New Energy and Three Gores Asset Management will further explore other cooperation opportunities not only in existing solar power plants in China but also new solar power plants to be developed and others. Both parties are proactively promoting the cooperation, and planning to reach and execute more disposals and joint development agreements in the near future. The cooperation will enable the Group accelerate the transformation and upgrade towards an asset-light model, promote the development of high-quality solar power grid parity projects with low cost in the future, providing a greater catalyst for further seeking other cooperation opportunities.

In the field of solar energy development and power operation, GCL New Energy has distinguished advantages. Leveraging on its established development strength, scientific research capabilities and extensive experience in intelligent operation, avail the deployment of solar power whole-industry-chain by GCL Group, the cooperation between GCL New Energy and the Central Enterprises and State-owned Enterprises strategic investors will provide impetus for our development in conjunction with external capital, and help both parties to fully utilize the respective edges and synergize the respective strength. The partnership emphasizes the establishment of the "development-build-transfer" "half-asset-light and half-asset-heavy" cyclic mode, and "focus on pilot development projects, innovative development, joint development with external parties", to build a new mode of open and win-win joint development of solar power plants. It is expected to become a new model of reform and innovative cooperation and industrial joint collaboration between Central Enterprises and State-owned Enterprises and private enterprises.

During the year, GCL New Energy not only took a big step forward in the transformation towards an asset-light model, but also made a significant breakthrough in debt restructuring. More than 91% of the bondholders of US$500 million 7.1% senior notes due 2021 (the "Existing Notes") gave their support to the Company's proposed restructuring plan of Bermuda Scheme. After going through all official Bermuda court procedures, GCL New Energy will obtain a debt extension of up to 3 years, as well as deferred payment of part of the cash interests. This will greatly improve the Company's short-term cash flow and alleviate the financing pressure. Meanwhile, in February 2021, the Group completed a top-up placing of 2 billion shares at HK$0.455 per share to various professional, institutional and other investors, with net proceeds of approximately HK$895 million, which is intended to be used for repayment of existing borrowings and for general corporate purposes. This represents the support of bond investors and equity investors to the Group and their confidence in the future development of the Company.

In addition, the scale of the Group's capacity being included in the National Renewable Energy Tariff Surcharge Subsidy Catalogue ("National Subsidy Catalogue") continues to expand. As at 31 December 2020, the total capacity of the Group's solar power plants included in the National Subsidy Catalogue has reached approximately 3,594MW, of which approximately 934MW, approximately 2,539MW and approximately 121MW are included in the seventh or previous batches, the eighth batch and photovoltaic poverty alleviation project subsidy catalogue, respectively. The Group expects that the size of solar power plants to be included in the National Subsidy Catalogues and receipt of related receivables will continue to increase, bringing significant improvement to the cash flow.

GCL New Energy has experienced high and low times in the journey of development, but we have overcome them successfully, and the strategic transformation towards an asset-light model is a long-term plan that requires continuous improvement during implementation. At present, GCL New Energy's strategic transformation to an asset-light model has entered a fast track and the cashflow and debt issue has been improved. We understand that we can only break through the development bottleneck and seize the great development opportunities brought by energy transformation in China if we persist in innovation, reform and build a dynamic growth model.

The energy transformation in China is at its critical stage. During the past year, President Xi Jinping has advocated environmental protection, green living and clean energy development in several major domestic and international occasions. At the United Nations General Assembly in New York on 22 September 2020, President Xi Jinping made a long-term pledge that "China will increase its initiative and contribution, adopt more vigorous policies and measures, with an aim to reach the CO2 emissions peak before 2030 and achieve carbon neutrality before 2060".

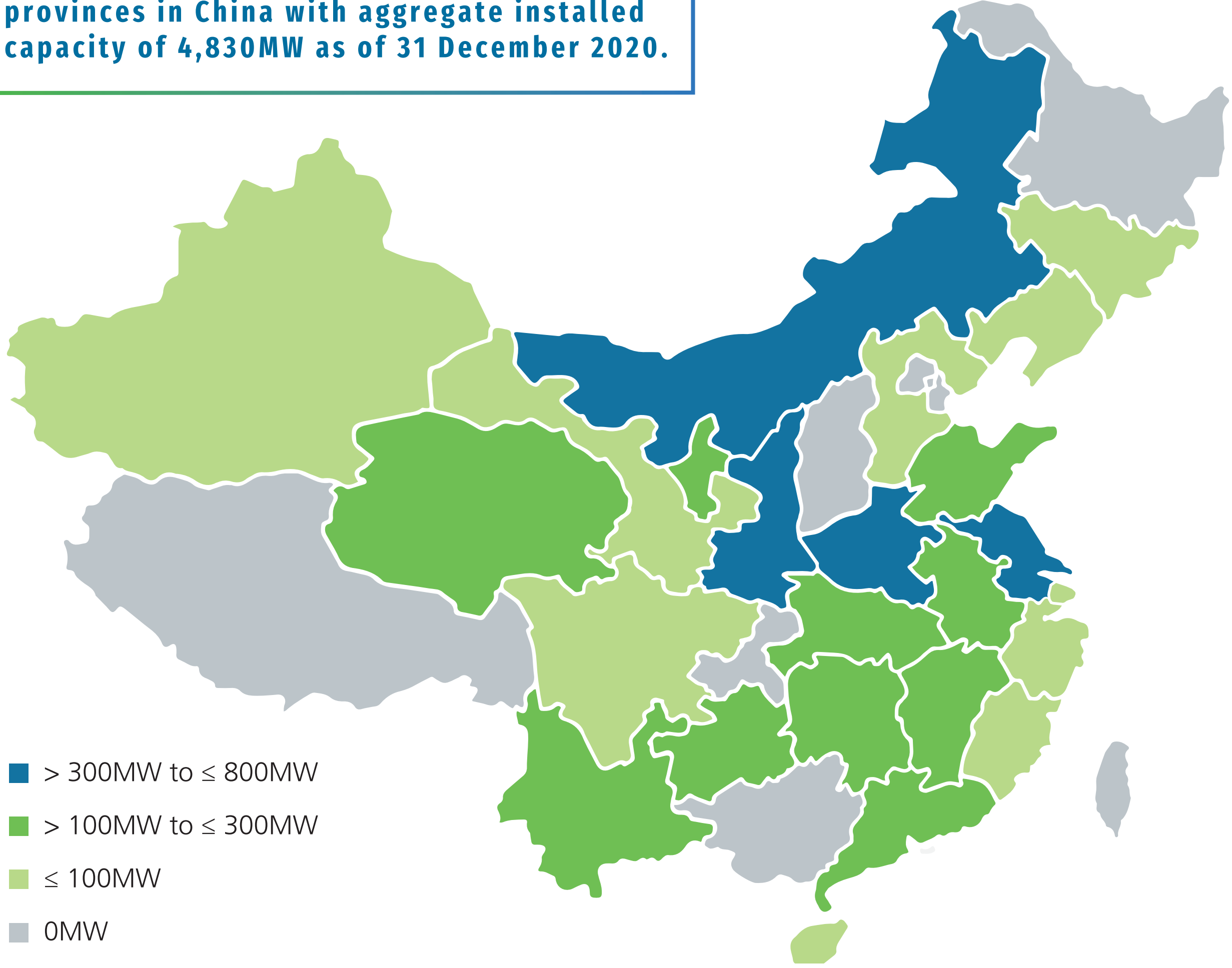
Amid the "30–60" dual carbon targets, energy transformation and optimization of energy structure are being accelerated, and according to the 14th Five-Year Plan, it is widely expected by the market that China will maintain an annual average of 50–60GW of newly installed solar capacity, maintaining its leadership around the world, indicating an increasingly clear trend of the rapid development of new energy in China. The 14th Five-Year Plan emphasizes the active promotion of the development of new energy industries, including new technologies, new applications, new growth in various aspects, including power generation, trading, storage and consumption, as well as the "integration of source, network, load and storage" and other new integrated business patterns, exploring new business models for electricity and energy services, and establishing an energy production and consumption pattern with multi-source energy services, dynamic balance between supply and demand and highly efficient allocation. The new development pattern will be accelerated, and high-quality development will be implemented in an in-depth manner.

At this critical stage of energy transformation, the solar power generation industry is embracing promising opportunities for development. GCL New Energy must seize the new opportunities and speed up strategic transformation and upgrade as soon as possible. As an affiliate of the GCL Group, we have 30 years of management experience in the power industry, which is a synergistic advantage in the solar power industry chain. We firmly believe that with our innovation capability in actively tackling changes, our decisiveness, our cohesion and our visionary planning, we will be able to work together to build a sustainable "asset-light and highly profitable" solar power enterprise and play the role of the practitioner and promoter in "bringing green power to life". We will embrace changes and make progress, and in 2021, we will attain new milestones through joint efforts and meet the challenges ahead. Finally, on behalf of the Board of Directors of the Company, I would like to take this opportunity to express our sincerest gratitude to all of our colleagues for their devotion and commitment together with GCL New Energy in 2020.

Zhu Yufeng
Chairman and President

Projects Overview in China

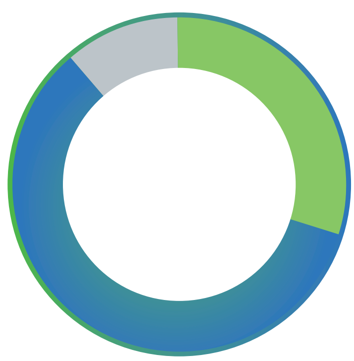
GCL New Energy owned and operated 157 subsidiary solar power plants accross 24 provinces in China with aggregate installed capacity of 4,830MW as of 31 December 2020.



Total Capacity by Project Type

- Ground-mounted, **53.8%**
- Agriculture, **31.6%**
- Fishery, **9.8%**
- Husbandry, **0.3%**
- Rooftop, **4.5%**

Total Capacity by Zone



- Zone 3, **59%**
- Zone 2, **30%**
- Zone 1, **11%**

Total Installed Capacity of Subsidiary Solar Power Plants in China: 4,830MW

Management Discussion and Analysis

Overview

In 2020, the COVID-19 pandemic has significantly affected economic activities globally. In the first half of 2020, the lockdown measures and restrictions implemented by the PRC as a result of the COVID-19 pandemic caused delays in implementing the Group's asset-light transformation strategies. However, under strong leadership of the Chinese government, China has made remarkable strategic achievements in the prevention and control of the COVID-19 epidemic. The Group has strengthened the normalized prevention and control in response to the COVID-19 pandemic, made persistent efforts in line with the national prevention and control strategy. Meanwhile, with its efforts and dedication, the Group overcame the challenges brought by the changes in environment with concerted efforts. While there were disruptions in certain industries, the impact of COVID-19 on the solar energy industry in the PRC where the Group operated was rather modest. The management of the Company has assessed the impact of COVID-19, and up to the date of approval of consolidated financial statements, the management of the Company has not identified any areas that could have a material adverse impact on the financial performance or liquidity positions and working capital sufficiency of the Group for the year ended 31 December 2020.

For the year ended 31 December 2020, loss attributable to owners of the Company for the year was RMB1,368 million, as compared to profit attributable to owners of the Company of RMB295 million in 2019. The increase in loss for the year was mainly attributable to the combined effect of the followings:

1. the grid connected capacity decreased from 5.6GW as at 31 December 2019 to 4.8GW as at 31 December 2020, representing a decrease of approximately 14% in our business scale. Our electricity sales volume and revenue of the Group decreased proportionally by 14% and 18%, respectively. The drop in our business scale led to a decrease in gross profit by RMB822 million, from RMB3,954 million in the Prior Reporting Period to RMB3,131 million in the current period. The gross profit margin was 63.5% for the year ended 31 December 2020, as compared to 65.3% for the year ended 31 December 2019;

2. the decrease in administrative expenses by 25%, from RMB695 million to RMB522 million, mainly due to reduction in our business scale and costs cutting measures of the Group;

3. an increase in exchange gain of RMB401 million, mainly caused by the depreciation of USD denominated indebtedness against RMB;

4. a loss on disposal of subsidiaries of RMB218 million for the year ended 31 December 2020, as compared to gain on disposal of property, plant and equipment, subsidiaries and joint ventures of RMB105 million for the year ended 31 December 2019; and

5. impairment loss on expected credit loss model RMB321 million, impairment of property, plant and equipment and loss on measurement of assets classified as held for sale to fair value less cost to sell of approximately RMB1,346 million (2019: Nil).

Business Review

Capacity and Electricity Generation

As at 31 December 2020, the aggregate installed capacity of grid-connected solar power plants of the Group, including subsidiaries, joint ventures and associates, was 6,636MW (31 December 2019: 7,145MW). Details of capacity, electricity sales volume and revenue for the year ended 31 December 2020 are set out below.

Subsidiaries by provinces	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity[1] (MW)	Grid-connected Capacity[1] (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB million)
Inner Mongolia	1	9	358	359	570	0.76	431
Qinghai	1	3	107	107	151	0.82	124
Xinjiang	1	—	—	—	68	0.73	50
Ningxia	1	3	113	113	258	0.66	170
		15	**578**	**579**	**1,047**	**0.74**	**775**
Qinghai	2	6	179	179	237	0.66	156
Xinjiang	2	2	51	47	62	0.74	46
Shaanxi	2	17	1,017	1,017	1,468	0.69	1,014
Yunnan	2	8	282	279	390	0.62	243
Jilin	2	4	51	51	77	0.75	58
Sichuan	2	2	85	85	120	0.74	89
Liaoning	2	3	60	47	86	0.59	51
Gansu	2	2	40	39	47	0.72	34
		44	**1,765**	**1,744**	**2,487**	**0.68**	**1,691**
Jiangsu	3	36	449	433	567	0.85	481
Jiangxi	3	3	101	101	172	0.96	164
Shaanxi	3	1	6	6	5	0.66	3
Hebei	3	1	30	21	29	0.45	13
Hubei	3	4	183	165	176	0.80	141
Hainan	3	2	55	55	100	0.84	83
Zhejiang	3	2	63	61	56	1.02	57
Shandong	3	6	181	169	209	0.82	171
Anhui	3	7	260	257	446	0.82	367
Henan	3	13	527	515	719	0.75	536
Guizhou	3	5	235	234	231	0.81	187
Guangdong	3	9	232	147	175	0.75	131
Hunan	3	5	102	101	89	0.84	75
Guangxi	3	—	—	—	167	0.78	131
Fujian	3	3	56	56	58	0.82	48
Shanghai	3	1	7	7	7	0.98	7
		98	**2,487**	**2,328**	**3,206**	**0.81**	**2,595**
Subtotal		**157**	**4,830**	**4,651**	**6,740**	**0.75**	**5,061**
US		2	134	134	201	0.43	86
Total of Subsidiaries		**159**	**4,964**	**4,785**	**6,941**	**0.74**	**5,147**
Associates[2]							
PRC		29	1,672	1,654	1,821	0.77	1,410
Total		**188**	**6,636**	**6,439**	**8,762**	**0.75**	**6,557**

	Revenue (RMB million)
Electricity sales	2,030
Tariff adjustment — government subsidies received and receivable	3,117
Total of subsidiaries	5,147
Less: effect of discounting tariff adjustment to present value[3]	(212)
Total revenue of the Group	**4,935**

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

(2) Revenue from associates was accounted for under "Share of losses of associates" in the consolidated statement of profit and loss and other comprehensive income.

(3) Certain portions of the tariff adjustment (government subsidies) will be recovered after twelve months from the reporting date. The tariff adjustment is discounted at an effective interest rate ranging from 1.99% to 2.36% per annum.

Most of the solar power plants of the Group are located in China and almost all of the revenue is contributed by the subsidiaries of the 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

During the year ended 31 December 2020, the revenue of the Group comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB4,935 million (2019: RMB6,052 million), net of effect of discounting the tariff adjustment to its present value of approximately RMB212 million (2019: RMB151 million). The decrease in revenue was mainly attributable to the disposal of solar power plants during 2020. The grid connected capacity decreased from 5.6GW as at 31 December 2019 to 4.8GW as at 31 December 2020. The average tariff (net of tax) for the PRC was approximately RMB0.75/kWh (2019: RMB0.78/kWh).

In terms of revenue generated by tariff zone from the PRC for the year ended 31 December 2020, approximately 15%, 34% and 51% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2019: 15%, 31% and 54%, respectively). In line with our prevailing strategy, the Group is more focused on developing solar power plants in well-developed areas with strong domestic power demand (i.e. zone 2 and zone 3) to minimize the grid curtailment risk in zone 1 area.

The Group's gross profit margin for the year ended 31 December 2020 was 63.5%, as compared to 65.3% for the year ended 31 December 2019. The cost of sales mainly consisted of depreciation, which accounted for 78.7% (2019: 80.6%) of the cost of sales, with the remaining costs being operation and maintenance costs of the solar power plants.

Other Income

During the year ended 31 December 2020, other income mainly included imputed interest on discounting effect on tariff adjustment receivables (i.e. interest arising from contracts containing significant financing component) of RMB77 million (2019: RMB118 million), management services income for managing and operating solar power plants of RMB65 million (2019: RMB69 million) and bank interest income of RMB20 million (2019: RMB22 million).

Other gains and losses, net/Impairment on expected credit loss, net

During the year ended 31 December 2020, the net loss amounted to RMB1,220 million (2019: RMB49 million). The net loss for 2020 was mainly due to impairment of property, plant and equipment of RMB1,138 million (2019: RMB57 million), loss on measurement of assets classified as held to sale to fair value less cost to sell of RMB208 million (2019: Nil), loss on disposal of solar power plant projects of RMB218 million (2019: gain on disposal of property, plant and equipment, solar power plant projects and joint ventures of RMB105 million), and exchange gain of RMB307 million (2019: exchange losses of RMB94 million), mainly arising from the depreciation of USD denominated indebtedness against the reporting currency in RMB. Impairment loss on expected credit loss model amounted to RMB321 million (2019: Nil) which reflects changes in credit risk during 2020.

Administrative Expenses

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses decreased by 25% to RMB522 million for the year ended 31 December 2020 (2019: RMB695 million). The decrease in administrative expenses was mainly due to reduction in our business scale and other cost cutting measures.

Bargain purchase from business combinations

During the year ended 31 December 2019, the Group recognized a bargain purchase from business combinations of RMB74 million as the consideration paid by the Group was less than the fair value of the solar power plants acquired. The fair value was assessed by an independent professional valuer using estimated discounted cash flows generated by the solar power plant.

No bargain purchase was recognized for the year ended 31 December 2020.

Share of profits of associates

For the year ended 31 December 2020, share of profits of associates amounted to RMB102 million (2019: RMB49 million), mainly representing the share of profits from several partly-held solar power plants. During 2019 and 2020, the Group disposed of the controlling equity interest of these solar power plants.

Finance Costs

	For the years ended 31 December 2020 RMB million	31 December 2019 RMB million
Total borrowing costs	**2,463**	2,923
Less: Interest expenses capitalized	**(13)**	(41)
	2,450	2,882

For the year ended 31 December 2020, total borrowing costs decrease by 16% as compared with same period of last year. The decrease was mainly due to decrease in average borrowing balance as a result of disposal of solar power plants. Interest-bearing debts has decreased from RMB37,401 million as at 31 December 2019 to RMB30,930 million as at 31 December 2020. There was a decrease in the average borrowing interest rate from approximately 7.4% in 2019 to approximately 7.2% in 2020.

Income Tax Expenses

Income tax expenses for the year ended 31 December 2020 was RMB156 million (2019: RMB178 million). There is a decrease in income tax expenses mainly because of the disposal of solar power plants during 2020. Most of our solar power plants are exempted from the PRC income tax for three years starting from the first year when the solar power plants operate and generate taxable income, followed by a 50% reduction for the next three years.

Loss/profit attributable to other non-controlling interests

Loss attributable to other non-controlling interests amounted to RMB16 million for the year ended 31 December 2020 (2019: profit of RMB148 million).

Earnings before interest expense, tax, depreciation and amortization

	For the years ended 31 December 2020 RMB million	31 December 2019 RMB million
Adjusted EBITDA margin		
(Loss)/profit for the year	**(1,218)**	605
Add: Finance costs	**2,450**	2,882
Income tax expenses	**156**	178
Depreciation and amortization	**1,459**	1,734
	2,847	5,399
Add/(less): Non-operating items		
Exchange (gains) losses, net	**(307)**	94
Impairment losses on properties, plants and equipment	**1,138**	57
Impairment loss on expected credit loss model, net of reversal	**321**	—
Gain on disposal of properties, plants and equipment	**—**	(43)
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**208**	—
Loss (gain) on disposal of subsidiaries with solar power plant projects	**218**	(27)
Gain on early termination of lease	**(24)**	(7)
Fair value change on other investment	**(13)**	—
Gain on disposal of joint ventures	**—**	(35)
Bargain purchase from business combination	**—**	(74)
Adjusted EBITDA	**4,388**	5,364
Adjusted EBITDA margin	**88.9%**	88.6%

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

Property, Plant and Equipment

Property, plant and equipment was RMB25,363 million as at 31 December 2020 and RMB35,400 million as at 31 December 2019. The decrease was mainly due to the disposal of solar power plants in 2020.

Other Non-current Assets

As at 31 December 2020, other non-current assets was RMB1,061 million (31 December 2019: RMB1,773 million), which mainly included approximately RMB981 million (31 December 2019: RMB1,716 million) of refundable value-added tax. The decrease was mainly due to the disposal of solar power plants in 2020.

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 decreased from RMB5,640 million as at 31 December 2019 to RMB1,228 million as at 31 December 2020, as some solar power plants entered into the project list of subsidy for renewable energy power plants (the "Subsidy List") (also known as the eighth batch of Subsidy Catalogue) in 2020.

Trade and Other Receivables

As at 31 December 2020, trade and other receivables of RMB8,962 million (31 December 2019: RMB4,959 million) mainly included trade and bills receivables of RMB7,221 million (31 December 2019: RMB3,050 million), refundable value-added tax of RMB498 million (31 December 2019: RMB741 million) and consideration receivables from disposal of subsidiaries of RMB372 million (31 December 2019: RMB277 million).

Breakdown of tariff adjustment (i.e. government subsidies) receivables and contract assets are summarized as follows:

Tariff receivables and contract assets	Batch of subsidies	Installed Capacity as at 31 December 2020 (MW)	31 December 2020 RMB million	31 December 2019 RMB million
Trade receivables				
— Current	Poverty alleviation project	**121**	**4**	155
— Current	7th batch or before	**934**	**1,350**	2,441
— Current	Subsidy list in 2020 (a.k.a the 8th batch)*	**2,539**	**5,458**	—
Sub-total		**3,594**	**6,812**	2,596
Contract assets				
— Non-current	To be registered	**1,236**	**1,228**	5,640
Total		**4,830**	**8,040**	8,236

Other Payables and Deferred Income

Other payables and deferred income decreased from RMB5,968 million as at 31 December 2019 to RMB4,688 million as at 31 December 2020. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction of RMB3,194 million (31 December 2019: RMB4,540 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 31 December 2020, bank balances and cash of the Group were approximately RMB1,191 million, including bank balances and cash of RMB48 million, for projects classified as held for sale (2019: RMB1,073 million). For the year ended 31 December 2020, the Group's primary source of funding included cash generated from its operating activities and interest-bearing borrowings.

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. Thus, the average gearing ratio for the solar energy industry is relatively high.

Because of the nature of the solar energy industry in the PRC, the Group was in net current liabilities position of approximately RMB9,230 million as at 31 December 2020 (31 December 2019: 11,267 million). To address the net current liabilities position, the Group has taken several measures to generate sufficient cash inflow to the Group, which is set out in note 2 to the consolidated financial statements.

As at 31 December 2020, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, loans from related companies and lease liabilities amounted to approximately RMB30,930 million. The amounts included bank and other borrowings, loans from related companies and lease liabilities classified as liabilities directly associated with assets classified as held for sales of RMB1,713 million, RMB3 million and RMB52 million, respectively. For the remaining balance of approximately RMB29,162 million, RMB16,531 million will be due in the coming twelve months from the end of the Reporting Period, including bank and other borrowings of approximately RMB4,541 million, which shall be due after twelve months from the end of the Reporting Period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities as a result of the triggering of the cross default clauses in several banks of the Group given the Group's involvement in several litigation cases in the PRC either as a defendant or a guarantor, the default of repayment of certain of the Group's bank and other borrowings and the default of repayment of a bank borrowing by GCL-Poly, the guarantor of the Group's certain bank borrowings. Accordingly, these bank and other borrowings became repayable on demand as at 31 December 2020.

The financial resources available to the Group as at 31 December 2020 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements together with the repayment of borrowings. The Group is undergoing the process of negotiations with respective borrowers for extension or renewal of the defaulted bank and other borrowings and as of the date of these consolidated financial statements, the Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings. The Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing power plant projects in exchange for cash proceeds.

The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2020. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures, that will be due in the coming twelve months from 31 December 2020, and the on-going covenants compliance.

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 ratio as at 31 December 2020 and 31 December 2019 were calculated as follows:

	31 December 2020 RMB million	31 December 2019 RMB million
Non-current indebtedness		
Loans from related companies	**120**	918
Bank and other borrowings	**11,612**	19,410
Bonds and senior notes	**—**	3,471
Lease liabilities	**899**	1,095
	12,631	24,894
Current indebtedness		
Loans from related companies	**789**	646
Bank and other borrowings	**12,392**	11,523
Bonds and senior notes	**3,261**	272
Lease liabilities	**89**	66
	16,531	12,507
Indebtedness for solar power plants projects classified as held for sale		
Loan from a related company — due within one year	**3**	—
Bank and other borrowings — due within one year	**330**	—
Bank and other borrowings — due after one year	**1,383**	—
Lease liabilities	**52**	—
	1,768	—
Total indebtedness	**30,930**	37,401
Less: Cash and cash equivalents		
— continuing operations	**(1,143)**	(1,073)
— projects classified as held for sale	**(48)**	—
Pledged bank and other deposits		
— continuing operations	**(744)**	(1,701)
— projects classified as held for sale	**(44)**	—
Pledged deposits at a related company		
— continuing operations	**—**	(8)
— projects classified as held for sale	**—**	—
Net debts	**28,951**	34,619
Total equity	**8,537**	9,970
Net debts to total equity	**339%**	347%
Total liabilities	**36,499**	44,446
Total assets	**45,036**	54,416
Total liabilities to total assets	**81.0%**	81.7%

In February 2021, the Group obtained a net proceed of HK$895 million through placing of its shares. If the net proceed of HK$895 million is added to the bank balances and the equity of the Group as at 31 December 2020, the "net debts to total equity ratio" and "the total liabilities to total assets ratio" could have been lowered to 297% and 79.5%, respectively. Although the Group has no committed borrowing facilities (2019: RMB824 million) as at 31 December 2020, the placing and subscription of shares enhanced the liquidity position of the Group.

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

	31 December 2020 RMB million	31 December 2019 RMB million
Renminbi ("RMB")	**26,054**	31,922
Hong Kong dollars ("HK$")	**181**	197
United States dollars ("US$")	**4,695**	5,282
	30,930	37,401

Fund raising activities

The Company has no fund raising activities during the year ended 31 December 2020.

Pledge of Assets

As at 31 December 2020, the following assets were pledged for bank and other facilities granted to the Group:

— property, plant and equipment of RMB14,938 million (31 December 2019: RMB21,027 million);

— bank and other deposits (including deposits for projects classified as held for sale and deposits placed at a related company) of RMB788 million (31 December 2019: RMB1,709 million);

— rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2020, the trade receivables and contract assets of those subsidiaries amounted to RMB7,823 million (31 December 2019: RMB4,143 million); and

— right-of-use assets of RMB12 million (31 December 2019: RMB15 million).

Besides, lease liabilities of RMB988 million (31 December 2019: RMB1,162 million) are recognized in respect of right-of-use assets amounting to RMB1,258 million (31 December 2019: RMB1,395 million) as at 31 December 2020 due to the adoption of IFRS 16 since 1 January 2019.

Financial Guarantees provided to Related Companies and Third Parties

As at 31 December 2020, the Group provided guarantees to its associates for certain of their bank and other borrowings with a maximum amount of RMB3,050 million (31 December 2019: RMB5,369 million). Besides, the Group also provided financial guarantees to certain third parties for certain of their bank and other borrowings amounting to RMB1,385 million (31 December 2019: RMB540 million) as at 31 December 2020.

Capital and Other Commitments

As at 31 December 2020, the Group's capital commitments in respect of construction commitments related to solar power plants contracted for but not provided amounted to approximately RMB135 million (2019: RMB377 million).

Material disposals

During 2020, 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. The disposals are summarised as below:

Agreements date in 2020	Name of buyers	Percentage of disposed equity interest	Capacity of solar power plants held (MW)	Consideration (RMB million)	Disposal status
January	CNI (Nanjing) Energy Development Company Limited* (中核（南京）能源發展有限公司)	100%	40	77	Completed in 2020
January	Huaneng Gongrong No. 1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號（天津）股權投資基金合夥企業（有限合夥）) and Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號（天津）股權投資基金合夥企業（有限合夥）) (collectively, the "Huaneng Funds") (i.e. "Huaneng First Phase Disposals") (Note)	100%	294	851	Completed in 2020
June	China Development Bank New Energy Technology Co., Ltd.* (國開新能源科技有限公司) (Note)	75%	100	137	Completed in 2020
September	Huaneng Funds (i.e. "Huaneng Second Phase Disposals") (Note)	100%	403	576	70MW completed in 2020
November	Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司) ("Xuzhou First Phase Disposals") (Note)	67%–100%	174	276	130MW completed in 2020
November	Huaneng Funds (i.e. "Huaneng Third Phase Disposals") (Note)	51%–100%	430	667	To be completed in 2021
November	Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司) ("Xuzhou Second Phase Disposals") (Note)	50%–100%	217	313	To be completed in 2021
December	Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司) (Note)	100%	50	211	To be completed in 2021
December	State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司) (Note)	68%–100%	185	291	To be completed in 2021
Total			**1,893**	**3,399**	

Note: For details, please refer to the respective announcement published by the Company.

* *English name for identification purpose only*

Save as disclosed above, there were no other significant investments during the year ended 31 December 2020, or plans for material investments as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2020.

Events After the Reporting Period

(a) On 1 February 2021, the Group announced that the failure of repayment of the senior notes with principal amount of USD500 million (equivalent to RMB3,262 million) constitutes the event of default under the terms of indenture.

On 9 February 2021, the Company announced that holders of the senior notes of approximately USD459 million, which representing 91.85% of the outstanding aggregate principal amount of the senior notes, had validly submitted their respective executed accession deeds for exchanging the senior notes for new notes with an extended maturity and terms as stipulated in the restated restructuring support agreement ("RSA"). Under the RSA, 5% of the original principal amount of USD25 million (the "Upfront Consideration") will be repaid to the holders of the senior notes upon the date of approval of the RSA. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration will be settled through issuance of new senior notes, which are interest bearing at 10% p. a. and the whole principal will be matured on 30 January 2024. The Group has commenced the application of passing the RSA under the Court of the Bermuda. The Group expects to submit all relevant documents to the Court of the Bermuda in April 2021 and targets to execute the RSA by June 2021. RSA will be mandatorily effective to those holders who are against the RSA upon the RSA has been passed in the Court of the Bermuda.

(b) On 10 February 2021, the Group announced that a placing agreement has been entered into among the Elite Time Global Limited, a wholly-owned subsidiary of GCL-Poly, the Company and the placing agents under which up to a total of 2,000 million of new shares of the Company to be issued (the "Transaction"). The Transaction has been completed on 17 and 19 February 2021 and net proceed of the Transaction, after taking into account all related costs, fees, expenses and commission of the Transaction, is approximately HK$895 million (equivalent to RMB753 million). Please refer to the joint announcement of the Company dated 10 February 2021 for further details.

(c) On 22 November 2020, the Group entered in a series of five share transfer agreements with Xuzhou State Investment to sell its equity interests in five subsidiaries at consideration in aggregate of RMB312,700,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. All five share transfer agreements have been approved in the special general meeting on 15 January 2021 and disposals of one subsidiary have been completed as of the date of these consolidated financial statements. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB312,700,000 to RMB307,870,000 during the current year. The Directors are still assessing the financial impact of the disposals.

(d) On 19 November 2020, the Group entered in a series of fourteen share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to sell its equity interests in fourteen subsidiaries at consideration in aggregate of RMB666,654,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. All fourteen share transfer agreements have been approved in the special general meeting on 10 February 2021 and disposals of four subsidiaries have been completed as of the date of these consolidated financial statements. The Group and Hua Neng No.1 Fund and Hua Neng No.2 Fund mutually agreed to reduce the consideration from RMB666,654,000 to RMB644,399,000 during the current year. The Directors are still assessing the financial impact of the disposals.

(e) Subsequent to the end of the Reporting Period, the disposals of Hubei Macheng and Ningxia Zhongwei with the consideration in aggregate of RMB194,648,000 have been completed.

(f) Subsequent to the end of the Reporting Period, the disposals of Hefei Jiannan and Hefei Jiuyang with the consideration in aggregate of RMB105,567,000 have been completed.

(g) Subsequent to the end of the Reporting Period, the disposals of Shenmu Guotai has been completed.

(h) Subsequent to the end of the Reporting Period, on 29 January 2021 the Group entered in a share transfer agreement with Beijing United Rongbang to sell its equity interests in Wulate Houqi Yuanhai at consideration in aggregate of RMB52,550,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. The disposal of Wulate Houqi Yuanhai has not yet been completed as of the date of these consolidated financial statements.

(i) Subsequent to the end of the Reporting Period, 140,994,462 share options (the "Existing Share Options") have been cancelled after obtaining the consent of the grantees of the Existing Share Options.

On 26 February 2021, the Company has granted to certain eligible persons (the "New Grantees"), being certain employees of the Company and its subsidiaries, subject to acceptance by the New Grantees, a total of 381,318,750 share options (the "New Share Options") to subscribe for 381,318,750 ordinary shares of HK$0.00416 each in the share capital of the Company (upon exercise in full and subject to adjustment in accordance with the New Share Option Scheme and Rule 17.03(13) of the Listing Rules) under the New Share Option Scheme, part of which shall be in exchange for the cancellation of the Existing Share Options. The Directors are still assessing the financial impact of the grant of the New Share Options. Please refer to the announcement of the Company dated 26 February 2021 for further details.

(j) Subsequent to the end of the Reporting Period, the Group entered into several share transfer agreements with Three Gorges Asset Management to dispose of its equity interest in several subsidiaries at consideration in aggregate of RMB1,615 million and the repayment of corresponding interest in shareholder's loan. The subsidiaries operate solar power plant projects with an aggregate capacity of approximately 790MW in Henan and Shaanxi, the PRC. The disposal is not completed on the date of this report. Please refer to the announcements of the Company dated 31 March 2021 and 1 April 2021 for further 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, upcoming issuance of green certificates, laws and regulations would cause substantial impact on the solar power industry. Although the Chinese 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. Grid curtailment risk

With the growth in power generating capacity outpaced electricity consumption growth, it has led to utilization decline for power generating capacity across the country since 2014. Although solar power has a higher dispatch priority over conventional power generation in China, given electricity generated from areas with rich solar energy resources cannot be fully consumed in the provinces, and the excess electricity cannot be transmitted to other regions with higher power demand given limited power transmission capacity, grid curtailment has become an issue with high degree of concern for solar power. In this regard, the Company mainly focuses on developing solar power projects in regions with well-developed inter-province power transmission network or with strong domestic power demand such as zone 2 and 3, hence, minimizing grid curtailment risk.

3. 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 NDRC 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 minimise 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.

4. Risk related to high gearing ratio

Solar power generating business is a capital intensive industry, which highly relies on external financing in order to fund the construction of solar power plant while the recovery of capital investment takes a long period of time. To cope with the gearing risk, the Company will pay close attention to the market dynamics, and to avoid any unfavorable changes to the Company. Additionally, the Company is constantly seeking alternative financing tools and pursing asset-light model to optimize our finance structure and lower its gearing ratio.

5. 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.

6. 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.

7. 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.

8. Risk related to implement the debt restructuring plan

The Existing Notes matured in January 2021. The Company proposed a debt restructuring plan and the necessary support from the holders of the Existing Notes were obtained to vote in favour of the restructuring. The Company expects to commence the process of implementing the restructuring plan on terms set forth in the amended and restated restructuring support agreement as soon as practicable.

If the restructuring plan is not approved by the Bermuda Court or otherwise does not become effective, it is likely that we will be unable to repay the principal outstanding on the Existing Notes which has been matured. This would trigger an event of default under the Existing Notes and a cross default and/or mandatory prepayment under the Group's other indebtedness.

EMPLOYEE AND REMUNERATION POLICIES

We consider our employees to be our most important resource. As at 31 December 2020, the Group had approximately 1,122 employees (31 December 2019: 1,460 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 also include discretionary bonuses and share options granted to eligible employees. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) for the year ended 31 December 2020 was approximately RMB268 million (31 December 2019: RMB397 million).

Our Directors

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

Executive Directors

ZHU Yufeng
(Chairman and President)

Aged 39, an executive Director and the chairman of the Board appointed on 11 December 2015 and he has taken up the role of the President of the Company since 7 December 2020. Mr. Zhu joined the Board on 9 February 2015 as a non-executive Director and vice chairman of the Board. Mr. Zhu is also the chairman of the Nomination Committee, the Strategic Planning Committee, the Risk Assessment Committee and the Corporate Governance Committee of the Company, a member of the Remuneration Committee and a director of several subsidiaries of the Company. Since 21 September 2009, Mr. Zhu has served as an executive director of GCL-Poly. He is also a member of the remuneration committee of GCL-Poly.

Mr. Zhu has been appointed as the vice chairman and president of Golden Concord since 3 June 2016 and 15 January 2019 respectively. He previously served as a senior executive president, a senior vice executive president and also an executive president of Golden Concord during the period from December 2015 to June 2016, from December 2014 to November 2015 and from May 2012 to December 2014 respectively. Mr. Zhu was a general manager of a power enterprise. He is sophisticated in managing power plants. Mr. Zhu also has many years of experience working in electricity conglomerate, specializing in the area of integration management such as human resources, administration, supply chain and enterprises informatization etc. Mr. Zhu graduated from George Brown College (Business Administration Faculty) in 2005.

LIU Genyu
(Vice Chairman)

Aged 57, an executive Director and the vice chairman of the Company appointed on 7 December 2020. Mr. Liu graduated from Tsinghua University with an Executive Master degree of Business and Administration (EMBA). Mr. Liu is currently the vice chairman of the board of directors and an executive director of China Nuclear Energy Technology Corporation Limited (stock code: 611) and an independent non-executive director of China Boqi Environmental (Holding) Co., Ltd. (stock code: 2377), all being companies listed on the Main Board of the Stock Exchange. He was the chief executive officer and an executive director of Huazhong In-Vehicle Holdings Company Limited (stock code of the Stock Exchange: 6830) from 4 January 2016 to 1 September 2017 and was re-designated as a non-executive director from 1 September 2017 to 31 August 2018. Mr. Liu was the chief operating officer/chief executive officer and an executive director of China Power New Energy Development Company Limited (a company previously listed on the Stock Exchange and delisted in August 2019, former stock code: 735) from May 2007 to December 2012. Mr. Liu had also served in positions including the deputy general manager of Chongqing Jiulong Electric Power Co., Ltd. (currently known as Spic Yuanda Environmental-Protection Co., Ltd. (國家電投集團遠達環保股份有限公司)) (SSE stock code: 600292) from 2002 to 2006.

HU Xiaoyan

Aged 49, an executive Director appointed on 9 May 2014. Ms. Hu is a director of several subsidiaries of the Company. Ms. Hu also serves as the vice-chairman of the Risk Assessment Committee and a member of both the Strategic Planning Committee and the Corporate Governance Committee. Ms. Hu has been functionally responsible for the finance duties of the Company since 4 January 2019. Ms. Hu is currently serving as a director, executive president and senior business partner of Golden Concord, in charge of internal control, internal audit, legal management, supervision and risk management. She is also a director and the chairman of audit committee and a member of the strategic planning committee of Sumin Investment Holdings Co., Ltd. Ms. Hu has been appointed as a director and a member of the audit committee of GCL System Integration with effect from June 2017 and July 2017, respectively. Ms. Hu has extensive experience in financial management, internal audit, risk control, strategic management and control, investment management and corporate governance. Ms. Hu obtained a Master degree in Business Administration from the China Europe International Business School in September 2008.

Non-Executive Directors

SUN Wei

Aged 49, a non-executive Director appointed on 9 May 2014. Ms. Sun is also a member of both the Remuneration Committee and the Strategic Planning Committee of the Company. Ms. Sun has been an executive director of GCL-Poly since 9 September 2016. She was an executive director of GCL-Poly for the periods from November 2006 to July 2007 and from October 2007 to January 2015 and she was the honorary chairman of the Finance and Strategy Function of GCL-Poly. Ms. Sun is currently the vice chairman of Golden Concord and the joint president of China Hong Kong Economic Trading International Association. Ms. Sun has over 20 years of experience in the Group's investment and management, corporate finance, financial strategy and management experience. Ms. Sun obtained a degree of Doctor of Philosophy in Business Administration in 2005.

YEUNG Man Chung, Charles

Aged 53, a non-executive Director appointed on 18 September 2015. Mr. Yeung is also a member of the Corporate Governance Committee of the Company. He is currently an executive director, the chief financial officer, the company secretary as well as a member of the nomination committee, corporate governance committee and strategy and investment committee of GCL-Poly. Mr. Yeung has been the vice president of Golden Concord Group Limited, a company controlled by Zhu Family Trust, since November 2017. Mr. Yeung is currently an independent non-executive director of Tree Holdings Limited (stock code of the Stock Exchange: 8395) and a director of Millennial Lithium Corp., a company with its shares listed on the TSX Venture Exchange in Canada. Mr. Yeung previously served as a partner of Deloitte Touche Tohmatsu and was a part-time member of the Central Policy Unit of the Government of Hong Kong Special Administrative Region. When Mr. Yeung left Deloitte Touche Tohmatsu in March 2014, he was the Head of Corporate Finance Advisory Services, Southern China. Mr. Yeung has a Bachelor of Business degree with major in accounting and he is also a member of The Hong Kong Institute of Certified Public Accountants and CPA Australia (formerly, the Australian Society of Certified Practising Accountants). Mr. Yeung has over 25 years of experience in accounting, auditing and financial management.

FANG Jiancai

Aged 41, a non-executive Director appointed on 1 March 2021. Mr. Fang has served as the deputy general manager and chief financial officer of GCL System Integration since February 2021. Furthermore. Mr. Fang has served as the general manager of the finance department of GCL System Integration since 2015. Mr. Fang has served as general manger of the finance department of certain subsidiaries of GCL System Integration and GCL-Poly. Prior to joining GCL-Poly and GCL System Integration, Mr. Fang worked at Ernst & Young. Mr. Fang graduated from Nanjing Audit University (南京審計大學) (previously known as Nanjing Audit College (南京審計學院)) and obtained a bachelor's degree in audit, and later obtained an EMBA master's degree from the China Europe International Business School (中歐國際工商學院). Mr. Fang has intensive knowledge and experience in financial management.

Independent Non-Executive Directors

WANG Bohua

Aged 68, an independent non-executive Director appointed on 9 May 2014. Mr. Wang is a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic Planning Committee of the Company. Mr. Wang was the secretary general and the vice president of China Photovoltaic Industry Association from June 2014 to March 2021 and from October 2017 to March 2021 respectively. Mr. Wang was as an independent director of Shengyi Technology Co., Ltd. (SSE stock code: 600183) since December 2012 and retired in April 2015. Mr. Wang served as the deputy inspector of the Department of Electronics and Information Products Administration of the PRC Ministry of Information Industry (中華人民共和國信息產業部電子信息產品管理司) (now the PRC Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)) from July 2007 to July 2012. He served as a member of the Professional Appraisal Group for the Science and Technology Progress Award of the PRC Ministry of Electronics Industry (中華人民共和國電子工業部科技進步獎) in December 1995. Mr. Wang was an expert for the review and appraisal of the 2002 National Key New Products (2002年度國家重點新產品) administered by the Department of Technological Progress and Equipment of the State Economic and Trade Commission (國家經濟貿易委員會技術進步與裝備司) in May 2002. Mr. Wang was elected as the vice president of the Fifth Council of China Electronic Production Equipment Industry Association (中國電子專用設備工業協會) in October 2004. In November 2004, he further served as a member and deputy director of the Eighth Committee of the CIE Electronic Components Society (中國電子學會元件分會) and the member of the Sixth Council of the Chinese Vacuum Society (中國真空學會). Mr. Wang was awarded qualification as a senior engineer by the PRC Ministry of Electronics Industry in September 1997.

XU Songda

Aged 77, an independent non-executive Director appointed on 9 May 2014. Mr. Xu is a member of the Audit Committee, the Nomination Committee, the Strategic Planning Committee and the Corporate Governance Committee of the Company. From August 1969 to 1983, Mr. Xu served successively as the youth league secretary, deputy director and director of Nanjing Power Plant (南京熱電廠). Mr. Xu then successively held the positions of the deputy director of Electric Power Industry Bureau of Jiangsu Province (江蘇省電力工業局), the deputy general manager, the deputy party secretary and other positions at Jiangsu Provincial Power Company (江蘇省電力公司) during 1983 to 2004. Mr. Xu graduated from the East China Institute of Water Conservancy (華東水利學院) (now known as Hohai University (河海大學)) in August 1969 with a Bachelor's degree in agricultural water conservation. Mr. Xu was granted the qualification of a senior engineer by the jury of senior positions in engineering at Electric Power Industry Bureau of Jiangsu Province (江蘇省電力工業局工程系列高級職務評審委員會) in December 1996. Mr. Xu was also granted the qualification of a senior engineer (professor level) by East China Power Group Corporation on 31 December 1997.

LEE Conway Kong Wai

Aged 66, an independent non-executive Director appointed on 9 May 2014. Mr. Lee also serves as the chairman of both the Audit Committee and the Remuneration Committee and a member of the Corporate Governance Committee. Mr. Lee served as a partner of Ernst & Young. Mr. Lee was a member of the Chinese People's Political Consultative Conference of Hunan Province in the PRC from 2007 to 2017. Mr. Lee currently also serves as an independent non-executive director for each of Chaowei Power Holdings Limited (stock code: 951), West China Cement Limited (stock code: 2233), China Modern Dairy Holdings Ltd. (stock code: 1117), GOME Retail Holdings Limited (stock code: 493), NVC International Holdings Limited (stock code: 2222), Yashili International Holdings Ltd (stock code: 1230), WH Group Limited (stock code: 288), all being companies listed on the Main Board of the Stock Exchange; and an independent non-executive director and independent director of Guotai Junan Securities Co., Ltd (listed on both the Stock Exchange and SSE with respective stock code: 2611 and 601211) respectively.

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

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

WANG Yanguo

Aged 58, an independent non-executive Director appointed on 9 February 2015. Mr. Wang is a member of both the Remuneration Committee and the Nomination Committee of the Company. Mr. Wang graduated from the School of Economics of Peking University with a PhD degree, Master's degree and Bachelor's degree in Economics in 1999, 1988 and 1985 respectively. Mr. Wang previously served as a teaching assistant, a lecturer and an associate professor at the School of Economics of Peking University during the period from 1988 to 1996. Mr. Wang has extensive experience in securities and finance industries. Mr. Wang has been the chairman of the board of Zhuhai Golden Bridge Capital Management Co., Ltd., a director for each of Ninestar Corporation (SZSE stock code: 002180) and Huaming Power Equipment Co., Ltd. (SZSE stock code: 002270) since November 2014, November 2015 and June 2016 respectively. Mr. Wang was the chairman of the board of Essence International Financial Holdings Limited from May 2009 to October 2014 and the member of the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC from April 2012 to July 2016. Mr. Wang was the vice chairman of Essence Securities Co., Ltd. during the period from July 2013 to May 2014 and was the president from June 2006 to July 2013. Mr. Wang was the president of Changjiang BNP Paribas Peregrine from 2005 to 2006 and was the president of Soochow Securities Co., Ltd (SSE stock code: 601555) from March 2002 to July 2005. Mr. Wang also served for the CSRC from April 1996 to March 2002 as the deputy division head of Department of Dispatch, division head of Department of Fund, deputy director of Nanjing Office and deputy director of Shanghai Securities Regulatory Office.

CHEN Ying

Aged 43, an independent non-executive Director appointed on 22 April 2015. Dr. Chen received a doctorate degree in management specialising in Management Science and Engineering from Nanjing University in 2006, and a master's degree in Finance in 2003 and a bachelor's degree in Economics in 2000 from Southeast University.

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

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

* English names for identification only

Corporate Governance Report

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

Compliance with Corporate Governance Code

Throughout the Reporting Period, the Company complied with the code provisions set out in the CG Code save for the deviation from the following code provision of the CG Code:

Code provision A.1.2

The roles of chairman and chief executive should be separate and should not be performed by the same individual under code provision A.2.1 of the CG Code. Prior to the resignation of Mr. Mo Jicai on 7 December 2020, the Company complied with the code provision A.2.1 of the CG Code. Following the resignation of Mr. Mo Jicai, as Mr. Zhu Yufeng, being the Chairman, has taken up the role of the President since 7 December 2020, such practice deviates from the code provision. The Board believes that vesting the roles of both the Chairman and the President in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised of three executive Directors, three non-executive Directors and five independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient supervision to protect the interests of the Company and the Shareholders.

The Board

Board Composition

The Board currently consists of eleven members of which five are independent non-executive Directors, bringing in a sufficient independent voice and enhancing independent judgment. At least one of the independent non-executive Directors is with appropriate professional qualifications or accounting or related financial management expertise throughout the Reporting Period. The other members are three executive Directors and three non-executive Directors. The Directors during the Reporting Period and up to the date of this report (unless otherwise stated) were:

Executive Directors	**Non-executive Directors**	**Independent Non-executive Directors**
Mr. ZHU Yufeng *(Chairman and President)*	Ms. SUN Wei	Mr. WANG Bohua
Mr. LIU Genyu *(Vice Chairman)* *(appointed on 7 December 2020)*	Mr. SHA Hongqiu *(retired from office on 17 June 2020)*	Mr. XU Songda
Mr. MO Jicai *(President)* *(appointed on 15 January 2020 and resigned on 7 December 2020)*	Mr. YEUNG Man Chung, Charles	Mr. LEE Conway Kong Wai
Mr. SUN Xingping *(President)* *(resigned on 15 January 2020)*	Mr. HE Deyong *(resigned on 1 March 2021)*	Mr. WANG Yanguo
Ms. HU Xiaoyan	Mr. FANG Jiancai *(appointed on 1 March 2021)*	Dr. CHEN Ying

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

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

Role and Responsibilities

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

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

- formulating long and short term strategies and reviewing of its financial performance, results and the effectiveness of the risk management and internal control systems;
- approving and authorising material transactions, including acquisition, investment, disposal of assets or setting dividend policies and capital expenditure;
- performing corporate governance functions in accordance with the CG Code, including formulating corporate governance policies, and reviewing and monitoring the corporate governance practices of the Group; and
- communicating with key stakeholders, including Shareholders and regulatory bodies.

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

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

The non-executive Directors advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his/her own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors. The Chairman held meetings with the non-executive Directors at least annually without the executive Directors present, to evaluate the functioning of the Board.

Chairman and President

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

Mr. Zhu Yufeng, being the Chairman, has taken up the role of the President since 7 December 2020, as the Board believes that vesting the roles of both the Chairman and the President in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation.

Appointment, Re-election and Removal of the Directors

Each of the Directors has been appointed for a specific term of 3 years, subject to the provisions on Directors' retirement as set out in the Bye-laws. All Directors appointed by the Board shall hold office only until the next general meeting of the Company (in the case of filling a casual vacancy) or until the next annual general meeting of the Company (in the case of an addition to the Board), and every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every 3 years.

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Mr. Zhu Yufeng, Ms. Hu Xiaoyan, Mr. Wang Bohua and Mr. Xu Songda shall retire by rotation at the AGM. Except Mr. Wang Bohua who does not offer himself for re-election due to retirement, Mr. Zhu Yufeng, Ms. Hu Xiaoyan and Mr. Xu Songda, all being eligible, will offer themselves for re-election at the AGM.

Reference is made to the announcement of the Company dated 26 February 2021 on the appointment of Mr. Fang Jiancai as a non-executive Director with effect from 1 March 2021. Pursuant to bye-law 83(2) of the Bye-laws and code provision A.4.2 of the CG Code, Mr. Fang shall hold office until the first general meeting of the Company after his appointment as a Director and be subject to re-election at the AGM.

Confirmation of Independency

Each independent non-executive Director has made a written annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines as set out in the Rule 3.13 of the Listing Rules, and considers all of its independent non-executive Directors to be independent of the management and free of any relationship that could materially interfere with the exercise of their judgment.

Compliance with Model Code

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

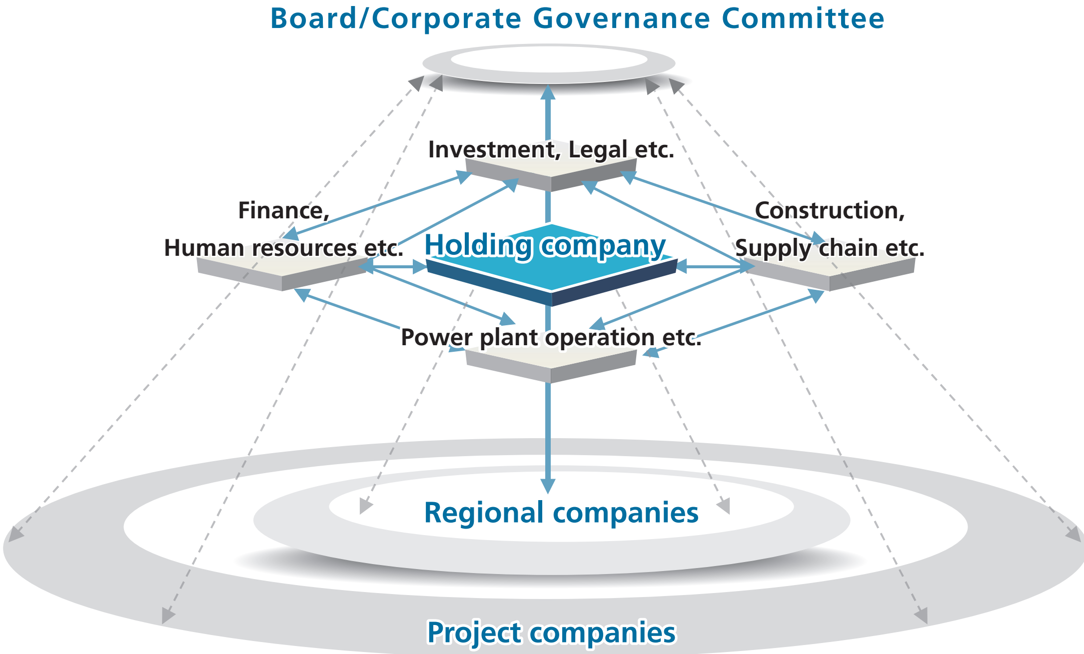
Risk Management and Internal Controls

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

The Board has delegated to the management the design, implementation and monitoring of the Systems on an on-going basis. The Board has also entrusted the Audit Committee with the responsibility to review the Systems of the Group. The Corporate Governance Committee has been delegated with responsibilities by the Board to oversee the Group's overall risk management framework, including the risk governance structure and risk management process, and to advise the Board on the risk and corporate governance related matters of the Group. The Corporate Governance Committee is also responsible for approving the Group's risk and corporate governance policies and assessing the effectiveness of the Group's risk controls/mitigation tools. The Corporate Governance Committee held a meeting during the Reporting Period to review the Company's policies and practices on risk management, internal control systems and corporate governance for the year of 2019 and its plan.

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

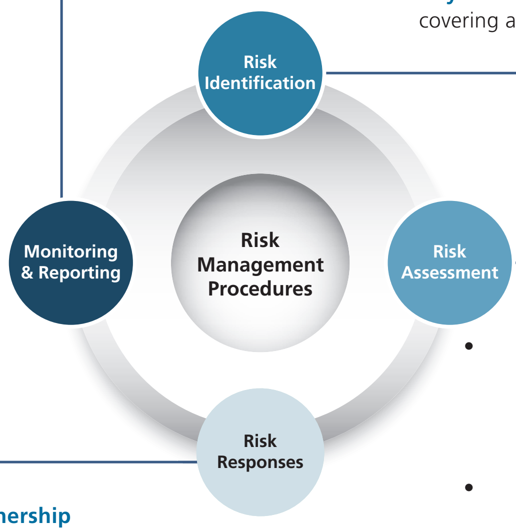
During the Reporting Period, the Group persistently dedicated efforts in enhancing the maturity of the corporate governance infrastructure across various business units and functions. In particular, a group-wide exercise has been launched to rationalise the existing policies and procedures so as to further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



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

Risk Management Procedures

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



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

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

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

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

The Internal Control Function is independent of the daily operations of the Group. The person in charge of the Internal Control Function has reported directly to the Corporate Governance Committee. All other Directors are informed of the findings of these internal audit plans and assignments from the report by the chairman of the Corporate Governance Committee. The Internal Control Function is closely involved in the assessment of the quality of risk management of the Group. During the Reporting Period, the Internal Control Function reviewed the effectiveness of the Systems. As considered appropriate and with the approval of the Corporate Governance Committee, certain review work has been outsourced due to the need of specialists' assistance and the high volume of work to be undertaken.

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

Accountability and Audit

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The interim and annual results and reports published within 2020 were published within the time limits as required under the Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, other inside information announcements and other financial disclosures required under the Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

The above statements, which should be read in conjunction with the independent auditor's report, are made with a view to distinguishing for Shareholders the responsibilities of the Directors from those of the auditor in relation to the financial statements.

Material Uncertainty Related to Going Concern

The Directors are aware that the Group's current liabilities exceeded its current assets by approximately RMB9,230 million as at 31 December 2020, which indicates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Further discussion of this matter is set out in "Indebtedness and gearing ratio" section on page 14 under the "Management Discussion and Analysis" of this annual report and note 2 to the consolidated financial statements.

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the Reporting Period, the Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are prudent and reasonable in accordance with applicable accounting standards.

The Board Committees

(1) Remuneration Committee

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

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

- to make recommendations to the Board on the policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy
- to review and approve the remuneration proposals of the President and senior management with reference to the goals and objectives of the Company
- to determine and approve, with delegated responsibility, the performance-based remuneration packages (included benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of executive Directors and senior management with reference to the corporate goals and objectives
- to make recommendations to the Board on the remuneration of non-executive Directors

The Remuneration Committee held 3 meetings during the Reporting Period. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. No individual Director is involved in deciding his or her own remuneration. No disagreement on the remuneration or compensation arrangement resolved by the Board during the Reporting Period.

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

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

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the year of 2020
- to review and recommend on the remuneration packages of all executive Directors, including the President, for the year of 2020 and bonus payment for the year of 2019
- to review and recommend on the remuneration of Mr. Mo Jicai, who was appointed as an executive Director and the President on 15 January 2020 (Mr. Mo resigned on 7 December 2020)

- to review and recommend on the remuneration of Mr. Liu Genyu, who has been appointed as an executive Director and the Vice Chairman with effective from 7 December 2020

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

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

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

(2) Nomination Committee

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

The Nomination Committee currently comprises one executive Director and three independent non-executive Directors, namely, Mr. Zhu Yufeng who is the chairman of the Board and the Nomination Committee, Mr. Wang Bohua, Mr. Xu Songda, and Mr. Wang Yanguo. The Company Secretary acts as the secretary to the Nomination Committee.

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

The Nomination Committee held 3 meetings during the Reporting Period.

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

- to review the existing structure, size and composition of the Board
- to assess the independence of the independent non-executive Directors
- to make recommendations to the Board on the proposed re-election of the retiring Directors at the 2020 annual general meeting
- to review and recommend on the appointment of Mr. Mo Jicai as an executive Director and the President on 15 January 2020 (Mr. Mo resigned on 7 December 2020)
- to review and recommend on the appointment of Mr. Liu Genyu as an executive Director and the Vice Chairman with effective from 7 December 2020

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

Board Diversity Policy

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

Measurable Objectives

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

Monitoring and Reporting

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

Review of this Policy

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

Disclosure of this Policy

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

(3) Audit Committee

The Audit Committee was set up on 1 April 1999, which comprises three independent non-executive Directors, namely, Mr. Lee Conway Kong Wai who is the chairman of the Audit Committee, Mr. Wang Bohua and Mr. Xu Songda. The Company Secretary acts as the secretary to the Audit Committee.

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

- ensure that co-operation is given by the Company's management to the external auditor where applicable
- review the Group's interim and annual results announcements and reports and the financial statements prior to their recommendations to the Board for approval
- review the effectiveness of Group's financial reporting process, risk management and internal control systems

- review continuing connected transaction(s) of the Group
- consider and endorse the proposed amendments to the Company's policy on connected transactions, with a recommendation to the Board for approval
- consider and approve the Company's policy on engaging external auditor to supply non-audit services and the revised whistle-blowing policy of the Company

The Audit Committee held 4 meetings during the Reporting Period.

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

- to consider and approve the remuneration and terms of engagement of the external auditor
- to approve the scope of audit for the years ended 31 December 2019 and 2020
- to review the annual financial statements for the year ended 31 December 2019 and the interim financial statements for the six months ended 30 June 2020
- to review the work performed by Internal Control Function and the Group's internal control system
- to review the report on continuing connected transactions of the Group for the financial year ended 31 December 2019

Auditor's Remuneration

During the Reporting Period, the remuneration, reviewed and approved by the Audit Committee on its statutory audit scope and non-audit services, paid or payable to the auditor in respect of audit and non-audit services provided by Deloitte Touche Tohmatsu were as follows:

Nature of services	2020 RMB'000	2019 RMB'000
Audit services	3,961	4,362
Non-audit services	8,432	3,686

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

(4) Corporate Governance Committee

The Corporate Governance Committee was set up on 27 April 2016 to oversee risk management and corporate governance functions of the Company. The Corporate Governance currently comprises two executive Directors, one non-executive Director and two independent non-executive Directors, namely, Mr. Zhu Yufeng, who is the chairman of the Corporate Governance Committee, Ms. Hu Xiaoyan, Mr. Yeung Man Chung, Charles, Mr. Xu Songda and Mr. Lee Conway Kong Wai. Mr. Mo Jicai resigned as an executive Director and a member of the Corporate Governance Committee with effect from 7 December 2020. The Company Secretary acts as the secretary to the Corporate Governance Committee.

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

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

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

Principal works performed by the Corporate Governance Committee during the Reporting Period included to review the Company's policies and practices on risk management, internal control systems and corporate governance for the year of 2019 and its plan and mid-year review for the year of 2020.

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

Board and Board Committee Meetings

Practices and Conduct of Meetings

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

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

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

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

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

Meetings held and Attendance

The Board held 12 Board meetings during the Reporting Period. The composition of the Board and the Committees, the attendance records of the Directors at the Board meetings, committees meetings and general meetings during the Reporting Period are set out below:

	Meetings attended/held						
Name of Directors	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**Corporate Governance Committee meeting**	**Annual general meeting**	**Special general meeting**
Executive Directors							
Mr. ZHU Yufeng *(Chairman and President)*	11/12	N/A	3/3	3/3	1/1	1/1	2/2
Mr. LIU Genyu *(Vice Chairman) (appointed on 7 December 2020)*	2/2	N/A	N/A	N/A	N/A	N/A	1/1
Mr. MO Jicai *(President) (resigned on 7 December 2020)*	9/9	N/A	N/A	N/A	1/1	1/1	1/1
Mr. SUN Xingping *(President) (resigned on 15 January 2020)*	1/1	N/A	N/A	N/A	N/A	N/A	N/A
Ms. HU Xiaoyan	11/12	N/A	N/A	N/A	1/1	1/1	2/2
Non-executive Directors							
Ms. SUN Wei	10/12	N/A	3/3	N/A	N/A	1/1	1/2
Mr. SHA Hongqiu *(retired from office on 17 June 2020)*	4/5	N/A	N/A	N/A	N/A	1/1	1/1
Mr. YEUNG Man Chung, Charles	12/12	N/A	N/A	N/A	1/1	1/1	2/2
Mr. HE Deyong *(resigned on 1 March 2021)*	12/12	N/A	N/A	N/A	N/A	1/1	2/2
Independent Non-executive Directors							
Mr. WANG Bohua	11/12	4/4	3/3	3/3	N/A	1/1	1/2
Mr. XU Songda	11/12	4/4	N/A	3/3	1/1	1/1	2/2
Mr. LEE Conway Kong Wai	11/12	4/4	3/3	N/A	1/1	1/1	2/2
Mr. WANG Yanguo	9/12	N/A	3/3	3/3	N/A	1/1	2/2
Dr. CHEN Ying	12/12	N/A	N/A	N/A	N/A	1/1	2/2

Induction and Continuous Development

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

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

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

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

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

Company Secretary

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

During 2020, the Company Secretary undertook over 15 hours of relevant professional trainings.

Constitutional Documents

During the Reporting Period, there was no significant change in the Company's constitutional documents.

Corporate Social Responsibility

Environmental Policies and Performance

GCL New Energy is committed to environmental protection by improving our environmental protection practices. All PV power stations are required to strictly follow GCL New Energy's PV Power Station Environmental Protection Management Standards to ensure that operations are in compliance with the applicable nationals and local laws and regulations. In addition, GCL New Energy also uphold more than 30 sets of environmental management systems and standards developed by its parent company: Golden Concord. Examples of existing environmental management systems include operation and maintenance standards, waste management system, and online monitoring standards for various pollutants.

GCL New Energy strives to minimize its environmental impacts by reducing energy consumption and water resources. For example, at the stage of power plant operation, the clean energy generated by solar power plant is mainly used to promote the use of renewable energy. We use smart robots to conduct cleaning tasks of solar power plant without using water, substantially reducing the water consumption of solar power plant.

Relationships with stakeholders

GCL New Energy continues to maintain open, two-way communication with key stakeholder groups including employees, shareholders/investors, governments, business partners, communities, and media. GCL New Energy believes regular and transparent communication with stakeholders can strengthen mutual trust and respect, build harmonious relationship, and help contribute to long term company success. Some examples of communication channels cover employees' performance reviews, internal publications, investors' meetings, on-site visits and media luncheon. GCL New Energy will review the stakeholder communication programme on a regular basis with the aim to further improve its effectiveness.

Corporate Social Responsibility Reporting

For more information about GCL New Energy's environmental protection practices and performance, employee relations, and community investment, please refer to Environmental, Social and Governance Report 2020, which are set out on pages 207 to 238 of this annual report.

Report of the Directors

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

Principal Activities and Segment Information

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

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

Business Review

A review of the business of the Group during the Reporting Period, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the "Statement of the Chairman and President" and the "Management Discussion and Analysis" of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 40(b) to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2020, if applicable, are provided in the "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the "2020 Performance Summary" and the "Financial Summary" of this annual report.

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

Results and Appropriations

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 69 to 70. The Board does not recommend the payment of a final dividend for the Reporting Period.

Reserves

Details of movements in the reserves of the Group and of the Company during the Reporting Period are set out in the consolidated statement of changes in equity on page 73 and note 49 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2020, the Company's accumulated losses and other components of equity available for cash distribution and/or distribution in specie amounted to RMB4,534,188,000 (31 December 2019: RMB3,929,330,000). In accordance with the Bermuda Companies Act, the Company's share premium and contributed surplus may be distributed in certain circumstances.

Donations

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

Property, Plant and Equipment

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

Share Capital

Details of movements in the share capital of the Company during the Reporting Period are set out in note 34 to the consolidated financial statements.

Equity-Linked Agreements

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

Closure of Register of Members

The register of members of the Company will be closed from 17 May 2021 to 21 May 2021, both days inclusive, during which period no transfer of Shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 14 May 2021.

Pre-emptive Rights

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

Summary Financial Information

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

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the redeemable securities or listed securities of the Company during the Reporting Period.

Directors

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

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU Yufeng *(Chairman and President)*	Ms. SUN Wei	Mr. WANG Bohua
Mr. LIU Genyu *(Vice Chairman)* *(appointed on 7 December 2020)*	Mr. SHA Hongqiu *(retired from office on 17 June 2020)*	Mr. XU Songda
Mr. MO Jicai *(President)* *(appointed on 15 January 2020 and resigned on 7 December 2020)*	Mr. YEUNG Man Chung, Charles	Mr. LEE Conway Kong Wai
Mr. SUN Xingping *(President)* *(resigned on 15 January 2020)*	Mr. HE Deyong *(resigned on 1 March 2021)*	Mr. WANG Yanguo
Ms. HU Xiaoyan	Mr. FANG Jiancai *(appointed on 1 March 2021)*	Dr. CHEN Ying

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Mr. Zhu Yufeng, Ms. Hu Xiaoyan, Mr. Wang Bohua and Mr. Xu Songda shall retire by rotation at the AGM. Except Mr. Wang Bohua who does not offer himself for re-election at the AGM due to retirement, Mr. Zhu Yufeng, Ms. Hu Xiaoyan and Mr. Xu Songda, both being eligible, will offer themselves for re-election at the AGM.

Pursuant to bye-law 83(2) of the Bye-laws and code provision A.4.2 of the CG Code, Mr. Fang Jiancai shall hold office until the first general meeting of the Company after his appointment as a Director and be subject to re-election at the AGM.

The Directors' biographical details are set out on pages 22 to 29.

Changes in Directors Information

1. Dr. Chen Ying was appointed as an independent director of Jiangsu SINOJIT Wind Energy Technology Co., Ltd. (a company listed on the SSE, stock code: 601218) on 30 November 2020.

2. Mr. Mo Jicai resigned as an executive Director, the President and a member for each of the Corporate Governance Committee, the Strategic Planning Committee and the Risk Assessment Committee of the Company with effect from 7 December 2020.

3. Mr. Liu Genyu was appointed as an executive Director and the Vice Chairman of the Company with effective from 7 December 2020.

4. Mr. Zhu Yufeng has taken up the role of the President of the Company since 7 December 2020.

5. Mr. Lee Conway Kong Wai resigned as an independent non-executive director of China Rundong Auto Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1365) with effect from 18 December 2020.

6. Mr. He Deyong resigned as a non-executive Director with effect from 1 March 2021.

7. Mr. Fang Jiancai was appointed as a non-executive Director with effect from 1 March 2021.

Directors' Service Contracts

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

Share Option Scheme

The Company adopted the Share Option Scheme on 15 October 2014. The purpose of the Share Option Scheme is to motivate personnel to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such personnel who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives of the Company, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. The Share Option Scheme shall be valid and effective for a period of 10 years from 15 October 2014, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Particulars of the Share Option Scheme are set out in note 36 to the consolidated financial statements.

Share options were first granted on 23 October 2014 to subscribe for 536,840,000 Shares. During the Reporting Period, no option was exercised or cancelled but 20,132,000 options were lapsed. Share options were second granted on 24 July 2015 to subscribe for 473,460,000 Shares. During the Reporting Period, no options was exercised or cancelled but 45,498,320 options were lapsed.

After the Reporting Period, share options were third granted on 26 February 2021 to subscribe for 381,318,750 Shares and of which 370,516,250 options have been accepted by the grantees. For details, please refer to the announcement of the Company dated 26 February 2021. After the Reporting Period and up to the date of this annual report, 138,427,632 options were cancelled and 4,026,400 options were lapsed under the first grant of share options on 23 October 2014 and 74,568,928 options were cancelled and 8,455,440 options were lapsed under the second grant of share options on 24 July 2015.

As at the date of this annual report, 1 April 2021, the total number of shares issuable under the share options first grant on 23 October 2014, second grant on 24 July 2015 and third grant on 26 February 2021 are 110,726,000 shares (representing approximately 0.53% of total issued Shares), nil share and nil share respectively.

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 (Note 1 and 2)	Exercise period	Exercise price HK$	Adjusted Exercise Price HK$ (Note 3)	Number of share options As at 1.1.2020	Lapsed during the Reporting Period	As at 31.12.2020
Directors:							
Mr. ZHU Yufeng	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	3,523,100	–	3,523,100
Mr. SUN Xingping *(Note 4)*	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	16,105,600	(16,105,600)	–
Ms. HU Xiaoyan	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	16,105,600	–	16,105,600
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	3,019,800	–	3,019,800
Ms. SUN Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	24,158,400	–	24,158,400
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	3,019,800	–	3,019,800
Mr. SHA Hongqiu *(Note 5)*	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	8,052,800	–	8,052,800
Mr. YEUNG Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	12,079,200	–	12,079,200
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	3,019,800	–	3,019,800
Mr. WANG Bohua	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	603,960	–	603,960
Mr. XU Songda	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	603,960	–	603,960
Mr. LEE Conway Kong Wai	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	603,960	–	603,960
Mr. WANG Yanguo	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	1,006,600	–	1,006,600
Dr. CHEN Ying	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	1,006,600	–	1,006,600
Sub-total					98,948,780	(16,105,600)	82,843,180
Employees of the Group (in aggregate)	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	74,689,720	(12,079,200)	62,610,520
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	120,953,056	(27,580,840)	93,372,216
Employees of the Affiliate Companies (in aggregate) *(Note 6)*	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	140,239,512	(8,052,800)	132,186,712
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	73,230,150	(1,811,880)	71,418,270
Total					508,061,218	(65,630,320)	442,430,898

Notes:

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

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

All of the share options granted on 23 October 2014 have vested as at 31 December 2020.

2. The share options granted on 24 July 2015 are exercisable during the period indicated upon fulfillment of the conditions indicated as follows:

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

If the performance targets from 24 July 2015 to 23 July 2025 are not achieved, all of the share options shall not become exercisable as scheduled. Further, none of the share options have vested as at 31 December 2020 since all of the performance target conditions mentioned hereinabove were not achieved.

3. 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.

4. Mr. Sun Xingping resigned as an executive Director on 15 January 2020.

5. 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.

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

Interests of Directors and Chief Executive

As at 31 December 2020, 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: Personal interests	Number of Shares: Number of underlying Shares *(Note 1)*	Number of Shares: Total	Approximate percentage of issued Shares *(Note 2)*
Mr. ZHU Yufeng	—	—	3,523,100	3,523,100	0.02%
	1,905,978,301 *(Note 3)*	—	—	1,905,978,301	9.99%
Ms. HU Xiaoyan	—	—	19,125,400	19,125,400	0.10%
Ms. SUN Wei	—	—	27,178,200	27,178,200	0.14%
Mr. YEUNG Man Chung, Charles	—	—	15,099,000	15,099,000	0.08%
Mr. WANG Bohua	—	—	2,617,160	2,617,160	0.01%
Mr. XU Songda	—	—	2,617,160	2,617,160	0.01%
Mr. LEE Conway Kong Wai	—	—	2,617,160	2,617,160	0.01%
Mr. WANG Yanguo	—	—	1,006,600	1,006,600	0.01%
Dr. CHEN Ying	—	—	1,006,600	1,006,600	0.01%

Notes:

1. Adjustments have been made to the number of underlying Shares as a result of the rights issue with effect from 2 February 2016. Details can be referred to the Company's announcement dated 2 February 2016.

2. The percentage is calculated based on 19,073,715,441 Shares in issue as at 31 December 2020.

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

(B) Associated Corporations

GCL-Poly

	Number of ordinary shares in GCL-Poly				
Directors	Beneficiary of a trust	Personal interests	Number of underlying shares	Total	Approximate percentage of issued shares *(Note 1)*
Mr. ZHU Yufeng	6,370,388,156 *(Note 2)*	—	1,510,755 *(Note 3)*	6,371,898,911	30.14%
Ms. SUN Wei	—	5,723,000	1,712,189 *(Note 3)*	7,435,189	0.04%
Mr. YEUNG Man Chung, Charles	—	—	1,700,000 *(Note 3)*	1,700,000	0.01%

Notes:

1. The percentage is calculated based on 21,144,438,207 shares of GCL-Poly in issue as at 31 December 2020.

2. Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL-Poly. An aggregate of 6,370,388,156 shares in GCL-Poly are collectively held by High Excel Investment 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 (a director and the chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, a director of the Company and GCL-Poly respectively, and the son of Mr. Zhu Gongshan) as beneficiaries.

3. These are share options granted by GCL-Poly to the eligible persons, pursuant to the share option scheme of GCL-Poly, adopted by the shareholders of GCL-Poly on 22 October 2007. Such granted share options can be exercised by the eligible persons at various intervals during the period from 15 March 2016 to 28 March 2026 at an exercise price of HK$1.160 or HK$1.324 per share.

Save as disclosed above, as at 31 December 2020, none of the Directors or any chief executive of the Company had an interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

Interests of Substantial Shareholders

As at 31 December 2020, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company as disclosed above) had interest in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

Long Position in the Shares

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares *(Note 1)*
Elite Time Global Limited *(Note 2)*	Beneficial owner	11,880,000,000	62.28%
GCL-Poly *(Note 2)*	Interest in controlled corporation	11,880,000,000	62.28%
Asia Pacific Energy Fund Limited *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.99%
Asia Pacific Energy Holdings Limited *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.99%
Credit Suisse Trust Limited *(Note 3)*	Trustee	1,905,978,301	9.99%
Dongsheng Photovoltaic Technology (Hong Kong) Limited *(Note 3)*	Beneficial Owner	1,905,978,301	9.99%
Golden Concord Group Limited *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.99%
Golden Concord Group Management Limited *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.99%
Zhu Gongshan *(Note 3)*	Founder of trust	1,905,978,301	9.99%
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	9.99%
協鑫新能科技（深圳）有限公司 *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.99%
協鑫集團有限公司 *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.99%
協鑫集成科技股份有限公司 *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.99%
句容協鑫集成科技有限公司 *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.99%
江蘇協鑫建設管理有限公司 *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.99%
協鑫（遼寧）實業有限公司 *(Note 3)*	Interest in controlled corporation	1,905,978,301	9.99%

Notes:

1. The percentage is calculated based on 19,073,715,441 Shares in issue as at 31 December 2020.

2. Elite Time Global Limited is wholly-owned by GCL-Poly.

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. 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 48.86% owned by 協鑫（遼寧）實業有限公司 and 51.14% owned by 江蘇協鑫建設管理有限公司. 協鑫（遼寧）實業有限公司 is wholly-owned by Mr. Zhu Gongshan (a director and the chairman of GCL-Poly 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 Yufeng's father, Mr. Zhu Gongshan as beneficiaries.

Save as disclosed above, as at 31 December 2020, no other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Directors' interests in competing business

Each of the companies in the Golden Concord Group (a general reference to the companies in which Mr. Zhu Yufeng and his family members have a direct or indirect interest) operates within its own legal, corporate and financial framework. As at 31 December 2020, 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, is also the vice chairman of the board of directors 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; (d) the manufacturing and trading of solar power related products; and (e) 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 31 December 2020, 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.

Loan Agreement with Covenants Relating to Specific Performance of the Controlling Shareholder

The Company entered into a loan agreement containing covenants relating to specific performance of the controlling shareholder of the Company which was subject to announcement requirement under Rule 13.18 of the Listing Rules and disclosure requirements in this annual report under Rule 13.21 of the Listing Rules, the details of which is summarized below.

On 22 August 2019, the Company, as borrower entered into a facility agreement (the "CDB Facility Agreement") with China Development Bank Hong Kong Branch, as lender for a term loan facility in the aggregate amount of US$130 million (the "CDB Facility"). The final repayment date of the borrowing under the CDB Facility Agreement is the date falling 24 months after the date of the first utilisation of the CDB Facility.

Pursuant to the CDB Facility Agreement, GCL-Poly, the controlling shareholder of the Company, shall cease to have control over the Company if it no longer (i) has the power to (a) cast, or control the casting of, more than 30% of the maximum number of votes that might be cast at a general meeting of the Company; (b) appoint or remove all, or the majority, of the Directors or other equivalent officers of the Company; or (c) give directions with respect to the operating and financial policies of the Company with which the Directors or other equivalent officers of the Company are obliged to comply; or (ii) holds beneficially of more than 30% of the issued share capital of the Company ("Change of Control").

In the event of such Change of Control or failure by GCL-Poly, as guarantor of the Company in relation to the CDB Facility, to comply with certain financial conditions during the term of the CDB Facility, the lender may cancel the CDB Facility and declare all outstanding amount attached to it, together with accrued interest, and all other amounts accrued under the CDB Facility Agreement and other ancillary finance documents immediately due and payable. As at the date of this annual report, GCL-Poly is interested in approximately 53.34% of the issued share capital of the Company. Further details can be referred to the Company's announcement dated 22 August 2019.

Connected Transactions

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

Renewal of Lease Agreement with Suzhou GCL Industrial Applications Research

On 30 September 2019, each of Suzhou GCL New Energy and GCL Electric (both indirect subsidiaries of the Company) as tenant and Suzhou GCL Industrial Applications Research (an indirect wholly-owned subsidiary of GCL-Poly) as landlord entered into (i) the 2019 First Lease Agreement for the renewal of lease of the First Premises; and (ii) the 2019 Second Lease Agreement for the renewal of lease of the Second Premises, respectively, for a term of one year commencing from 1 October 2019 to 30 September 2020.

Under the 2019 First Lease Agreement, the rent payable by Suzhou GCL New Energy to Suzhou GCL Industrial Applications Research was approximately RMB1,480,403 per month. Under the 2019 Second Lease Agreement, the rent payable by GCL Electric to Suzhou GCL Industrial Applications Research was approximately RMB359,273 per month.

On 30 September 2020, Suzhou GCL Operation (an indirect wholly-owned subsidiary of the Company) as tenant and Suzhou GCL Industrial Applications Research as landlord entered into the 2020 Lease Agreement for the renewal of lease of the First Premises, for a term of three years commencing from 1 October 2020 to 30 September 2023. Under the 2020 Lease Agreement, the rent payable by Suzhou GCL Operation to Suzhou GCL Industrial Applications Research is approximately RMB1,480,403 per month.

Suzhou GCL Industrial Applications Research is an indirect wholly-owned subsidiary of GCL-Poly, the controlling shareholder of the Company. Suzhou GCL Industrial Applications Research is therefore a connected person of the Company under the Listing Rules. As a result, the entering into of the 2019 Lease Agreements and 2020 Lease Agreement with Suzhou GCL Industrial Applications Research and the transactions contemplated thereunder constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the transactions have been set out in the announcements of the Company dated 30 September 2019 and 30 September 2020 respectively.

Continuing Connected Transactions

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

Management services income from joint ventures/associates

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

Interests on loan from joint ventures/ultimate holding company/associate of ultimate holding company/fellow subsidiaries/companies controlled by Mr. ZHU Yufeng and his family

The loan to joint ventures of the Company during the Reporting Period did not constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The loans from GCL-Poly, ultimate holding company of the Company; Xinxin Finance Leasing Company Limited, an associate of GCL-Poly; GCL Group Limited* 協鑫集團有限公司, Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)* 南京鑫能陽光產業投資基金企業（有限合夥）, Jiangsu GCL Real Estate Co., Ltd.* 江蘇協鑫房地產有限公司, Jiangsu GCL Construction Management Co., Ltd.* 江蘇協鑫建設管理有限公司, Funing Property Development Limited* 阜甯房地產開發有限公司, companies controlled by Mr. ZHU Yufeng and his family, during the Reporting Period were conducted on normal commercial terms or better and thus fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Interests on perpetual notes

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

Guarantees granted by ultimate holding company/fellow subsidiaries

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

Guarantees provided to associates

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

Compensation of Key Management

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

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

Management Services Income

(i) Suzhou GCL-Poly Solar Power Investment Ltd.

On 11 July 2017, Suzhou GCL Operation (an indirect wholly-owned subsidiary of the Company) and Suzhou GCL-Poly (an indirect subsidiary of GCL-Poly) entered into the operation services agreement ("Previous Suzhou Operation Services Agreement") for a term of three years commencing from 10 July 2017. The Previous Suzhou Operation Services Agreement expired on 9 July 2020. On 10 July 2020, Suzhou GCL Operation, entered into the New Suzhou Operation Services Agreement ("New Suzhou Operation Services Agreement") for a term of three years commencing from 10 July 2020. Under the Previous Suzhou Operation Services Agreement and the New Suzhou Operation Services Agreement, Suzhou GCL Operation will provide operation and management services for the power plants of Suzhou GCL-Poly and its subsidiaries under the terms and conditions set out in the Previous Suzhou Operation Services Agreement and the New Suzhou Operation Services Agreement respectively.

Under the New Suzhou Operation Services Agreement, Suzhou GCL Operation has agreed to provide certain operation services to Suzhou GCL-Poly for a consideration of RMB35,300,000 per year, for the period of three years commencing from 10 July 2020. The maximum aggregate annual values of the continuing connected transactions, as calculated with reference to the fees receivable was RMB18,375,342 for the period from 1 January 2020 to 9 July 2020 under the Previous Suzhou Operation Services Agreement; and were/will be RMB16,924,658 for the period from 10 July 2020 to 31 December 2020 and RMB35,300,000 for the years ending 31 December 2021 and 31 December 2022 respectively and RMB18,375,342 for the period from 1 January 2023 to 9 July 2023 under the New Suzhou Operation Services Agreement. The operation and management services include capital management, technology training, management consulting and other management services including budgeting, asset management, cost management, financial management, human resources and information management.

The fees receivable under the Previous Suzhou Operation Services Agreement and the New Suzhou Operation Services Agreement were determined by arm's length negotiations between the parties and taking into account the installed capacity of the power plants, costs and risks of management. The installed capacity of the power plants was 353MW as at 10 July 2020 (and reduced to 133MW as at 31 December 2020) and the charging rate is RMB0.10 per watt.

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

Details of the transactions have been set out in the announcements of the Company dated 11 July 2017 and 10 July 2020 respectively.

The total amount received or receivable by the Group for the provision of management services under the Previous Suzhou Operation Services Agreement and the New Suzhou Operation Services Agreement for the Reporting Period was RMB32,515,723.

(ii) GCL Solar Energy Limited

On 21 May 2019, GCL New Energy, Inc. (an indirect wholly-owned subsidiary of the Company) as service provider, and GCL Solar Energy (an indirect wholly-owned subsidiary of GCL-Poly), as service recipient, entered into the 2019 Asset Management and Administrative Services Agreement for a term of three years. Under the 2019 Asset Management and Administrative Services Agreement, GCL New Energy, Inc. will provide certain asset management and administrative services to GCL Solar Energy. The respective annual caps for the continuing connected transactions under the 2019 Asset Management and Administrative Services Agreement were/will be US$500,000 for the years ending 31 December 2020 and 31 December 2021 respectively and US$191,781 for the period from 1 January 2022 to 20 May 2022.

Details of the transactions have been set out in the announcement of the Company dated 21 May 2019.

The amount received or receivable by the Group for the provision of asset management and administrative services under the 2019 Asset Management and Administrative Services Agreement for the Reporting Period was US$500,000 (equivalent to approximately RMB3,449,000).

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

Staff Training Agreement

(iii) Suzhou Xin Zhi Hai

On 25 May 2017, GCL New Energy Investment, an indirect wholly-owned subsidiary of the Company, entered into the Staff Training Agreement with Suzhou Xin Zhi Hai which is a company engaged in the provision of corporate training services including the development of online platforms and the development of modernised training modules. During the period under the Staff Training Agreement, the employees of the Group will be subscribed to an e-learning Platform. This subscription will cost GCL New Energy Investment RMB730 per employee annually. The maximum aggregate annual values of the continuing connected transactions, as calculated with reference to the fees receivable under the Staff Training Agreement, was RMB3,579,244 for the period from 1 January 2020 to 31 May 2020.

Suzhou Xin Zhi Hai is an indirect wholly-owned subsidiary of Golden Concord, which is in turn held by the Zhu Family Trust of which Mr. Zhu Yufeng, a director of the Company is a beneficiary. Accordingly, Suzhou Xin Zhi Hai is an associate of Mr. Zhu Yufeng and hence a connected person of the Company. As a result, the entering into of the Staff Training Agreement with Suzhou Xin Zhi Hai constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the transaction have been set out in the announcement of the Company dated 25 May 2017.

The amount paid or payable by the Group for the corporate training services under the Staff Training Agreement for the Reporting Period was RMB33,057.

Details of the related party transactions undertaken in normal course of business are set out in note 45 to the consolidated financial statements. Save as the fully exempt connected transactions/continuing connected transactions disclosed above, all related party transactions constituted connected transactions/continuing connected transactions under the Listing Rules and that they have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

All the Non-exempt Continuing Connected Transactions have been reviewed by the independent non-executive Directors who have confirmed that for the year ended 31 December 2020 the Non-exempt Continuing Connected Transactions have been entered into by the Group (i) in the ordinary and usual course of the business of the Group; (ii) are carried out on normal commercial terms or better; and (iii) in accordance with the relevant agreements in respect thereof, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

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

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

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

1. have received the approval of the Board;

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

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

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

Permitted Indemnity Provision

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

Directors' Material Interests in Transactions, Arrangements or Contracts

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

Emolument Policy

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

The Company has adopted Share Option Scheme as an incentive to Directors and eligible employees, details of the schemes are set out under the section headed "Share Option Schemes" in this "Report of the Directors" and in note 36 to the consolidated financial statements.

Retirement Benefit Plans

Details of the Group's retirement benefit plans are shown in note 44 to the consolidated financial statements.

Remuneration of Directors and Five Highest Paid Individuals

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

Arrangement to Purchase Shares or Debentures

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

Management Contracts

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

Finance Costs Capitalised

Finance costs amounting to approximately RMB12,810,000 (31 December 2019: RMB40,715,000) were capitalised by the Group during the Reporting Period as set out in note 9 to the consolidated financial statements.

Major Customers and Suppliers

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

During the Reporting Period, the Group's five largest customers accounted for approximately 57% (2019: 48%) of the Group's total sales. The largest customer accounted for approximately 17% (2019: 15%) of the Group's total sales.

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

Sufficiency of Public Float

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

Auditor

The consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu, who retires and, being eligible, offers itself for re-appointment at the AGM. A resolution will be proposed at the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

Events after the Reporting Period

Details of the events after the Reporting Period of the Group are set out in note 47 to the consolidated financial statements.

By order of the Board

ZHU Yufeng
Chairman

Hong Kong, 1 April 2021

Shareholders' Rights of Accessing Information

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

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

Dividend Policy

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

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

(a) financial results of the Company;

(b) Shareholders' interests;

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

(d) the Company's capital requirements;

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

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

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

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

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

Review of the Policy

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

Convening of a Special General Meeting on Requisition by Shareholders

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

Procedures for Putting Forward Proposals at General Meeting by Shareholders

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

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

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

Procedures for Directing Shareholders' Enquiries to the Board

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

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

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

Tricor Abacus Limited

Address:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Telephone:	(852) 2980-1333
Facsimile:	(852) 2810-8185

Deloitte. 德勤

TO THE SHAREHOLDERS OF GCL NEW ENERGY HOLDINGS LIMITED
協鑫新能源控股有限公司
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 69 to 205, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB1,218 million for the year ended 31 December 2020, and as of that date, the Group's current liabilities exceeded its current assets by approximately RMB9,230 million. In addition, as set out in note 42, as at 31 December 2020, the Group has entered into agreements which will involve capital commitments of approximately RMB135 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings. During the current year, the cross default clauses in several banks of the Group have been triggered as a result of (i) GCL-Poly Energy Holdings Limited ("GCL-Poly"), its parent company and being the guarantor of certain bank borrowings of the Group, defaulted the repayment of its bank borrowing, (ii) the Group defaulted repayment of certain of its bank and other borrowings, and (iii) the Group's involvement in several litigation cases either as a defendant or a guarantor relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain bank borrowings; and accordingly resulted in a reclassification of long-term borrowings of approximately RMB4,541 million to current liabilities as at 31 December 2020 under the applicable accounting standard. Moreover, as disclosed in note 47(a) to the consolidated financial statements, on 1 February 2021, the Group announced that the failure of repayment of the senior notes with principal amount of US$500 million which constituted the event of default under the terms of indenture.

The Group is undertaking a number of financing plans and other measures as described in note 2 to the consolidated financial statements in order to ensure it is able to meet its commitments in the next twelve months. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. However, the likelihood of successful implementation of these financing plans and other measures, including the Group's ongoing compliance with their borrowing covenants, and along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on tariff adjustments on electricity sales	
We identified the recognition of the Group's revenue on tariff adjustments on electricity sales as a key audit matter due to the significant management judgement involved in determining whether each of the Group's operating power plants had qualified for, and had met, all the requirements and conditions as required under the prevailing government policies and regulations for entitlement of the tariff adjustments and accordingly, the timing and eligibility of accruing revenue on tariff adjustments. As described in note 6 to the consolidated financial statements, revenue on tariff adjustments on electricity sales of approximately RMB2,905 million was recognised for the year ended 31 December 2020 in which the Group had submitted the applications for tariff adjustments of all on-grid solar power plants and under government's approval process.	Our procedures in relation to the recognition of the Group's revenue on tariff adjustment on electricity sales included: • Obtaining an understanding of key controls in connection with the recognition of tariff adjustment and assessing the operating effectiveness of key controls; • Obtaining the relevant supporting documents, for example, power purchase agreements and an understanding of the policies and regulations set by the government authorities on tariff adjustment on sales of electricity in this industry to evaluate the appropriateness of management's judgement on recognising tariff adjustments on electricity sales; • Obtaining legal opinion from the Group's People's Republic of China (the "PRC") legal advisor in relation to the assessment that all of the Group's solar power plants currently in operation have met the requirement and conditions as stipulated in the prevailing government policies and regulations for the entitlement of the tariff adjustment when the electricity was delivered on grid; and • Assessing the appropriateness of the Group's entitlement of the tariff adjustments on electricity sales by checking the Group's applications of the tariff adjustments on electricity sales to their subsequent approvals issued by the PRC government.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Fung Hin Chiu.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
1 April 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Revenue	6	**4,935,189**	6,051,987
Cost of sales		**(1,803,746)**	(2,098,222)
Gross profit		**3,131,443**	3,953,765
Other income	7	**219,496**	306,882
Other gains and losses, net	8	**(1,220,488)**	(48,986)
Impairment loss on expected credit loss model, net of reversal	8	**(321,235)**	—
Administrative expenses			
— share-based payment expenses	36	**—**	(1,787)
— other administrative expenses		**(522,265)**	(693,151)
Bargain purchase from business combination	37	**—**	73,858
Share of profits of associates	17	**102,395**	49,096
Share of (losses) profits of joint ventures	18	**(493)**	24,391
Finance costs	9	**(2,450,370)**	(2,881,752)
(Loss) profit before tax		**(1,061,517)**	782,316
Income tax expense	10	**(156,362)**	(177,563)
(Loss) profit for the year	11	**(1,217,879)**	604,753
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(42,367)**	16,689
Total comprehensive (expense) income for the year		**(1,260,246)**	621,442
(Loss) profit for the year attributable to:			
Owners of the Company		**(1,368,354)**	294,688
Non-controlling interests			
— Owners of perpetual notes		**166,822**	162,000
— Other non-controlling interests		**(16,347)**	148,065
		(1,217,879)	604,753

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTE	**2020** **RMB'000**	2019 RMB'000
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(1,410,721)**	311,377
Non-controlling interests			
— Owners of perpetual notes		**166,822**	162,000
— Other non-controlling interests		**(16,347)**	148,065
		(1,260,246)	621,442
		RMB cents	RMB cents
(Loss) earnings per share	14		
— Basic		**(7.17)**	1.54
— Diluted		**(7.17)**	1.54

Consolidated Statement of Financial Position

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**25,363,172**	35,400,109
Right-of-use assets	16	**1,257,603**	1,513,943
Interests in associates	17	**1,205,898**	1,013,284
Interests in joint ventures	18	**3,135**	3,628
Amounts due from related companies	25	**40,529**	96,951
Other investment	19	**—**	100,000
Other non-current assets	20	**1,061,080**	1,773,126
Contract assets	22	**1,227,979**	5,639,898
Pledged bank and other deposits	26	**493,455**	877,996
Deferred tax assets	33	**142,212**	162,807
		30,795,063	46,581,742
CURRENT ASSETS			
Trade and other receivables	21	**8,961,551**	4,958,918
Other loan receivables	24	**—**	14,250
Amounts due from related companies	25	**357,296**	959,302
Tax recoverable		**2,777**	5,284
Pledged bank and other deposits	26	**250,551**	823,279
Bank balances and cash	26	**1,143,481**	1,073,451
		10,715,656	7,834,484
Assets classified as held for sale	27	**3,525,749**	—
		14,241,405	7,834,484
CURRENT LIABILITIES			
Other payables and deferred income	28	**4,688,437**	5,968,129
Amounts due to related companies	25	**312,194**	593,474
Tax payable		**19,951**	32,925
Loans from related companies	29	**788,668**	646,111
Bank and other borrowings	30	**12,392,695**	11,522,908
Bonds and senior notes	31	**3,261,099**	271,742
Lease liabilities	32	**88,927**	66,122
		21,551,971	19,101,411
Liabilities directly associated with assets classified as held for sale	27	**1,919,568**	—
		23,471,539	19,101,411
NET CURRENT LIABILITIES		**(9,230,134)**	(11,266,927)
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,564,929**	35,314,815

Consolidated Statement of Financial Position

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Loans from related companies	29	**119,840**	918,073
Bank and other borrowings	30	**11,611,827**	19,410,173
Bonds and senior notes	31	**—**	3,470,542
Lease liabilities	32	**898,759**	1,095,460
Deferred income	28	**349,062**	387,531
Deferred tax liabilities	33	**48,560**	63,393
		13,028,048	25,345,172
NET ASSETS		**8,536,881**	9,969,643
CAPITAL AND RESERVES			
Share capital	34	**66,674**	66,674
Reserves		**4,969,191**	6,379,912
Equity attributable to owners of the Company		**5,035,865**	6,446,586
Equity attributable to non-controlling interests			
— Owners of perpetual notes		**2,329,936**	2,163,114
— Other non-controlling interests		**1,171,080**	1,359,943
TOTAL EQUITY		**8,536,881**	9,969,643

The consolidated financial statements on pages 69 to 205 were approved and authorised for issue by the Board of Directors on 1 April 2021 and are signed on its behalf by:

Zhu Yufeng
DIRECTOR

Hu Xiaoyan
DIRECTOR

Consolidated Statement of Changes on Equity

For the year ended 31 December 2020

	Attributable to owners of the Company									Non-controlling interests		
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000 *(Note a)*	Legal reserves RMB'000 *(Note b)*	Translation reserve RMB'000	Special reserve RMB'000 *(Note c)*	Share options reserve RMB'000	Retained earnings (accumulated losses) RMB'000	Sub-total RMB'000	Perpetual notes RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019	66,674	4,265,230	15,918	727,683	(59,321)	491,218	214,824	412,972	6,135,198	2,001,114	1,565,228	9,701,540
Profit for the year	—	—	—	—	—	—	—	294,688	294,688	162,000	148,065	604,753
Other comprehensive income for the year	—	—	—	—	16,689	—	—	—	16,689	—	—	16,689
Total comprehensive income for the year	—	—	—	—	16,689	—	—	294,688	311,377	162,000	148,065	621,442
Transfer to legal reserves	—	—	—	1,034,299	—	—	—	(1,034,299)	—	—	—	—
Recognition of equity-settled share-based payments *(note 36)*	—	—	—	—	—	—	1,787	—	1,787	—	—	1,787
Forfeitures of share options *(note 36)*	—	—	—	—	—	—	(16,257)	16,257	—	—	—	—
Deemed disposal of partial interest in a subsidiary *(note 48(c))*	—	—	—	(1,885)	—	—	—	109	(1,776)	—	30,489	28,713
Disposal of subsidiaries *(note 38(b))*	—	—	—	(140,840)	—	—	—	140,840	—	—	—	—
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(383,839)	(383,839)
At 31 December 2019 and 1 January 2020	**66,674**	**4,265,230**	**15,918**	**1,619,257**	**(42,632)**	**491,218**	**200,354**	**(169,433)**	**6,446,586**	**2,163,114**	**1,359,943**	**9,969,643**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,368,354)**	**(1,368,354)**	**166,822**	**(16,347)**	**(1,217,879)**
Other comprehensive expense for the year	**—**	**—**	**—**	**—**	**(42,367)**	**—**	**—**	**—**	**(42,367)**	**—**	**—**	**(42,367)**
Total comprehensive expense for the year	**—**	**—**	**—**	**—**	**(42,367)**	**—**	**—**	**(1,368,354)**	**(1,410,721)**	**166,822**	**(16,347)**	**(1,260,246)**
Transfer to legal reserves	**—**	**—**	**—**	**425,793**	**—**	**—**	**—**	**(425,793)**	**—**	**—**	**—**	**—**
Forfeitures of share options *(note 36)*	**—**	**—**	**—**	**—**	**—**	**—**	**(22,309)**	**22,309**	**—**	**—**	**—**	**—**
Disposal of subsidiaries *(note 38(a))*	**—**	**—**	**—**	**(91,871)**	**—**	**—**	**—**	**91,871**	**—**	**—**	**(119,873)**	**(119,873)**
Dividend declared to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(52,643)**	**(52,643)**
At 31 December 2020	**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**

Notes:

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

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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000 (Restated)
OPERATING ACTIVITIES		
(Loss) profit before tax	**(1,061,517)**	782,316
Adjustments for:		
Amortisation of deferred income on government grant		
— ITC (defined in note 7)	**(14,078)**	(14,159)
Depreciation of:		
— property, plant and equipment	**1,363,384**	1,642,170
— right-of-use assets	**95,998**	91,901
Impairment loss on property, plant and equipment	**1,137,851**	57,235
Impairment loss on expected credit loss model, net of reversal	**321,235**	—
Gain on disposal of property, plant and equipment	**—**	(43,006)
Loss on disposal of right-of-use assets	**—**	2,583
Finance costs	**2,450,370**	2,881,752
Interest income	**(22,882)**	(24,383)
Interest arising from contracts containing significant financial component	**(77,100)**	(118,218)
Share-based payment expenses	**—**	1,787
Share of losses (profits) of joint ventures	**493**	(24,391)
Share of profits of associates	**(102,395)**	(49,096)
Gain on early termination of a lease	**(23,571)**	(7)
Fair value change on other investment	**(13,027)**	—
Loss (gain) on disposal of solar power plant projects	**218,004**	(26,926)
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**207,836**	—
Bargain purchase on acquisition of subsidiaries	**—**	(73,858)
Gain on disposal of joint ventures	**—**	(35,263)
Unrealised exchange (gain) loss, net	**(361,682)**	58,201
Operating cash flows before movements in working capital	**4,118,919**	5,108,638
Increase in other non-current assets	**(70,822)**	(185,561)
Decrease (increase) in contract assets	**4,504,445**	(2,169,795)
Increase in trade and other receivables	**(5,685,582)**	(552,675)
Decrease (increase) in amounts due from related companies	**35,380**	(3,525)
Increase in other payables	**1,493,659**	267,370
(Decrease) increase in amounts due to related companies	**(1,773)**	15,087
Cash generated from operations	**4,394,226**	2,479,539
Income taxes paid	**(155,577)**	(144,167)
NET CASH FROM OPERATING ACTIVITIES	**4,238,649**	2,335,372

	NOTES	2020 RMB'000	2019 RMB'000
			(Restated)
INVESTING ACTIVITIES			
Interest received		**62,473**	13,179
Payments for construction and purchase of property, plant and equipment		**(1,343,408)**	(3,606,273)
Proceeds from disposal of property, plant and equipment		**—**	104,918
Proceeds from disposal of right-of-use assets		**1,287**	641
Payments of right-of-use assets		**(23,188)**	(14,254)
Payments of deposits for leases		**(35,377)**	(7,804)
Acquisition of subsidiaries	37	**—**	29,669
Settlement of consideration payables for acquisition of subsidiaries with solar power plant projects		**(1,000)**	(110,298)
Proceeds from disposal of subsidiaries with solar power plant projects	38	**1,166,524**	30,388
Deposit received from disposal of a subsidiary	27(c)	**79,000**	–
Settlement of consideration receivables from disposal of subsidiaries with solar power plant projects		**168,696**	206,992
Proceeds from disposal of joint ventures		**—**	53,780
Withdrawal of pledged bank and other deposits		**1,113,235**	1,314,028
Placement of pledged bank and other deposits		**(199,848)**	(1,015,640)
Repayment from a borrower of other loan receivables		**12,790**	6,000
Advance to related companies		**(15,063)**	(7,156)
Repayment from related companies		**20,000**	236,734
Capital contribution to an associate		**(31,648)**	—
Dividend received from joint ventures		**—**	25,494
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**974,473**	(2,739,602)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	NOTE	2020 RMB'000	2019 RMB'000 (Restated)
FINANCING ACTIVITIES			
Interest paid		**(1,948,617)**	(2,265,990)
Proceeds from bank and other borrowings		**753,831**	10,238,428
Repayment of bank and other borrowings		**(3,307,063)**	(7,254,272)
Repayments of lease liabilities		**(51,367)**	(71,318)
Proceeds from loans from related companies		**94,811**	625,803
Repayment of loans from related companies		**(309,023)**	(30,000)
Proceeds from loan from an associate of ultimate holding company		**—**	200,000
Repayment of loan from an associate of ultimate holding company		**—**	(279,137)
Repayment to ultimate holding company		**—**	(761,831)
Redemption of bonds		**(350,000)**	(585,000)
Advances from related companies		**21,809**	14,647
Repayment to related companies		**(7,472)**	(14,636)
Proceeds from re-sell of bonds issued		**76,742**	322,500
Capital contribution by non-controlling interests	48c	**—**	28,713
Dividend paid to non-controlling interests		**(44,750)**	(126,157)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(5,071,099)**	41,750
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**142,023**	(362,480)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
Represented by			
— bank balances and cash		**1,073,451**	1,361,978
— bank balances and cash classified as held for sale		**—**	44,873
		1,073,451	1,406,851
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(23,975)**	29,080
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Represented by			
— bank balances and cash		**1,143,481**	1,073,451
— bank balances and cash classified as held for sale		**48,018**	—
		1,191,499	1,073,451

1. GENERAL INFORMATION

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Elite Time Global Limited, a company incorporated in the British Virgin Islands ("BVI"). Its ultimate holding company is GCL-Poly Energy Holdings Limited ("GCL-Poly"), a company incorporated in the Cayman Islands with shares listed on the Stock Exchange. The address of the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

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

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

2. BASIS OF PREPARATION

The Group incurred a net loss of approximately RMB1,218 million for the year ended 31 December 2020, and as of that date, the Group's current liabilities exceeded its current assets by approximately RMB9,230 million. In addition, as at 31 December 2020, the Group has entered into agreements which will involve capital commitments of approximately RMB135 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings.

As at 31 December 2020, the Group's total borrowings comprising bank and other borrowings, bonds and senior notes, loans from related companies and lease liabilities amounted to approximately RMB30,930 million. The amounts included bank and other borrowings, loans from a related company and lease liabilities classified as liabilities directly associated with assets classified as held for sales of RMB1,713 million, RMB3 million and RMB52 million, respectively. For the remaining balance of approximately RMB29,162 million, RMB16,531 million will be due in the coming twelve months from the end of the reporting period, including bank and other borrowings of approximately RMB4,541 million, which shall be due after twelve months from the end of the reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities as a result of the triggering of the cross default clauses in several bank borrowings of the Group given the Group's involvement in several litigation cases either as a defendant or a guarantor relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants by certain bank borrowings, the default of repayment of certain of the Group's bank and other borrowings and the default of repayment of a bank borrowing by GCL-Poly, the guarantor of the Group's certain bank borrowings. Accordingly, these bank and other borrowings became repayable on demand as at 31 December 2020.

2. BASIS OF PREPARATION *(continued)*

As at 31 December 2020, the Group's (i) pledged bank and other deposits (including pledged bank and other deposits classified as assets held for sale of RMB44 million) and (ii) bank balances and cash (including bank balances and cash classified as assets held for sale of RMB48 million) amounted to approximately RMB788 million and RMB1,191 million, respectively.

The financial resources available to the Group as at 31 December 2020 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements together with the repayment of borrowings. The Group is undergoing the process of negotiations with respective borrowers for extension or renewal of the defaulted bank and other borrowings and as of the date of these consolidated financial statements, the Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings. The Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing power plant projects in exchange for cash proceeds.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2020. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures, that will be due in the coming twelve months from 31 December 2020, and the on-going covenants compliance upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Financing through the issuance of the Company's shares

As disclosed in note 47(b), the Company successfully issued 2,000 million shares with net cash proceeds of approximately HK$895 million (equivalent to RMB753 million).

(ii) Financing through the extension of maturity of senior notes

As disclosed in note 47(a), on 1 February 2021, the Group announced that the failure of repayment of the senior notes with principal amount of US$500 million which constituted the event of default under the terms of indenture. On 9 February 2021, the Group announced that holders of the senior notes of approximately US$459 million, which representing 91.85% of the outstanding aggregate principal amount of the senior notes, had validly submitted their respective executed irrevocable accession deeds for exchanging the senior notes for new notes with an extended maturity and terms as stipulated in the amended and restated restructuring support agreement (the "RSA"). The Group has commenced the application of passing of the RSA under the Court of the Bermuda. The Group expects all relevant documents will be submitted to the Court of the Bermuda in mid-April 2021 and targets to execute the RSA by June 2021.

2. BASIS OF PREPARATION *(continued)*

(iii) Financing through divesting of certain power plants

The Group continues to implement business strategies, among others, to transform its heavy asset business model to a light-asset model by divesting certain of its existing power plant projects in exchange for cash proceeds and to improve the Group's indebtedness position.

(a) During the current year, the Group entered into share transfer agreements with various independent third parties to dispose 48 subsidiaries (the "Disposal Projects") at consideration in aggregate of RMB3,356 million, of which 21 subsidiaries with consideration of RMB1,894 million were disposed as at 31 December 2020, 8 subsidiaries with consideration of RMB510 million have been classified as held for sale and 19 subsidiaries with consideration of RMB952 million have been approved for disposals subsequent to the end of the reporting period, as disclosed in note 38(a), 27, 47(c) and 47(d), respectively. Consideration of RMB1,341 million arising from disposal of 21 subsidiaries of the Disposal Projects and consideration of RMB79 million arising from disposal of a subsidiary which classified as held for sale were received during the current year. The remaining disposals and consideration of RMB1,936 million including consideration receivables from subsidiaries disposed during the year are expected to be completed and received in the coming twelve months from 31 December 2020.

(b) Subsequent to the end of the reporting period, the Group and an independent third party entered into a cooperation framework agreement (the "Cooperation Framework Agreement") regarding the disposal of 44 subsidiaries of the Group in the People's Republic of China (the "PRC"). In addition to the Cooperation Framework Agreement, the Group entered into ten share transfer agreements with this independent third party to dispose of 10 subsidiaries at a consideration in aggregate of RMB1,615 million as set out in note 47(j) (the "First Batch Projects") and the Group is undergoing the negotiation in relation to the remaining 34 subsidiaries (the "Second Batch Projects") for the terms of share transfer agreements and the consideration of the Second Batch Projects has not yet been finalised. The First Batch Projects and the Second Batch Projects are planned to be completed by the end of first half of year 2021 and second half of year 2021, respectively and the consideration of the both projects are expected to be received in the coming twelve months from 31 December 2020.

(iv) Others

Upon the completion of the Disposal Projects and the First Batch Projects and the Second Batch Projects, the Group will own 114 solar power plants with an aggregate grid connected capacity of approximately 2.8GW. Those operational solar power plants are expected to generate operating cash inflows to the Group within the coming twelve months from the date of these consolidated financial statements.

By taking the above measures, the Directors believe that the Group has sufficient working capital to meet the financial obligations when they fall due and the on-going loan covenants compliance. Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described above, should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, if applicable. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards")

Amendments to IFRS Standards that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRS Standards issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

In addition, the Group applied the agenda decision of the IFRS Interpretation Committee of the IASB (the "Committee") issued in December 2020 in relation to Supply Chain Financing Arrangements.

The application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRS 9, IAS 39 and IFRS 7 in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 Impacts on application of Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

3.2 Impacts on application of Amendments to IFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

Amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.2 *Impacts on application of Amendments to IFRS 3 Definition of a Business (continued)*

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

3.3 *Impacts on application of the agenda decision of the Committee — Supply Chain Financing Arrangements*

In December 2020, the Committee, through its agenda decision, clarified how liabilities to pay for goods or services received and the related cash flows when the related invoices are part of supply chain financing arrangements should be presented in the statement of financial position and statement of cash flows. The Committee observed that an entity's assessment of the nature of the liabilities that are part of the supply chain financing arrangements may help in determining whether the related cash flows arise from operating or financing activities. Accordingly, the settlement of trade related payables directly by the relevant financiers which resulted in derecognition of the relevant liabilities constitute non-cash transactions and the entity's subsequent settlement with financiers should be considered as repayment of borrowings and presented under financing activities in the statement of cash flows. Upon issuance of the agenda decision, the management of the Group reassessed the Group's accounting policies in respect of the presentation of cash flows arising from discounting bills which are not derecognised, in which the Group considered the cash received from discounting as borrowings whilst the cash flows relating to the borrowings were presented under operating activities as the management considered the cash flows are in substance, the receipts from trade customers. Based on the clarification through the agenda decision, the Group changed its accounting policies retrospectively by presenting the cash received from discounting under financing activities in the consolidated statement of cash flows and the settlement of the related receivables and borrowings are disclosed as non-cash transactions.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

Amendments to IFRS Standards that are mandatorily effective for the current year *(continued)*

3.3 Impacts on application of the agenda decision of the Committee — Supply Chain Financing Arrangements (continued)

Effects of this change in accounting policies on the consolidated statement of cash flows are as follows:

- Proceeds received from discounting bills which did not qualify for derecognition previously included under operating activities of approximately RMB376 million have been reclassified and presented as cash inflows under financing activities for the year ended 31 December 2019, which resulted in decrease in net cash from operating activities for the year ended 31 December 2019 by approximately RMB376 million, and increase in net cash from financing activities for the year ended 31 December 2019 by approximately RMB376 million; and

- the effects on settlement of the relevant receivables and related borrowings on maturity of the discounted bills with aggregate amounts of approximately RMB90 million have been disclosed as non-cash transactions for the year ended 31 December 2019.

For the year ended 31 December 2020, the net cash from operating activities would have been increased by approximately RMB59 million and the net cash used in financing activities would have been increased by RMB59 million, if the Group has not changed the accounting policies.

The reclassification has had no effect on reported profit or loss, total comprehensive income, financial position or equity for any period presented.

The effect of discounting bills on its cash flows and disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes have been presented in note 41.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

New and amendments to IFRS Standards that have been issued but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[6]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.
6 Effective for annual periods beginning on or after 1 April 2021.

Except as described below, the Directors anticipate that the application of the all other new and amendments to IFRS Standards will have no significant impact on the Group's consolidated financial statements in the foreseeable future.

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in IFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting* issued by IASB in March 2018 (the "Conceptual Framework") instead of International Accounting Standard Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting in September 2010*) adopted by IASB;
- add a requirement that, for transactions and other events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

Amendments to IFRS 3 Reference to the Conceptual Framework (continued)

The amendments are applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform — Phase 2* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

At 31 December 2020, the Group has a London Interbank Offered Rate ("LIBOR") bank borrowing which may be subject to interest rate benchmark reform. The Group is still assessing the financial impact resulting from the reform on application of the amendments as the banks had not informed the Group for the details regarding the replacement benchmark in relation to the interest rate of the bank loans currently linked with LIBOR as at 31 December 2020. The impacts on application, if any, will be disclosed in the Group's future consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

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

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

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

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

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

Based on the Group's outstanding liabilities as at 31 December 2020, the application of the amendments will not result in reclassification of the Group's liabilities.

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

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

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

The amendments also explains how an entity can identify material accounting policy information. Such information is expected to be material if users of an entity's financial statements would need it to understand other material information in the financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Standards") *(continued)*

New and amendments to IFRS Standards that have been issued but not yet effective *(continued)*

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

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

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

Amendments to IAS 8 Definition of Accounting Estimates

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

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

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

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Changes in the Group's interests in existing subsidiaries (continued)

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

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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

Business combinations

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

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations or asset acquisitions *(continued)*

Business combinations (continued)

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

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

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

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

Non-current assets and disposal groups held for sale

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

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

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

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the assets (or all the assets and liabilities in the group) are measured in accordance with applicable IFRSs.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

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

Variable consideration

For contracts that contain variable consideration in relation to sales of electricity to the grid companies which contain tariff adjustments related to solar power plants yet to obtain approval for registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄, the "Catalogue") by the PRC government, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers *(continued)*

Variable consideration (continued)

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

Existence of significant financing component

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

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

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (continued)

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

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

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

Refundable rental deposits

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (continued)

Lease liabilities

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (continued)

Lease modifications

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

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Sale and leaseback transactions

Effective from 1 January 2019, the Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

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

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

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

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

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

Borrowing costs

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 36.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment arrangements *(continued)*

Equity-settled share-based payment transactions (continued)

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

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

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

Taxation

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

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

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

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

Property, plant and equipment

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

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

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

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

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets, financial guarantee contracts and contract assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets, financial guarantee contracts and contract assets *(continued)*

(i) Significant increase in credit risk (continued)

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets, financial guarantee contracts and contract assets *(continued)*

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets, financial guarantee contracts and contract assets *(continued)*

(v) *Measurement and recognition of ECL (continued)*

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

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Financial liabilities

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

Financial liabilities at amortised cost

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

Prior to application of IFRS 16 on 1 January 2019, the financing arrangements entered into with financial institutions, where the Group transferred the legal title of certain equipment of the Group to the relevant financial institutions, and the Group is obligated to repay by instalments over the lease period, are accounted for as collateralised borrowing at amortised cost using effective interest method. The relevant equipment is not derecognised and continue to depreciate over their useful life by the Group during the lease period.

Financial guarantee contracts

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

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

Derecognition of financial liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derivative financial instruments

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

Offsetting a financial asset and a financial liability

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Revenue recognition on tariff adjustments on sales of electricity

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

Pursuant to the New Tariff Notice issued in August 2013 (the "New Tariff Notice"), a set of standardised procedures for the settlement of the tariff subsidy have come into force and approvals for the registration in the Catalogue on a project-by-project basis are required before the allocation of funds to the state grid companies, which then would make settlement to the Group.

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

Critical judgements in applying accounting policies *(continued)*

Revenue recognition on tariff adjustments on sales of electricity (continued)

In January 2020, the PRC government has simplified the application and approval process to receive tariff adjustments. Pursuant to the 2020 Measures (as defined in note 6) announced by the PRC government in January 2020, the PRC government will no longer announce new additions to the existing Catalogue while the grid companies will regularly announce a List (as defined in note 6) for solar power plant projects which are entitled to the tariff adjustments. All on-grid solar power plants already registered in the Catalogue would be enlisted in the List automatically. For those on-grid solar power plants which are not yet registered in the Catalogue, they need to meet the relevant requirements and conditions for tariff subsidy as stipulated in the 2020 Measures and to complete the submission and application on the Platform. Grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List.

Tariff adjustments of RMB2,905,309,000 (2019: RMB3,623,057,000) were included in the sales of electricity for the year ended 31 December 2020 as disclosed in note 6, of which the relevant tariff adjustments were recognised only to the extent that it is highly probable that such an inclusion would not result in a significant revenue reversal in the future on the basis that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants, and taking into account the legal opinion as advised by the Group's legal advisor, who considered that all of the Group's solar power plants currently in operation had met the requirements and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff subsidy when the electricity was delivered on grid, and also the requirements and conditions for the entitlement of the tariff subsidy under the 2020 Measures. Hence, the Group's operating power plants are able to be enlisted in the List subsequent to the year ended 31 December 2020 and the accrued revenue on tariff subsidy are fully recoverable. During the current year, the Group recognised revenue of RMB552 million (2019: RMB2,589 million) in respective of tariff adjustments recognised as revenue relating to solar power plants not yet registered in the List (2019: Catalogue).

Key sources of estimation uncertainty

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

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

For the tariff adjustments yet to obtain approval for registration in the List (2019: Catalogue) by the PRC government at the end of the reporting period, the Group considered that it contained a significant financing component over the relevant portion of tariff adjustment until the settlement of the trade receivables. In determining the period of extended financing, the Group has to exercise judgement and make estimation in timing of collection of the tariff adjustments with reference to historical pattern and experience for application and approval for registration in the List (2019: Catalogue). The Group has adjusted the respective tariff adjustment for the financing component based on estimated timing of collection.

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

Key sources of estimation uncertainty *(continued)*

Determination of timing of settlement of tariff adjustments on sales of electricity (continued)

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

The revenue of the Group was adjusted by approximately RMB212 million for the year ended 31 December 2020 (2019: RMB151 million) for this financing component and in relation to revision of expected timing of tariff settlement.

Provision of ECL for trade receivables and contract assets

The Group uses practical expedient in estimating ECL on trade receivables and contract assets which are not assessed individually are assessed collectively. The provision rates are based on internal credit rating as groupings for various debtors which shared credit risk characteristics by reference to repayment history of the debtor, taking into account general economic conditions of the solar industry, relevant country default risk, and an assessment of both the current as well as forecast direction at the reporting date. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at 31 December 2020 and 2019, the ECL provision for trade receivables and contract assets is considered insignificant.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 40b.

Useful lives and impairment of property, plant and equipment

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

The Group has made substantial investments in property, plant and equipment. The power generators and equipment are vulnerable to the change in market condition due to government policies. Due to the fact that consideration in relation to the disposals is lower than the carrying amount of net assets of certain subsidiaries, the implementation of Circular 426, which shortens the entitlement period of tariff adjustments granted to solar plants from 25 years to 20 years which is effective from October 2020 as well as after taking into consideration of the Group's financial resources, approximately RMB1,137,851,000 of impairment loss on property, plant and equipment is recognised during the current year.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2020 and 2019.

For sales of electricity, the Group generally entered into power purchase agreements with local grid companies with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer and the amount included RMB2,905,309,000 (2019: RMB3,623,057,000) tariff adjustment recognised during the current year. Except for trade receivables and contract assets relating to tariff adjustment, the Group generally grants credit period of approximately one month to customers from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

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

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020] No. 4)* (《關於促進非水可再生能源發電健康發展的若干意見》) (財建[2020]4號) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020] No. 5)* (《財政部國家發展改革委國家能源局關於印發〈可再生能源電價附加資金管理辦法〉的通知》) (財建[2020]5號) (the "2020 Measures") were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government will not announce new additions to the existing Catalogue and has further simplified the application and approval process regarding the registration of tariff adjustments for non-hydro renewable energy power plant projects into the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單, the "List"). The state grid companies will regularly announce the list based on the project type, time of grid connection and technical level of the solar power projects. All solar power plants already registered in the Catalogue will be enlisted in the List automatically. For those on-grid solar power projects which have already started operation but yet to register into the previous Catalogue and now, the List, these on-grid solar power projects are entitled to enlist into the List once they have met the conditions as stipulated on the Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) and completed the submission and application in the National Renewable Energy Information Management Platform (the "Platform").

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

* English name for identification only

6. REVENUE AND SEGMENT INFORMATION *(continued)*

For those tariff adjustments that are subject to approval for registration in the List (2019: Catalogue) by the PRC government at the end of the reporting period, the relevant revenue from these tariff adjustments are considered variable consideration, and are recognised only to the extent that it is highly probable that a significant reversal will not occur and are included in contract assets. Management assessed that all of the Group's operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. The contract assets are transferred to trade receivables upon the relevant power plant obtained the approval for registration in the Catalogue 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 (2019: Catalogue) by the PRC government, the management considered that it contained a significant financing component over the relevant portion of tariff adjustment until the settlement of the trade receivables. For the current year, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 1.99% to 2.36% per annum (2019: 2.55% to 3.01% per annum) and the adjustment in relation to revision of expected timing of tariff collection. As such, the Group's revenue was adjusted by approximately RMB212 million (2019: RMB151 million) and interest income amounting to approximately RMB77 million (2019: RMB118 million) (note 7) was recognised.

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

Geographical information

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

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

	Revenue from external customers		**Non-current assets**	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
PRC	**4,849,482**	5,959,721	**28,878,257**	43,955,008
Other countries	**85,707**	92,266	**1,240,610**	1,388,980
	4,935,189	6,051,987	**30,118,867**	45,343,988

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

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Information about major customers

For the year ended 31 December 2020, the revenue from grid companies under common control of the State Grid Corporation of China in total accounted for 98% (2019: 98%) of the Group's revenue. For the purpose of presenting further information about major customers and considering the extent of economic integration between grid companies, the sales to a subsidiary of State Grid Corporation of China which accounted for over 10% of the total revenue from external customers is as follows:

	2020 RMB'000	2019 RMB'000
Customer A	**4,849,482**	915,648

7. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Consultancy income *(Note a)*	**23,716**	32,111
Compensation income *(note 42(ii))*	**3,798**	6,615
Government grants		
— Incentive subsidies *(Note b)*	**7,577**	8,331
— Energy Income Credit ("ITC") *(note 28c)*	**14,078**	14,159
— Others	**265**	1,860
Interest arising from contracts containing significant financial component	**77,100**	118,218
Interest income of financial assets at amortised cost:		
— Bank interest income	**19,708**	21,654
— Interest income from other loan receivables *(note 24)*	**3,174**	682
— Interest income from loans to related companies	**—**	2,047
Management services income		
— Related companies *(note 45a)*	**47,132**	53,040
— Third parties	**17,717**	15,790
Others	**5,231**	32,375
	219,496	306,882

Notes:

(a) Consultancy income represents consultancy fees earned from third parties for design and planning for constructing solar power plants.

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

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

	2020 RMB'000	2019 RMB'000
Exchange gain (losses), net *(Note a)*	**306,605**	(94,370)
Impairment loss on property, plant and equipment *(Note b)*	**(1,137,851)**	(57,235)
Loss on measurement of assets classified as held for sale to fair value less cost to sell *(note c)*	**(207,836)**	—
Gain on disposal of property, plant and equipment	**—**	43,006
(Loss) gain on disposal of solar power plant projects *(note 38)*	**(218,004)**	26,926
Gain on disposal of joint ventures *(note 18)*	**—**	35,263
Fair value change on other investment *(note 19)*	**13,027**	—
Gain on early termination of leases *(note 16)*	**23,571**	7
Loss on disposal of right-of-use assets	**—**	(2,583)
	(1,220,488)	(48,986)
Impairment loss on expected credit loss model, net of reversal:		
— Trade receivables	**(10,000)**	—
— Contract assets	**(5,398)**	—
— Other receivables	**(304,587)**	—
— Other loan receivables *(note 24)*	**(1,250)**	—
	(321,235)	—

Notes:

(a) Exchange gains (2019: losses) mainly arose from a loan from ultimate holding company, bank and other borrowings and the senior notes, all are denominated in US$ which depreciated (2019: appreciated) against RMB for the current year.

(b) Impairment loss on property, plant and equipment amounting to RMB1,137,851,000 and RMB57,235,000 is recognised during the years ended 31 December 2020 and 2019 with details as below.

8. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS, NET OF REVERSAL *(continued)*

Notes: (continued)

(b) *(continued)*

Year ended 31 December 2020

During the current year, the Group has entered into following disposals:

(i) As disclosed in note 38(a)(iii), the Group entered into five share transfer agreements with Xuzhou State Investment and disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng were completed during the current year.

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

The recoverable amount of the five subsidiaries has been determined at the higher of value in use and fair value less costs to sell, which approximates the consideration of each of five subsidiaries stipulated in the share transfer agreements. As the recoverable amount is lower than the carrying amount of the net assets of certain five subsidiaries, impairment loss of RMB2,776,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial.

(ii) As disclosed in note 47(c), the Group entered into a series of five share transfer agreements with Xuzhou State Investment to sell its equity interests in five subsidiaries.

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

The recoverable amount of the five subsidiaries has been determined at the higher of value in use and fair value less costs to sell, which approximates the consideration of each of five subsidiaries stipulated in the share transfer agreements. As the recoverable amount is lower than the carrying amount of the net assets of certain five subsidiaries, impairment loss of RMB27,266,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial.

(iii) As disclosed in note 47(d), the Group entered in a series of fourteen share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to sell its equity interests in fourteen subsidiaries.

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

The recoverable amount of the fourteen subsidiaries has been determined at the higher of value in use and fair value less costs to sell, which approximates the consideration of each of fourteen subsidiaries stipulated in the share transfer agreements. As the recoverable amount is lower than the carrying amount of the net assets of certain fourteen subsidiaries, impairment loss of RMB301,629,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial.

8. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS, NET OF REVERSAL *(continued)*

Notes: (continued)

(b) *(continued)*

Year ended 31 December 2020 (continued)

(iv) As disclosed in note 47(h), the Group entered in a share transfer agreements with Beijing United Rongbang (as defined in note 27(c)) to sell its equity interest in Wulate Houqi Yuanhai (as defined in note 48).

As at 31 December 2020, the management conducted a review of the recoverable amount of Wulate Houqi of the assets Yuanhai, being the CGU to which the assets belongs when it is not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of Wulate Houqi Yuanhai has been determined at the higher of value in use and fair value less costs to sell, which approximates the consideration stipulated in the share transfer agreements. As the recoverable amount is lower than the carrying amount of its net assets, impairment loss of RMB38,686,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial.

(v) As disclosed in note 27(a), the Group entered into six share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its entire equity interests in six wholly-owned subsidiaries and the disposals of all six subsidiaries have not been completed and classified as assets held for sale as at 31 December 2020.

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

The recoverable amount of the six subsidiaries has been determined at the higher of value in use and for value less costs to sell. As the recoverable is lower than the carrying amount of the net assets of certain six subsidiaries, impairment loss of RMB153,339,000 has been allocated to power generation and equipment as the management considered that such asset is the major asset of the CGU and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial. In addition, loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB54,497,000 is recognised during the year as disclosed in note 8(c)(iii).

Due to the fact that consideration is lower than the carrying amount of net assets of certain subsidiaries which results in impairment loss of approximately RMB523,696,000 during the current year as well as the implementation of Circular 426, which shortens the entitlement period of tariff adjustments granted to solar plants from 25 years to 20 years which is effective from October 2020, the management of the Group considered there were impairment indicators and conducted impairment assessment on recoverable amounts of the Group's property, plant and equipment and right-of-use assets.

The recoverable amount of respective CGU, being each operating subsidiary, has been determined based on value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management of respective operating subsidiary covering the following 5 years with a pre-tax discount rate of range from 11% to 12% as at 31 December 2020. The forecasted revenue is by reference to the historical on-grid electricity generated and existing selling price under the power purchase agreements. The cash flows beyond the five-year are extrapolated using zero growth rate. Another key assumption for the value in use calculated is the efficiency of the on-grid electricity which is determined based on the CGU's past performance and management expectation for market development.

Based on the result of the assessment, the management of the Group determined that the recoverable amount of certain CGUs is lower than the carrying amount. The impairment amount has been allocated to power generation and equipment of each of CGUs as the management considered that such asset is the major asset of the relevant CGUs and the carrying amounts of other category of property, plant and equipment and right-of-use assets are immaterial. An impairment of RMB125,251,000 has been recognised in profit or loss during the current year.

8. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS, NET OF REVERSAL *(continued)*

Notes: (continued)

(b) *(continued)*

Year ended 31 December 2020 (continued)

Apart from the impairment assessment of the operating subsidiaries, impairment loss of approximately RMB470,543,000 and RMB18,361,000 of certain in-progress solar projects in relation to the construction in progress and the power generation and equipment has been recognised in profit or loss, respectively, after taking into consideration of the financial resources of the Group as well as the equipment costs related to certain in-progress solar power plants, which are still in preliminary stage, the management is of the opinion that those in-progress solar projects will not generate future economic returns to the Group.

Year ended 31 December 2019

During the year ended 31 December 2019, the power generator and related equipment of a solar power plant of the Group located in Shandong Province, the PRC, was damaged during typhoon and an impairment loss of approximately RMB57,235,000 was recognised for the respective property, plant and equipment.

(c) Loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB207,836,000 is recognised during the year ended 31 December 2020 with details as below.

(i) As disclosed in note 38(a)(i), the Group entered into six share transfer agreements with Hua Neng No. 1 Fund and Hua Neng No. 2 Fund to dispose of its entire equity interests in six wholly-owned subsidiaries, of which the disposals of five out of these six wholly-owned subsidiaries have not yet been completed as at 30 June 2020 and loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB80,548,000 is recognised in profit or loss during the year ended 31 December 2020.

(ii) As disclosed in note 38(a)(vi), the Group entered into a share transfer agreement with CDB New Energy to dispose of its 75% equity interest in Jinhu which has not yet been completed as at 30 June 2020 and loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB72,791,000 is recognised in profit or loss during the year ended 31 December 2020.

(iii) As disclosed in note 27, loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB54,497,000 is recognised during the year ended 31 December 2020 in relation to the disposal groups classified as held for sale as at 31 December 2020.

9. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest on financial liabilities at amortised cost:		
Bank and other borrowings *(note 30)*	**2,005,506**	2,345,024
Bonds and senior notes *(note 31)*	**266,317**	244,417
Loans from related companies *(note 45(b))*	**127,751**	265,188
Lease liabilities *(note 32)*	**63,606**	67,838
Total borrowing costs	**2,463,180**	2,922,467
Less: amounts capitalised in the cost of qualifying assets	**(12,810)**	(40,715)
	2,450,370	2,881,752

There is no borrowing costs capitalised during the year ended 31 December 2020 on the general borrowing pool. Borrowing costs capitalised for the year ended 31 December 2019 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.8% per annum to expenditure on qualifying assets.

10. INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
PRC Enterprise Income Tax ("EIT"):		
Current tax	**143,198**	129,436
Over-provision in prior years	**(3,253)**	(6,090)
	139,945	123,346
PRC dividend withholding tax	**14,578**	49,495
Deferred tax *(note 33)*	**1,839**	4,722
	156,362	177,563

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

Certain subsidiaries of the Group, being enterprises engaged in solar photovoltaic projects, under the EIT Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the years ended 31 December 2019 and 2020, certain subsidiaries of the Company engaged in solar photovoltaic projects had their first year of the 3-year 50% exemption period.

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

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

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

10. INCOME TAX EXPENSE *(continued)*

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

	2020 RMB'000	2019 RMB'000
(Loss) profit before tax	**(1,061,517)**	782,316
Tax at the domestic income tax rate of 25% *(Note)*	**(265,379)**	195,579
Tax effect of share of losses (profits) of joint ventures	**123**	(6,098)
Tax effect of share of profits of associates	**(25,599)**	(12,274)
Tax effect of expenses not deductible for tax purpose	**103,486**	261,067
Tax effect of deductible temporary differences not recognised	**393,823**	–
Tax effect of income not taxable for tax purpose	**(9,149)**	(5,644)
Tax effect of tax losses not recognised	**176,271**	112,553
Utilisation of tax losses previously not recognised	**(2,563)**	(6,158)
Over-provision in prior years	**(3,253)**	(6,090)
Withholding tax on distributed profits of the PRC subsidiaries	**14,578**	49,495
Effect of tax exemptions and concessions granted to the PRC subsidiaries	**(225,976)**	(404,867)
Income tax expense for the year	**156,362**	177,563

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

11. (LOSS) PROFIT FOR THE YEAR

	2020 RMB'000	2019 RMB'000
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	**3,961**	4,362
Depreciation of:		
— Property, plant and equipment	**1,363,384**	1,642,170
— Right-of-use assets	**95,998**	91,901
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**241,444**	328,611
— Retirement benefit scheme contributions *(Note)*	**26,881**	66,376
Share-based payment expenses *(note 36)* (administrative expenses in nature)		
— Directors and staff	**—**	1,693
— Consultancy services	**—**	94

Note: The decrease in retirement benefit scheme contributions is mainly due to decrease in social insurance contribution in the PRC following the local government's social insurance concession policy during the outbreak of COVID-19.

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

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

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

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

Year ended 31 December 2020

Name of director	Directors' fees RMB'000	Other emoluments: Bonuses RMB'000	Other emoluments: Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
President and Executive Directors						
Mr. SUN Xingping *(note i)*	—	—	20	64	—	84
Mr. MO Jicai *(note ii)*	—	—	452	36	—	488
Mr. ZHU Yufeng *(note iii)*	—	3,000	3,559	—	—	6,559
Executive Directors						
Ms. HU Xiaoyan	—	2,000	1,335	97	—	3,432
Mr. Liu Genyu *(note iv)*	—	—	158	—	—	158
Non-executive Directors						
Ms. SUN Wei	445	—	—	—	—	445
Mr. SHA Hongqiu *(note v)*	210	—	—	—	—	210
Mr. YEUNG Man Chung, Charles	445	—	—	—	—	445
Mr. HE Deyong	107	—	—	—	—	107
Independent Non-executive Directors						
Mr. WANG Bohua	248	—	—	—	—	248
Mr. XU Songda	248	—	—	—	—	248
Mr. LEE Conway Kong Wai	293	—	—	—	—	293
Mr. WANG Yanguo	248	—	—	—	—	248
Dr. CHEN Ying	248	—	—	—	—	248
Total	2,492	5,000	5,524	197	—	13,213

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

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

Year ended 31 December 2019

Name of director	Directors' fees RMB'000	Other emoluments: Bonuses RMB'000	Other emoluments: Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
President and Executive Director						
Mr. SUN Xingping	—	1,943	1,677	118	144	3,882
Executive Directors						
Mr. ZHU Yufeng	—	489	3,520	—	32	4,041
Ms. HU Xiaoyan	—	600	1,320	66	27	2,013
Non-executive Directors						
Ms. SUN Wei	440	—	—	—	27	467
Mr. SHA Hongqiu	440	—	—	—	72	512
Mr. YEUNG Man Chung, Charles	440	—	—	—	27	467
Mr. HE Deyong	105	—	—	—	—	105
Independent Non-executive Directors						
Mr. WANG Bohua	248	—	—	—	5	253
Mr. XU Songda	248	—	—	—	5	253
Mr. LEE Conway Kong Wai	291	—	—	—	6	297
Mr. WANG Yanguo	248	—	—	—	9	257
Dr. CHEN Ying	248	—	—	—	9	257
Total	2,708	3,032	6,517	184	363	12,804

Notes:

(i) Mr. Sun Xingping resigned as president and executive director of the Company with effect from 15 January 2020.

(ii) Mr. Mo Jicai was appointed as president and executive director with effect from 15 January 2020 and resigned from both positions with effect from 7 December 2020.

(iii) Mr. Zhu Yufeng is the executive director and Chairman of the Board and was appointed as president of the Company with effect from 7 December 2020.

(iv) Mr. Liu Genyu was appointed as an executive director of the Company with effect from 7 December 2020.

(v) Mr. Sha Hongqiu resigned as a non-executive director of the Company with effect from 17 June 2020.

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

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

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

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

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

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

(b) Employees' emoluments

The five highest paid employees of the Group during the year included two directors (2019: three), details of whose remuneration are set out in (a) above. Details of the emoluments of the remaining three (2019: two) highest paid employees in 2020 who are neither a director nor president/chief executive of the Company are as follows:

	2020 **RMB'000**	2019 RMB'000
Salaries, allowances and benefits in kind	**3,716**	2,750
Performance-related bonuses	**3,529**	1,849
Retirement benefits scheme contributions	**193**	194
	7,438	4,793

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

(b) Employees' emoluments *(continued)*

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

	2020 No. of employees	2019 No. of employees
HK$1,500,001 to HK$2,000,000 (equivalent to approximately RMB1,333,951 to RMB1,778,600)	**1**	—
HK$2,000,001 to HK$2,500,000 (equivalent to approximately RMB1,778,601 to RMB2,223,250)	**1**	1
HK$2,500,001 to HK$3,000,000 (equivalent to approximately RMB2,223,251 to RMB2,667,900)	**—**	1
HK$4,000,001 to HK$4,500,000 (equivalent to approximately RMB3,557,201 to RMB4,001,850)	**1**	—

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

14. (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:

(Loss) earnings figures are calculated as follows:

	2020 RMB'000	2019 RMB'000
(Loss) profit for the year attributable to owners of the Company and for the purpose of basic and diluted (loss) earnings per share	**(1,368,354)**	294,688

Number of shares	2020 '000	2019 '000
Number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**19,073,715**	19,073,715

Diluted (loss) earnings per share did not assume the exercise of the share options since any exercise would result in decrease in loss per share in current year (2019: the exercise price is higher than the average share price).

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Power generators and equipment RMB'000	Leasehold improvements, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2019	1,495,608	41,938,908	207,166	44,505	2,370,386	46,056,573
Additions	—	—	34,149	3,013	445,430	482,592
Acquired on acquisition of subsidiaries *(note 37)*	24,693	975,102	182	386	—	1,000,363
Transfer	151,009	1,756,369	—	—	(1,907,378)	—
Disposal of subsidiaries *(note 38(b))*	(275,872)	(7,818,916)	(15,908)	(9,466)	(10,499)	(8,130,661)
Disposals	—	(70,644)	(3,475)	(3,499)	—	(77,618)
Effect of foreign currency exchange differences	—	1,100	9	—	5	1,114
At 31 December 2019	1,395,438	36,781,919	222,123	34,939	897,944	39,332,363
Additions	—	—	2,715	2,260	69,275	74,250
Disposal of subsidiaries *(note 38(a))*	(231,362)	(5,370,465)	(14,731)	(4,830)	—	(5,621,388)
Disposals	—	(24,579)	(1,416)	(833)	—	(26,828)
Transfer	131,286	236,930	138	—	(368,354)	—
Transfer to assets held for sale *(note 27)*	(91,771)	(3,233,652)	(2,874)	(1,630)	(3,417)	(3,333,344)
Effect of foreign currency exchange differences	—	(96,912)	(25)	—	(3,881)	(100,818)
At 31 December 2020	**1,203,591**	**28,293,241**	**205,930**	**29,906**	**591,567**	**30,324,235**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2019	126,615	2,903,599	32,933	23,177	—	3,086,324
Depreciation expense	66,259	1,549,372	18,897	7,642	—	1,642,170
Impairment loss recognised in profit or loss	—	57,235	—	—	—	57,235
Eliminated on disposal of subsidiaries *(note 38(b))*	(25,741)	(800,641)	(6,787)	(5,495)	—	(838,664)
Eliminated on disposals	—	(11,444)	(2,270)	(1,992)	—	(15,706)
Effect of foreign currency exchange differences	—	889	6	—	—	895
At 31 December 2019	167,133	3,699,010	42,779	23,332	—	3,932,254
Depreciation expense	74,082	1,266,500	18,124	4,678	—	1,363,384
Impairment loss recognised in profit or loss	—	667,308	—	—	470,543	1,137,851
Eliminated on disposal of subsidiaries *(note 38(a))*	(37,495)	(847,695)	(9,292)	(3,877)	—	(898,359)
Eliminated on disposals	—	—	(820)	(722)	—	(1,542)
Transfer to assets held for sale *(note 27)*	(15,689)	(547,932)	(1,523)	(1,405)	—	(566,549)
Effect of foreign currency exchange differences	—	(5,971)	(5)	—	—	(5,976)
At 31 December 2020	**188,031**	**4,231,220**	**49,263**	**22,006**	**470,543**	**4,961,063**
CARRYING AMOUNTS						
At 31 December 2020	**1,015,560**	**24,062,021**	**156,667**	**7,900**	**121,024**	**25,363,172**
At 31 December 2019	1,228,305	33,082,909	179,344	11,607	897,944	35,400,109

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

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

All buildings were held under leases in the PRC.

As at 31 December 2020, the Group was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB730,850,000 (2019: RMB1,018,525,000). In the opinion of the Directors, the absence of the property ownership certificates to these property interests does not impair their carrying value to the Group as the Group paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	**Rooftops** RMB'000	**Others** RMB'000	**Total** RMB'000
At 31 December 2019 and 1 January 2020				
Carrying amount	1,368,902	126,438	18,603	1,513,943
At 31 December 2020				
Carrying amount	1,079,182	123,983	54,438	1,257,603
For the year ended 31 December 2020				
Depreciation charge	(66,527)	(5,930)	(23,541)	(95,998)
Disposal of subsidiaries *(note 38(a))*	(129,863)	—	—	(129,863)
Transfer to assets held for sale *(note 27)*	(52,916)	—	(22,135)	(75,051)
For the year ended 31 December 2019				
Depreciation charge	(75,033)	(6,071)	(10,797)	(91,901)
Disposal of subsidiaries *(note 38(b))*	(397,748)	(4,703)	(32,500)	(434,951)

16. RIGHT-OF-USE ASSETS *(continued)*

	2020 **RMB'000**	2019 RMB'000
Expense relating to short-term leases	**(6,178)**	(8,967)
Expense relating to leases with lease term ending within 12 months from the date of initial application	**—**	(19,841)
Total cash outflow for leases	**(145,996)**	(167,964)
Additions to right-of-use assets (including those arising from acquisition of subsidiaries)	**85,730**	82,038
Early termination of a lease	**(24,870)**	(161)
Effect of foreign currency exchange differences	**(16,288)**	(2,906)

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

In addition, the Group owns several leasehold lands where its solar power plants are primarily located and office buildings. The Group is the registered owner of these property interests. The Group has obtained the land use right certificates for all leasehold lands except for those with carrying amount of RMB95,374,000 (equivalent to approximately HK$113,324,620) (2019: RMB105,402,000 (equivalent to approximately HK$125,240,019)) in which the Group is in the process of obtaining. Lump sum payments were made upfront to acquire these property interests.

The Group regularly entered into short-term leases for office, motor vehicles and staff quarter. As at 31 December 2020 and 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

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

The Group assessed at lease commencement date/date of initial application whether it is reasonably certain to exercise the extension option. There is no extension option which the Group is not reasonably certain to exercise, the related lease liabilities is recognised. As at 31 December 2020, lease liabilities with the exercise of extension options of RMB616,990,000 (2019: RMB766,505,000) are recognised.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2020 and 2019, there is no such triggering event.

Details of the lease maturity analysis of lease liabilities are set out in note 32.

16. RIGHT-OF-USE ASSETS *(continued)*

Sale and leaseback transactions — seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the solar power plants. During the year ended 31 December 2019, RMB2,323,585,000 (2020: Nil) borrowings in respect of such sale and leaseback arrangements have been raised.

17. INTERESTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Cost of unlisted investments in associates	**1,058,998**	968,779
Share of post-acquisition profits, net of dividend received	**146,900**	44,505
	1,205,898	1,013,284

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

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2020	2019	2020	2019	
喀什博思光伏科技有限公司 Kashgar Solbright Technology Co. Ltd.*	PRC	**20%**	20%	**20%**	20%	Sale of solar products
華容縣協鑫光伏電力有限公司 Huarong County GCL Solar Power Co. Ltd.* ("Huarong")	PRC	**20%**	20%	**20%**	20%	Operation of solar power plants in the PRC
北京華橋新能源諮詢有限公司 Beijing Hua Qiao New Energy Limited*	PRC	**30%**	30%	**30%**	30%	Provision of consultancy services on solar power plant
林州市新創太陽能有限公司 Linzhou City Xinchuang Solar Company Limited* ("Linzhou Xinchuang") *(Note a)*	PRC	**20%**	20%	**20%**	20%	Operation of solar power plants in the PRC
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co. Ltd.* ("Ruzhou") *(Note b)*	PRC	**45%**	45%	**45%**	45%	Operation of solar plants in the PRC

17. INTERESTS IN ASSOCIATES *(continued)*

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group 2020	Proportion of ownership interest held by the Group 2019	Proportion of voting right held by the Group 2020	Proportion of voting right held by the Group 2019	Principal activity
新安縣協鑫光伏電力有限公司 Xinan County GCL Solar Power Co., Ltd.* ("Xinan") *(Note b)*	PRC	**45%**	45%	**45%**	45%	Operation of solar power plants in the PRC
江陵縣協鑫光伏電力有限公司 Jiangling County GCL Solar Power Co., Ltd.* ("Jiangling") *(Note b)*	PRC	**45%**	45%	**45%**	45%	Operation of solar power plants in the PRC
山西協鑫新能源科技有限公司 Shanxi GCL New Energy Technologies Co., Ltd.* ("Shanxi GNE") *(Note c)*	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
汾西縣協鑫光伏電力有限公司 Fenxi County GCL Photovoltaic Co., Ltd.* ("Fenxi GCL") *(Note c)*	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
芮城縣協鑫光伏電力有限公司 Ruicheng County GCL Photovoltaic Co., Ltd.* ("Ruicheng GCL") *(Note c)*	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.* ("Yu County Jinyang") *(Note c)*	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
盂縣協鑫光伏電力有限公司 Yu County GCL Photovoltaic Co., Ltd.* ("Yu County GCL") *(Note c)*	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping County Photovoltaic Development Co., Ltd.* ("Hanneng Guangping") *(Note c)*	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
河北協鑫新能源有限公司 Hebei GCL New Energy Co., Ltd.* ("Hebei GNE") *(Note c)*	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
宿州協鑫光伏電力有限公司 Suzhou GCL Solar Power Co., Ltd.* ("Suzhou GCL Solar Power") *(Note d)*	PRC	**10%**	N/A	**10%**	N/A	Operation of solar power plants in the PRC
淮北鑫能光伏電力有限公司 Huaibei Xinneng Solar Power Co., Ltd.* ("Huaibei Xinneng") *(Note d)*	PRC	**10%**	N/A	**10%**	N/A	Operation of solar power plants in the PRC

17. INTERESTS IN ASSOCIATES *(continued)*

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2020	2019	**2020**	2019	
金湖正輝太陽能電力有限公司 Jinhu Zhenghui Photovoltaic Co., Ltd* ("Jinhu") *(Note f)*	PRC	**25%**	N/A	**25%**	N/A	Operation of solar power plants in the PRC
欽州鑫奧光伏電力有限公司 Qinzhou Xinao Photovoltaic Power Company Limited* ("Xinao") *(Note e)*	PRC	**40%**	N/A	**40%**	N/A	Inactive

Notes:

(a) On 15 February 2019, as disclosed in note 38(b)(i), the Group disposed of 80% equity interest in Linzhou Xinchuang to 中廣核太陽能開發有限公司 CGN Solar Energy Development Co., Ltd.* ("CGN Solar"), an independent third party and retains significant influence on Linzhou Xinchuang upon completion of the disposal. Accordingly, the remaining 20% equity interest in Linzhou Xinchuang is accounted for as an associate.

(b) On 28 March 2019, as disclosed in note 38(b)(iii), the Group announced that it entered into share transfer agreements with 五淩電力有限公司 Wuling Power Corporation Ltd.* ("Wuling Power"), a subsidiary of China Power International Development Limited (中國電力國際發展有限公司), for the disposal of 55% equity interest in Ruzhou, Jiangling and Xinan. Since the Group retains 45% equity interest in aggregate in Ruzhou, Jiangling and Xinan and has significant influence, these companies are accounted for as associates.

(c) On 22 May 2019, as disclosed in note 38(b)(viii), the Group entered into a series of seven share transfer agreements with 上海榕耀新能源有限公司 Shanghai Rongyao New Energy Co., Ltd* ("Shanghai Rongyao"), an independent third party, in which the Group disposed 70% of its equity interest in Shanxi GNE, Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Hanneng Guangping and Hebei GNE. Since the Group retains 30% equity interest in aggregate in these companies and has significant influence, these companies are accounted for as associates.

(d) On 16 November 2020, as disclosed in note 38(a)(iii), the Group announced that it has entered into a series of five share transfer agreements with 徐州國投環保能源有限公司 Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* ("Xuzhou State Investment"), an independent third party, for disposal of 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan Power Limited ("Hefei Jiannan") and Hefei Jiuyang GCL New Energy Company Limited ("Hefei Jiuyang") and 67% equity interest in Dangshan Xinneng Photovoltaic Power Company Limited ("Dangshan Xinneng"). As the Group has right to appoint one out of five directors to Suzhou GCL Solar Power and Huaibei Xinneng and therefore the Group retains significant influence on Suzhou GCL Solar Power and Huaibei Xinneng upon completion of the disposal. Accordingly, the remaining 10% equity interest in Suzhou GCL Solar Power and Huaibei Xinneng are accounted for as associates.

(e) On 21 August 2020, as disclosed in note 38(a)(vii), the Group disposed of a total of 60% equity interest in Xinao to 國家電投集團貴州金元威寧能源有限公司 State Power Investment Corporation Limited* ("State Power Investment") and 廣西金元南方新能源有限公司 Guangxi Jinyuan South New Energy Limited* ("Guangxi Jinyuan"), which are independent third parties, the Group retains significant influence on Xinao upon completion of this disposal. Accordingly, the remaining 40% equity interest in Xinao is accounted for as investment in an associate.

(f) In July 2020, as disclosed in note 38(a)(vi), the Group disposed of 75% equity interest in Jinhu to 國際新能源科技有限公司 CDB New Energy Technology Co., Ltd.* ("CDB New Energy"), an independent third party and retains significant influence on Jinhu upon completion of the disposal. Accordingly, the remaining 25% equity interest in Jinhu is accounted for as an associate.

* English name for identification only

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

17. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates as at 31 December 2020 and 2019 is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Standards.

Hebei GNE and its subsidiaries

	2020 RMB'000	2019 RMB'000
Current assets	**1,416,678**	1,165,101
Non-current assets	**2,595,750**	3,335,979
Current liabilities	**(1,139,447)**	(1,612,961)
Non-current liabilities	**(1,728,134)**	(1,880,453)

	2020 RMB'000	From 19 September 2019 to 31 December 2019 RMB'000
Revenue	**478,984**	147,150
Profit and total comprehensive income for the year/period	**137,179**	70,366
Dividends received from Hebei GNE and its subsidiaries during the year/period	**—**	—

17. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates *(continued)*

Hebei GNE and its subsidiaries (continued)

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

	2020 RMB'000	2019 RMB'000
Net assets of Hebei GNE and its subsidiaries	1,144,847	1,007,666
Proportion of the Group's ownership interest in Hebei GNE and its subsidiaries	30%	30%
Carrying amount of the Group's interest in Hebei GNE and its subsidiaries	343,454	302,300

Aggregate information of associates that are not individually material

	2020 RMB'000	2019 RMB'000
The Group's share of profit from operations and total comprehensive income	61,241	27,986
Carrying amount of the Group's interests in the associates	862,444	710,984

18. INTERESTS IN JOINT VENTURES

	2020 RMB'000	2019 RMB'000
Cost of unlisted investment in joint ventures	6,701	6,701
Share of post-acquisition losses, net of dividend received	(6,474)	(5,981)
Effect of foreign currency exchange differences	2,908	2,908
	3,135	3,628

18. INTERESTS IN JOINT VENTURES *(continued)*

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

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2020	2019	**2020**	2019	
啟創環球有限公司 Qichuang Global Limited*	BVI/Japan	**50%**	50%	**50%**	50%	Inactive
北京京糧協鑫科技有限公司 Beijing Jing Liang GCL Technology Limited* ("Jingliang")	PRC	**49%**	49%	**49%**	49%	Provision of consultancy services on solar power plant

* English name for identification only

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

Aggregate information of joint ventures that are not individually material

	2020 RMB'000	2019 RMB'000
The Group's share of (loss) profit from operations and total comprehensive (expense) income	**(493)**	24,391
Carrying amount of the Group's interests in the joint ventures	**3,135**	3,628

19. OTHER INVESTMENT

As at 31 December 2019, the Group invested RMB100,000,000 into an asset management plan managed by a financial institution in the PRC with maturity on 31 March 2021. Since the maturity date of the relevant investment was more than twelve months from the end of the reporting period, the relevant investment was presented as non-current asset as of 31 December 2019. The principal was not guaranteed by the relevant financial institution and the expected return rate as stated in the contract is 7.5%. As at 31 December 2019, the above investment was classified as financial assets measured at FVTPL.

During the current year, the Group entered into an asset transfer agreement with a financial institution to settle its other borrowings amounting to approximately RMB113,027,000 with such investment, and a gain of RMB13,027,000 has been recognised in the profit or loss.

20. OTHER NON-CURRENT ASSETS

	2020 RMB'000	2019 RMB'000
Refundable value-added tax	**981,075**	1,716,249
Others	**80,005**	56,877
	1,061,080	1,773,126

21. TRADE AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables *(Note a)*	**7,231,113**	3,049,935
Prepayments and deposits	**118,154**	90,103
Other receivables		
— Amounts due from former subsidiaries *(Note b)*	**108,562**	—
— Consultancy service fee receivables	**12,137**	11,762
— Consideration receivable from disposal of subsidiaries	**372,082**	277,116
— Advance to non-controlling interest shareholders	**18,750**	21,546
— Receivables for modules procurement	**63,376**	287,044
— Refundable value-added tax	**498,123**	741,358
— Dividend receivables	**217,774**	13,530
— Interest receivables	**33,015**	95,488
— Others	**603,052**	371,036
	9,276,138	4,958,918
Less: Allowance for credit loss		
— Trade	**(10,000)**	—
— Non-trade	**(304,587)**	—
	(314,587)	—
	8,961,551	4,958,918

Notes:

(a) At 1 January 2019, trade receivables from contract with customers amounted to approximately RMB2,981,150,000.

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

Trade receivables include bills received amounting to RMB153,398,000 (2019: RMB232,493,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than one year.

21. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

(a) *(continued)*

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 at the end of the reporting period:

	2020 RMB'000	2019 RMB'000
Unbilled *(Note)*	**6,717,763**	2,524,359
0–90 days	**140,905**	128,953
91–180 days	**144,999**	17,814
Over 180 days	**64,048**	146,316
	7,067,715	2,817,442

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 (2019: Catalogue). The Directors expect the unbilled tariff adjustments would be generally billed and settled within one year from end of the reporting date.

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

	2020 RMB'000	2019 RMB'000
0–90 days	**948,875**	504,582
91–180 days	**283,537**	401,488
181–365 days	**1,051,020**	677,679
Over 365 days	**4,434,331**	940,610
	6,717,763	2,524,359

As at 31 December 2020, included in these trade receivables are debtors with aggregate carrying amount of RMB271,495,000 (2019: RMB203,943,000) which are past due as at the end of the reporting date. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

(b) The amount represents amounts due from former subsidiaries of which the Group disposed of the entire interests during the year ended 31 December 2020. The amounts are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment.

Details of impairment assessment of trade and other receivables excluding prepayments and deposits and refundable value-added taxes are set out in note 40b.

22. CONTRACT ASSETS

	2020 RMB'000	2019 RMB'000
Sales of electricity	**1,227,979**	5,639,898

At 1 January 2019, contract assets amounted to approximately RMB4,236,405,000.

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration to the List (2019: Catalogue) at the end of the reporting date, and tariff adjustment is recognised as revenue upon electricity is generated as disclosed in note 6. Pursuant to the 2020 Measures, for those on-grid solar power plants yet to be registered on the List (2019: Catalogue), 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 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 RMB212 million for the year ended 31 December 2020 (2019: RMB151 million) for this financing component and in relation to revision of expected timing of tariff adjustment in the contract assets.

Contract assets are reclassified to trade receivables at the point the respective on-grid solar power plant projects are enlisted on the List. The balances as at 31 December 2020 and 2019 are classified as non-current as they are expected to be received after twelve months from the reporting date.

Details of impairment assessment are set out in note 40b.

23. TRANSFER OF FINANCIAL ASSETS

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

The following were the Group's bills as at 31 December 2020 and 2019 that were transferred to banks or creditors by discounting or endorsing the bill, respectively, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these bills, it continues to recognise the full carrying amount of the receivables and recognised the cash received on the transfer as secured borrowings or the amounts outstanding with the creditors remain to be recognised as other payables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

23. TRANSFER OF FINANCIAL ASSETS *(continued)*

At 31 December 2020

	Bills discounted to banks with full recourse RMB'000	Bills endorsed to creditors with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	**41,634**	**64,303**	**105,937**
Carrying amount of associated liabilities	**(41,634)**	**(64,303)**	**(105,937)**
Net position	**—**	**—**	**—**

At 31 December 2019

	Bills discounted to banks with full recourse RMB'000	Bills endorsed to creditors with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	190,978	1,672	192,650
Carrying amount of associated liabilities	(190,978)	(1,672)	(192,650)
Net position	—	—	—

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

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

24. OTHER LOAN RECEIVABLES

The Group, as lender, entered into loan agreements with independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar power plant projects in the PRC. As at 31 December 2019, the outstanding balance is RMB14,250,000. The loans are receivable within twelve months from 31 December 2019, and interest rate at 6% per annum.

During the current year, RMB13,000,000 was received from one of the Borrowers and the remaining RMB1,250,000 has been fully impaired as the directors considered the balance is not recoverable.

25. AMOUNTS DUE FROM/TO RELATED COMPANIES

	2020 RMB'000	2019 RMB'000
Amounts due from an associate of an ultimate holding company		
— Non-trade related *(Note a)*	—	8,000
Amounts due from associates		
— Non-trade related *(Note b)*	366,880	991,646
Amounts due from joint ventures		
— Non-trade related *(Note c)*	7,942	8,297
Amounts due from fellow subsidiaries		
— Trade related *(Note d)*	9,986	46,742
— Non-trade related *(Note d)*	11,851	577
	21,837	47,319
Amounts due from the companies of which Mr. Zhu Yufeng and his family have significant influence		
— Non-trade related *(Note e)*	1,166	991
	397,825	1,056,253
Analysed for reporting purposes as:		
— Current assets	357,296	959,302
— Non-current assets	40,529	96,951
	397,825	1,056,253
— Trade related	9,986	46,742
— Non-trade related	387,839	1,009,511
	397,825	1,056,253
Amounts due to associates		
— Non-trade related *(Note b)*	14,038	417,103
Amounts due to fellow subsidiaries		
— Non-trade related *(Note d)*	93,483	79,816
Amounts due to the companies of which Mr. Zhu Yufeng and his family have significant influence		
— Non-trade related *(Note e)*	204,673	96,555
	312,194	593,474
Analysed for reporting purposes as:		
— Current liabilities	312,194	593,474

25. AMOUNTS DUE FROM/TO RELATED COMPANIES *(continued)*

Notes:

(a) As at 31 December 2019, the amount represents pledged deposits placed at 芯鑫融資租賃有限責任公司 Xinxin Finance Leasing Company Limited* ("Xinxin") for long-term loans advanced to the Group. During the current year, entire equity interest of Xinxin has been disposed by GCL-Poly and the entire balance is offset against loans from Xinxin as at 31 December 2020. Details of the loans are set out in note 29(b).

(b) The amounts due from/to associates are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment except for an amount of RMB40,529,000 (2019: RMB88,951,000) which, in the opinion of the Directors, is expected to be received after twelve months from the end of the reporting period and is classified as non-current.

(c) The amounts due from joint ventures are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment.

(d) 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 RMB9,986,000 (2019: RMB46,742,000) which is arising from 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 management services presented based on the invoice date which approximated the respective revenue recognition date:

	2020 RMB'000	2019 RMB'000
0–90 days	8,991	9,248
91–180 days	995	9,248
181–365 days	—	18,495
Over 365 days	—	9,751
	9,986	46,742

(e) Mr. Zhu Yufeng and his family members hold in aggregate more than 20% of the related companies' share capital as at 31 December 2020 and 2019 and exercise significant influence over the related companies. The amounts due from/to the companies of which Mr. Zhu Yufeng and his family exercise significant influence are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment except for amounts of RMB526,000 due to companies of which Mr. Zhu Yufeng and his family exercise significant influence (2019: RMB512,000) which is arising from training services provided by related companies with credit term of 30 days. As at 31 December 2020, the aging of the trade related balances is within 90 days (2019: within 90 days). The maximum amount outstanding during the year ended 31 December 2020 is RMB1,249,000 (2019: RMB1,214,000) 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.

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

Pledged bank and other deposits

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

Pledged bank deposits carry fixed interest rates ranging from 0.4% to 2.0% (2019: 0.3% to 2.4%) per annum.

At 31 December 2020, pledged other deposits approximate RMB341,105,000 (2019: RMB564,048,000) are non-interest bearing.

26. PLEDGED BANK AND OTHER DEPOSITS/BANK BALANCES AND CASH *(Continued)*

Pledged bank and other deposits *(Continued)*

Bank and other deposits amounting to RMB250,551,000 (2019: RMB823,279,000) have been pledged to secure the Group's bills payable and short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to RMB493,455,000 (2019: RMB877,996,000) have been pledged to secure long-term borrowings and are therefore classified as non-current assets.

Bank balances

Bank balances carry interest at floating rates range from 0.01% to 0.385% (2019: 0.01% to 0.385%) per annum or fixed rates range from 1.1% to 2.75% (2019: 1.1% to 2.75%) per annum.

Details of impairment assessment of pledged bank and other deposits and bank balances are set out in note 40b.

27. ASSETS CLASSIFIED AS HELD FOR SALE

Disposal groups classified as held for sale

(a) On 29 September 2020, the Group entered into six share transfer agreements with 華能工融一號(天津)股權投資基金合夥企業有限公司 Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No.1 Fund") and 華能工融二號(天津)股權投資基金合夥企業有限公司 Huaneng Gongrong No.2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No.2 Fund") to dispose of its 100% equity interest in six wholly-owned subsidiaries, namely Hubei Macheng, Huixian City GCL, Qixian GCL, Ruyang GCL, Baotou Zhonglitenghui, Ningxia Zhongwei (all as defined in note 48(a)) at consideration in aggregate of RMB576,001,000 and the repayment of corresponding interest in shareholder's loan as at the date of disposals (the "Disposal Date A"). The subsidiaries operate solar power plant projects with in aggregate capacity of 403MW in Henan, the PRC (the "Project A").

As at 31 December 2020, the disposal of Baotou Zhonglitenghui, Ruyang GCL, Hubei Macheng and Ningxia Zhongwei have not been completed and presented as disposal groups held for sale. The disposals of Huixian City GCL and Qixian GCL were completed and disclosed in note 38(a)(ii).

The Group has granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which the Group has agreed that if the Project A fail to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date A during the four-year period after the Disposal Date A, or the operation of the Project A are disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the Group shall repurchase the entire equity interest in the Project A from Hua Neng No. 1 Fund and Hua Neng No. 2 Fund at a repurchase price which is the higher of (1) equity value of the Project A assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the share transfer agreements, together with any outstanding shareholder's loan advanced to the Project A by Hua Neng No. 1 Fund and Hua Neng No. 2 Fund. As the Project A has already registered in the Catalogue/List and receipt of tariff adjustment receivables are stable, in the opinion of the Directors, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date A and therefore, the possibility regarding the occurrence of the specified events as stipulated in the share transfer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at 31 December 2020 is considered as insignificant.

27. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

(b) On 16 November 2020, the Group entered into five share transfer agreements with Xuzhou State Investment to dispose of its 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and 67% equity interest in Dangshan Xinneng (all defined in note 48(a)), at consideration in aggregate of RMB276,437,000 and the repayment of corresponding interest in shareholder's loan as at the date of completion of disposals. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB276,437,000 to RMB269,267,000 during the current year. The subsidiaries operate solar power plant projects with in aggregate capacity of 174MW in Anhui, the PRC.

As at 31 December 2020, the disposals of Hefei Jiannan and Hefei Jiuyang have not been completed and classified as disposal groups held for sale. The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng were completed and disclosed in note 38(a)(iii).

(c) On 4 December 2020, the Group entered into a share transfer agreement with 北京聯合榮邦新能源科技有限公司 Beijing United Rongbang New Energy Technology Co., Ltd.* ("Beijing United Rongbang"), an independent third party, to disposal all of its 99.2% equity interests in Zhenglanqi State Power Photovoltaic Company Limited* ("Zhenglanqi") for consideration in aggregate of RMB209,600,000 and the repayment of corresponding interest in shareholder's loan as at the date of disposal. During the current year, RMB79,000,000 has been received and recognised as other payables as at 31 December 2020. Zhenglanqi has a solar power plant project with installed capacity of approximately 50MW in Inner Mongolia, the PRC. The disposal has not been completed as at 31 December 2020 and classified as held for sales.

(d) The Group entered into a share swap agreement with 上海綠璟投資有限公司 Shanghai Lujing Investment Management Limited ("Shanghai Lujing"). Pursant to the terms of the share swap agreement, the Group will acquire 20% of equity interests in each of Shenmu Jingpu, Shenmu Jingfu and Shenmu Jingdeng (all as defined in note 48(a)) at consideration of combination of cash of RMB69,260,000 and 80% equity interest in Shenmu Guotai (as defined in note 48(a)). The transaction has not been completed as at 31 December 2020.

As at 31 December 2020, the assets and liabilities attributable to Baotou Zhonglitenghui, Ruyang GCL, Hubei Macheng, Ningxia Zhongwei, Hefei Jiannan, Heifei Jiuyang, Zhenglanqi and Shenmu Guotai have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

* English name for identification only

27. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

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

	RMB'000
Property, plant and equipment *(note 15)*	2,613,456
Right-of-use assets *(note 16)*	75,051
Other non-current assets	81,784
Trade and other receivables	718,055
Pledged bank deposits	43,882
Bank balances and cash	48,018
	3,580,246
Less: Loss on measurement of assets classified as held for sale to fair value less cost to sell *(note 8)*	(54,497)
Total assets classified as held for sale	3,525,749
Other payables	(148,414)
Loan from a related company — due within one year *(Note)*	(3,085)
Bank and other borrowings — due within one year	(329,800)
Bank and other borrowings — due after one year	(1,383,066)
Lease liabilities — current	(3,035)
Lease liabilities — non-current	(48,823)
Tax payable	(3,345)
Total liabilities directly associated with assets classified as held for sale	(1,919,568)
Net asset of solar power plant projects classified as held for sale	1,606,181
Intragroup balances	(820,206)
Net assets of solar power plant projects	785,975

Note: The loan from a related company is unsecured, non-interest bearing and repayable on demand.

27. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

The following is an aged analysis of trade receivables presented based on the invoice date at 31 December 2020, which approximated the respective revenue recognition date:

	RMB'000
Unbilled *(Note)*	703,332
0–90 days	5,795
	709,127

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

	RMB'000
0–90 days	98,008
91–180 days	79,308
181–365 days	151,429
Over 365 days	374,587
	703,332

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

The carrying amounts of the above bank borrowings are repayable:

	RMB'000
Within one year	173,800
More than one year, but not exceeding two years	165,325
More than two years, but not exceeding five years	473,600
More than five years	546,541
	1,359,266
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants## (Shown under current liabilities)	156,000
Less: Bank borrowings — due within one year	(329,800)
Bank borrowings — due after one year	1,185,466

27. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

The carrying amounts of the above other borrowings are repayable:

	RMB'000
Within one year	—
More than one year, but not exceeding two years	27,151
More than two years, but not exceeding five years	123,299
More than five years	47,150
Other borrowings — due after one year	197,600

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

* English name for identification only

Lease liabilities payable:

	2020 RMB'000
Within one year	**3,035**
Within a period of more than one year but not more than two years	**2,410**
Within a period of more than two years but not more than five years	**8,343**
Within a period of more than five years	**38,070**
	51,858

28. OTHER PAYABLES AND DEFERRED INCOME

	2020 RMB'000	2019 RMB'000
Payables for purchase of plant and machinery and construction costs *(Note a)*	**3,299,276**	4,540,359
Payables to vendors of solar power plants	**66,320**	92,873
Other tax payables	**27,914**	88,018
Other payables	**672,054**	363,055
Advance from EPC contractors *(Note b)*	**80,244**	123,030
Deferred income *(Note c)*	**362,461**	401,857
Dividend payable to non-controlling shareholders	**230,881**	225,784
Accruals		
— Staff costs	**28,276**	27,562
— Legal and professional fees	**24,349**	14,344
— Interest payable	**177,932**	367,154
— Consultancy fees	**19,802**	89,373
— Others	**47,990**	22,251
	5,037,499	6,355,660
Analysed as:		
Current	**4,688,437**	5,968,129
Non-current deferred income	**349,062**	387,531
	5,037,499	6,355,660

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

Notes:

a. Included in payables for purchase of plant and machinery and construction costs are RMB236,862,000 (2019: RMB619,248,000) in which the Group presented bills to relevant creditors for settlement and remained outstanding at the end of the reporting period. It also contains obligations arising from endorsing bills with recourse with an aggregate amount of RMB64,303,000 (2019: RMB1,672,000). All bills presented by the Group is aged within one year and not yet due at the end of the reporting period.

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

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

   Against this, the Group entered into an inverted lease arrangement in February 2017 for its qualified solar power plant projects in the US ("Qualified Assets") with a third party financial institution, which acts as a tax equity investor, and the arrangement allows the Group to pass its entitled ITC ("ITC Benefit") that constitutes the right to offset against future tax payables to the tax equity investor for cash receipts in exchange. During the year ended 31 December 2017, ITC Benefit of the Group related to the Qualified Assets amounted to US$34,090,000 (equivalent to approximately RMB222,751,000) and was recognised as a government grant ("Grant") as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the tax equity investor and accordingly, the ITC Benefit was derecognised during the year that the invested lease arrangement was entered into with the tax equity investor. Approximately US$1,136,000 (equivalent to approximately RMB7,412,000) (2019: US$1,136,000 (equivalent to approximately RMB7,839,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

28. OTHER PAYABLES AND DEFERRED INCOME *(continued)*

Notes: (continued)

c. (continued)

During the year ended 31 December 2018, the Group entered into another financing arrangement for its four qualified solar power plant projects in the US with a third party financial institution, in which the Group passed its ITC Benefit to the financial institution that constitutes the right to offset against future tax payables to the financial institution for cash receipts in exchange. During the current year, ITC Benefit of the Group related to the four projects amounted to US$25,449,000 (equivalent to approximately RMB166,052,000) (2019: US$26,355,000 (equivalent to approximately RMB183,858,000)) and was recognised as a Grant as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the financial institution and accordingly, the relevant ITC Benefit was derecognised during year ended 31 December 2019. Approximately US$906,000 (equivalent to approximately RMB6,666,000) (2019: US$906,000 (equivalent to approximately RMB6,320,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

29. LOANS FROM RELATED COMPANIES

	2020 RMB'000	2019 RMB'000
Loans from:		
— companies controlled by Mr. Zhu Yufeng and his family *(Note a)*	908,508	1,173,643
— an associate of ultimate holding company *(Note b)*	—	390,541
	908,508	1,564,184
Analysed as:		
Current	788,668	646,111
Non-current	119,840	918,073
	908,508	1,564,184

Notes:

(a) As at 31 December 2020, loans from 協鑫集團有限公司 GCL Group Limited*, 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"), 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Limited* ("Jiangsu GCL Construction"), 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited* ("Jiangsu GCL Real Estate") and 阜寧協鑫房地產開發有限公司 Funing Property Development Limited* ("Funing Property") in total amounted to RMB908,508,000 (2019: RMB1,173,643,000). These loans are unsecured, interest bearing ranging from 8% to 12% (2019: bearing at 8% per annum) per annum and repayable from 2020 through 2021. Approximately RMB788,668,000 (2019: RMB597,243,000) of the outstanding loans are repayable within twelve months from the end of the reporting period.

(b) As at 31 December 2019, loans from Xinxin, an associate of GCL-Poly amounted to approximately RMB390,541,000 and out of which, balance of approximately RMB181,130,000 was secured by a pledged deposit (note 25(a)), and certain property, plant and equipment held by the Group, interest bearing ranged from 6% to 8.58% per annum and repayable from 2020 through 2026. The remaining balance of approximately RMB209,411,000 is secured by certain property, plant and equipment held by the Group and interest bearing at 7.81% per annum.

As at 31 December 2019, approximately RMB48,868,000 of the outstanding loans are repayable within twelve months from the end of the reporting period, with the remainder of approximately RMB341,673,000 having a repayment term of eight years.

During the current year, GCL-Poly disposed of the entire equity interests in Xinxin and such balance has been reclassified to other borrowings as at 31 December 2020.

* English name for identification only

30. BANK AND OTHER BORROWINGS

	2020 RMB'000	2019 RMB'000
Bank loans	**7,664,067**	13,925,160
Other loans	**16,340,455**	17,007,921
	24,004,522	30,933,081
Secured	**22,163,914**	28,257,285
Unsecured	**1,840,608**	2,675,796
	24,004,522	30,933,081
The maturity of bank borrowings is as follows*:		
Within one year	**1,594,124**	2,205,184
More than one year, but not exceeding two years	**687,038**	1,348,590
More than two years, but not exceeding five years	**1,559,293**	5,107,949
More than five years	**1,595,371**	2,922,858
	5,435,826	11,584,581
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**2,228,241**	2,340,579
Less: Amounts due within one year shown under current liabilities	**(3,822,365)**	(4,545,763)
Amounts due after one year	**3,841,702**	9,379,397
Analysed as:		
Fixed-rate borrowings	**1,529,472**	2,742,440
Variable-rate borrowings	**6,134,595**	11,182,720
	7,664,067	13,925,160

30. BANK AND OTHER BORROWINGS *(continued)*

	2020 RMB'000	2019 RMB'000
The maturity of other borrowings is as follows*:		
Within one year	**4,445,158**	6,977,145
More than one year, but not exceeding two years	**1,796,182**	1,637,273
More than two years, but not exceeding five years	**3,850,805**	5,179,539
More than five years	**2,123,138**	3,213,964
	12,215,283	17,007,921
The carrying amount of other borrowings that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**4,125,172**	—
Less: Amounts due within one year shown under current liabilities	**(8,570,330)**	(6,977,145)
Amounts due after one year	**7,770,125**	10,030,776
Analysed as:		
Fixed-rate borrowings	**6,410,937**	5,520,722
Variable-rate borrowings	**9,929,518**	11,487,199
	16,340,455	17,007,921

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

During the current year, the default on the repayment of a bank borrowing by GCL-Poly, 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 bank borrowings and the Group's default in certain bank and other borrowings (2019: breach of restrictive financial covenants of a borrowing by GCL-Poly) have triggered the cross default clauses of certain of the Group's bank and other borrowings as set out in the respective loan agreements between the Company and several banks and financial institutions. Accordingly, bank and other borrowings of the Group amounting to RMB4,541 million (2019: RMB1,597 million) is reclassified from non-current liabilities to current liabilities as at 31 December 2020. The management of the Group considers that the claims arising from the litigation will not have material impact to the Group as majority of the claims have been provided and included in payables for purchase of plant and machinery and construction costs as at 31 December 2020.

30. BANK AND OTHER BORROWINGS *(continued)*

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

	2020 RMB'000	2019 RMB'000
Within one year	**212,083**	743,168
More than one year, but not exceeding two years	**234,667**	522,911
More than two years, but not exceeding five years	**1,042,851**	990,600
More than five years	**738,640**	83,900
	2,228,241	2,340,579

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

	2020 RMB'000	2019 RMB'000
Within one year	**1,600,206**	—
More than one year, but not exceeding two years	**302,175**	—
More than two years, but not exceeding five years	**1,386,432**	—
More than five years	**836,359**	—
	4,125,172	—

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

	2020	2019
Fixed-rate borrowings		
RMB borrowings	**4.35% to 18%**	4% to 13%
US$ borrowing	**1.72% to 5%**	2.5% to 9.94%
HK$ borrowings	**9.75%**	9.75%
Variable-rate borrowings		
RMB borrowings	**100% to 180% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")**	100% to 180% of Benchmark Rate
US$ borrowing	**LIBOR +3.25% to 4.3%**	LIBOR +2.39% to 4.3%

30. BANK AND OTHER BORROWINGS *(continued)*

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

	2020 RMB'000	2019 RMB'000
US$	**1,371,177**	1,312,683
HK$	**185,152**	197,076

Included in other loans are RMB11,211 million (2019: RMB12,001 million) in which the Group entered into financing arrangements with financial institutions with lease terms ranging from 1 year to 12 years (2019: 2 years to 14.5 years), with legal title of the respective equipment transferred to the financial institutions. The Group continued to operate and manage the relevant equipment during the lease term without any involvement from the financial institutions, and the Group is entitled to purchase back the equipment at a minimal consideration upon maturity of respective leases, except for one of the financing arrangements with a financial institution that the Group can either exercise the early buyout option granted to the Group to purchase back the relevant equipment at a pre-determined price at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value upon the end of the lease period. Despite the arrangement involves a legal form of a lease while it does not constitute a sale and leaseback transaction, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method under IFRS 9/IAS 39 in prior years before application of IFRS 16, in accordance with the substance of the arrangement. Effective from 1 January 2019, the Group applies the requirements of IFRS 15 to assess whether sale and leaseback transactions constitute a sale as disclosed in note 16.

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

31. BONDS AND SENIOR NOTES

	2020 RMB'000	2019 RMB'000
Bonds *(Note a)*	**—**	271,742
Senior notes *(Note b)*	**3,261,099**	3,470,542
	3,261,099	3,742,284

Notes:

(a) On 3 August 2017 and 7 December 2017, the Group completed the first tranche and second tranche of the non-public issuance of green bonds amounting to RMB375,000,000 and RMB560,000,000, respectively, for a term of 3 years with a fixed interest rate of 7.5% per annum. Part of the second tranche amounting to RMB50,000,000 was subscribed by the Group via an external trust. As at 31 December 2019, the first tranche and second tranche of the non-public green bonds, amounting to RMB1,000,000 and RMB76,500,000 have been acquired by the Group, respectively.

During the year ended 31 December 2019, 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.*, a fellow subsidiary of the Group, also purchased part of the first tranche and second tranche of the non-public green bonds through secondary market with a face value of RMB99,000,000 and RMB173,500,000, respectively.

31. BONDS AND SENIOR NOTES *(continued)*

Notes: (continued)

(a) *(continued)*

In July 2019, RMB275,000,000 out of the first tranche of the non-public green bonds of RMB375,000,000 and RMB310,000,000 out of the second tranche of the non-public green bonds of RMB560,000,000 were redeemed by the Group upon maturity while the holders of the remaining first and second tranche of the non-public green bonds exercised their option to extend the maturity of the bonds to July 2020 and December 2020, respectively.

During the current year, the Group redeemed the remaining first and second tranches of the non-public green bonds, amounting to RMB100,000,000 and RMB250,000,000, respectively.

(b) On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to RMB3,167 million), which bear interest at 7.1% per annum and mature on 30 January 2021. The net proceeds of the notes issuance, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million (equivalent to RMB3,119 million).

Subsequent to the end of reporting period, the Group defaulted the settlement of the senior notes, details are disclosed in note 47(a).

* English name for identification only

32. LEASE LIABILITIES

	2020 **RMB'000**	2019 RMB'000
Lease liabilities payable:		
Within one year	**88,927**	66,122
Within a period of more than one year but not more than two years	**90,777**	132,988
Within a period of more than two years but not more than five years	**223,416**	250,765
Within a period of more than five years	**584,566**	711,707
	987,686	1,161,582
Less: Amount due for settlement with 12 months shown under current liabilities	**(88,927)**	(66,122)
Amount due for settlement after 12 months shown under non-current liabilities	**898,759**	1,095,460

The weighted average incremental borrowing rates applied to lease liabilities is 5.38% (2019: 5.46%).

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

33. DEFERRED TAXATION

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

	2020 RMB'000	2019 RMB'000
Deferred tax assets	**142,212**	162,807
Deferred tax liabilities	**(48,560)**	(63,393)
	93,652	99,414

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

	Fair value adjustments on acquisitions RMB'000	Unrealised profits on plant and equipment RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	(6,786)	(186,591)	48,104	(145,273)
Charge (credit) to profit or loss	295	(5,737)	10,164	4,722
Acquisition of solar power plant projects	12,165	—	—	12,165
Disposal of solar power plant projects	—	36,867	(7,895)	28,972
At 31 December 2019	5,674	(155,461)	50,373	(99,414)
Charge (credit) to profit or loss	295	5,186	(3,642)	1,839
Disposal of solar power plant projects	—	15,409	(11,486)	3,923
At 31 December 2020	**5,969**	**(134,866)**	**35,245**	**(93,652)**

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

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to RMB2,340,768,000 (2019: RMB2,345,155,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. During the current year, withholding tax of RMB14,578,000 (2019: RMB49,495,000) are charged to profit or loss for the dividends declared and paid by the PRC subsidiaries of RMB291,560,000 (2019: RMB989,880,000).

At the end of the reporting period, the Group has unused tax losses of approximately RMB1,441,925,000 (2019: RMB747,486,000) available for offset against future profits. Unrecognised tax losses of approximately RMB393,000 was disposed together with the disposal of subsidiaries during the year ended 31 December 2020. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB1,233,734,000 (2019: RMB538,905,000) will expire from 2021 to 2025 (2019: 2020 to 2024) and other losses may be carried forward indefinitely.

33. DEFERRED TAXATION *(Continued)*

At the end of the reporting period, the Group has deductible temporary difference mainly in respect of impairment of certain assets in aggregate of approximately RMB1,575,292,000 (2019: RMBnil). No deferred tax asset has been recognised to the deductible temporary difference as it is not probable that tax profit will be available against which the deductible temporary difference can be utilised.

34. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Authorised:		
At 1 January 2019, 31 December 2019 and 2020		
(Ordinary shares of HK$0.00416 each)	36,000,000,000	150,000

	Number of shares	**Amount**	**Shown in consolidated financial statements as**
		HK$'000	RMB'000
Issued and fully paid:			
At 1 January 2019, 31 December 2019 and 2020			
(Ordinary shares of HK$0.00416 each)	19,073,715,441	79,474	66,674

35. PERPETUAL NOTES

On 18 November 2016, Nanjing GCL New Energy (as defined in note 48(a)), an indirect wholly-owned subsidiary, entered into a perpetual notes agreement with 保利協鑫（蘇州）新能源有限公司 GCL-Poly (Suzhou) New Energy Co., Ltd.* ("GCL-Poly (Suzhou)"), 江蘇協鑫矽材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd.* ("Jiangsu GCL"), 蘇州協鑫光伏科技有限公司 Suzhou GCL Photovoltaic Technology Co., Ltd.* ("Suzhou GCL") and 太倉協鑫光伏科技有限公司 Taicang GCL Photovoltaic Technology Co., Ltd.* ("Taicang GCL") (together, the "Lenders"). Each of the Lenders is a wholly-owned subsidiary of GCL-Poly. Nanjing GCL New Energy issued perpetual notes of RMB800,000,000 and RMB1,000,000,000 in November and December 2016, respectively and key terms are as follows:

(a) Interest rate

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

(b) Maturity date

There is no maturity date.

* English name for identification only

35. PERPETUAL NOTES *(continued)*

(c) Repayment terms

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

(d) Security

The perpetual notes are classified as equity instruments in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by Nanjing GCL New Energy to the holders are recognised in equity in the consolidated financial statements of the Group. During the year ended 31 December 2020, profit and total comprehensive income of RMB166,822,000 (2019: RMB162,000,000) was attributable to perpetual notes holders in accordance with the terms of the agreement. The entire distribution payment of RMB166,822,000 for the year ended 31 December 2020 (2019: RMB162,000,000) were deferred by the Group.

36. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

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

At 31 December 2020, the number of shares in respect of which had been granted under the New Share Option Scheme and remained outstanding was approximately 442,430,898 (2019: 508,061,218) shares, representing 2.3% (2019: 2.7%) of the issued share capital of the Company at that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

36. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Equity-settled share option scheme *(continued)*

The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The following table discloses movements of the Company's share options:

2020

	Exercise price	Date of grant	Exercise period	Number of share options Outstanding at 1 January 2020	During the year Forfeited	Outstanding at 31 December 2020
Directors	**HK$1.1798**	**23.10.2014**	**24.11.2014–22.10.2024**	**58,382,800**	**—**	**58,382,800**
	HK$0.606	**24.7.2015**	**24.7.2015–23.7.2025**	**40,565,980**	**(16,105,600)**	**24,460,380**
Employees and others providing similar services	**HK$1.1798**	**23.10.2014**	**24.11.2014–22.10.2024**	**214,929,232**	**(20,132,000)**	**194,797,232**
	HK$0.606	**24.7.2015**	**24.7.2015–23.7.2025**	**194,183,206**	**(29,392,720)**	**164,790,486**
				508,061,218	**(65,630,320)**	**442,430,898**
Exercisable at the end of the year				**273,312,032**		**253,180,032**
Weighted average exercise price *(HK$)*				**0.9147**	**0.7820**	**0.9344**

2019

	Exercise price	Date of grant	Exercise period	Number of share options Outstanding at 1 January 2019	During the year Forfeited	Outstanding at 31 December 2019
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	48,618,780	(8,052,800)	40,565,980
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	231,075,096	(16,145,864)	214,929,232
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	211,758,442	(17,575,236)	194,183,206
				549,835,118	(41,773,900)	508,061,218
Exercisable at the end of the year				274,036,784		273,312,032
Weighted average exercise price *(HK$)*				0.9255	0.8807	0.9147

During the current year, share-based payment expense of RMBnil (2019: RMB1,787,000) has been recognised in profit or loss. In addition, share options granted to certain Directors and employees have been forfeited during both years, and respective share options reserve of approximately RMB22,309,000 (2019: RMB16,257,000) is transferred to the Group's accumulated losses.

37. ACQUISITIONS OF SUBSIDIARIES

On 19 September 2018 and 21 March 2019, Suzhou GCL New Energy (as defined in note 48(a)), a subsidiary of the Group, entered into share transfer agreements with Zhongmin GCL, pursuant to which the Group agreed to repurchase 100% equity interest of Jinhu and Wanhai from Zhongmin GCL, a joint venture which 32% shareholding was held by the Group at the date of acquisition at consideration of approximately RMB192,000,000 and RMB72,000,000, respectively. Jinhu and Wanhai each operate a solar power plant project with capacity of 110MW and 35MW, respectively.

The acquisitions of Jinhu and Wanhai are completed in March 2019.

	Jinhu RMB'000	Wanhai RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition:			
Property, plant and equipment *(Note 1)*	741,478	258,885	1,000,363
Right-of-use assets	15,209	20,524	35,733
Trade receivables	154,526	56,038	210,564
Prepayments and other receivables	30,542	25,525	56,067
Bank balances and cash	23,107	6,562	29,669
Other payables	(166,469)	(71,344)	(237,813)
Deferred tax liabilities	(11,486)	(679)	(12,165)
Lease liabilities	(13,656)	(20,524)	(34,180)
Borrowings	(518,380)	(192,000)	(710,380)
Total fair value of identifiable net assets acquired	254,871	82,987	337,858
Consideration payable to the former owner	(192,000)	(72,000)	(264,000)
Bargain purchase gain recognised *(Note 2)*	62,871	10,987	73,858
Cash consideration paid	—	—	—
Bank balance and cash acquired	23,107	6,562	29,669
Net cash inflow	23,107	6,562	29,669

Note 1: Fair value of property, plant and equipment includes an amount of RMB58 million which represents fair value of relevant licences to operate the power plants. Licences to operate power plant is an intangible asset that meets the contractual legal criterion for recognition separately from goodwill, even if the Group cannot sell or transfer the licences separately from the acquired power plants. The Group recognised the fair value of the operating licenses and the power plants as single assets for financial reporting purposes as the useful lives of those assets are similar.

Note 2: The bargain purchase arose because the consideration paid by the Group was less than the fair value of the identifiable net assets of the underlying business acquired as determined by the independent professional valuer, mainly due to the vendor was in financial difficulties and was not able to repay the debt as it falls due.

37. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Year ended 31 December 2019

(i) Business acquisition

Impact of acquisition on the results of the Group

Had the acquisitions as mentioned above been effected at the beginning of the year, total amounts of revenue and profit for the year of the Group would have been RMB6,085,878,000 and RMB614,363,000, respectively. Such pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the above pro forma financial information, depreciation of the property, plant and equipment and right-of-use assets were calculated based on their recognised amounts at the date of the acquisition.

The revenue and profit contributed by entities acquired during that year are RMB120,459,000 and RMB30,997,000 respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB234,290,000. The estimate at acquisition date of contractual cash flows not expected to be collected is insignificant.

38. DISPOSAL OF SUBSIDIARIES

(a) Year ended 31 December 2020

(i) Six subsidiaries in Ningxia, Xinjiang and Jiangxi, the PRC

On 21 January 2020, the Group entered into six share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its entire equity interests in six wholly-owned subsidiaries, namely Yugan County, Ningxia Jinxin, Ningxia Luhao, Hami Ourui, Hami Yaohui, Ningxia Jinli (all as defined in note 48(a)) at a cash consideration in aggregate of RMB850,500,000 and the repayment of corresponding interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with in aggregate capacity of 294MW in Ningxia, Xinjiang and Jiangxi, the PRC (the "Project B") and the disposals were completed in the second half of 2020 (the "Disposal Date B").

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Year ended 31 December 2020 *(continued)*

(i) Six subsidiaries in Ningxia, Xinjiang and Jiangxi, the PRC (continued)

The Group has granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which the Group has agreed that if the Project B fail to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date B during the four-year period after the Disposal Date B, or the operation of the Project B are disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the Group shall repurchase the entire equity interest in the Project B from Hua Neng No. 1 Fund and Hua Neng No. 2 Fund at a repurchase price which is the higher of (1) equity value of the Project B assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the share transfer agreements, together with any outstanding shareholder's loan advanced to the Project B by Hua Neng No. 1 Fund and Hua Neng No. 2 Fund. As the Project B has already registered in the Catalogue/List and receipt of tariff adjustment receivables are stable, in the opinion of the Directors, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date B and therefore, the possibility regarding the occurrence of the specified events as stipulated in the share transfer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at Disposal Date B and 31 December 2020 is considered as insignificant.

(ii) Two subsidiaries in Henan, the PRC

As disclosed in note 27(a), the Group entered into six share transfer agreements dated 29 September 2020 with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its 100% equity interests in six wholly-owned subsidiaries. The disposals of Huixian City GCL and Qixian GCL with a cash consideration in aggregate of RMB117,515,000 were completed in the second half of 2020.

(iii) Three subsidiaries in Anhui, the PRC

As disclosed in note 27(b), the Group entered into five share transfer agreements dated 16 November 2020 with Xuzhou State Investment to dispose of its 90% equity interests in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and 67% equity interests in Dangshan Xinneng. The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng with a cash consideration in aggregate of RMB170,870,000 were completed as at 31 December 2020. The Group retains 10% equity interest in each of Suzhou GCL Solar Power and Huaibei Xinneng after the disposals and exercises significant influence, accordingly, these two companies are accounted for as associates. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB170,870,000 to RMB166,476,000 during the current year.

(iv) Four subsidiaries in Guangxi and Hainan, the PRC

The Group entered into four share transfer agreements dated 10 December 2020 with State Power Investment to dispose all of its 100%, 70.36%, 67.95% and 100% equity interests in Nanning Jinfu, Qinzhou XinJin, Shanglin GCL, Hainan Tianlike, respectively (all as defined in note 48(a), respectively) at a cash consideration in aggregate of RMB291,300,000. The subsidiaries operate solar power plant projects with in aggregate capacity of 185MW in Guangxi and Hainan, the PRC and the disposals were completed in the second half of 2020. The Group and State Power Investment mutually agreed to reduce the consideration from RMB291,300,000 to RMB281,075,000 during the current year.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Year ended 31 December 2020 *(continued)*

(v) Two subsidiaries in Anhui and Jiangsu, the PRC

The Group entered into two share transfer agreements dated 21 January 2020 with 中核（南京）能源發展有限公司 CNI (Nanjing) Energy Development Company Limited* to dispose of its entire equity interest in Fuyang Hengming and Zhen Jiang GCL (both as defined in note 48(a)) at a cash consideration in aggregate of RMB77,476,000. The subsidiaries operate solar power plant projects with in aggregate capacity of 40MW in Anhui and Jiangsu, the PRC and the disposals were completed in the first half of 2020.

(vi) Jinhu

The Group entered into a share transfer agreement dated 29 June 2020 with CDB New Energy to disposal of its 75% equity interests in Jinhu for a cash consideration in aggregate of RMB136,624,000. Jinhu has a solar power plant project with installed capacity of approximately 100MW in operation. The disposal was completed in July 2020. The Group retains 25% equity interest in Jinhu after the disposal and exercises significant influence, accordingly, Jinhu is accounted for as an associate as at 31 December 2020.

(vii) Xinao

The Group entered into a share transfer agreement dated 21 August 2020 with State Power Investment and Guangxi Jinyuan to dispose of its 60% equity interests in Xinao for a cash consideration in aggregate of RMB1,199,000. Xinao is an inactive company established in the PRC. The disposal was completed in August 2020. The Group retains 40% equity interest in Xinao upon the disposal and retains significant influence, and accordingly, Xinao is accounted for as an associate as at 31 December 2020.

(viii) Fengyang (as defined in note 48(a))

On 21 August 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interests in Fengyang at a cash consideration of RMB2,000,000. The disposal was completed on 8 December 2020.

(ix) Yulin (as defined in note 48(a))

On 22 September 2020, The Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Fengyang at a cash consideration of RMB500,000. The disposal was completed on 24 September 2020.

* English name for identification only

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Year ended 31 December 2020 *(continued)*

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

	Six subsidiaries in Ningxia, Xinjiang and Jiangxi RMB'000 (Note i)	Two subsidiaries in Henan RMB'000 (Note ii)	Three subsidiaries in Anhui RMB'000 (Note iii)	Four subsidiaries in Guangxi and Hainan RMB'000 (Note iv)	Two subsidiaries in Anhui and Jiangsu RMB'000 (Note v)	Jinhu RMB'000 (Note vi)	Xinao RMB'000 (Note vii)	Fengyang RMB'000 (Note viii)	Yulin RMB'000 (Note ix)	Total RMB'000
Consideration:										
Consideration received	821,378	—	166,476	174,780	48,876	129,632	—	—	—	1,341,142
Consideration receivable	29,122	117,515	—	106,295	28,600	6,992	1,199	2,000	500	292,223
	850,500	117,515	166,476	281,075	77,476	136,624	1,199	2,000	500	1,633,365
Analysis of assets and liabilities over which control was lost:										
Property, plant and equipment *(note 15)*	1,813,053	426,314	746,968	881,849	226,649	611,040	1,579	1,419	14,158	4,723,029
Right-of-use assets *(note 16)*	9,414	13,677	51,268	30,300	10,387	12,733	2,084	—	—	129,863
Other non-current assets	85,659	8,592	34,576	69,693	9,640	6,146	—	20	106	214,432
Trade and other receivables	640,745	220,237	102,268	455,823	65,303	204,631	1,236	587	1,053	1,691,883
Bank balances and cash	26,014	4,840	74,742	28,968	5,501	28,114	126	25	6,288	174,618
Trade and other payables	(249,981)	(287,227)	(253,249)	(256,619)	(165,916)	—	(267)	(51)	(21,105)	(1,234,415)
Bank and other borrowings	(1,148,881)	(209,000)	(552,634)	(838,872)	(54,770)	(441,570)	—	—	—	(3,245,727)
Lease liabilities	(10,802)	(13,453)	(47,273)	(16,657)	(11,078)	(13,337)	(2,012)	—	—	(114,612)
Intragroup balances	(228,525)	17,251	75,901	43,250	(9,248)	(235,701)	(747)	—	—	(337,819)
Net assets disposed of	936,696	181,231	232,567	397,735	76,468	172,056	1,999	2,000	500	2,001,252
(Loss) gain on disposal of subsidiaries:										
Total consideration, net of transaction cost	828,931	117,515	166,476	281,075	77,476	129,632	1,199	2,000	500	1,604,804
Non-controlling interest	—	—	22,016	97,857	—	—	—	—	—	119,873
Fair value of residual interest	—	—	12,230	—	—	45,541	800	—	—	58,571
Net assets disposed of	(936,696)	(181,231)	(232,567)	(397,735)	(76,468)	(172,056)	(1,999)	(2,000)	(500)	(2,001,252)
(Loss) gain on disposal	(107,765)	(63,716)	(31,845)	(18,803)	1,008	3,117	—	—	—	(218,004)
Net cash inflow (outflow) arising on disposal:										
Cash consideration received	821,378	—	166,476	174,780	48,876	129,632	—	—	—	1,341,142
Less: bank balances and cash disposed of	(26,014)	(4,840)	(74,742)	(28,968)	(5,501)	(28,114)	(126)	(25)	(6,288)	(174,618)
	795,364	(4,840)	91,734	145,812	43,375	101,518	(126)	(25)	(6,288)	1,166,524

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Year ended 31 December 2019

(i) Linzhou Xinchuang

On 24 October 2018, the Group entered into a share transfer agreement with CGN Solar, pursuant to which the Group agreed to sell and CGN Solar agreed to purchase 80% equity interest of Linzhou Xinchuang at a cash consideration of RMB93,488,000 and repayment of the corresponding interest in shareholder's loan as at the date of completion of disposal. Linzhou Xinchuang operates solar power plant projects in Linzhou, the PRC ("Linzhou Project").

On 15 February 2019, the disposal of equity interest in Linzhou Xinchuang was completed. The Group retains 20% equity interest in Linzhou Xinchuang after the disposal and recognised a gain on disposal amounting to RMB4.9 million during the year ended 31 December 2019.

The Group has granted a put option to CGN Solar, pursuant to which the Group has agreed that if the Linzhou Project fails to generate an average annual on-grid electricity reaching 70% of the guaranteed amount during the three-year period, the Group shall repurchase the 80% equity interest in Linzhou Xinchuang from CGN Solar at a repurchase price to be agreed between both parties and replace all advancement from CGN Solar to Linzhou Xinchuang with its loan. As the average annual on-grid electricity generated by the project in the past two years well exceeded the aforesaid 70% requirement, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 15 February 2019, 31 December 2019 and 31 December 2020.

Besides, CGN Solar has granted the Group a put option, pursuant to which CGN Solar has agreed to grant the Group the right, but not an obligation, to request CGN Solar to purchase the remaining 20% equity interest in Linzhou Xinchuang upon the aforesaid guarantee being fulfilled. As the purchase price will be referenced to the fair value of Linzhou Project at the date of purchase of the remaining 20% equity interest in Linzhou Xinchuang by CGN Solar, in the opinion of the Directors, the fair value of the option is considered insignificant as at the completion date on 15 February 2019, 31 December 2019 and 31 December 2020.

(ii) Wholly-owned subsidiaries in Inner Mongolia, the PRC

On 30 December 2018, the Group entered into share transfer agreements with 中國三峽新能源有限公司 China Three Gorges New Energy Co., Ltd* ("China Three Gorges New Energy"), an independent third party, pursuant to which the Group agreed to sell and China Three Gorges New Energy agreed to purchase 100% equity interest of several wholly-owned subsidiaries of the Group for a cash consideration in aggregate of RMB184,643,000. The wholly-owned subsidiaries of the Group operate a number of solar power plant projects in Inner Mongolia, the PRC. The disposal was completed in May 2019 and the Group recognised a gain on disposal amounting to RMB17.9 million during the year ended 31 December 2019.

* English name for identification only

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Year ended 31 December 2019 *(continued)*

(iii) Ruzhou, Jiangling and Xinan

On 28 March 2019, the Group announced that it has entered into share transfer agreements with Wuling Power for the disposal of 55% equity interest in Ruzhou, Jiangling and Xinan for a cash consideration in aggregate of approximately RMB328,400,000. Ruzhou, Jiangling and Xinan operate a number of solar power plants with approximately 280MW installed capacity in aggregate in the PRC. The disposals were completed in April 2019. The Group retains 45% equity interest in Ruzhou, Jiangling and Xinan and exercises significant influence; accordingly, these companies are accounted for as associates.

(iv) 紹興協鑫光伏電力有限公司 ("Shaoxing")

On 15 February 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Shaoxing at a cash consideration of RMB500,000. The disposal was completed in April 2019.

(v) 大柴旦協鑫電力有限公司 ("Dachaidan")

On 5 July 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Dachaidan at a cash consideration of RMB100,000. The disposal was completed in 31 July 2019.

(vi) 平邑富翔光伏電力有限公司 ("Pingyi")

On 31 July 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Pingyi at a cash consideration of RMB10,000,000. The disposal was completed in 9 October 2019.

(vii) 光山影環亞農業科技有限公司 ("Guangshan")

On 10 September 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Guangshan at a cash consideration of RMB10. The disposal was completed in 14 October 2019.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Year ended 31 December 2019 *(continued)*

(viii) Seven subsidiaries in Shanxi and Hebei, the PRC

On 22 May 2019, the Group entered into a series of seven share transfer agreements with Shanghai Rongyao for the disposal of 70% equity interest in Shanxi GNE, Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Hanneng Guangping and Hebei GNE (the "Target Company" or collectively as the "Target Companies") for consideration in aggregate of approximately RMB1,441,652,000. The seven subsidiaries operate a number of solar power plants with approximately 997MW installed capacity in aggregate in the PRC. The disposals were completed in second half of 2019. Since the Group retains 30% equity interest in aggregate in the seven disposed companies and has significant influence, these companies are accounted for as associates.

The Group has granted a put option to Shanghai Rongyao, pursuant to which the Group has agreed that within five years of the closing date of the respective disposals of the Target Company ("Closing Date") and at the option of Shanghai Rongyao and/or the Target Company, the Group shall be required to repurchase the entire equity interest of any direct subsidiaries of the Target Companies ("Project Companies") and any outstanding shareholder's loan advanced to the relevant Project Companies by the Target Company, Shanghai Rongyao and/or its affiliates in accordance with the share purchase agreements upon the occurrence of certain specified events, such as certain material defaults not being rectified by the Group within the specified period or any breaches not being rectified leading to certain administrative penalties being imposed on the Project Companies, etc.

In addition, the Group has granted a put option to Shanghai Rongyao, pursuant to which the Group has agreed that within five years of the Closing Date and at the option of the Shanghai Rongyao, the Group shall be required to repurchase the sold equity interest and any outstanding shareholder's loan advanced to the Target Company or each of the Project Companies by Shanghai Rongyao and/or its affiliates in accordance with the share purchase agreements if (i) Shanghai Rongyao has required the Group to repurchase not less than 50% of the Project Companies held by the relevant Target Company pursuant to the terms as stipulated in the share purchase agreements; or (ii) the occurrence of other specified repurchase events as stipulated in the share purchase agreement.

During the current year, five out of the seven subsidiaries precluded all repurchase events as stipulated in the share purchase agreement and the management considered that the possibility of remaining two subsidiaries regarding the occurrence of the specified events as stipulated in the share purchase agreement that would trigger the repurchase event is remote, in the opinion of the Directors, the fair value of the option is considered insignificant as at the Closing Date and as of 31 December 2020 and 2019.

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Year ended 31 December 2019 *(continued)*

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

	Linzhou Xinchuang RMB'000	Wholly-owned subsidiaries in Inner Mongolia RMB'000	Ruzhou, Xinan and Jiangling RMB'000	Shaoxing RMB'000	Dachaidan RMB'000	Pingyi RMB'000	Guangshan RMB'000	Seven subsidiaries in Shanxi and Hebei RMB'000	Total RMB'000
Consideration:									
Consideration received	73,488	142,402	110,900	500	100	—	—	—	327,390
Consideration receivable	20,000	108,489	217,500	—	—	10,000	—	1,441,652	1,797,641
	93,488	250,891	328,400	500	100	10,000	—	1,441,652	2,125,031
Analysis of assets and liabilities over which control was lost:									
Property, plant and equipment *(note 15)*	426,928	672,087	1,552,416	3,734	—	180,345	—	5,555,502	8,391,012
Right-of-use assets *(note 16)*	13,760	13,508	84,496	—	—	4,963	—	318,224	434,951
Contract assets	—	—	—	—	—	73,757	—	704,795	778,552
Other non-current assets	28,802	95,159	98,402	18	210	5,309	—	62,887	290,787
Trade and other receivables	79,876	124,247	427,470	—	—	67,263	—	1,174,301	1,873,157
Pledged bank and other deposits	—	—	—	—	—	—	—	31,620	31,620
Bank balances and cash	8,116	31,255	44,928	—	—	—	412	212,291	297,002
Trade and other payables	(28,922)	(33,923)	(29,103)	(2,272)	—	(75,289)	(470)	(896,599)	(1,066,578)
Bank and other borrowings	(221,198)	(647,410)	(1,317,785)	—	—	—	—	(4,331,170)	(6,517,563)
Lease liabilities	(12,931)	(6,125)	(85,477)	—	—	(28)	—	(154,191)	(258,752)
Intragroup payables	(181,978)	(15,849)	(168,788)	(538)	—	(220,317)	—	(637,680)	(1,225,150)
Net assets (liabilities) disposed of	112,453	232,949	606,559	942	210	36,003	(58)	2,039,980	3,029,038
Gain (loss) on disposal of subsidiaries:									
Total consideration	93,488	250,891	328,400	500	100	10,000	—	1,441,652	2,125,031
Fair value of residual interest	23,859	—	285,174	—	—	—	—	621,900	930,933
Net (assets) liabilities disposed of	(112,453)	(232,949)	(606,559)	(942)	(210)	(36,003)	58	(2,039,980)	(3,029,038)
Gain (loss) on disposal	4,894	17,942	7,015	(442)	(110)	(26,003)	58	23,572	26,926
Net cash inflow (outflow) arising on disposal:									
Cash consideration received	73,488	142,402	110,900	500	100	—	—	—	327,390
Less: bank balances and cash disposed of	(8,116)	(31,255)	(44,928)	—	—	—	(412)	(212,291)	(297,002)
	65,372	111,147	65,972	500	100	—	(412)	(212,291)	30,388

39. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt, which mainly includes amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes and lease liabilities, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, perpetual notes and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

40. FINANCIAL INSTRUMENTS

40a. Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets		
Amortised cost	11,440,541	7,972,686
FVTPL:		
Mandatorily measured at FVTPL	—	100,000
Financial liability		
Amortised cost	34,807,169	42,575,778

40b. Financial risk management objectives and policies

The Group's major financial instruments include other investment, trade and other receivables, other loan receivables, amounts due from related companies, pledged bank and other deposits, bank balances and cash, other payables, amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk

Currency risk

The Group operates in the PRC, Japan and the US and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB, HK$, US$ and Japanese Yen ("JPY"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
The Group				
HK$	**2,388**	30,779	**185,152**	314,481
US$	**12,335**	9,403	**4,339,468**	4,125,780
JPY	**—**	19,226	**—**	—
Inter-company balances				
RMB	**—**	—	**561**	561
HK$	**163,389**	423,823	**—**	7,168
US$	**621,895**	778,701	**470,280**	618,192
JPY	**11**	1,279	**15,495**	10,657

The foreign currency assets in 2020 and 2019 mainly relate to the US$, HK$ and JPY denominated pledged bank and other deposits and bank balances.

The foreign currency liabilities in 2020 and 2019 mainly relate to the US$ and HK$ denominated bonds and senior notes and bank and other borrowings.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2019: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2019: 5%) change in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of the balance is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates a decrease in post-tax loss (2019: an increase in post-tax profit) and a negative number below indicates an increase in post-tax loss (2019: a decrease in post-tax profit), where the functional currency of the respective entities had weakened 5% (2019: 5%) against the relevant foreign currencies. For a 5% (2019: 5%) strengthening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the loss (2019: profit) for the year.

	HK$ RMB'000	**US$** RMB'000	**JPY** RMB'000
2020			
Increase in loss for the year	**(809)**	**(174,170)**	**(647)**
2019			
Increase (decrease) in profit for the year	5,381	(164,958)	411

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to currency risk during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 32). The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances (see note 26), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, certain of the Group's borrowings are issued at variable rates which expose the Group to cash flow interest rate risk. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Interest rate risk *(continued)*

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2020 would have increased/decreased by approximately RMB80,321,000 (2019: profit for the year would have decreased/increased by approximately RMB115,302,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to interest rate risk during the year.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. As at 31 December 2020, the Group has a LIBOR bank loan that may be subject to the interest rate benchmark reform. The Group is closely monitoring the transition to new benchmark interest rates.

Credit risk and impairment assessment

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

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the Group has a credit control policy in place under which credit evaluations of customers are performed on all customers requiring credit. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances collectively.

The Group's concentration of credit risk by geographical locations is mainly the PRC, which accounted for over 99% (31 December 2019: 99%) of the trade receivables as at 31 December 2020.

The trade receivables arising from sales of electricity are mainly due from the local grid companies in various provinces in the PRC. The management considered the probability of default of trade receivables is low by taking into the account of the past default experience of the debtors, adjusted for general economic conditions of the solar industry and an assessment of both current as well as forecast direction of market conditions at the reporting date. Accordingly, the management is of the opinion that the credit risk of trade receivables is limited.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Trade receivables and contract assets arising from contracts with customers *(continued)*

In relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the relevant counterparties are insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 5, the management are confident that all of the Group's operating power plants are able to be enlisted on the List (2019: Catalogue) in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

The Group always measures the loss allowance for trade receivables and contract assets, including those with significant financing component at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are assessed collectively for debtors which shared credit risk characteristics by reference to external credit ratings, taking into account general economic conditions of the solar power industry, relevant country default risk, and an assessment of both the current as well as the forecast direction at the reporting date.

Based on the average loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

Bank balances and pledged bank and other deposits

The credit risks on bank balances and pledged bank and other deposits are limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies in the PRC and Hong Kong.

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

Based on the average loss rates, the ECL on bank balances and pledged bank and other deposits is considered insignificant.

Other loan receivables

The Group has concentration of credit risk on other loan receivables as majority of the balances is due from a borrower. The management performs impairment assessment on the other loan receivables on a periodic basis. For the purpose of impairment assessment of other loan receivables, the loss allowance is measured at an amount equals to 12m ECL. In assessing the probability of default of the other loan receivables, the management has taken into account the industries the Borrowers operate, the past repayment history as well as forward looking information that is available without undue cost or effort. The management considered the ECL for other loan receivables was insignificant as at 31 December 2019 and during the year ended 31 December 2020, the Group has fully collected the loan receivable from the major borrower, for the remaining balance of RMB1,250,000, the Group considered the amount is not recoverable and has written-off the entire amount.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Other receivables and amounts due from related companies

In relation to amounts due from related companies and other receivables, the management performs impairment assessment on the balances on a periodic basis. In assessing the probability of defaults of the amounts due from related companies and other receivables, the management has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort. Since the counterparties are mainly engaged in solar power industry in which their major current assets are tariff receivables, the collection of which is well supported by government policies; accordingly, the management considered the credit risk is limited.

For the purpose of impairment assessment of other receivables and amounts due from related companies, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies, except for an impairment loss of approximately RMB304,587,000 recognised on other receivables during the current year, the management considered the ECL provision for other receivables and amounts due from related companies is insignificant.

Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB4,434,770,000 (2019: RMB5,909,119,000) if the guarantees were called upon in entirety, of which RMB1,385,008,000 (2019: RMB540,000,000) were provided to third parties and RMB3,049,762,000 (2019: RMB5,369,119,000) were provided to related companies (note 45(f)) as at 31 December 2020. The credit risks on financial guarantee contracts provided by the Group were limited as the underlying borrowings were secured by assets of the relevant borrowers.

In addition to those financial guarantees provided to related parties as set out in note 45(f), the Group also provided financial guarantees to certain third parties for certain of their bank and other borrowings as at 31 December 2020. 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.

At the end of the reporting period, the Directors have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. The loss allowance is measured at 12m ECL, in the opinion of the Directors, the fair value of the guarantees is considered insignificant at initial recognition, and the ECL as at 31 December 2019 and 2020 are insignificant. Details of the financial guarantee contracts are set out in note 45(f).

The management considered the ECL provision of financial guarantee contracts is insignificant.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

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

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

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

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

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2020 RMB'000	Gross carrying amount 2019 RMB'000
Financial assets at amortised cost						
Other loan receivables	24	N/A	Low risk *(Note a)*	12m ECL	—	14,250
Amounts due from related companies	25	N/A	Low risk *(Note a)*	12m ECL	**397,825**	1,056,253
Pledged bank and other deposits						
— Pledged bank deposits	26	Aa1 to Ba1 (2019: AA to Ba1)	Low risk	12m ECL	**402,901**	1,137,227
— Pledged other deposits	26	AA+ to Baa3 (2019: AA+ to Baa3)	Low risk *(Note a)*	12m ECL	**341,105**	564,048
					744,006	1,701,275
Bank balances and cash	26	AA+ to Ba3 (2019: AA+ to Baa3)	Low risk	12m ECL	**1,143,481**	1,073,451
Other receivables and deposits	20, 21	N/A	Low risk *(Note a)*	12m ECL	**1,124,161**	1,077,522
		N/A	Loss *(Note e)*	Lifetime ECL credit-impaired	**304,587**	—
					1,428,748	1,077,522
Trade receivables	21	N/A	Low risk *(Note b)*	Lifetime ECL not credit-impaired	**7,231,113**	3,049,935
Other items						
Contract assets	22	N/A	Low risk *(Note b)*	Lifetime ECL not credit-impaired	**1,233,377**	5,639,898
Financial guarantee contracts	40(b), 45(f)	N/A	Low risk *(Note c)*	12m ECL	**4,434,770**	5,909,119

* The gross carrying amounts disclosed above include the relevant interest receivables which are presented in other receivables.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes:

a. In determining the ECL of bank balances and pledged bank and other deposits, the Group has taken into account the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit agencies and forward looking information as appropriate. The Group assessed 12m ECL for bank balances and pledged bank and other deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies and the management considers that expected credit loss on bank balances and pledged bank and other deposits are immaterial. In determining the ECL of other receivable and deposits and amounts due from related parties, the Group has taken into account the historical default experience and forward looking information as appropriate. There had been no significant increase in credit risk since initial recognition. The Group has considered the consistently low historical default rate in connection with payments and concluded that the expected credit loss on these balance is immaterial.

b. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items collectively for debtors grouped by internal credit rating.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to the Solar Energy Business. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed collectively within lifetime ECL (not credit-impaired) as at 31 December 2019 and 2020.

Gross carrying amount

2020

Internal credit rating	**Average loss rate**	**Trade receivables RMB'000**	**Average loss rate**	**Contract assets RMB'000**
Low risk	**0.24%**	**7,231,113**	**0.34%**	**1,233,377**

2019

Internal credit rating	Average loss rate	Trade receivables RMB'000	Average loss rate	Contract assets RMB'000
Low risk	0.04%	3,049,935	0.24%	5,639,898

The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. During the current year, the Group has recognised impairment loss on trade receivables and contract assets of approximately RMB10,000,000 (2019: RMBnil) and RMB5,398,000 (2019: RMBnil), respectively.

c. For financial guarantee contracts, the gross carrying amount represents the maximum amount that the Group has guaranteed under the relevant contract.

d. During the current year, the Group has written-off the entire amount of loan receivable from a borrower, amounting to RMB1,250,000.

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes: (continued)

e. During the current year, the Group has recognised full impairment loss on other receivables of approximately RMB304,587,000 since the Directors considered the two counterparties are in severe financial difficulty.

The following table shows movement in ECL that has been recognised for other receivables.

	Lifetime ECL RMB'000
At 1 January and 31 December 2019	—
Changes due to other receivables recognised at 1 January 2020:	
Impairment losses recognised	304,587
At 31 December 2020	304,587

Changes in the loss allowance for other receivables are mainly due to:

	2020 **Increase in lifetime ECL** **Credit-impaired** **RMB'000**	2019 Increase in lifetime ECL Credit-impaired RMB'000
Other receivables with gross carrying amounts of RMB304,587,000 (2019: N/A) defaulted and transferred to credit-impaired	**304,587**	—

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management closely follows up the implementation of the financing measures as set out in note 2 to generate adequate financing and operating cash inflows of the Group.

As at 31 December 2020, the Group's current liabilities exceeded its current assets by RMB9,230 million and had bank balances and cash of approximately RMB1,143 million (2019: RMB1,073 million) against bank and other borrowings, bonds, and senior notes, loans from related companies and lease liabilities due within one year amounted to approximately RMB16,531 million (2019: RMB12,507 million).

The Group finances its capital intensive operations by short-term and long-term bank and other borrowings and shareholders' equity and perpetual notes.

Despite uncertainties mentioned in note 2, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

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

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

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

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

Liquidity and interest rate risk tables

	Weighted rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2020								
Other payables	—	4,456,480	—	—	—	—	4,456,480	4,456,480
Amounts due to related companies	—	312,194	—	—	—	—	312,194	312,194
Loans from related companies	7.87	—	946,352	156,582	—	—	1,102,934	908,508
Bank and other borrowings								
— fixed-rate	8.75	2,408,863	4,306,675	425,890	605,402	556,674	8,303,504	7,940,409
— variable-rate	5.01	326,158	1,042,145	2,744,767	8,401,437	5,780,461	18,294,968	16,064,113
Bonds and senior notes	7.10	3,378,267	—	—	—	—	3,378,267	3,261,099
Financial guarantee contracts	—	6,838,099	—	—	—	—	6,838,099	—
Subtotal		17,720,061	6,295,172	3,327,239	9,006,839	6,337,135	42,686,446	32,942,803
Lease liabilities	5.38	23,902	71,706	107,007	287,955	1,329,491	1,820,061	987,686
Total		17,743,963	6,366,878	3,434,246	9,294,794	7,666,626	44,506,507	33,930,489

	Weighted rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2019								
Other payables	—	5,742,755	—	—	—	—	5,742,755	5,742,755
Amounts due to related companies	—	593,474	—	—	—	—	593,474	593,474
Loans from related companies	9.31	15,952	735,034	627,367	366,136	78,888	1,823,377	1,564,184
Bank and other borrowings								
— fixed-rate	8.60	1,934,625	5,803,874	525,615	461,933	573,381	9,299,428	8,263,162
— variable-rate	5.72	1,305,214	3,915,643	2,984,868	10,499,441	5,924,821	24,629,987	22,669,919
Bonds and senior notes	7.13	123,828	129,640	330,968	3,611,928	—	4,196,364	3,742,284
Financial guarantee contracts	—	5,909,119	—	—	—	—	5,909,119	—
Subtotal		15,624,967	10,584,191	4,468,818	14,939,438	6,577,090	52,194,504	42,575,778
Lease liabilities	5.46	28,214	84,642	145,036	307,032	1,737,107	2,302,031	1,161,582
Total		15,653,181	10,668,833	4,613,854	15,246,470	8,314,197	54,496,535	43,737,360

40. FINANCIAL INSTRUMENTS *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

Liquidity and interest rate risk tables *(continued)*

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

Bank and other borrowings that are repayable on demand due to breach of loan covenants which the cross default clauses in several banks of the Group have been triggered as a result of (i) GCL-Poly defaulted the repayment of its bank borrowing; (ii) the Group defaulted repayment of certain of its bank and other borrowings; and (iii) the Group was involved in several litigation cases in the PRC either as a defendant or a guarantor, as disclosed in notes 2 and 30, are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2020, the aggregate carrying amounts of these bank and other loans amounted to RMB6,353,413,000 (2019: RMB2,340,579,000). The Group is undergoing the process of negotiations with respective borrowers for extension or renewal of the defaulted bank and other borrowings and as of the date of these consolidated financial statements, the Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings. The Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing power plant projects in exchange for cash proceeds.

The following table details the Group's aggregate principal and interest cash outflows based on scheduled repayments for bank and other borrowings that became repayable on demand due to the aforesaid breach of loan covenants by the Group and GCL-Poly. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

	Weighted average interest rate	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2020	**5.63**	**1,860,621**	**765,793**	**2,831,823**	**1,654,697**	**7,112,934**	**6,353,413**
As at 31 December 2019	5.08	860,113	605,330	1,103,986	88,351	2,657,780	2,340,579

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

40. FINANCIAL INSTRUMENTS *(continued)*

40c. Fair value measurements of financial instruments

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the Directors every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed below.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial asset	**Fair value as at**		**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable inputs**
	2020 RMB'000	2019 RMB'000			
Asset management plan investment measured at FVTPL *(Note)*	—	100,000	Level 3	Income approach — in this approach, the discounted cash flow method was used to capture the present value of future expected cash flows to be derived from the underlying assets	Discount rate of nil (2019: 7.5%)

Note: As at 31 December 2019, if the estimated discount rate used were multiplied by 95% or 105% while all the other variables were held constant, the fair value of the investments would increase by approximately RMB507,000 or decrease by approximately RMB503,000, respectively.

There is no transfer between the different levels of the fair value hierarchy for the year.

(ii) Reconciliation of Level 3 fair value measurements

	Other investment RMB'000
At 1 January 2019 and 31 December 2019	100,000
Fair value change in profit or loss	13,027
Disposal of investment	(113,027)
At 31 December 2020	—

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Interest payable RMB'000 *(Note 28)*	Amounts due to related companies RMB'000 *(Note 25)*	Loans from related companies RMB'000 *(Note 29)*	Bank and other borrowings RMB'000 *(Note 30)*	Bonds and senior notes RMB'000 *(Note 31)*	Lease liabilities RMB'000 *(Note 32)*	Dividend payable to non-controlling shareholders RMB'000 *(Note 28)*	Total RMB'000
As at 1 January 2019	166,714	139,460	3,217,023	32,663,275	3,934,397	1,361,507	6,296	41,488,672
Financing cash flows	(728,532)	(207,536)	(286,996)	1,930,671	(493,030)	(75,383)	(126,157)	13,037
Operating cash flows	—	15,087	—	—	—	—	—	15,087
Non-cash and other transactions:								
Exchange alignment on translation	—	801	6,879	(5,459)	56,500	309	—	59,030
Finance costs	935,487	226,075	39,113	1,368,822	244,417	67,838	—	2,881,752
Interest capitalisation	40,715	—	—	—	—	—	—	40,715
Acquisition of subsidiaries	—	—	—	710,380	—	34,180	—	744,560
Disposal of subsidiaries	(47,230)	419,587	—	(5,644,608)	—	(258,752)	—	(5,531,003)
Dividend declared	—	—	—	—	—	—	383,839	383,839
Set off with consideration receivables and amounts due from associates	—	—	(1,400,000)	—	—	—	—	(1,400,000)
Set off with amount due from an associate of ultimate holding company	—	—	(11,835)	—	—	—	—	(11,835)
Set off with advance to non-controlling interest	—	—	—	—	—	—	(38,194)	(38,194)
Non-cash settlement of discounted bills	—	—	—	(90,000)	—	—	—	(90,000)
New leases entered	—	—	—	—	—	32,051	—	32,051
Lease terminated	—	—	—	—	—	(168)	—	(168)
At 31 December 2019	367,154	593,474	1,564,184	30,933,081	3,742,284	1,161,582	225,784	38,587,543
Financing cash flows	(721,518)	14,337	(251,263)	(3,447,077)	(539,575)	(81,253)	(44,750)	(5,071,099)
Operating cash flows	—	(1,773)	—	—	—	—	—	(1,773)
Non-cash and other transactions:								
Exchange alignment on translation	—	—	2,103	(105,762)	(207,927)	(3,880)	—	(315,466)
Finance costs	535,139	—	31,189	1,554,119	266,317	63,606	—	2,450,370
Interest capitalisation	12,810	—	—	—	—	—	—	12,810
Disposal of subsidiaries	(11,841)	—	(87,970)	(3,169,896)	—	(114,612)	—	(3,384,319)
Dividend declared	—	—	—	—	—	—	52,643	52,643
Set off with amounts due from associates	—	(293,844)	(62,994)		—	—	—	(356,838)
Set off with advance to non-controlling interests	—	—	—	—	—	—	(2,796)	(2,796)
Non-cash settlement of discounted bills	—	—	—	(209,706)	—	—	—	(209,706)
New leases entered	—	—	—	—	—	62,542	—	62,542
Lease terminated	—	—	—	—	—	(48,441)	—	(48,441)
Set off with amount due from a related party	—	—	—	(8,000)	—	—	—	(8,000)
Reclassify from loans from related company	—	—	(283,656)	283,656	—	—	—	—
Net off with other investment	—	—	—	(113,027)	—	—	—	(113,027)
Transfer from liabilities directly associated with assets as held-for-sale	(3,812)	—	(3,085)	(1,712,866)	—	(51,858)	—	(1,771,621)
At 31 December 2020	**177,932**	**312,194**	**908,508**	**24,004,522**	**3,261,099**	**987,686**	**230,881**	**29,882,822**

42. CAPITAL COMMITMENTS AND CONTINGENT ASSET/LIABILITIES

(i) Capital commitments

	2020 RMB'000	2019 RMB'000
Construction commitments in respect of solar power plant projects contracted for but not provided in the consolidated financial statements	**134,745**	377,044

(ii) Contingent asset

As disclosed in note 8, the Group has insurance policies in place to cover damages to property, plant and equipment amounting to RMB53,437,000 (2019: RMB57,235,000) incidental to typhoon during the year ended 31 December 2019. The Group received RMB3,798,000 (2019: RMB6,615,000) from insurance claim as compensation income and has an ongoing insurance claim for the remaining loss as at 31 December 2020 which will be recognised only when the compensation becomes receivable. Based on the insurance policies, the Directors believe that it is possible that their remaining claim will be successful.

(iii) Contingent liabilities

In July 2019, the Group discounted certain bills provided by third parties with a total face value of RMB1,136,390,000 for short-term financing, and the liabilities relating to these arrangements were fully settled to these relevant third parties during that year. As at 31 December 2019, these bills were not yet matured and outstanding. In accordance with the relevant regulations in the PRC, the Group, being an endorser of the bills, is jointly and severally liable if the relevant bills are not settled by the issuer upon maturity. However, in the opinion of the Directors, the risk of default in payment of these bills is remote because they are guaranteed by reputable PRC banks. The maximum exposure to the Group of these outstanding bills was RMB1,136,390,000 as at 31 December 2019.

During the current year, the entire amount was matured and settled in September 2020.

43. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

Pledge of assets

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2020 RMB'000	2019 RMB'000
Property, plant and equipment	**14,938,462**	21,027,038
Right-of-use assets	**11,701**	14,980
Pledged bank and other deposits	**744,006**	1,701,276
Trade receivables and contract assets	**7,823,245**	4,143,233
Amount due from an associate of ultimate holding company	**—**	8,000
	23,517,414	26,894,527

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; (v) amount due from an associate of ultimate holding company*; and (vi) equity interests in some project companies of the Group.

* The loans from an associate of ultimate holding company are secured by pledged deposits, which are classified as amount due from a related company as at 31 December 2019. During the current year, such associate has been disposed by ultimate holding company and the balance is reclassified as other borrowings as at 31 December 2020.

Restrictions on assets

In addition, lease liabilities of RMB987,686,000 (2019: RMB1,161,582,000) are recognised with related right-of-use assets of RMB1,257,603,000 (2019: RMB1,395,426,000) as at 31 December 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

Details of bills issued by third parties endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs are disclosed in note 28.

Details of bills discounted to banks were included in interest on bank and other borrowings are disclosed in note 9.

44. RETIREMENT BENEFITS SCHEMES

(a) The PRC

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

During the current year, subject to the discretions of respective municipal government in the PRC, certain retirement benefit obligations are waived due to COVID-19.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

(c) The US

In 2015, the Company established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan and is funded by employers and employees, in the US that qualifies as an Inland Revenue Service ("IRS") deferred salary arrangement under Section 401(k) of the US Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to a maximum amount subject to certain IRS limitations.

(d) Japan

The Group participated in an employee's pension fund for all its employees in Japan. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to Employee's Pension Insurance Act.

During the year ended 31 December 2020, total amounts contributed by the Group to the schemes in the PRC, Hong Kong, the US and Japan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB26,881,000 (2019: RMB66,376,000).

45. RELATED PARTY DISCLOSURES

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

(a) Management services income from related companies

	2020 RMB'000	2019 RMB'000
Fellow subsidiaries		
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)*	**32,516**	33,302
GCL Solar Energy Limited *(Note ii)*	**5,518**	3,443
武漢華鑫易能源有限公司 Wuhan Huaxinyi Energy Co. Ltd.* ("Wuhan Huaxin")	**—**	246
Joint ventures *(Note iv)*		
Jinhu	**—**	6,226
Wanhai	**—**	2,136
Associates *(Note iii)*		
Jiangling	**948**	656
Huarong	**3,503**	3,837
Linzhou Xinchuang	**2,968**	2,031
Xinan	**913**	632
Ruzhou	**766**	531
	47,132	53,040

* English name for identification only

Notes:

(i) 蘇州協鑫新能源運營科技有限公司 Suzhou GCL New Energy Operation and Technology Co., Ltd.* ("Suzhou GCL Operation"), an indirect wholly-owned subsidiary of the Company, provides operation and management services to the solar power plants of Suzhou GCL-Poly and its subsidiaries.

(ii) GCL New Energy International Limited and GCL New Energy, Inc., indirect wholly-owned subsidiaries of the Company, provided asset management and administrative services to GCL Solar Energy Limited for its overseas operations in South Africa and the US. GCL Solar Energy Limited is a subsidiary of GCL-Poly.

(iii) During the year ended 31 December 2020, Suzhou GCL Operation provided operation and management services to the solar power plants of Jiangling, Huarong, Linzhou Xinchuang, Xinan and Ruzhou.

(iv) During the year ended 31 December 2019: Jinhu and Wanhai were wholly-owned subsidiaries of 西安中民協鑫新能源有限公司 Xi'an Zhongmin GCL New Energy Company Limited*, a joint venture of the Group. Jinhu and Wanhai became wholly-owned subsidiaries of the Group in March 2019.

45. RELATED PARTY DISCLOSURES *(continued)*

(b) Interest on loans from related companies

	2020 RMB'000	2019 RMB'000
Ultimate holding company		
GCL-Poly	—	37,777
Associate of ultimate holding company		
Xinxin *(Note)*	22,981	31,449
Related companies		
GCL Group Limited	7,193	114,993
Nanjing Xinneng	60,990	51,590
Jiangsu GCL Real Estate	2,934	6,733
Jiangsu GCL Construction	32,851	22,646
Funing Property	802	—
	104,770	195,962
	127,751	265,188

Details of the loans from related companies are set out in note 29.

Note: On 23 December 2020, GCL-Poly disposed the entire equity interests in Xinxin and the transactions with Xinxin is no longer classified as related party transaction after 23 December 2020.

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

	2020 RMB'000	2019 RMB'000
Fellow subsidiary		
蘇州協鑫工業應用研究院有限公司 Suzhou GCL Industrial Applications Research Co., Ltd* ("Suzhou GCL Industrial Applications Research")		
— Expenses relating to short-term leases	—	24,681
— Payments for right-of-use assets	17,500	—

* English name for identification only

45. RELATED PARTY DISCLOSURES *(continued)*

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

Note: The Group 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 has been recognised as at 31 December 2019.

During the current year, the Group has renewed one of the above lease agreements for three years and recognised right-of-use assets and lease liabilities of RMB45,570,000 and the Group made payments for right-of-use assets of RMB17,500,000 for the premises.

(d) Profit attributable on perpetual notes

	2020 RMB'000	2019 RMB'000
GCL-Poly (Suzhou)	**65,094**	63,000
Taicang GCL	**18,756**	18,000
Suzhou GCL	**46,333**	45,000
Jiangsu GCL	**36,639**	36,000
	166,822	162,000

Perpetual notes which are denominated in RMB and unsecured, have a variable distribution rate of 7.3% to 11% which could be deferred indefinitely at the option of the issuer and have no fixed repayment term. There is no distribution on perpetual notes for both years.

(e) Guarantees granted by related companies

At 31 December 2020, certain bank and other loans of the Group amounting to RMB1,820,033,000 (2019: RMB2,770,079,000) were guaranteed by ultimate holding company and/or fellow subsidiaries.

(f) Guarantees provided to related companies

As at 31 December 2020, the Group provided guarantee to its associates, including Shanxi GNE, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Fenxi GCL, Hanneng Guangping and Hebei GNE and their subsidiaries, for certain of their bank and other borrowings with maximum amount of RMB3,049,762,000 (2019: RMB5,369,119,000). Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition and the ECL as at 31 December 2020 and 2019 are considered insignificant.

45. 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 year was as follows:

	2020 RMB'000	2019 RMB'000
Short-term benefits	**13,016**	12,257
Post-employment benefits	**197**	184
Share-based payments	**—**	363
	13,213	12,804

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.

46. MAJOR NON-CASH TRANSACTIONS

(A) Year ended 31 December 2020

(i) During the year ended 31 December 2020, the Group entered into an offsetting agreement with 7 associates and related companies. Upon signing of agreement, the amounts due from those associates of RMB356,838,000 were settled by offsetting loans from related companies of RMB62,994,000 and amounts due to associates amounting to RMB293,844,000.

(ii) The Group entered into an asset transfer agreement with a financial institution to settle its other borrowings of RMB113,027,000 with its investment of RMB113,027,000.

(iii) During the year ended 31 December 2020, the dividend payable to non-controlling shareholders were settled by offsetting advance to non-controlling interests of RMB2,769,000.

(iv) On 23 December 2020, GCL-Poly disposed of the entire equity interests in Xinxin to independent third party and the loan from related company of RMB283,656,000 was reclassified to other borrowings as at 31 December 2020.

Other borrowing of RMB8,000,000 was settled by offsetting amount due from a related party, Xinxin, during the year ended 31 December 2020.

(v) During the year ended 31 December 2020, short-term borrowings/advances drawn on discounted bills with recourse of approximately RMB209,706,000 have been settled through bills discounted to the relevant financial institutions.

46. MAJOR NON-CASH TRANSACTIONS *(continued)*

(B) Year ended 31 December 2019

(i) The Group acquired 100% equity interest of Jinhu and Wanhai from Zhongmin GCL in March 2019 with aggregate consideration of RMB264,000,000.

Subsequent to the acquisition date, the Group partially settled consideration of RMB204,904,000 to Zhongmin GCL by (i) cash payment of RMB86,999,000, (ii) endorsement of bills receivables of RMB47,905,000 and (iii) offset with amount due from Zhongmin GCL by RMB70,000,000.

For the remaining consideration payable of RMB59,096,000, the Group further entered into a multi-party debt settlement agreement with Zhongmin GCL, Jinhu, Wanhai, and 中民新能（上海）投資有限公司 Zhongmin New Energy (Shanghai) Investment Company Limited* on 1 April 2019, and approximately RMB41,682,000 of such remaining consideration has been settled among these parties pursuant to this multi-party debt settlement agreement. The remaining sum of RMB17,414,000 was settled by the Group in cash during the current year.

(ii) The Group disposed of 70% equity interest in seven subsidiaries in Hebei and Shanxi Province to Shanghai Rongyao in 2020 for an aggregate consideration of RMB1,441,652,000.

Subsequent to the disposal date, the Group, Golden Concord Holdings Limited ("Golden Concord"), a substantial shareholder of GCL-Poly with significant influence, Shanghai Rongyao and Yunnan Provincial Energy Investment Group Company Limited ("Yunnan Energy"), a shareholder of Shanghai Rongyao, entered into an offsetting agreement. They agreed to offset part of the Group's consideration receivables from Shanghai Rongyao amounting to RMB1,329,674,000 and amounts due from those seven subsidiaries of RMB170,326,000 with (i) the loan from Golden Concord of RMB1,400,000,000 and (ii) a receipt in advance from Yunnan Energy of RMB100,000,000.

(iii) During the year ended 31 December 2019, the Group entered into new lease agreements for land, office and staff quarter for 2–24 years. On the lease commencement, the Group recognised right-of-use assets of RMB32,051,000 and the related lease liabilities.

* English name for identification only

47. EVENTS AFTER REPORTING PERIOD

The following events took place subsequent to the end of the reporting period:

(a) On 1 February 2021, the Group announced that the failure of repayment of the senior notes with principal amount of US$500 million (equivalent to RMB3,262 million) constitutes the event of default under the terms of indenture.

On 9 February 2021, the Company announced that holders of the senior notes of approximately US$459 million, representing 91.85% of the outstanding aggregate principal amount of the senior notes, had validly submitted their respective executed accession deeds for exchanging the senior notes for new notes with an extended maturity and terms as stipulated in the RSA. Under the RSA, 5% of the original principal amount of US$25 million (the "Upfront Consideration") will be repaid to the holders of the senior notes upon the date of approval of the RSA. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration will be settled through issuance of new senior notes, which are interest bearing at 10% p.a. and the whole principal will be matured on 30 January 2024. The Group has commenced the application of passing the RSA under the Court of the Bermuda. The Group expects to submit all relevant documents to the Court of the Bermuda in April 2021 and targets to execute the RSA by June 2021. RSA will be mandatorily effective to those holders who are against the RSA upon the RSA has been passed in the Court of the Bermuda.

(b) On 10 February 2021, the Group announced that a placing agreement has been entered into among the Elite Time Global Limited, a wholly-owned subsidiary of GCL-Poly, the Company and the placing agents under which up to a total of 2,000 million of new shares of the Group to be issued (the "Transaction"). The Transaction has been completed on 17 and 19 February 2021 and net proceed of the Transaction, after taking into account all related costs, fees, expenses and commission of the Transaction, is approximately HK$895 million (equivalent to RMB753 million).

(c) On 22 November 2020, the Group entered in a series of five share transfer agreements with Xuzhou State Investment to sell its equity interests in five subsidiaries at consideration in aggregate of RMB312,700,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. All five share transfer agreements have been approved in the special general meeting on 15 January 2021 and disposals of one subsidiary have been completed as of the date of these consolidated financial statements. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB312,700,000 to RMB307,870,000 during the current year. The Directors are still assessing the financial impact of the disposals.

(d) On 19 November 2020, the Group entered in a series of fourteen share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to sell its equity interests in fourteen subsidiaries at consideration in aggregate of RMB666,654,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. All fourteen share transfer agreements have been approved in the special general meeting on 10 February 2021 and disposals of four subsidiaries have been completed as of the date of these consolidated financial statements. The Group and Hua Neng No. 1 Fund and Hua Neng No. 2 Fund mutually agreed to reduce the consideration from RMB666,654,000 to RMB644,399,000 during the current year. The Directors are still assessing the financial impact of the disposal.

(e) Subsequent to the end of the reporting period, the disposals of Hubei Macheng and Ningxia Zhongwei with the consideration in aggregate of RMB194,648,000 have been completed as details set out in note 27(a). The Directors are still assessing the financial impact of the disposal.

47. EVENTS AFTER REPORTING PERIOD *(continued)*

(f) Subsequent to the end of the reporting period, the disposals of Hefei Jiannan and Hefei Jiuyang with the consideration in aggregate of RMB105,567,000 have been completed as details set out in note 27(b). The Directors are still assessing the financial impact of the disposal.

(g) Subsequent to the end of the reporting period, the disposal of Shenmu Guotai has been completed as details set out in note 27(d). The Directors are still assessing the financial impact of the disposal.

(h) Subsequent to the end of the reporting period, the Group entered in a share transfer agreement with Beijing United Rongbang to sell its equity interests in Wulate Houqi Yuanhai at consideration in aggregate of RMB52,550,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. The disposal of Wulate Houqi Yuanhai has not yet been completed as of the date of these consolidated financial statements. The Directors are still assessing the financial impact of the disposal.

(i) Subsequent to the end of the reporting period, 140,994,462 share options (the "Existing Share Options") have been cancelled after obtaining the consent of the grantees of the Existing Share Options.

On 26 February 2021, the Company has granted to certain eligible persons (the "New Grantees"), being certain employees of the Company and its subsidiaries, subject to acceptance by the New Grantees, a total of 381,318,750 share options (the "New Share Options") to subscribe for 381,318,750 ordinary shares of HK$0.00416 each in the share capital of the Company (upon exercise in full and subject to adjustment in accordance with the New Share Option Scheme and Rule 17.03(13) of the Listing Rules) under the New Share Option Scheme, part of which shall be in exchange for the cancellation of the Existing Share Options. The Directors are still assessing the financial impact of the grant of the New Share Options.

(j) Subsequent to the end of the reporting period, the Group entered into ten share transfer agreements with China Three Gorges Asset Management Co., Ltd* to dispose of all of its equity interest in ten subsidiaries at consideration in aggregate of RMB1,615 million and the repayment of corresponding interest in shareholder's loan. The subsidiaries operate solar power plant projects with in aggregate capacity of approximately 790MW in Henan and Shanxi, the PRC. The disposal is not completed on the date of this report and the Directors are still assessing the financial impact of the disposal.

* *English name for identification only*

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Directly held:					
Pioneer Getter Limited	BVI	US$1	**100%**	100%	Investment holding
Bliss Corporate Group Limited	BVI	US$1	**100%**	100%	Investment holding
Indirectly held:					
協鑫新能源國際有限公司 GCL New Energy International Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
協鑫新能源發展有限公司 GCL New Energy Development Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
協鑫新能源管理有限公司 GCL New Energy Management Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
協鑫新能源貿易有限公司 GCL New Energy Trading Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
協鑫新能源投資（中國）有限公司 GCL New Energy Investment (China) Co., Ltd[2] ("GCL New Energy Investment")	PRC	US$1,188,000,000	**100%**	100%	Investment holding
蘇州協鑫新能源運營科技有限公司 Suzhou GCL New Energy Operation and Technology Co., Ltd[3] ("Suzhou GCL Operation")	PRC	RMB50,000,000	**100%**	100%	Investment holding
南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd[3] ("Nanjing GCL New Energy")	PRC	US$1,188,000,000	**100%**	100%	Investment holding
蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Limited[3] ("Suzhou GCL New Energy")	PRC	RMB12,928,250,000	**92.82%**	92.82%	Investment holding

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
南京協鑫新能源科技有限公司 Nanjing GCL New Energy Technology Co., Ltd.[1,3]	PRC	RMB300,000,000	100%	100%	Investment holding
鎮江協鑫新能源有限公司 Zhenjiang GCL New Energy Co., Ltd.* ("Zhenjiang GCL")	PRC	RMB33,000,000	100%	100%	Investment holding
包頭市中利騰暉光伏發電有限公司 Baotou Zhonglitenghui Photovoltaic Power Company Limited[1,3] ("Baotou Zhonglitenghui")	PRC	RMB110,000,000	100%	100%	Operation of solar power plant
冊亨協鑫光伏電力有限公司 Ceheng Solar Power Co., Ltd.[1,3]	PRC	RMB130,000,000	100%	100%	Operation of solar power plant
德令哈協合光伏發電有限公司 Delingha Century Concord Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB222,000,000	100%	100%	Operation of solar power plant
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB165,000,000	100%	100%	Operation of solar power plant
高唐縣協鑫晶輝光伏有限公司 Gaotang County GCL Jing Hui Photovoltaic Co., Ltd.[1,3]	PRC	RMB81,000,000	100%	100%	Operation of solar power plant
哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Company Limited[1,3,5] ("Hami Yaohui")	PRC	RMB181,960,000	—	100%	Operation of solar power plant
海豐縣協鑫光伏電力有限公司 Haifeng County GCL Solar Power Co., Ltd.[1,3]	PRC	RMB155,900,000	100%	100%	Operation of solar power plant
海南州世能光伏發電有限公司 Hainanzhou Shineng Photovoltaic Power Co., Ltd.[1,3]	PRC	RMB60,000,000	100%	100%	Operation of solar power plant
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.[1,3]	PRC	RMB222,000,000	96.35%	96.35%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
湖北省麻城金伏太陽能電力有限公司 Hubei Macheng Photovoltaic Power Company Limited[1,3] ("Hubei Macheng")	PRC	RMB191,000,000	**100%**	100%	Operation of solar power plant
Huaibei Xinneng[1,3,4]	PRC	RMB90,000,000	**N/A**	100%	Operation of solar power plant
靖邊縣順風新能源有限公司 Jingbian County Shunfeng New Energy Limited[1,3]	PRC	RMB68,550,000	**95%**	95%	Operation of solar power plant
靖邊協鑫光伏電力有限公司 Jingbian GCL Solar Power Co., Ltd.[1,3]	PRC	RMB80,000,000	**100%**	100%	Operation of solar power plant
開封華鑫新能源開發有限公司 Kaifeng Huaxin New Energy Development Co., Ltd.[1,3]	PRC	RMB200,000,000	**100%**	100%	Operation of solar power plant
蘭溪金瑞太陽能發電有限公司 Lanxi Jinrui Photovoltaic Power Co., Ltd[1,3]	PRC	RMB60,320,000	**100%**	100%	Operation of solar power plant
猛海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.[1,3]	PRC	RMB85,000,000	**100%**	100%	Operation of solar power plant
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy Development Company Limited[1,3]	PRC	RMB273,600,000	**90.1%**	90.1%	Operation of solar power plant
寧夏金禮光伏電力有限公司 Ningxia Jinli Photovoltaic Electric Power Co., Ltd.[1,3,5] ("Ningxia Jinli")	PRC	RMB86,830,000	**—**	100%	Operation of solar power plant
寧夏金信光伏電力有限公司 Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.[1,3,5] ("Ningxia Jinxin")	PRC	RMB126,300,000	**—**	100%	Operation of solar power plant
寧夏中衛協鑫光伏電力有限公司 Ningxia Zhongwei Photovoltaic Power Company Limited[1,3] ("Ningxia Zhongwei")	PRC	RMB61,600,000	**100%**	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
淇縣協鑫新能源有限公司 Qixian GCL New Energy Limited[1,3,5] ("Qixian GCL")	PRC	RMB84,000,000	—	100%	Operation of solar power plant
汝陽協鑫新能源有限公司 Ruyang GCL New Energy Limited[1,3] ("Ruyang GCL")	PRC	RMB146,000,000	100%	100%	Operation of solar power plant
三門峽協立光伏電力有限公司 Sanmenxia Xie Li Solar Power Co., Ltd.[1,3]	PRC	RMB65,000,000	100%	100%	Operation of solar power plant
上林協鑫光伏電力有限公司 Shanglin GCL Solar Power Co., Ltd[1,3,5] ("Shanglin GCL")	PRC	RMB124,800,000	—	67.95%	Operation of solar power plant
神木市晶富電力有限公司 Shenmu Jingfu Solar Power Co., Ltd.[1,3] ("Shenmu Jingfu")	PRC	RMB75,400,000	80%	80%	Operation of solar power plant
神木市平西電力有限公司 Shenmu Ping Xi Power Co., Ltd.[1,3]	PRC	RMB82,000,000	100%	100%	Operation of solar power plant
神木市平元電力有限公司 Shenmu Ping Yuan Power Co., Ltd.[1,3]	PRC	RMB78,700,000	100%	100%	Operation of solar power plant
神木國泰農牧發展有限公司 Shenmu Guotai Development Limited[1,3] ("Shenmu Guotai")	PRC	RMB20,000,000	80%	80%	Operation of solar power plant
神木市晶登電力有限公司 Shenmu Jingdeng Power Co., Ltd.[1,3] ("Shenmu Jingdeng")	PRC	RMB50,000,000	80%	80%	Operation of solar power plant
石城協鑫光伏電力有限公司 Shicheng GCL Solar Power Co., Ltd[1,3] ("Shicheng")	PRC	RMB112,838,100	51%	51%	Operation of solar power plant
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited[1,3]	PRC	RMB63,960,000	100%	100%	Operation of solar power plant
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Limited[1,3]	PRC	RMB50,000,000	100%	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
Suzhou GCL Solar Power[1,3,4]	PRC	RMB74,000,000	**N/A**	100%	Operation of solar power plant
鹽邊鑫能光伏電力有限公司 Yanbian Xin Neng Solar Power Co., Ltd.[1,3]	PRC	RMB56,000,000	**100%**	100%	Operation of solar power plant
鹽源縣白烏新能源科技有限公司 Yanyuan County Bai Wu New Energy Technology Co., Ltd.[1,3]	PRC	RMB113,000,000	**100%**	100%	Operation of solar power plant
餘幹縣協鑫新能源有限責任公司 Yugan County GCL New Energy Limited[1,3,4] ("Yugan County")	PRC	RMB139,300,000	**N/A**	100%	Operation of solar power plant
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Limited[1,3]	PRC	RMB465,000,000	**100%**	100%	Operation of solar power plant
榆林市榆神工業區東投能源有限公司 Yulin Yushen Industrial Area Energy Co., Ltd.[1,3]	PRC	RMB170,000,000	**100%**	100%	Operation of solar power plant
元謀綠電新能源開發有限公司 Yuanmou Green Power New Energy Development Limited[1,3]	PRC	RMB85,000,000	**80%**	80%	Operation of solar power plant
鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co,. Ltd[1,3] ("Yuncheng")	PRC	RMB58,597,800	**51%**	51%	Operation of solar power plant
正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Company Limited[1,3] ("Zhenglanqi")	PRC	RMB125,000,000	**99.2%**	99.2%	Operation of solar power plant
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.[1,3]	PRC	RMB105,500,000	**100%**	100%	Operation of solar power plant
東海縣協鑫光伏電力有限公司 Donghai County GCL Solar Energy Co., Ltd.[1,3]	PRC	RMB54,470,000	**100%**	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
阜寧縣鑫源光伏電力有限公司 Funing County Xin Yuan Solar Power Co., Ltd.[1,3]	PRC	RMB52,000,000	100%	100%	Operation of solar power plant
碭山協鑫光伏電力有限公司 Dangshan GCL Solar Power Co., Ltd.[1,3]	PRC	RMB44,000,000	100%	100%	Operation of solar power plant
欽州鑫金光伏發電有限公司 Qinzhou Xinjin Photovoltaic Power Company Limited[1,3,5] ("Qinzhou Xinjin")	PRC	RMB134,950,000	—	70.36%	Operation of solar power plant
永城鑫能光伏電力有限公司 Yongcheng Xin Neng Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB101,600,000	100%	100%	Operation of solar power plant
商水協鑫光伏電力有限公司 Shangshui GCL Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB130,000,000	100%	100%	Operation of solar power plant
微山鑫能光伏電力有限公司 Weishan Xin Neng Solar Power Co., Ltd.[1, 3]	PRC	RMB75,000,000	100%	100%	Operation of solar power plant
互助昊陽光伏發電有限公司 Huzhu Haoyang Photovoltaic Electric Power Co., Ltd.[1,3]	PRC	RMB66,000,000	100%	100%	Operation of solar power plant
Jinhu[1,3,4]	PRC	RMB160,600,000	N/A	100%	Operation of solar power plant
河南協鑫新能源投資有限公司 Henan GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB600,000,000	100%	100%	Operation of solar power plant
南召鑫力光伏電力有限公司 Nanzhao Xin Li Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB100,000,000	50%	50%	Operation of solar power plant
江蘇協鑫新能源有限公司 Jiangsu GCL New Energy Co., Ltd.[1,3]	PRC	RMB500,000,000	100%	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
西安協鑫新能源管理有限公司 Xi'an GCL New Energy Management Co., Ltd.[1,3]	PRC	RMB1,500,000,000	100%	100%	Operation of solar power plant
神木市晶普電力有限公司 Shenmu Jingpu Power Co., Ltd[1,3] ("Shenmu Jingpu")	PRC	RMB266,400,000	80%	80%	Operation of solar power plant
安徽協鑫新能源投資有限公司 Anhui GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB238,000,000	100%	100%	Operation of solar power plant
內蒙古協鑫光伏電力有限公司 Inner Mongolia GCL Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB200,000,000	100%	100%	Operation of solar power plant
上林縣鑫安光伏電力有限公司 Shanglin County Xinan Photovoltaic Electric Power Co, Ltd.[1,3,5]	PRC	RMB50,000,000	—	60%	Operation of solar power plant
山東萬海電力有限公司 Shandong Wanhai Solar Power Co., Ltd.[1,3] ("Wanhai")	PRC	RMB60,000,000	100%	100%	Operation of solar power plant
寧夏協鑫新能源投資有限公司 Ningxia GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB200,000,000	100%	100%	Operation of solar power plant
江蘇協鑫新能源投資有限公司 Jiangsu GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB100,000,000	100%	100%	Operation of solar power plant
海南意晟新能源有限公司 Hai Nan Yi Cheng New Energy Company Limited[1,3]	PRC	RMB43,000,000	100%	100%	Operation of solar power plant
寧夏盛景太陽能科技有限公司 Ningxia Shengjing Solar Power Technology Company Limited[1,3]	PRC	RMB75,000,000	100%	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
高郵協鑫光伏電力有限公司 Gaoyou GCL Photovoltaic Power Company Limited[1,3]	PRC	RMB48,120,000	100%	100%	Operation of solar power plant
峨山永鑫光伏發電有限公司 Eshan GCL Solar Power Generation Company Limited[1,3]	PRC	RMB2,000,000	100%	100%	Operation of solar power plant
寧夏鑫墾簡泉光伏電力有限公司 Ningxia Xin Ken Jiangquan Photovoltaic Power Company Limited[1,3]	PRC	RMB7,000,000	100%	100%	Operation of solar power plant
常州中暉光伏科技有限公司 Changzhou Zhonghui Photovoltaic Technology Company Limited[1,3]	PRC	RMB10,000,000	100%	100%	Investment holding
鎮江鑫龍光伏電力有限公司 Zhenjiang Xinlong Photovoltaic Power Company Limited[1,3]	PRC	RMB48,550,000	100%	100%	Operation of solar power plant
德令哈時代新能源發電有限公司 Delingha Shida New Energy Power Generation Company Limited[1,3]	PRC	RMB39,000,000	100%	100%	Operation of solar power plant
確山追日新能源電力有限公司 Queshan Zhuiri New Energy Power Company Limited[1,3]	PRC	RMB42,000,000	100%	100%	Operation of solar power plant
張家港協鑫光伏電力有限公司 Zhang Jia Gang GCL Photovoltaic Power Company Limited[1,3]	PRC	RMB72,414,000	100%	100%	Operation of solar power plant
紅河縣瑞欣光伏發電有限公司 Hong He Xian Rui Xin Photovoltaic Power Generation Company Limited[1,3]	PRC	RMB48,000,000	100%	100%	Operation of solar power plant
昆明旭峰光伏發電有限公司 Kun Ming Xu Feng Photovoltaic Power Generation Company Limited[1,3]	PRC	RMB54,400,000 (2019: RMB54,000,000)	100%	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
羅甸協鑫光伏電力有限公司 Luodian GCL Photovoltaic Power Company Limited[1,3]	PRC	RMB57,200,000	100%	100%	Operation of solar power plant
安龍縣茂安新能源發展有限公司 Anlong Maoan New Energy Development Company Limited[1,3]	PRC	RMB43,000,000	100%	100%	Operation of solar power plant
青海協鑫新能源有限公司 Qinghai GCL New Energy Company Limited[1,3]	PRC	RMB149,480,000	100%	100%	Investment holding
Xinao[1,3,4]	PRC	RMB2,000,000	N/A	100%	Inactive
阜陽衡銘太陽能電力有限公司 Fuyang Hengming Photovoltaic Power Company Limited[1,3,5]	PRC	RMB32,000,000	—	100%	Operation of solar power plant
鎮江協鑫新能源有限公司 Zhen Jiang GCL New Energy Company Limited[1,3,5]	PRC	RMB34,340,000	—	100%	Operation of solar power plan
寧夏綠昊光伏發電有限公司 Ningxia Luhao Photovoltaic Power Generation Company Limited[1,3,5] (“Ningxia Luhao”)	PRC	RMB53,000,000	—	100%	Operation of solar power plant
哈密歐瑞光伏發電有限公司 Hami Ourui Power Generation Company Limited[1,3,5] (“Hami Ourui”)	PRC	RMB36,000,000	—	100%	Operation of solar power plant
南寧金伏電力有限公司 Nanning Jinfu Electric Power Company Limited[1,3,5] (“Nanning Jinfu”)	PRC	RMB51,080,000	—	100%	Investment holding
海南天利科新能源項目投資有限公司 Hainan Tianlike New Energy Project Investment Company Limited[1,3,5] (“Hainan Tianlike”)	PRC	RMB76,000,000	—	100%	Operation of solar power plant

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2020 %	Interest held 2019 %	Principal activities
Indirectly held: (continued)					
輝縣市協鑫光伏電力有限公司 Huixian City GCL Photovoltaic Power Company Limited[1,3,5] ("Huixian City GCL")	PRC	RMB51,820,000	—	100%	Operation of solar power plant
碭山鑫能源光伏電力有限公司 Dangshan Xinneng Photovoltaic Power Company Limited[1,3,5] ("Dangshan Xinneng")	PRC	RMB45,000,000	—	67%	Operation of solar power plant
合肥建南電力有限公司 Hefei Jiannan Power Company Limited[1,3], ("Hefei Jiannan")	PRC	RMB33,600,000	100%	100%	Operation of solar power plant
合肥久陽新能源有限公司 Hefei Jiuyang GCL New Energy Company Limited[1,3], ("Hefei Jiuyang")	PRC	RMB34,000,000	100%	100%	Operation of solar power plant
鳳陽協鑫光伏電力有限公司 Fengyang GCL Photovoltaic Power Company Limited[1,3,5] ("Fengyang")	PRC	RMB2,000,000	—	100%	Operation of solar power plant
榆林協能華鑫能源管理有限公司 Yulin Hua Xin New Energy Management Limited[1,3,5] ("Yulin")	PRC	RMB500,000	—	100%	Investment holding
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Ltd.[1,3] ("Wulate Houqi Yuanhai")	PRC	RMB50,000,000	100%	100%	Operation of solar power plant

1 English name for identification only

2 Foreign investment enterprises

3 Domestic PRC Companies

4 The controlling stake of the entity was disposed of by the Group during the year ended 31 December 2020 which becomes associate of the Group.

5 These subsidiaries were disposed of during the year ended 31 December 2020.

The above table lists the subsidiaries of the Group which in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Other than Suzhou GCL New Energy which issued green bonds as disclosed in note 31, none of the subsidiaries had issued any debt securities at the end of the year.

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests as at 31 December 2020 and 31 December 2019:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Suzhou GCL New Energy	PRC	**7.18%**	7.18%	**(81,493)**	99,903	**873,540**	995,033
Non-wholly owned subsidiaries of Suzhou GCL New Energy				**65,146**	48,162	**297,540**	364,910
Nanjing GCL New Energy	PRC	**—**	—	**166,822**	162,000	**2,329,936**	2,163,114
				150,475	310,065	**3,501,016**	3,523,057

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations as at 31 December 2020 and 2019.

Suzhou GCL New Energy and subsidiaries

	2020 RMB'000	2019 RMB'000
Current assets	**13,982,850**	18,156,187
Non-current assets	**29,699,159**	37,061,622
Current liabilities	**11,750,508**	18,884,256
Non-current liabilities	**16,451,884**	20,466,254
Equity attributable to owners of Suzhou GCL New Energy	**14,308,537**	14,507,356
Non-controlling interests of Suzhou GCL New Energy	**873,540**	995,033
Non-controlling interests of Suzhou GCL New Energy's subsidiaries	**297,540**	364,910

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Suzhou GCL New Energy and subsidiaries *(continued)*

	2020 RMB'000	2019 RMB'000
Revenue	**5,054,291**	5,966,081
(Loss) profit and total comprehensive (expense) income for the year	**(1,069,865)**	1,439,564
(Loss) profit and total comprehensive (expense) income attributable to owners of the Company	**(1,053,518)**	1,291,499
(Loss) profit and total comprehensive (expense) income attributable to the non-controlling interests of Suzhou GCL New Energy	**(81,493)**	99,903
Profit and total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**65,146**	48,162
(Loss) profit for the year	**(1,069,865)**	1,439,564
Dividends declared to non-controlling interests of Suzhou GCL New Energy and its subsidiaries	**52,643**	383,839
Net cash inflow from operating activities	**2,073,173**	1,702,192
Net cash inflow (outflow) from investing activities	**378,770**	(2,087,278)
Net cash (outflow) inflow from financing activities	**(2,371,440)**	216,326
Net cash inflow (outflow)	**80,503**	(168,760)

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Nanjing GCL New Energy

The table below shows details of perpetual notes holders as at 31 December 2020 and 31 December 2019, the carrying amount of the perpetual notes of RMB2,329,936,000 as at 31 December 2020 (2019: RMB2,163,114,000) has been included in the current liabilities of Nanjing GCL New Energy and interest expense arising from perpetual notes of RMB166,822,000 (2019: RMB162,000,000) has been recognised in profit or loss by Nanjing GCL New Energy. The perpetual notes are classified as non-controlling interests in the consolidated financial statements of the Gorup.

Name of perpetual notes holders	Interest accrued to perpetual notes		Carrying amounts of perpetual notes	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
GCL-Poly (Suzhou)	**65,094**	63,000	**906,220**	841,126
Taicong GCL	**18,756**	18,000	**259,165**	240,409
Suzhou GCL	**46,333**	45,000	**647,106**	600,773
Jiangsu GCL	**36,639**	36,000	**517,445**	480,806
	166,822	162,000	**2,329,936**	2,163,114

(c) Change in ownership interest in subsidiaries

In August 2019, Yuncheng entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB28,713,000; accordingly, the equity interest held by the Group has been diluted to 51%. An amount of approximately RMB30,489,000 (being the proportionate share of the carrying amount of the net assets of Yuncheng) has been transferred to non-controlling interests.

49. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS		
Interests in subsidiaries	2,216,654	2,192,835
Amounts due from subsidiaries *(Note)*	7,190,010	6,669,165
	9,406,664	8,862,000
CURRENT ASSETS		
Prepayments	900	958
Amounts due from joint ventures *(Note)*	32	34
Bank balances and cash *(Note)*	1,442	6,229
	2,374	7,221
CURRENT LIABILITIES		
Accruals and other payables	120,357	128,825
Amount due to a fellow subsidiary	378,651	—
Bank borrowings	934,039	896,278
Senior notes	3,261,099	—
	4,694,146	1,025,103
NET CURRENT LIABILITIES	(4,691,772)	(1,017,882)
TOTAL ASSETS LESS CURRENT LIABILITIES	4,714,892	7,844,118
NON-CURRENT LIABILITIES		
Bank borrowings	—	241,233
Senior notes	—	3,470,542
	—	3,711,775
NET ASSETS	4,714,892	4,132,343
CAPITAL AND RESERVES		
Share capital	66,674	66,674
Reserves	4,648,218	4,065,669
TOTAL EQUITY	4,714,892	4,132,343

Note: ECL for amounts due from subsidiaries and joint ventures and bank balances are assessed on a 12m ECL basis as there had not been significant increase in credit risk since initial recognition and impairment allowance is considered to be insignificant.

49. SUMMARY FINANCIAL INFORMATION OF THE COMPANY *(continued)*

Movement in equity

	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Share options reserve RMB'000	Accumulated (losses) profits RMB'000	Total RMB'000
At 1 January 2019	4,265,230	56,318	(64,015)	214,824	(592,932)	3,879,425
Profit and total comprehensive income for the year	—	—	—	—	184,457	184,457
Recognition of equity-settled share-based payments *(note 36)*	—	—	—	1,787	—	1,787
Forfeitures of share options *(note 36)*	—	—	—	(16,257)	16,257	—
At 31 December 2019 and 1 January 2020	**4,265,230**	**56,318**	**(64,015)**	**200,354**	**(392,218)**	**4,065,669**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**—**	**582,549**	**582,549**
Forfeitures of share options *(note 36)*	**—**	**—**	**—**	**(22,309)**	**22,309**	**—**
At 31 December 2020	**4,265,230**	**56,318**	**(64,015)**	**178,045**	**212,640**	**4,648,218**

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended				
	31 December 2020 RMB'000	31 December 2019 RMB'000	31 December 2018 RMB'000	31 December 2017 RMB'000	31 December 2016 RMB'000 (Restated)
Results (for continuing and discontinued operations)					
Revenue	**4,935,189**	6,051,987	5,632,397	4,785,113	3,737,989
(Loss) profit attributable to owners of the Company	**(1,368,354)**	294,688	469,680	841,439	130,386

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000
Assets and liabilities					
Total assets	**45,036,468**	54,416,226	61,179,861	55,434,344	41,478,178
Total liabilities	**36,499,587**	(44,446,583)	(51,478,321)	(46,638,402)	(35,058,574)
Total equity	**8,536,881**	9,969,643	9,701,540	8,795,942	6,419,604

For the year ended 31 December 2019, the Group has applied International Financial Reporting Standard ("IFRS") 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. The impact upon initial recognition is recognised in the opening retained earnings and comparative information has not been restated.

For the year ended 31 December 2018, the Group has applied IFRS 9 and IFRS 15 for the first time. The impact of IFRS 9 and IFRS 15 upon initial recognition on 1 January 2019 are recognised in the opening retained earnings and other components of equity without restating the comparative information.

Environmental, Social and Governance Report

ABOUT THIS REPORT

This report is the sixth annual environmental, social and governance (ESG) report (the "Report") of GCL New Energy Holdings Limited (hereinafter referred to as "GCL New Energy", the "Company" or "we") and its subsidiaries (hereinafter collectively referred to as "the Group"). This Report is prepared to disclose the ESG performance of GCL New Energy and related information. In this Report, "GCL" refers to the brand operated by the Group. "GCL Group" refers to Golden Concord Holdings Limited. This report focuses on the concerns of stakeholders and comprehensively explains the ESG performance and management policies of GCL New Energy in 2020.

Scope

The Reporting Period is from January 1, 2020 to December 31, 2020. This Report covers GCL New Energy Holdings Limited and its subsidiaries.

Basis for Preparation

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide published by the Hong Kong Stock Exchange Limited (hereinafter referred to as "HKEX"). We made every effort to meet the reporting principles of materiality, quantitative, balance, and consistency.

Preparation Methods

This Report was prepared in the following procedures: identifying and ranking important stakeholders and material issues in ESG, determining ESG reporting boundary, collecting relevant materials and evidence, preparing the Report based on the data, and verifying the data included in this Report, etc.

Source and Reliability Assurance

Information and cases included in the Report are mainly from the Group's statistical reports and relevant documents. We undertake that the Report does not contain any false or misleading statement and are responsible for the authenticity, accuracy, and completeness of its contents.

Confirmation and Approval

After confirmation by management, this Report was approved by the Board on April 9, 2021.

Access And Feedback

This Report is available in both traditional Chinese and English versions. The electronic version of the Report is published under the "Financial Statements/ESG Information" headline category of GCL New Energy on the HKEXnews website or the official website of the Company at http://www.gclnewenergy.com/site/social-responsibility.

We highly value your opinion on our sustainability performance. Stakeholders and other readers who have any comments or suggestions on this Report and our sustainability performance can contact our Company Secretary and Investor Relations Department by e-mail, phone, or a written format to seek or request information (publicly disclosed information only).

Company Secretary and Investor Relations Department
Tel: +852 2606 9200
E-mail: gneir@gclnewenergy.com
Address: Unit 1707A, Level 17, International Commerce Centre
1 Austin Road West, Kowloon, Hong Kong

ABOUT GCL

About GCL

As a player in the new energy industry, GCL New Energy is committed to transforming its mode of development, enhancing added value, assuming more social and environmental responsibilities, and integrating the concept of sustainable development into the development strategy of the Group. We are confident in bringing green power to all households and restore blue sky and clear waters.

- We assume responsibility for shareholders, investors, employees, clients, industries, society, and future. Adhering to fairness, integrity, sharing and mutual benefit, we serve our clients, care for our employees, and create value for our shareholders, investors and society.

- We give back to society with gratitude by participating in various public welfare programs. We are committed to our duties in education, charity and other areas to facilitate harmonious social development.

- We adopt low carbon, emission reduction, and energy conservation as standards and promote sustainable development of resources and the environment to coordinate clean production, recycling economy, ecological environment and resource utilization.

- We deeply explore the solar power generation sector, strengthen efforts in technological innovation, financial innovation, and model innovation, and strive for solar power grid-parity, making it an important cornerstone of the energy revolution. We are confident in bringing green power to all households and restore blue sky and clear waters.

As a global energy leader, while pursuing business development, the Group also actively performs its corporate social responsibilities. The expansion of new businesses and deployment of its network of industries around the globe are based on the principles of low carbon, emission reduction and energy conservation. The Group accelerates the universal use of distributed photovoltaics, increases the proportion of clean energy consumption, and strives to achieve the corporate mission of "focus on green development, keep improving the environment we live in" in line with our industry characteristics.

Compliant Operation

Compliant operations and risk management are the ever-lasting themes of corporate management. The Group takes compliance and integrity as the soul of the Group's sustainable development, continuously strengthens risk identification, monitoring and prevention functions, improves internal compliance governance structure, and imposes anti-corruption and anti-fraud related requirements on its employees and external cooperation partners, while continues to improve the level of corporate compliance governance.

Risk Control

The Group has always attached great importance to risk management and internal monitoring, and implemented multi-level prevention of potential risks faced by its business in the course of operation.

The Group's operation and management department is responsible for monitoring the potential risks arisen in the course of the Group's business operations such as typhoons, floods, rainstorms and fires. The Group has developed different response measures based on different types of risks:

- The Group has not developed targeted monitoring and reporting procedure for geological disasters and other risks with a low probability of occurrence, but it will conduct post analysis and identification of such incidents happened within the scope of its operations, and summarize experience and response measures based on reports, thereby improving our responses to such incidents.

- In response to climate change risks such as typhoons, floods, and rainstorms, the Group has implemented measures such as tracking potential risks and regular reporting on projects to effectively reduce the economic losses caused by such factors.

- In response to risks with relatively high probability of occurrence, such as fires, the Group expanded the scope of monitoring and set up fences around the power plant for fire isolation. The areas within the fire isolation range are weeded and cleaned twice a year. Fire prevention propaganda are conducted for surrounding residents on a routine basis to enhance their awareness of fire prevention during festival sacrifice activities to ensure the safety of the Group's power plants.

In addition, the business department of the Group conducts comprehensive inspections on production safety, environmental protection and occupational health in spring, autumn, and mid-year based on the specific situation of business activities, and events such as the National Safety Month are organized for employees for the purposes of safety awareness enhancement, risk identification and formulation of emergency plan, etc.

Honest Operation

The Group adopts a zero-tolerance attitude towards fraud and corruption, formulates and abides by the *Anti-Corruption Regulation*, builds a clear and effective anti-fraud management structure, conducts anti-fraud and anti-corruption propaganda and implementation to internal employees, enhances employees' awareness of integrity, and actively promotes integrity among its partners, and incorporates anti-corruption and anti-commercial bribery related requirements into contracts with partners, with a view to fully guaranteeing the integrity of the Group's operations.

Supervisory Committee

- The highest anti-fraud department that reviews the anti-fraud procedures and control measures of the Company;
- Supervise the normal operation of whistleblowing and complaint mechanisms and ensure their effectiveness;
- Examine investigation reports and proposed solutions to frauds committed by senior management;
- Listen to reports and suggestions from internal control and supervisory departments at all level on anti-frauds initiatives of the Company.

Internal Control and Supervisory Departments

- The standing anti-fraud departments responsible for supervising the daily anti-fraud measures implemented within the Company;
- Organize investigation into fraud cases and conduct anti-fraud promotion activities;
- Examine investigation reports and proposed solutions to frauds committed by middle management.

Management at all levels

- Responsible for establishing sound internal control mechanisms, implementing control measures to reduce the chance of fraud, and taking appropriate and effective remedial measures to reduce damage caused by fraud;
- Assist in investigation work, execute solutions to fraud incidents, take responsibility for frauds, and give feedback.

The Group has set up various comprehensive and diversified reporting channels in accordance with the *Management Standards for Anti-Fraud and Whistleblowing*, encourages reporting of fraud and corruption occurred within the Group through telephone, WeChat, and Lanxin Online (藍信在線) platforms and other methods. To safeguard the safety of whistleblowers, we follow the principle of confidential reporting, strictly protect the identity of whistleblowers and content of reporting, and prohibit the leakage of whistleblowers' information and retaliatory actions.

We will conduct strict investigations on the complaints and reports we receive, deal with them in accordance with the established rules and regulations, and strive to prevent any violations of rules and disciplines, fraud within the Group, and situations that are detrimental to the interests and image of the Group. We will also take rectification measures in response to issues in respect of internal control as reflected in such reporting, make improvement on the loopholes in governance, and promote the steady development of the Group.

During the Reporting Period, the Group conducted 18 integrity education trainings, with 930 trainees and 2,160 hours of training. During the Reporting Period, the Group did not record any incidents of bribery and corruption.

Governance of Sustainable Development

Adhering to the corporate vision of "becoming a well-respected international new energy and clean energy provider", the Group has been integrating the concept of sustainable development into its strategy and business development, and responds to the concerns of shareholders, investors, employees, customers, the industry and the society through actual actions with characteristics of the industry. As a world leader in the energy sector, we also actively assume our social and environmental responsibilities and facilitate the realization of the China dream with "bluer sky, clearer waters and better living environment".

We have established an effective internal ESG governance system, determined the Board's responsibilities for decision-making and supervision of the Group's ESG affairs. The Board was responsible for sustainable development and social responsibility measures. The ESG Management Committee is responsible for the management and monitoring of the Group's ESG risks, and the ESG working group is responsible for the specific formulation and ESG-related policies and improvement of systems. To effectively prevent risks and turn the risks faced by the Group into development opportunities, the Group regularly summarize, evaluates and refines its work, and continuously adjusts and clarifies ESG-related affair procedures and responsibilities in view of its business.

ESG Working Group

Working network Composed of persons in charge of ESG at provincial level and project companies

- Assigning employees to collect ESG-related data and prepare ESG reports, etc
- Reporting to ESG Management Committee on a regular basis to assist them in assessing and identifying whether the management and internal monitoring system of ESG risks of the Group are appropriate and effective

ESG Management Committee

Composed of all ESG units of the holding company and persons in charge of power plant operation and construction

- Implementing management and internal control of ESG risks
- Providing guidance to the ESG working group
- Confirming the accuracy of KPI data in ESG reports

Board of Directors

- Assessing and identifying ESG risks of the Group
- Ensuring that an appropriate and effective ESG risk management and internal monitoring system is in place in the Group
- Reviewing and approving ESG-related policies

Communication With Stakeholder

With reference to the attributes of stakeholders defined in the AA1000SES: 2015 Stakeholder Engagement Standard, the Group defined seven types of stakeholders based on five dimensions, namely dependency, responsibility, tension, influence, and diverse perspectives.

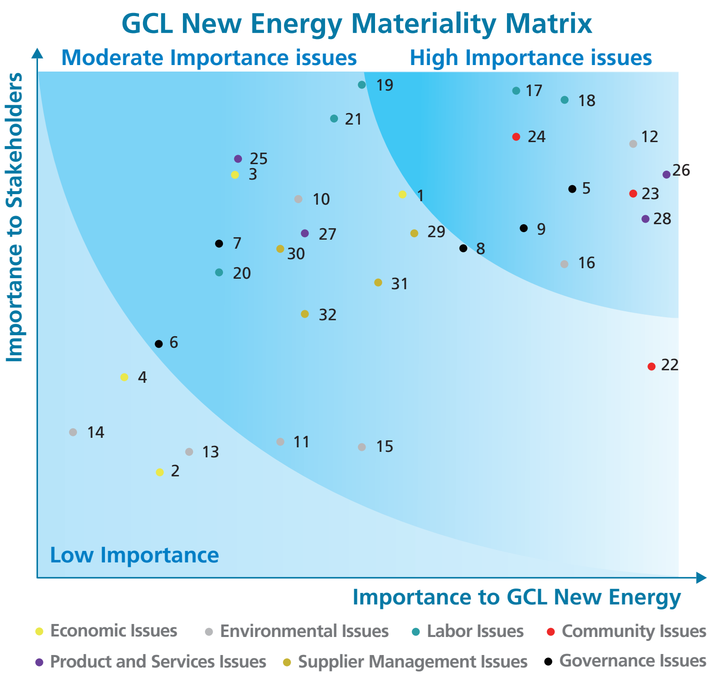
Listening to the needs of stakeholders and responding to their concerns is the root of GCL New Energy's long-term development. The Group has been maintaining close and diversified communication with stakeholders from various sectors to understand their suggestions and expectations, so as to help the Group make decisions and provide references for future sustainable development management. During the Reporting Period, the seven categories of communication channels for stakeholders identified by the Group and their concerns are as follows:

Stakeholder Group	Major Communication Channels	Issues of Concern of stakeholders
Investors/Shareholders	• Periodic report/temporary announcement • On-site visit • Telephone • E-mail	• Business performance • Management framework for sustainable development • Sustainable development risk identification • Incorporation of sustainable development policies into management
Government Bodies	• Periodic report/temporary announcement • Correspondence • On-site visit	• Compliance with laws and regulations on environmental protection • Compliance with social rules and regulations • Compliance with laws and regulations on products and services • Contribution to communities
Clients	• Telephone • On-site visit • Satisfaction survey	• Quality assurance of products and services • Protection of customer privacy and personal information • Development and exploitation of new energy • Compliance with laws and regulations on products and services

Stakeholder Group	Major Communication Channels	Issues of Concern of stakeholders
Employees	• Employee meeting • Employee performance review and interview • Corporate newspaper and magazine	• Remuneration, development and training of employees • Workplace diversity and equal opportunities • Occupational safety and health • Energy consumption and goals
Local Communities	• Community activities • Press release • Announcement • Interview and investigation	• Contribution to communities • Impact of daily business activities on surrounding communities • Integration into surrounding communities • Compliance with laws and regulations on environmental protection
Media	• Press release • Announcement • Interview and investigation	• Development and exploitation of new energy • Social performance of suppliers • Quality assurance of products and services • Compliance with social rules and regulations
Partners	• Interview and investigation • Telephone/e-mail • Forum, seminar, etc.	• Sustainable development risk identification • Quality assurance of products and services • Social performance of suppliers • Protection of the rights of suppliers' employees

Materiality Issues Assessment

After comprehensive assessment of the Company's development strategy, industry development trends, regulatory and capital market requirements, as well as domestic and foreign social responsibility disclosure standards and other factors, and by considering the recommendations and expectations learned from the communication with stakeholders from various sectors in 2020, it is concluded that some materiality issues of the Group for 2020 in terms of sustainable development have partially changed. The importance of protection of employees' labor rights has increased slightly. Meanwhile, due to the effect of the pandemic, pandemic prevention and control has become an issue of high importance for the Group. Accordingly, we have drawn up a matrix of the Group's materiality issues for 2020, provide specific responses in this report, and make targeted improvements to these materiality issues in our work in the future.



Economic Issues	Governance Issues	Environmental Issues
1 Business performance	**5 Construction of management framework of sustainable development**	10 Energy consumption and goals
2 Corporate tax planning	6 Formulation of sustainable development goals	11 Water consumption and goals
3 Government support	7 Sustainable development risk identification	**12 Development and exploitation of new energy**
4 Influence of trade environment	8 Incorporation of sustainable development policies into management	13 Waste management
	9 Anti-corruption	14 Sewage disposal
		15 Greenhouse gas emissions
		16 Compliance with laws and regulations on environmental protection

Labor Issues	Community Issues	Product and Service Responsibility Issues
17 Workplace diversity and equal opportunities	22 Contribution to communities	25 Protection of customer health and safety
18 Occupational safety and health	**23 Compliance with social rules and regulations**	**26 Quality assurance of products and services**
19 Remuneration, development and training of employees	**24 Pandemic prevention and control**	27 Protection of customer privacy and personal information
20 Prohibition of child labor and forced labor		**28 Compliance with laws and regulations on products and services**
21 Protection of employees' labor rights		

Supplier Issues
29 Environmental performance of suppliers
30 Social performance of suppliers
31 Performance of suppliers as to the labor code
32 Protection of the rights of suppliers' employees

Note: Issues in bold above are issues of high importance.

TEAM BUILDING

The Group adheres to the "people-oriented" philosophy, values the important role of employees in creating a win-win situation jointly with the Group, and strives to create a healthier and safer working environment. Meanwhile, the Group is also committed to implementing diversified and equal employment policies, and enhancing the competitiveness of employees and teamwork through a scientific training system, an efficient talent incentive mechanism and practical safeguard measures, thus driving the sustainable operation of the Group.

Overview of Employment

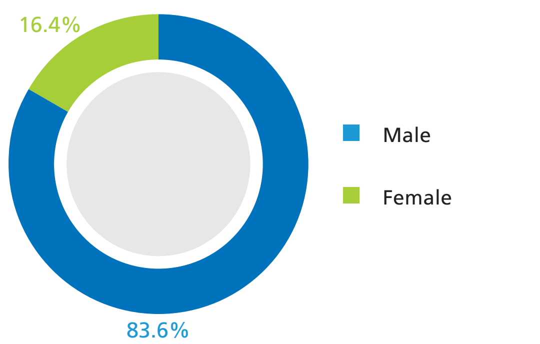
The Group regards employees as the most valuable asset. In the process of recruitment and employment, it strictly abides by the *Company Law of the People's Republic of China, Labor Law of the People's Republic of China* and *Labor Contract Law of the People's Republic of China* as well as other laws and regulations and corresponding practices, and has formulated and issued a number of systems, including *Management Standards for Employee Recruitment and Employment, Management Standards for Remuneration, Management Standards for Talent Team Development, Management Standards for Training, Management Standards for Welfare and Employee Performance Management Standards* to safeguard the legitimate rights and interests of all employees, especially those of disadvantaged groups such as women and the disabled in terms of recruitment, promotion, resignation, working hours, salary and benefits, etc.

It is clearly stated in the diverse and equal employment policy of the Group that the Group prohibits child labor and forced labor, respects the differences of all employees in terms of gender, age, race, and cultural background, and resolutely opposes any form of discrimination or vicious competition. In addition, the Group is committed to actively promoting the nurturing of local talents, accelerating the recruitment of local human resources in other regions, and promoting local economic and technological development.

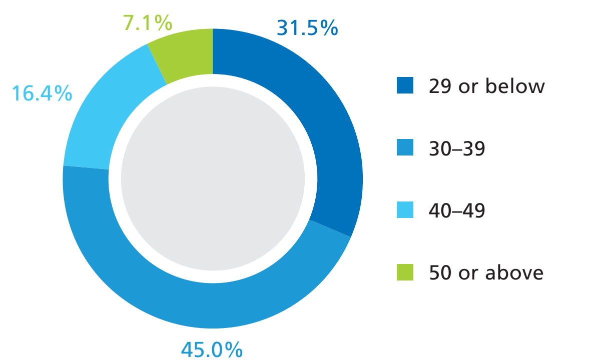
During the Reporting Period, the Group newly recruited 131 persons, and has signed employment contracts with all employees and all of them are covered in the social insurance. There were no risk incidents such as the use of child labor, forced or compulsory labor.

During the Reporting Period, the total number of employees of the Group in China and overseas was approximately 1,120, the details of which are set out below:

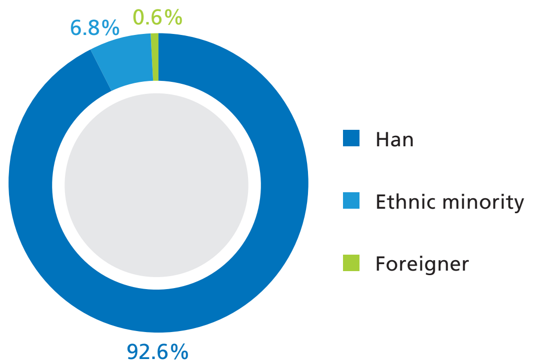
By gender



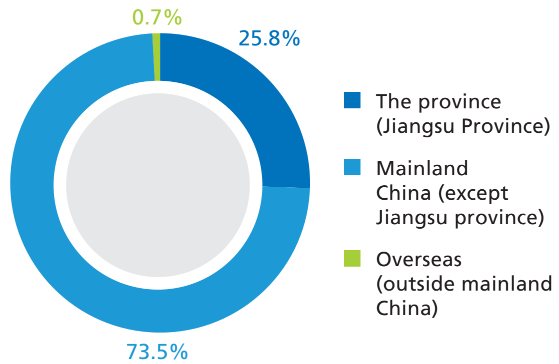
By age



By ethnicity



By region



Structural Adjustment

The Group has been implementing active strategic transformation since 2018, and carried out merger of similar functional centers during the Reporting Period to further streamline the functional department structure of the headquarters of regional companies. Based on factors such as different market conditions, geographic conditions and operating capacity, the Group also deploys staffing and rank structure on a rational basis for the purpose of integrating multiple positions and combining multiple capabilities in one position, and continuously improves the working efficiency of employees, thereby highlighting the business and professional attributes of the regional companies under the Group.

Protection of Rights and Interests

Remuneration and Performance

Incentives of employees is a great concern of the Group. The Group makes efforts in the establishment of a complete benefit system in accordance with relevant national or regional government regulations, provides employees with reasonable remuneration and benefits, and regularly reviews and revises policies to ensure that the level of remuneration is fair within the Group and competitive in the market.

During the Reporting Period, the Group revised and supplemented the *Employee Performance Management Standards*, and unified the performance appraisal and incentive systems for employees at all levels in line with the changes of remuneration in various regions and industries, the specific situation of employees' positions as well as other reference factors. Cash benefits and non-cash benefits are distributed when appropriate to promote the vitality of employees, improve employee retention and satisfaction with the Group.

Statutory benefits	• Five social insurances and one housing fund • Paid leave	
Corporate benefits	• Festival allowance • special day allowance • Rent allowance • meal expenses and high temperature allowance • communication allowance	• Plateau allowance • construction site allowance • night shift allowance • term of service allowance
Non-cash benefits	• Supplementary commercial insurance • Onboarding physical examination/annual regular physical examination	

The Group strictly abides by laws and regulations on gender equality and protects the rights of disadvantaged employees. For instance, pregnant employees are entitled to sufficient maternity leave and male employees are entitled to paternity leave. We hold their jobs while they are taking maternity/paternity leave, ensuring that their career development and remuneration received will not be affected, and full support and humanistic care will be given to employees who take maternity leave/paternity leave.

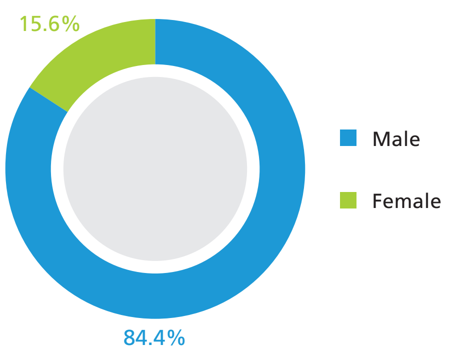
Indicator	Gender	2018	2019	2020	Unit
Number of employees who took maternity/paternity leave	Male	50	46	62	ppl
	Female	12	9	26	ppl
Number/ratio of employees who returned to work after the end of their maternity/paternity leave	Male	50/100%	46/100%	62/100%	ppl/%
	Female	12/100%	9/100%	26/100%	ppl/%
Total number/retention rate of employees who return to work after the end of maternity/paternity leave and retain after 12 months	Male	50/100%	46/100%	62/100%	ppl/%
	Female	12/100%	9/100%	26/100%	ppl/%

In order to formulate human resources policies more effectively, the Group calculates the number of employees who will soon be eligible for retirement every year and provides employees with a proper career management plan that includes retirement arrangements.

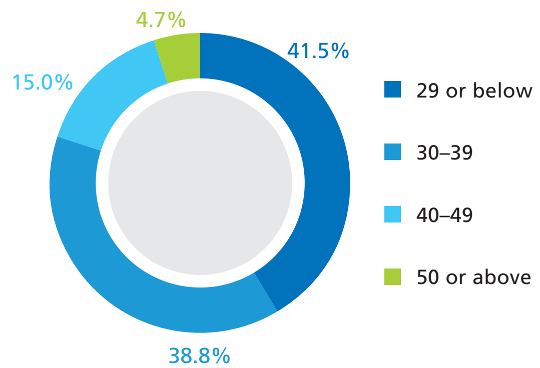
Rank of Employees	Percentage of Employees are Eligible for Retirement within Five Years	Percentage of Employees are Eligible for Retirement within Ten Years
Senior Management	0.48%	1.21%
Middle Management and Engineers	0.48%	1.15%
General and Technical Employees	0.49%	1.20%

During the Reporting Period, the number of employees left the Group was 294, a decrease of 41% from 2019. The breakdown of statistical situation is set out as follows:

Turnover Rate by Gender



Turnover Rate by Age



Democratic Management

In order to build a harmonious labor relationship and effectively strengthen democratic management, the Group unswervingly safeguards the legitimate rights and interests and labor rights of its employees, while urging employees to perform labor obligations.

The Group organizes regular employee representative meetings and establishes a performance appeal mechanism under the *Employee Performance Appraisal* and other methods to extensively solicit and listen to employees' opinions and suggestions, and increases the complaint channels for employees to report the cases of unfair treatment in the process of performance appraisal or raise objections to the results of performance appraisal, thus creating a diversified and fair corporate environment and strengthening the contact and communication among staff at different ranks.

Training and Development

The Group regards talents as the source of sustainable development and is committed to building a comprehensive talent training system to provide support for employees to reach their full potential in order to enhance the core competitiveness for the healthy development of the Company.

In accordance with the Group's development strategy and human resource planning, in the *Management Standards for Employee Recruitment and Employment*, we specify in detail the management responsibilities, particulars and methods of recruiting and hiring employees to achieve diversity and equality in talent selection.

Basic Talent Selection Criteria

- With high performance and value creation
- With great potential and being young
- With high loyalty and being professional

Capability Development Program for Cadres

- Young keybone cadres: GCL Hope (the post-90s generation), GCL Future (the post-80s generation)
- Leadership Programs for transformation of newly-selected cadres, talent training programs for expert professionals

Diversified Training Model

- Tutor teaching
- Job rotation and secondment — job practice
- action study — case analysis

Training Guarantee Mechanism for Cadres

- Establish a multi-dimensional pool of top talents, the talent training and utilisation channel of Datong Group
- Build a multi-channel career development path for cadres
- Set up the job rotation practise mechanism for cadres and mechanism for regular talent review

Management Standards for Talent Team Development

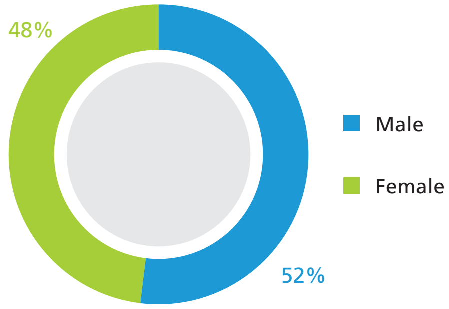
In accordance with the talent training system of *Management Standards for Talent Team Development and Management Standards for Training*, the Group has developed a standardized, rational and systematic talent training plan for employees to ensure the understanding and execution of relevant polices and regulations for enhancing their management ability, professional ability and professionalism, so as to build an efficient and professional talent team and to keep abreast of the rapid development of the industry.

Trainees	Comprehensive Training System for Employees at All Levels	
Managerial staff	Leadership Talent Team Management improvement	GLP
Professional staff	Expert nurturing program	GEP
Employees at functional departments	Professional skills Self improvement Technical skills	GTP
Front-line operators	Training on module operation Special license Expertise improvement	GOP
New employees	New employee training GCL Star Program Induction training	GNP
All employees	Corporate culture training	GVP

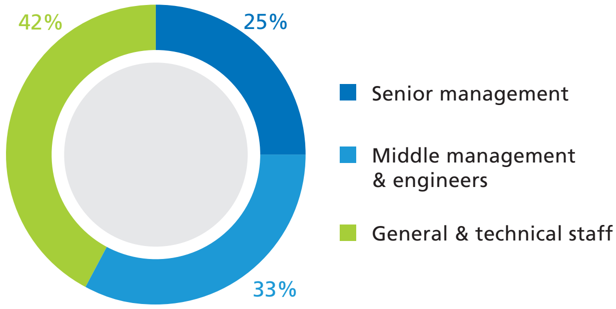
During the Reporting Period, the Group invested in training and development of RMB1,200 per employee. For three consecutive years, our employees who have received training account for 100% by gender and rank.

The specific statistics for comparison purpose are as follows:

Training Hours by Gender



Training Hours by Ranks



Continuous Care

Upholding the concept of "GCL Home", the Group is committed to building a warm and safe family for all employees, by building a rich and diverse corporate culture, helping employees strike a balance between the work and life, caring for female employees and employees in need, and reminding employees of protection and identification of hidden hazards during special periods and festivals and holidays.

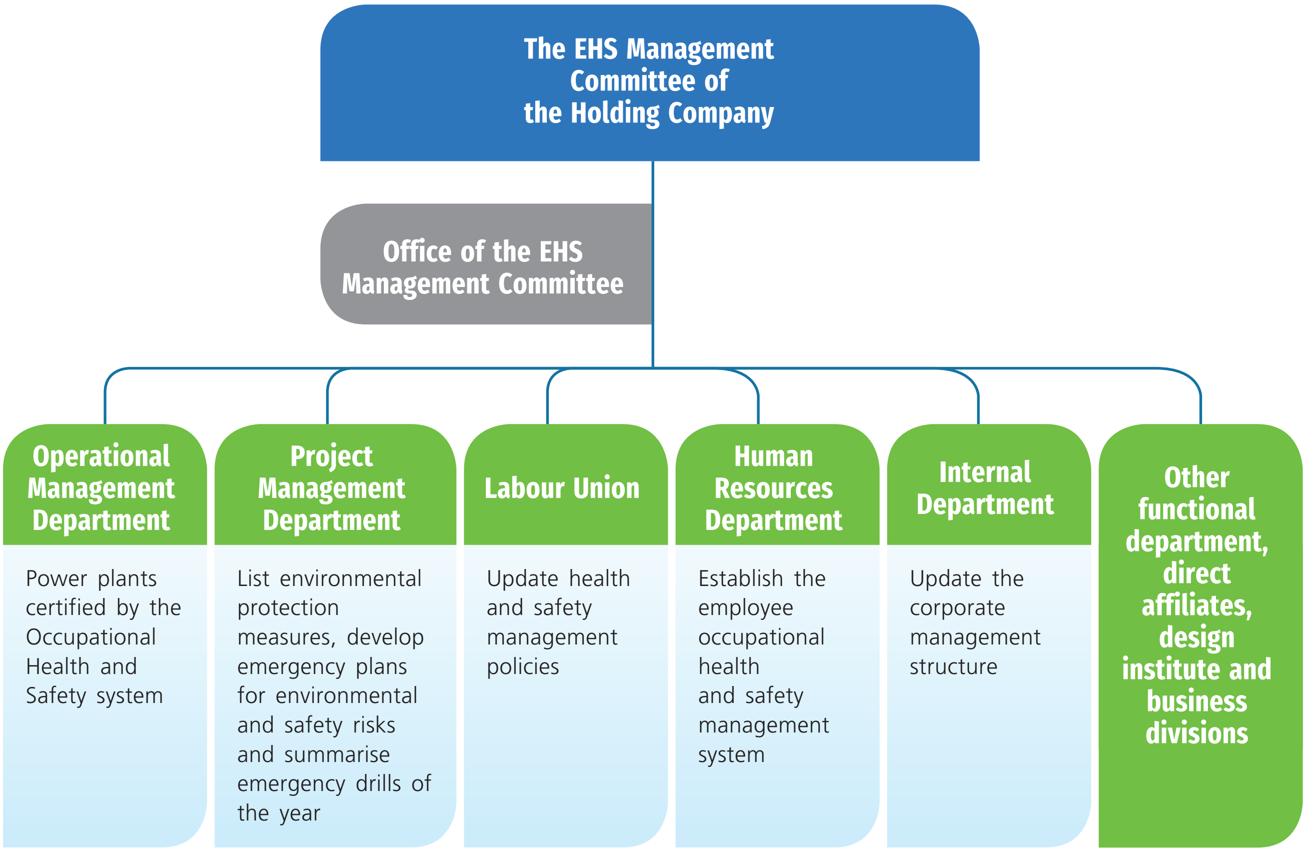
During the Reporting Period, the Group built cultural and sports activity platforms, and organized various cultural and physical activities such as fitness activities and sports events, to meet the mental and cultural needs of our employees.

SAFETY AS THE TOP PRIORITY

The Group has established a sound occupational health and production safety management system and adopted practical and effective safety operation measures to create a favorite working environment and ensure production safety and the health of its employees. The Group strictly complied with the Production Safety Law of the PRC, the Law of the PRC on the Prevention and Control of Occupational Diseases and other laws and regulations, formulated management standards related to production safety and occupational health, adjusted the structure of our EHS Management Committee, and continuously optimized and improved production safety. During the Reporting Period, we did not record any work-related accidents or casualties.

Management System

Upholding the management philosophy of "safety as the root, efficiency as the base", sticking to the management policy of "safety as the top priority, prevention first and comprehensive management", and the management approach of "equipment as the base, system as the guarantee, and personnel as the foundation", while persistently following the guidance of "one core, two systems and triple controls", adhering to the practices of benchmarking and refined management, GCL New Energy strengthens the implementation of three areas of targeted efforts, continues to improve the development of the EHS system, and vigorously consolidates the foundation for safe production, with the aim of achieving comprehensive enhancement in the level of safe production management. During the Reporting Period, we adjusted the members of the EHS Management Committee twice to further improve the management functions of the EHS Management Committee.



Structure of 2020 EHS Management Committee

The Group strictly complies with the internal EHS management standard systems, such as the *EHS Management Standards, EHS Emergency Management Standards, EHS Accident Investigation Management Standards, EHS Reward and Punishment Management Standards* and others, formulates annual safe production goals, establishes a dual prevention mechanism, and has in place a standardized system for safe production, strengthens safety risk management and promotes the safety awareness of its employees. We issued the *Notice on Issuing the Guidelines on Production Safety in 2020*, established a dual prevention mechanism for hierarchical management and control of safety risks and hidden hazards identification and management, established safe production standards for solar power plants generation enterprises, carried out emergency capacity enhancement for solar power plants, and strengthened production safety responsibilities, and performed strong supervision to eliminate environmental, equipment, internal and management risks. During the Reporting Period, we set eight EHS goals for the year 2020. During the Reporting Period, all goals have been achieved with no occurrence of any headwinds or accidents as described below. In addition, we also focused on strengthening the establishment of a production safety assurance system and a safety supervision system. At early 2020, we initiated that the general managers of regional companies shall sign the commitment letters regarding the environmental health and safety (EHS) responsibilities, and required each regional company to sign a safety goals responsibility letters at all levels. We also conducted on-site inspections on the front line of solar power plants through spring and autumn inspection activities to ensure the orderly operation of production safety.

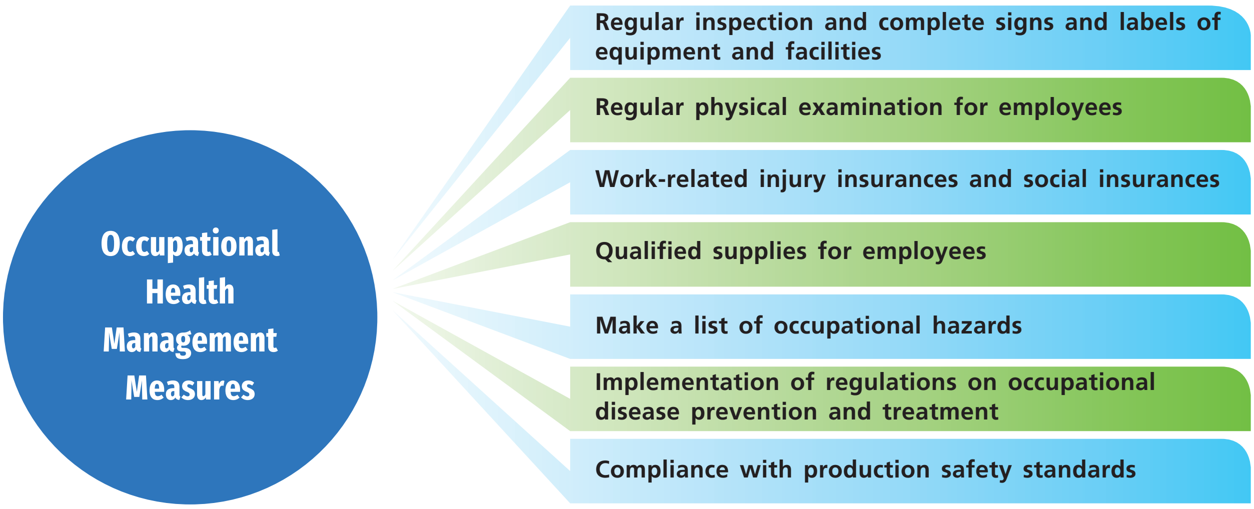
2020 EHS Goals	Attainment
1. No fatal accidents	✓
2. No equipment malfunctions with general or higher liability	✓
3. No fire accidents with primary or higher liability	✓
4. No traffic accidents with shared or more liability	✓
5. No environmental pollution incidents	✓
6. No grid accidents caused by the units	✓
7. No incidents that causes serious damage to the assets of the Company	✓
8. No occupational diseases	✓

2020 EHS Goals and Attainment

2020 Safe Production Action

Occupational Health

The Group strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Regulations on Occupational Health Review of Construction Projects* and other relevant national occupational health policies, laws and regulations, adopts practical and effective occupational health and safety management measures, and continuously strengthens the undertaking of responsibilities of occupational health, improves the level of occupational health management on an ongoing basis, enhances employees' awareness of self-protection, and actively promotes the prevention and treatment of occupational diseases.



Occupational Health Management Measures

During the Reporting Period, we launched the 2020 *Law on Prevention and Control of Occupational Diseases* publication week with the theme of "Occupational Health Protection·I Take Action". Due to the impact of the pandemic, the campaign was mainly conducted online. The particulars included the distribution of publicity materials related to occupational health and safety, online consultation, online public classes, video lectures, and the display of outstanding occupational health and safety works. The campaign aimed to strengthen the awareness of occupational health and safety of all units across the Group, and promote the self-examination and rectification of occupational health protection measures in the workplace of all units through scientific and extensive publication activities.

The Group also strengthened the safety management for outsourced projects and the use of dispatched workers. During the Reporting Period, we issued the *Notice on Strengthening the Safety Management for Outsourced Projects and the Use of Dispatched Workers*, which stipulated that regional companies and solar power plants under their management should undertake the responsibilities for the safety of outsourced projects, strictly review the safety qualifications of contractors, and contracts and safety agreements should be signed for all outsourced work, while safety supervision and inspection, safety training, etc. should be conducted for dispatched workers to effectively prevent various unsafe incidents and production safety accidents.

To strengthen the efforts related to labor protection and high temperature and heatstroke prevention in summer, during the Reporting Period, we issued the *Notice on Measures for Labor Protection and High Temperature and Heatstroke Prevention in the Summer of 2020* to improve the working conditions of front-line employees. Specifically, we provided ventilation, heat insulation, cooling and other equipment, built up workshop lounges, offered cooling beverages and temperature and heatstroke prevention medicines in outdoor workplaces and workplaces under high temperature conditions. We also gave RMB200 subsidy per person for the first-line employees working for the power plants to purchase heatstroke prevention items; we actively organized trainings on basic knowledge and methods for labor safety and health and prevention against high temperatures and heatstroke, and special training on heatstroke prevention and first aid, enabling each employee to develop the ability of self and mutual medical aid; meanwhile, we also enhanced the inspection on operation in high temperature and on the safety of the staff canteen to avoid heatstroke accidents and food poisoning. The regional companies also organized caring activities by giving cooling items for employees who were working in high temperature.

During the Reporting Period, both the occupational physical examination rate and health record coverage rate of the Group reached 100%.

Production Safety

During the Reporting Period, the Group issued a series of safety notices and guidelines in response to production safety risks arising in different seasons throughout the year to effectively and resolutely prevent the occurrence of various incidents. It also organized safety inspections on a regular basis among its regional companies and subordinate units, strengthened the implementation of the dual prevention mechanism, carried out comprehensive investigation and control on potential safety hazards, and continuously consolidated the foundation for production safety.

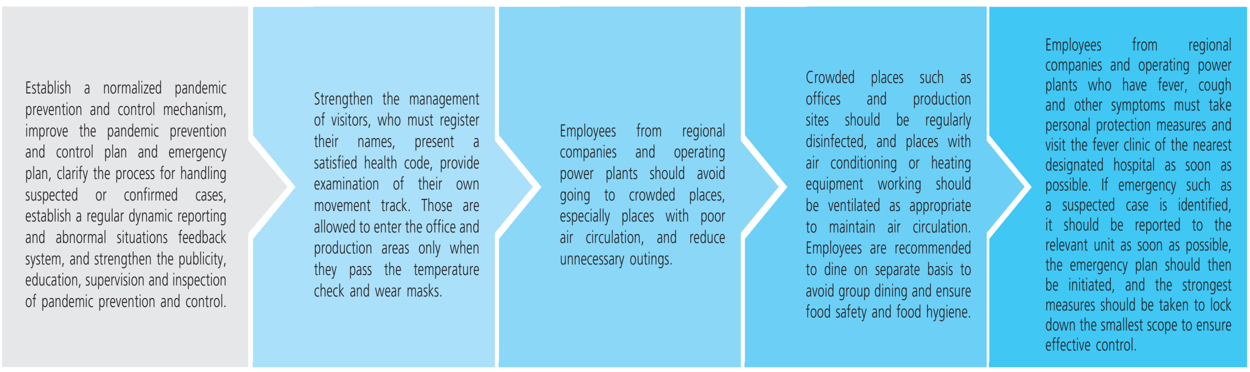
The Group formulated and implemented the *2020 Operation Training Program*, organized and carried out dual prevention mechanism for hierarchical management and control of safety risks and hidden hazards investigation and management, and trainings on topics such as "risk prevention, hidden hazard elimination, accident containment", and carried out emergency drills such as fire evacuation; regional companies carry out monthly trainings on safety, occupational health, and environmental protection, and regularly organize emergency drills related to environmental and safety risks. A total of 9,985 attendances received training during the year. We provided employees with practical trainings, video demonstrations, face-to-face instruction, together with supplemental ways such as on-site operation and offline closed-book examinations etc., to help them establish a strong sense of safe operation practices, ensuring that our employees master emergency management and improve their ability to respond to emergencies. During the Reporting Period, the Group did not record any work-related incidents or accidents that caused casualties.

Safety Performance Indicator	Unit	2018	2019	2020
Number of trainees of the trainings on operation management safety and occupational health education	Number of participants	9,823	9,936	9,985
Amounts invested in production safety	RMB10,000	1,172	226	896

In response to the risks arising from climate change and extreme weather, the Group focused on environmental risks such as wind disasters and floods, by organizing various targeted inspections to comprehensively locate hidden safety risks, and comprehensively sorting out and identifying safety risks brought by climate change, while taking practical improvement measures to minimize the impact of extreme weather conditions on operation and power generation. Based on the experience and lessons of disaster prevention and mitigation in previous years, combined with the special campaigns of emergency capacity development for solar power plants, and by fully taking into account the damage scope and extent of natural disasters such as typhoons and rainstorm, we further improved targeted emergency contingency plans and on-site control plans, built up reserves of emergency materials, and organized special training on emergency, carried out emergency drills, established emergency response mechanism, improved emergency support capabilities, and enhanced capabilities in respect of prevention against and response to natural disasters.

Pandemic Prevention and Control

The COVID-19 pandemic that broke out in 2020 has become a challenge for many businesses. During the pandemic, GCL New Energy strengthened the normalized prevention and control in respond to the COVID-19 pandemic, made persistent efforts in line with the national prevention and control strategy of "guarding against imported cases and preventing a resurgence of the domestic outbreak" to avoid the pandemic risks of influenza and COVID-19, and to safeguard the health of our employees. We also strengthened organizational leadership, fulfilled the responsibilities of pandemic prevention and control in local areas, and implemented normalized pandemic prevention and control measures. We issued the *Notice on Strengthening the Normalized Prevention and Control of the COVID-19 Pandemic*, requiring all departments and relevant units to prepare pandemic prevention and sterilization materials in advance, establish a reserve account for pandemic prevention and control materials, and ensure that masks, electronic thermometers, disinfectant, alcohol, disinfection spraying equipment, isolation equipment and facilities are sufficient to meet the needs of on-site use and ensure strong and effective supply of pandemic prevention and control materials. We have also adopted the following pandemic prevention and control measures:



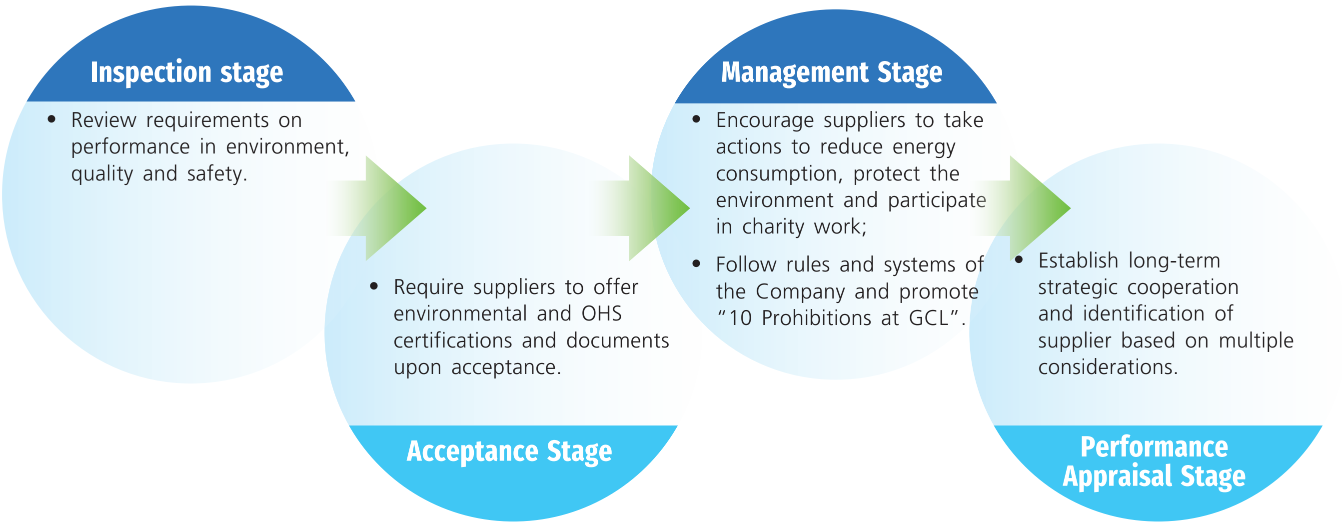
COVID-19 Pandemic Prevention and Control Measure in 2020

QUALITY EXCELLENCE

During the Reporting Period, the Group focused on the strategy of "adjusting structure, lowering gearing, guarantying cash flows, streamlining operation", demonstrated its determination of strategic transformation by actual actions, and ensured product quality with the spirit of craftsmanship. In the process of transforming towards a "solar power cloud service provider", the Group has insisted in quality control throughout the whole process from Research & Development (R&D) and design, project construction, operation to maintenance, continuously improved the building of procurement and operation platform, and optimized fair cooperation channel in order to offer strong support to the construction and operation of energy power plant.

Guarantee in Supply

The Group established and complied with the Standards for Supplier Management, pursuant to which, it established specific supply chain management department to control all key sections including the selection, assessment and exit of suppliers. In addition to reviewing the qualifications, supply capacity, and products of suppliers, the Group also paid more attention on their abilities in environmental protection, energy and water saving, workers' rights and interests, as well as safety guarantee, incorporating the promotion of "green concept" into its procurement process.



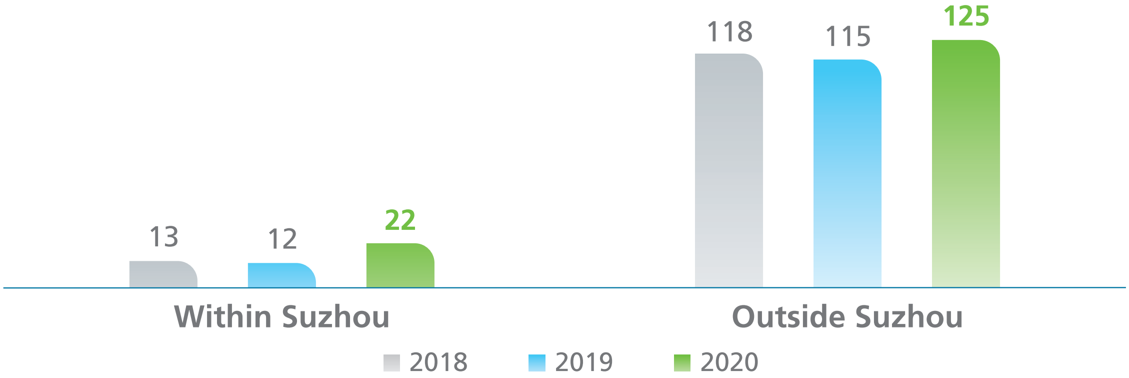
Suppliers' Social Responsibility Assessment

In 2020, the suppliers of the Group had obtained ISO 14001 and OHSAS 18001 certification, respectively. Among which, the passing rate of ISO 9001 was 90%;

In 2020, the Group performed reviews on suppliers as scheduled. As of 31 December 2020, the number of suppliers reviewed as a percentage of the number of suppliers of the Group was 35.37%.

In order to raise procurement efficiency, lower procurement costs, reduce carbon emissions in supply chain and support sustainability, the Group continued to promote centralised procurement based on the options of the most suitable suppliers. We chose suppliers located in Suzhou whenever possible to support local suppliers. During the Reporting Period, the Group had a total of 147 suppliers, the details of which are as follows:

Distribution of Procurement Suppliers for 2018–2020



Quality and Innovation

Adhering to the principle of "Quality as the Top Priority", GCL New Energy formulated management systems and measures of power plant equipment such as the *Reliability Management Standards for Power Plant Equipment, Standards for Maintenance and Inspection of Power Plant Equipment*, and *Procedures of Regular PV Power Plant Operation for Solar Power Plants* to implement quality assurance for all key links. We adopted the "Internet + new energy" model, introduced digital technology, smart operation and maintenance of solar power plants, and relied on the cooperation of various functional departments to achieve top-down digital management of power plants and effectively control the quality of products and services.

Quality Operation Management

To strengthen management of innovation quality, the Group's operation and technology company limited conducted the building-up of the "Four Standards" management system, namely quality, occupational health and safety, environmental safety and information security, compiled more than 400 documents and finally received relevant certifications. After comprehensive, rigorous and meticulous guidance and review by experts from China Electricity Council to ensure compliance with multiple standards under different management system certification covering quality, environment, occupational health and safety, and information security, GCL New Energy became the first "5A" certified operation and maintenance service unit in China.

Innovative Mode of Operation and Maintenance

With digital transformation and intelligent transformation, combined with the needs of GCL New Energy's strategic transformation, the Group's operation management center has made some digital practices and explorations in the solar power plant operation and maintenance industry. Based on PB-level data, by adopting Internet of Things, knowledge base, real-time expert diagnosis and other technologies, the Group performs AI intelligent diagnosis and early warning for daily equipment failures, assists on-site personnel to identify and carry out overhaul of malfunctioning equipment, provides repair solutions, provide remote intelligent real-time expert consultation for major failures, and instruct to repair in a timely manner restore. Meanwhile, based on big data, a comprehensive value evaluation system for power plants is established to provide evaluation references for assessment and evaluation of power plant operation and maintenance. Through the intelligent operation of solar power plants based on AI, the value of data is brought into play. The project was implemented in the Shaanxi-Gansu-Ningxia Regional Center. Since its implementation, it has reduced labor costs and reduced equipment losses totaling more than 20 million yuan. It has achieved favorable economic and social benefits.

During the Reporting Period, as far as the "AI-based Research on Intelligent Operation of Solar Power Plants" is concerned, the Group has submitted application for two invention patents and three software copyrights, and was awarded the second prize of the China Electricity Council Innovation Award in the technology category and the 2020 SNEC "Terawatt Diamond Award" and many other honors.

Optimize Operation and Maintenance Quality

The Group actively carried out technological reforms to optimize the quality of operation and maintenance. We took innovative steps to transform traditional operation of individual power plant into more professional, more intelligent and leaner models to achieve efficiency enhancement and reduce power consumption. In terms of efficiency enhancement, the Group provides intelligent and interconnected real-time centralized management and control for power plants through five regional operation and maintenance management centers. The method of "semi-automatic and even fully-automatic operation of power plants" has improved per capita efficiency and reduced operation and maintenance costs while increasing reliability and profitability of power plants throughout their life cycle. In terms of power plant operation and maintenance, the Group is committed to restoring power plant operation within a reasonable time to reduce power loss. In terms of data management, the Group assists solar power plants in ensuring the accuracy and completeness of various types of data to create a high-quality database reserve. During the Reporting Period, the annual accumulated electricity loss of the Group's solar power plants was reduced by 8.9% as compared to the same period last year, which reduced the loss of electricity by approximately 6.18 million kWh.

The Group also puts emphasis on communication with customers. To provide timely solutions to customers, the Group receives feedback via a variety of channels including national customer service hotline, online customer service, express mail, and e-mail. To improve customer service quality, the Group provides customer service staff with skill training on a regular basis to improve their professional ability and coordination capability. During the Reporting Period, the Group did not receive any complaint about product quality and safety.

Patents and Honors

The Group protects intellectual property rights in strict accordance with laws and regulations such as the General Principles of the Civil Law of the People's Republic of China and the Patent Law of the People's Republic of China. Thanks to the innovation efforts of our employees, the Group obtained 11 patents and 5 software copyrights in total, 1 of which was new software copyright.

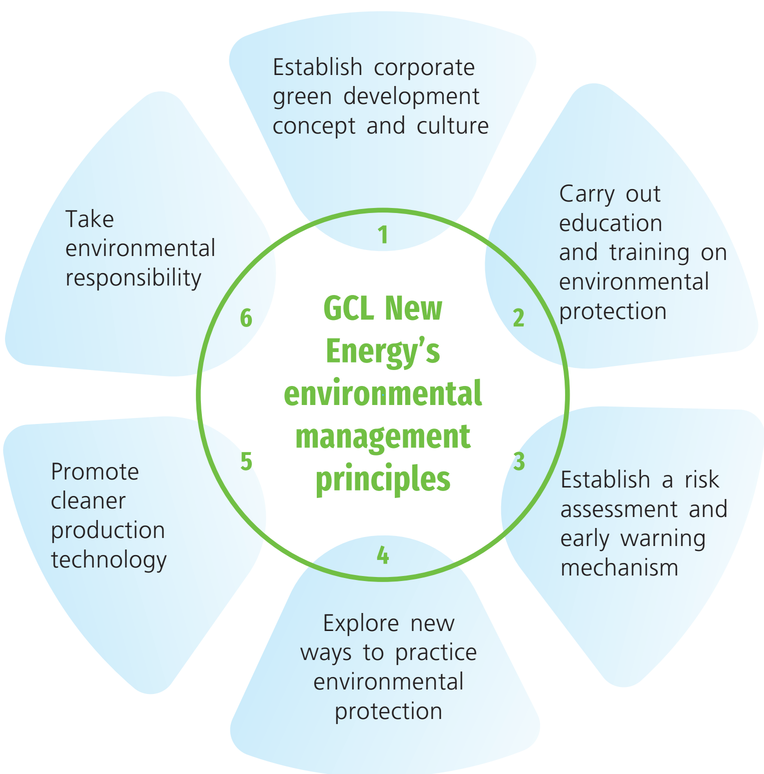
GREEN DEVELOPMENT

Upholding the development concept of "Bringing Green Power to Life", GCL New Energy has always been committed to building a resource-saving and environment-friendly enterprise, actively fulfilling its environmental responsibilities, and protecting our green homes. We have established a complete environmental management system, and through technological innovation and practice, we extend the green concept from project design to every link of management, operation and working, and fully contribute to the sustainable development of society.

Environmental Management

We strictly abided by the *Law of the People's Republic of China on Conserving Energy and the Environmental Protection Law of the People's Republic of China* and other laws and regulations, formulated internal management regulations including *EHS Management Standards* and *Management Standards for Environmental Protection of Power Plants* and others, and updated the EHS committee management system of the holding company this year, further improving our environmental protection management level. During the Reporting Period, we did not record any incidents in violation of applicable environmental protection laws and regulations and related rules.

GCL New Energy Environment Management Principles



Green Operation

As an enterprise focusing on solar power generation, the implementation of green operations and energy conservation and emission reduction is an essential part of our work as well as our important mission. By constantly pursuing scientific and technological innovation and developing internationally leading technologies, we have been striving to explore ecological forestry and sand control models in the operation of solar power plants in deserts, fishery solar, and agriculture solar power plant projects, while continuing to pursue efficient use of resources and energy. In the process of operation and supervision, we have established and improved the environmental supervision system based on the principles of "comprehensive planning, reasonable deployment, prevention first, combination of prevention and control, and comprehensive management" to ensure environmental protection in the production process.

Fast response: immediate measures shall be taken in case of emergency pollution incidents, while major pollution incidents or above shall be reported to the holding company in accordance with emergency management requirements

Operation and management: subsidiaries should manage the entire process of technology supervision for environment protection, and incorporate it into our production and operation management efforts

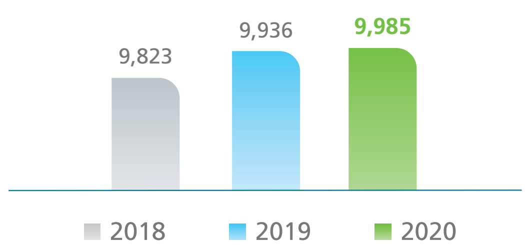
Clarified responsibilities: EHS management departments and personnel of the holding company, subsidiaries and subordinate units are responsible for environmental supervision and management

Environmental Supervision and Management System

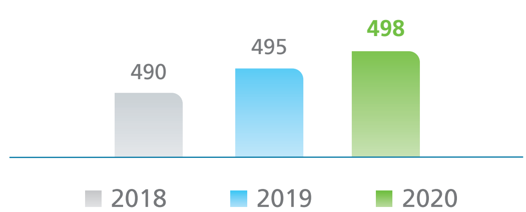
Environmental protection Training

We attach great importance to training and events related to safety and environment, strive to improve the environmental protection awareness and skills of all employees, convey the concept of green development to each employee, and achieve a 100% of our employees who receive environmental protection training.

2018-2020 Number of Employees that Received Training on Environmental Protection (person time)



2018-2020 Number of Environmental Protection Training Hours (hour)



Resource Conservation

The business of the Group includes the construction of engineering projects and operation of power plants. In the construction phase, we mainly use purchased electricity and adopt strict environmental protection measures to minimize the negative environmental impact caused by our construction activities; in the power plant operation phase, we mainly use the clean energy generated by the solar power plants to promote the use of renewable energy. In addition, our self-developed smart operation and maintenance robots are capable of performing anhydrous cleaning work, thus greatly reducing the water consumption of our solar power plants.

The energy used by the Group mainly includes purchased electricity, diesel and gasoline. In 2020, we continued to pursue scientific and technological innovation and develop internationally leading technologies in a bid to explore more green and environmentally friendly solar power plant projects, and continued to pursue the efficient use of resources and energy. Meanwhile, due to the impact of the pandemic, the actual number of working days were reduced, and as a result, energy and resource consumption during the Reporting Period was significantly reduced compared with previous years.

Energy and Resource Consumption					
Indicator		**Unit**	**2018**	**2019**	**2020**
Energy Consumption	Purchased electricity	kWh	1,169,330	683,376	8,000
	Diesel consumption	TCE	1,339	718	464
	Gasoline consumption	TCE	418	256	129
	Comprehensive energy consumption	TCE	1,900	992	594
	Energy consumption per million kWh produced	TCE/million kWh	0.24	0.11	0.09
Resource Consumption	Water consumption	Tonnes	1,079,880	254,444	186,148
	Water consumption per million kWh produced	Tonnes/million kWh	138	29	28

Emissions Reduction

As for greenhouse gas and other gaseous pollutants produced by the Group are mainly from fuel combustion of construction vehicles. Waste water mainly includes reclaimed water generated in the production and construction stage, sewage from the cleaning of PV modules in the operation stage, and domestic sewage produced by power plant staff. We will implement strict control measures by strengthening scientific and technological innovation and maintaining the grasp of automatic operation and management to minimize pollutant emissions.

Emissions					
Indicator		**Unit**	**2018**	**2019**	**2020**
Greenhouse gas emissions	Scope 1 Greenhouse gas	Tonnes of CO_2 equivalent	3,753	1,937	1,250
	Scope 2 Greenhouse gas	Tonnes of CO_2 equivalent	796	465	8
	Total Greenhouse gas emissions	Tonnes of CO_2 equivalent	4,549	2,402	1,258
	Greenhouse gas emissions per million kWh produced	Tonnes/million kWh	0.58	0.27	0.19
Sulfur oxides	Sulfur oxides from the use of gasoline and diesel in vehicles during construction and operation	Kg	23.37	12.10	7.8

In terms of waste disposal and treatment, the Group strictly abides by the laws, regulations and treatment standards of the places where it operates for the purpose of compliant management. In the production process, the waste involved mainly includes waste battery panels, waste electrical appliances and other electronic waste, construction waste and domestic waste. Among them, domestic waste is collectively processed by the garbage collection station near the power plants. During the Reporting Period, there was a limited amount of hazardous waste involved in the operation of the Group. Such waste, once generated, would be collected and stored in a collective manner, and delivered to qualified solid waste disposal companies for harmless treatment.

Solid Waste Disposal				
Indicator	**Unit**	**2018**	**2019**	**2020**
Construction waste	Tonnes	1,300	3,20	20
Construction waste disposed per million kWh produced	Tonnes/million kWh	0.20	0.17	0.003

Green Office

In addition to the various energy-saving and emission-reduction measures implemented in our power plants, we have also been pursuing the green concept in the daily work of our employees, and actively promoting our green office program. We encourage every employee to make concrete efforts and use technology to carry out daily work, such as applying teleconferences, Internet conferences, WeChat, Internet conferences, office automation platforms and other tools and channels for communication in order to reduce unnecessary travel and reduce carbon footprint.

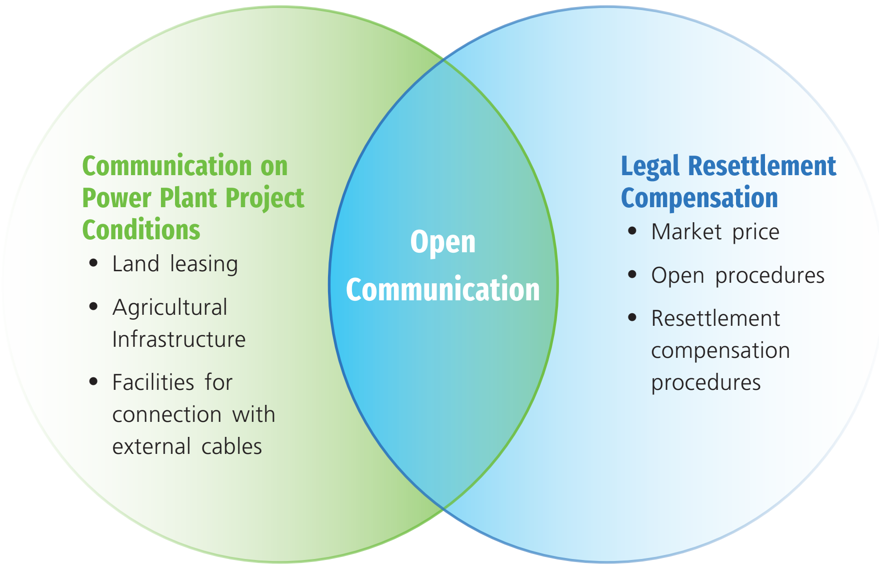
	Adjust the temperature of the air conditioners to reduce the greenhouse effect		Print on both sides of paper to reduce paper waste
	Shorten length of time of the computer screens to reduce power consumption		Promote water conservation awareness and develop good water usage habits
PDF	Advocate paperless office		Advocate carpooling for business trips to reduce carbon emissions

JOINT EFFORTS WITH THE SOCIETY

While creating economic value for shareholders, employees and the society, the Group also actively fulfills its social responsibilities, making the utmost efforts whenever needed, takes concrete actions to give back to the society, and contributes to the creation of a better and harmonious society.

Open Communication

To safeguard the interests of local stakeholders and ensure the smooth implementation of projects, and to minimize the impact of project development on the local community, the Group will assess the potential environmental and social impacts that may be caused to surrounding areas during the process of design, construction and operation of solar power plants.



The Group undertakes to properly address relevant problems caused by the land and its attachments involved in the project in accordance with the principles of fairness, openness and legality. Meanwhile, in order to ensure safe power generation and the personal safety of staff entering the power plants, the Group adopts closed-off management for the operation of power plants.

Cross-industry Cooperation

With the advent of the era of solar grid parity, the annual installed solar capacity in China will increase significantly after 2020, which also means that there will be a considerable number of solar power plants that need to be operated, managed and maintained in the future, and high-quality smart operation and maintenance services are bound to become a highly-sought resource.

The Group combines Internet technology, digital information technology, new energy expertise with the smart operation and maintenance of solar power plants to realize the digital management of power plants, actively participates in cross-industry exchanges, and actively exchanges our experience with peer companies to drive innovation in technology and management model in the industry.

Knowledge Sharing at the "4th Energy Internet Technologies and Application Summit" of SNEC

At the "4th Energy Internet Technologies and Application Summit" of SENC[1] held in August 2020, Chen Qi, the general manager of GCL New Energy's Operation Management Center, shared with the guests on how GCL New Energy's smart operation and maintenance uses the Internet and big data, new technologies as well as new processes to develop smart operation and maintenance, and accelerates intelligent upgrades and realizes smart management of the entire life cycle of solar power plants on the path of maximized optimization in power generation, cost reduction and efficiency enhancement.

[1] SNEC PV POWER EXPO, International Photovoltaic Power Generation and Smart Energy (Shanghai) Exhibition & Conference: an industry exhibition co-sponsored by solar energy industry associations across the world. It is one of the largest photovoltaic exhibitions in the world.

Some of the industry-recognized awards and honors we received in 2020 are as follows:

No.	Awards and Honors
1	"Organization Innovation Award" at the "Special Program of 2020 National Poverty Alleviation Award"
2	"PVBL Outstanding Capital Operation 2019" Award
3	"Four Standards Management System Certification" and "Operation and Maintenance Service Certification"

Charity and Philanthropy

The Group actively fulfills its social and environmental responsibilities, actively participates in and supports various charity undertakings, and promotes the harmonious development of the society.

During the Reporting Period, the Group carried out the "Party Members In Action in Anti-pandemic Efforts" campaign to contribute to the fight against the pandemic.

Party Members In Action in Anti-pandemic Efforts

Appendix I List of Significant Laws, Regulations and Internal Policies to Follow

LAWS:
Company Law of the People's Republic of China
Trademark Law of the People's Republic of China
Patent Law of the People's Republic of China
General Principles of the Civil Law of the People's Republic of China
Law of the People's Republic of China on Conserving Energy
Environmental Protection Law of the People's Republic of China
Law of the People's Republic of China on Prevention and Control of Water Pollution
Law of the People's Republic of China on Environmental Impact Assessment
Environmental Protection Tax Law of the People's Republic of China
Production Safety Law of the People's Republic of China
Labor Law of the People's Republic of China
Labor Contract Law of the People's Republic of China
Law of the People's Republic of China on the Protection of Minors
Law of the People's Republic of China on the Prevention and Control of Occupational Diseases
Electric Power Law of the People's Republic of China
Renewable Energy Law of the People's Republic of China

REGULATIONS:
Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Measures for the Administration of Environmental Protection Standards of the People's Republic of China
Measures for Environmental Administrative Punishment of the People's Republic of China
Regulations on the Implementation of the Trademark Law of the People's Republic of China
Action Plan for the Development of Intelligent Photovoltaic Industry (2018–2020)
Regulations of Environmental Protection Management of Construction Projects
Provisions on the Prohibition of Using Child Labor
Provisions on Construction Project Occupational Health Examination
Regulations on the Supply and Usage of Electric Power of the People's Republic of China
Regulations on the Supervision of Electric Power of the People's Republic of China

INTERNAL POLICIES:
Anti-Corruption Regulation
Management Standards for Anti-Fraud and Whistleblowing
Commitment to the Anti-Corruption Regulation
Standards for Supplier Management
Reliability Management Standards for Power Plant Equipment
Standards for Maintenance and Inspection of Power Plant Equipment
Procedures of Regular PV Power plant Operation for Solar Power Plants
Operational Safety Management Standards
Safety and Occupational Health Management System
EHS Emergency Management Standards
EHS Accident Investigation Management Standards
EHS Reward and Punishment Management Standards
Management Standards for Environmental Protection of Power Plants
Employee Performance Management Standards
Regulations on Human Resources Administration
Management Standards for Talent Team Development
Training Management Standards
Measures for Evaluation for Professional Titles and Recruitment of Engineers and Technicians (Trial)
Management Standards on Staff Recruitment and Employment
Remuneration Management Standards
Welfare Management Standards
EHS Management Standards

Appendix II HKEX ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs	Description	Chapter	Comment
A. Environmental			
Aspect A1	**Emissions**		
A1	General Disclosure	Environmental Management	
A1.1	The types of emissions and respective emissions data.	Green Operation	
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	/	During the Reporting Period, the Group produced little hazardous waste. Therefore, no disclosure is made
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation	
A1.5	Description of measures to mitigate emissions and results achieved.	Green Operation	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Green Operation	
Aspect A2	**Use of Resources**		
A2	General Disclosure	Environmental Management	
A2.1	Direct and / or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Operation	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operation	
A2.3	Description of energy use efficiency initiatives and results achieved.	Green Operation	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Green Operation	
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	The business of the Group does not involve packaging material

Aspects, General Disclosures and KPIs	Description	Chapter	Comment
Aspect A3	**The Environment and Natural Resources**		
A3	General Disclosure	Environmental Management	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation	
B. Social			
Employment and Labor Practices			
Aspect B1	**Employment**		
B1	General Disclosure	Overview of Employment	
B1.1	Total workforce by gender, employment type, age group and geographical region.	Overview of Employment	
B1.2	Employee turnover rate by gender, age group and geographical region.	Protection of Rights and Interests	
Aspect B2	**Health and Safety**		
B2	General Disclosure	Safety as the Top Priority	
B2.1	Number and rate of work-related fatalities.	Production Safety	During the Reporting Period, no case of work-related fatalities was noted
B2.2	Lost days due to work injury.	Production Safety	During the Reporting Period, no case of work-related injury was noted
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health	
Aspect B3	**Development and Training**		
B3	General Disclosure	Training and Development	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development	
B3.2	The average training hours completed per employee by gender and employee category.	Training and Development	
Aspect B4	**Labor Standards**		
B4	General Disclosure	Overview of Employment	
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Overview of Employment	
B4.2	Description of steps taken to eliminate such practices when discovered.	Overview of Employment	

Aspects, General Disclosures and KPIs	Description	Chapter	Comment
Operating Practices			
Aspect B5	**Supply Chain Management**		
B5	General Disclosure	Guarantee in Supply	
B5.1	Number of suppliers by geographical region.	Guarantee in Supply	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Guarantee in Supply	
Aspect B6	**Product Responsibility**		
B6	General Disclosure	Quality and Innovation	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	The business of the Group does not involve any products sold or shipped subject to recalls for safety and health reasons
B6.2	Number of products and service related complaints received and how they are dealt with.	Quality and Innovation	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Quality and Innovation	
B6.4	Description of quality assurance process and recall procedures.	Quality and Innovation	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	N/A	The business of the Group does not involve any consumer data
Aspect B7	**Anti-corruption**		
B7	General Disclosure	Compliant Operation	
B7.1	Number of concluded legal cases regarding corrupt experiences against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Compliant Operation	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Compliant Operation	
Community			
Aspect B8	**Community Investment**		
B8	General Disclosure	Charity and Philanthropy	
B8.1	Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport).	Charity and Philanthropy	
B8.2	Resources contributed (e.g. money or time) to the focus area.	Charity and Philanthropy	

BOARD OF DIRECTORS

Executive Directors

Mr. ZHU Yufeng *(Chairman and President)*
Mr. LIU Genyu *(Vice Chairman)*
(appointed on 7 December 2020)
Ms. HU Xiaoyan

Non-executive Directors

Ms. SUN Wei
Mr. YEUNG Man Chung, Charles
Mr. FANG Jiancai (appointed on 1 March 2021)

Independent Non-executive Directors

Mr. WANG Bohua
Mr. XU Songda
Mr. LEE Conway Kong Wai
Mr. WANG Yanguo
Dr. CHEN Ying

BOARD COMMITTEES

Audit Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda

Remuneration Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. ZHU Yufeng
Ms. SUN Wei
Mr. WANG Bohua
Mr. WANG Yanguo

Nomination Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda
Mr. WANG Yanguo

Corporate Governance Committee

Mr. ZHU Yufeng *(Chairman)*
Ms. HU Xiaoyan
Mr. YEUNG Man Chung, Charles
Mr. XU Songda
Mr. LEE Conway Kong Wai

Risk Assessment Committee

Mr. ZHU Yufeng *(Chairman)*
Ms. HU Xiaoyan *(Vice-Chairman)*

Strategic Planning Committee

Mr. ZHU Yufeng *(Chairman)*
Ms. HU Xiaoyan
Ms. SUN Wei
Mr. WANG Bohua
Mr. XU Songda

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

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

Bank of China Limited
China Development Bank
Industrial and Commercial Bank of China Limited
Standard Chartered Bank
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
Level 54, Hopewell Centre
183 Queen's Road East
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 31 December 2020:	19,073,715,441 shares

LINKS TO OFFICIAL WEBSITE/ WECHAT PLATFORM OF THE COMPANY

Website: www.gclnewenergy.com/
WeChat ID: gclnewenergy

"2019 Asset Management and Administrative Services Agreement"	the agreement dated 21 May 2019 between GCL New Energy, Inc. and GCL Solar Energy in relation to certain asset management and administrative services to be provided by GCL New Energy, Inc. to GCL Solar Energy
"2019 First Lease Agreement"	the lease agreement between Suzhou GCL New Energy and Suzhou GCL Industrial Applications Research dated 30 September 2019
"2019 Lease Agreements"	the 2019 First Lease Agreement and the 2019 Second Lease Agreement
"2019 Second Lease Agreement"	the lease agreement between GCL Electric and Suzhou GCL Industrial Applications Research dated 30 September 2019
"2020 Lease Agreement"	the lease agreement between Suzhou GCL Operation and Suzhou GCL Industrial Applications Research dated 30 September 2020
"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
"AGM"	the annual general meeting of the Company to be convened and held at Strategy II–III, Level 8, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Friday, 21 May 2021 at 10:30 a.m.
"associate(s)", "connected person(s)", "controlling shareholder(s)", and "substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Audit Committee"	the audit committee of the Company
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda (as amended from time to time)
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"Catalogue"	Renewable Energy Tariff Subsidy Catalogue
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China
"Company" or "GCL New Energy"	GCL New Energy Holdings Limited 協鑫新能源控股有限公司
"Company Secretary"	the company secretary of the Company
"Corporate Communications"	including but not limited to: (a) the directors' reports, annual accounts together with a copy of the auditors' reports and, where applicable, summary financial reports; (b) interim reports and, where applicable, summary interim reports; (c) notices of meetings; (d) listing documents; (e) circulars; and (f) proxy forms

"Corporate Governance Committee"	the corporate governance committee of the Company
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company from time to time
"EBIT"	earnings before interest and tax
"EBITDA"	earnings before interest, tax, depreciation and amortization
"First Premises"	the premises situated at 4th floor of headquarters building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC
"GCL-Poly"	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). As at the date of this report, GCL-Poly is interested in approximately 53.34% of the issued share capital of Company and is a substantial shareholder of the Company within the meaning of Part XV of the SFO
"GCL-Poly (Suzhou)"	GCL-Poly (Suzhou) New Energy Co., Ltd.* 保利協鑫（蘇州）新能源有限公司
"GCL Electric"	GCL Electric Power Design and Research Co., Ltd.* 協鑫電力設計研究有限公司
"GCL New Energy Investment"	GCL New Energy Investment (China) Co., Ltd* 協鑫新能源投資（中國）有限公司
"GCL Solar Energy"	GCL Solar Energy Limited
"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 SZSE (stock code: 002506). As at the date of this report, GCL System Integration is interested in approximately 9.04% of the issued share capital of Company and is a substantial shareholder of the Company within the meaning of Part XV of the SFO
"Golden Concord"	Golden Concord Holdings Limited
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Internal Control Function"	the internal control function of the Group
"kWh"	kilowatt hour

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatts
"MWh"	megawatt hour
"Nanjing GCL New Energy"	Nanjing GCL New Energy Development Co., Ltd* 南京協鑫新能源發展有限公司
"NDRC"	National Development and Reform Commission
"Nomination Committee"	the nomination committee of the Company
"Non-exempt Continuing Connected Transactions"	all the continuing connected transactions stipulated in paragraphs "Management Services Income", "Staff Training Agreement", and "Lease Agreement" in the "Report of the Directors"
"Previous Suzhou Operation Services Agreement"	the operation services agreement between Suzhou GCL Operation and Suzhou GCL-Poly dated 11 July 2017
"PV"	photovoltaic
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the year ended 31 December 2020
"Risk Assessment Committee"	the risk assessment committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Second Premises"	the premises situated at Northwest Area, 2nd floor of research and development building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2014
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK\$0.0041$\dot{6}$) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Solar Energy Business" or "continuing operations"	the sale of electricity, development, construction, operation and management of solar power plants
"SSE"	Shanghai Stock Exchange

"Staff Training Agreement"	the staff training agreement between GCL New Energy Investment and Suzhou Xin Zhi Hai dated 25 May 2017
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Planning Committee"	the strategic planning committee of the Company
"Suzhou GCL-Poly"	Suzhou GCL-Poly Solar Power Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司
"Suzhou GCL Industrial Applications Research"	Suzhou GCL Industrial Applications Research Co., Ltd.* 蘇州協鑫工業應用研究院有限公司
"Suzhou GCL New Energy"	Suzhou GCL New Energy Investment Co., Ltd.* 蘇州協鑫新能源投資有限公司
"Suzhou GCL Operation"	Suzhou GCL New Energy Operation and Technology Co., Ltd.* 蘇州協鑫新能源運營科技有限公司
"Suzhou Xin Zhi Hai"	Suzhou Xin Zhi Hai Management Consulting Co., Ltd.* 蘇州鑫之海企業管理諮詢有限公司
"SZSE"	Shenzhen Stock Exchange
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States
"Zhu Family Trust"	a trust, under which Mr. Zhu Yufeng and his family are beneficiaries

* English name for identification only

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
Website:	www.gclnewenergy.com

GCL New Energy