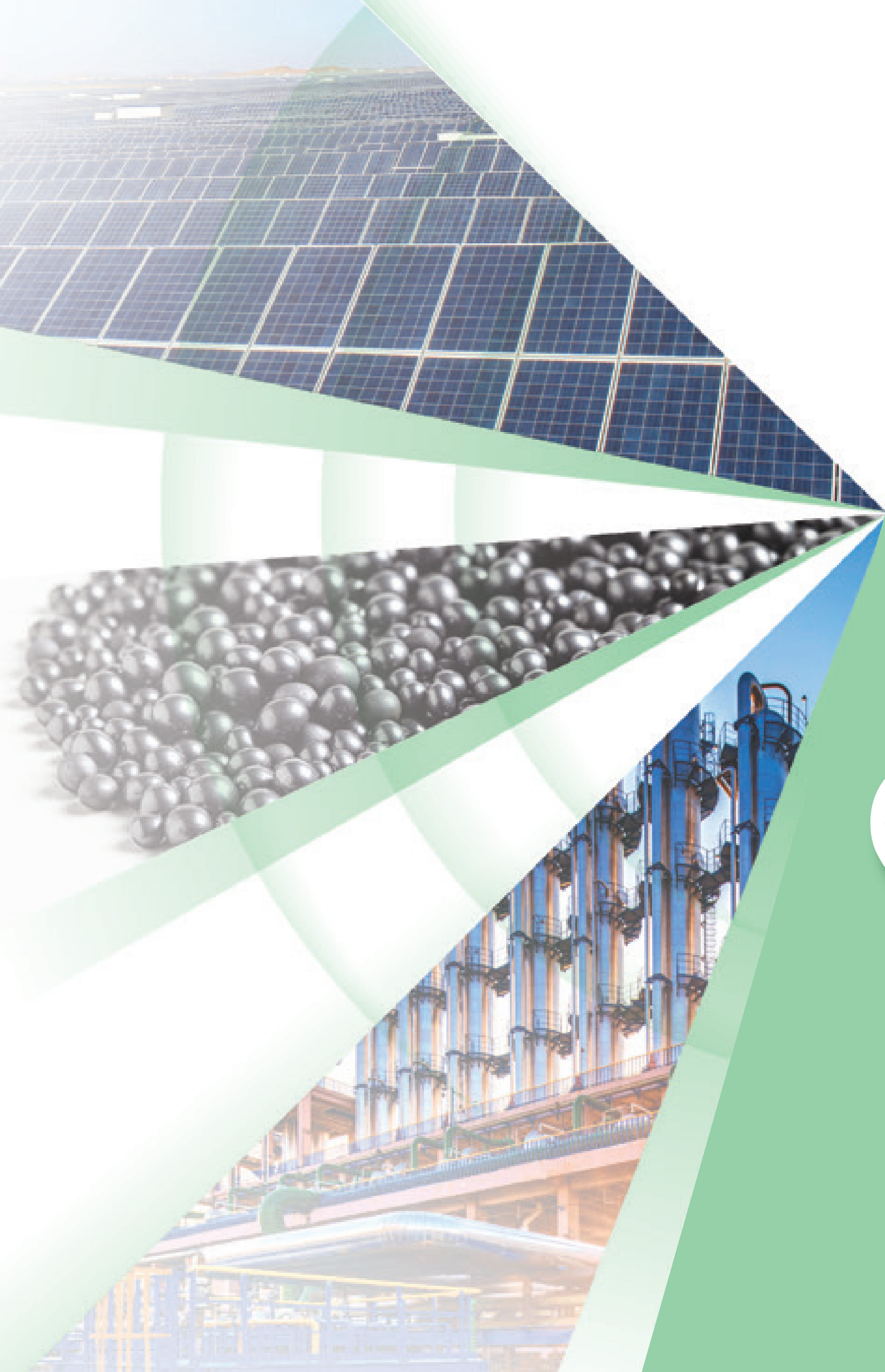
GCL-Poly Energy Holdings Limited
保利協鑫能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3800)

INTERIM REPORT 2021



Bringing
Green
Power
to Life

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Financial Highlights

	Six months ended 30 June			
	2021	2020	**Change**	**% of change**
	RMB'000	RMB'000	**RMB'000**	
	(unaudited)	(unaudited)		
Revenue				
Sales of wafer	**3,792,447**	2,572,834	1,219,613	47.4%
Sales of electricity	**1,984,403**	2,970,185	(985,782)	−33.2%
Sales of polysilicon	**2,110,939**	1,015,188	1,095,751	107.9%
Processing fees	**669,903**	357,390	312,513	87.4%
Others (comprising the sales of ingots and management services income)	**220,982**	261,735	(40,753)	−15.6%
	8,778,674	7,177,332	1,601,342	22.3%
Profit (loss) attributable to owners of the Company	**2,406,719**	(1,995,988)	4,402,707	220.6%
			Change	**% of change**
	RMB cents	RMB cents	**RMB cents**	
Profit (loss) per share				
— Basic	**9.90**	(10.20)	20.10	N/A
— Diluted	**9.89**	(10.20)	20.09	N/A

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)	Change RMB'000	% of change
Extracts of unaudited condensed consolidated statement of financial position				
Equity attributable to owners of the Company	**22,612,485**	16,589,119	6,023,366	36.3%
Total assets	**70,941,133**	80,502,897	(9,561,764)	−11.9%
Bank balances and cash, pledged and restricted bank and other deposits*	**6,254,128**	6,348,261	(94,133)	−1.5%
Indebtedness (bank and other borrowings, lease liabilities, notes and bonds payables, and loans from related companies)	**25,944,000**	44,117,000	(18,173,000)	−41.2%
Key financial ratios				
Current ratio	**1.03**	0.62	0.41	66.1%
Quick ratio	**0.99**	0.60	0.39	65.0%
Net debt to equity attributable to owners of the Company	**87.1%**	227.7%	−140.6%	−61.8%

* Amount includes pledged bank deposits, bank balances and cash classified as held for sale of RMB370,411,000 (31 December 2020: RMB92,000,000).

Chairman's Statement and CEO Review of Operations and Outlook

2021 is the first year of the "14th Five-Year Plan" and a year of special significance. The National Development and Reform Commission has formulated a macro-strategy of "carbon peak by 2030 and carbon neutrality by 2060", which has a significant impact on the development goals, rationale, paths and methods of renewable energy such as photovoltaic power generation.

In the context of "carbon neutrality", the National Development and Reform Commission has clearly proposed that the volume of renewable energy power generation, mainly wind and solar, should be substantially increased on top of the scale achieved under the "13th Five-Year Plan".

During the period of "14th Five-Year Plan" and the "15th Five-Year Plan", the new total installed capacity of the wind and solar is projected to be approximately 1,200–1,300GW. According to the research report of the China Photovoltaic Industry Association (CPIA), the current carbon emission of photovoltaic per kWh is only 33–50g, which is 420g less as compared with coal-fired power generation.

As an important source of low-carbon energy, photovoltaic power will have great development potential and industry prospects in the future. The world has also embarked on a campaign of "carbon neutrality". Major economies have introduced new policies to embrace "carbon neutrality". The United States has rejoined the "Paris Agreement" and the European Union has continued to implement the "European Green Deal". According to the latest industry analysis reports of various third-party organizations, under the most optimistic estimation, global new installed capacity is expected to exceed 200GW in 2021 and global annual new installed capacity is expected to reach 400GW by 2025, with a compound average annual growth rate of more than 20%.

Under the global campaign of "carbon neutrality", carbon trading and carbon tax are the main carbon control measures for countries, and the major economies in the world continue to expand the scale of carbon trading. The overseas carbon emissions trading markets started earlier and the carbon pricing system is operating with growing maturity. The trading price of carbon emission quota in the EU's carbon market has exceeded 50 Euros per tonne following continuous growth since the beginning of this year, reflecting the fervent sentiments of carbon trading in the global market.

On 16 July 2021, China's trading market of carbon emission rights was officially launched for trading, with the highest trading price reaching RMB61.07 per tonne within one month, up about 27 percent after the trading price opened at RMB48 per tonne. In the medium to long term, the domestic prices of carbon trading will rise steadily, with a greater growth margin compared with the current EU carbon price.

The upstream material end of the photovoltaic industry is a typical high energy-consuming manufacturing industry. Against the background of carbon neutrality, "deep decarbonization on the supply side" has become a new focus of technological innovation in the photovoltaic industry. The characteristics of "low cost, low energy consumption, and low emissions" of granular silicon products not only offer an excellent cost-effective advantage in the era of affordable grid access, but also meet the policy requirements of reducing carbon emissions better compared with rod silicon: each 10,000 tonnes of granular silicon produced will reduce carbon emissions by 448,000 tonnes, which is 74% lower than the improved Siemens process and can save 166,400 tonnes of coal, which is tantamount to an additional planting of 2.186 million trees per year. Granular silicon products that meet the trend of "dual control" of energy consumption will command a more advantageous market position when carbon emission rights trading is fully implemented in the future, which can effectively solve the critical shortcoming of high energy consumption and large carbon emissions at the front end of the photovoltaic industry chain for polysilicon in the past, thus realizing the industrial transformation to "low energy consumption and high efficiency" at the raw material production end of the photovoltaic industry.

As an innovation-driven photovoltaic new materials company, GCL-Poly has always been concerned with energy technology innovation and energy conservation and emission reduction, with the aim of reducing unit energy consumption in the photovoltaic manufacturing process, improving production technology and product conversion efficiency in active response to the call of the country's "four revolutions, one cooperation" new energy security strategy. The FBR based granular silicon technology which the Company has been developing with intensive effort for a decade also officially achieved stable production and operation with a production capacity of 10,000 metric tonnes in early 2021; meanwhile, the Company has completed strategic layouts in Xuzhou of Jiangsu, Leshan of Sichuan, and Baotou of Inner Mongolia, through which various bases with a 100,000 metric tonnes capacity have been established in a "Tripod" formation.

In the process of project construction, the Company will always leverage the driving force of "dual carbon" in firm adherence to scientific research and innovation, with a view to cost reduction and efficiency enhancement and the creation of a "GCL engine" for scientific and technological development by unleashing innovation-driven efficiency and bringing into play its technological advantages. In the future, GCL-Poly, which has undergone technological progress, industrial upgrading, market evolution, and structure reshaping, is set to embrace a new era of development with a stronger, healthier and systematic new profile.

Business Review for the First half of 2021

During the first half of 2021, GCL-Poly produced 23,284 MT of polysilicon (this production volume does not include 25,160 MT of polysilicon produced from Xinjiang GCL); and total of 18,712 MW of wafers. As of 30 June 2021, GCL-Poly recorded revenue of RMB8,779 million, representing an increase of 22.3% as compared with the same period in 2020; gross profit amounted to approximately RMB3,599 million, representing an increase of 97.5% as compared with the same period in 2020; profit for the period attributable to owners of the Company amounted to approximately RMB2,407 million and basic earnings per share was approximately RMB9.90 cents.

During the period, GNE's total PV installed capacity was approximately 3,041 MW. Total revenue from PV power generation business and operation and management services for solar power plants amounted to approximately RMB1,918 million, representing a decrease of 30.7% as compared with the same period in 2020. Profit attributable to shareholders of GNE Group amounted to approximately RMB53 million and basic earnings per share was approximately RMB0.26 cents.

GCL-Poly focuses on the principal business of silicon materials with a special emphasis on granular silicon

Since the second half of 2020, the polysilicon supply market has been generally subject to undersupply, giving rise to the anticipation of an ongoing positive trend in the price of silicon materials. GCL-Poly accurately grasped this industry supply trend in line with its initial objective and strategically refocused on the silicon material segment in which the Company excelled with a special emphasis on the FBR based granular silicon which the Company had been developing with intensive effort for a decade, on the back of the well-experienced Chinese and foreign scientific research, operation, and management teams in the field of silicon-based materials trained by the Company over the years. Benefitting from the polysilicon manufacturing model underpinned by the three integrated advantages of "high-end capacity + low cost + scale production" as well as advantages in technology, talent and capital, our granular silicon products are in a world-leading position in terms of production cost, product quality, application status and production scale. GCL-Poly will embark on further ventures on the back of granular silicon for further expansion in the silicon chemical ecosystem, as it continues to provide high-quality, low-cost raw materials and premium services to the market in a bid to become a leading technology company for low-carbon silicon-based materials.

Granular silicon as a new-generation low-carbon silicon-based material with prominent advantages in carbon footprint

As a new generation silicon-based raw material that best meets the energy consumption standard under the dual-carbon target, granular silicon can help the photovoltaic industry achieve the goal of "low cost, low energy consumption, and low emissions". On 29 May 2021, China Quality Certification Center issued the first carbon footprint certificate for granular silicon in accordance with relevant verification procedures. The certificate shows that the carbon footprint value of granular silicon per functional unit is only 20.74 kilograms of CO_2 equivalent, breaking the previous record of 57.559 kilograms of CO_2 equivalent per functional unit in the world, and far lower than the approximately 70–90 kilograms of CO_2 equivalent for rod silicon. This is the first domestic "carbon footprint ID card" and authoritative appraisal certificate obtained by granular silicon since the Ministry of Ecology and Environment issued a document on 17 May 2021, which is an important endorsement for GCL's FBR based granular silicon to obtain an absolute advantage in carbon emission big data.

The leading place in the carbon footprint data of granular silicon is mainly due to its low power consumption advantage in production. Currently, granular silicon has reduced the power consumption per kilogram to less than 18kWh, which is about two-thirds lower than that of the improved Siemens process, and can effectively reduce the cost of photovoltaic per kWh. In addition, granular silicon has achieved significant reduction in terms of unit investment intensity, floor space and labor costs and an approximately 30% reduction in overall production cost compared to rod silicon with substantial room for further reduction given continuous technological upgrades. Boosted by the dual advantages of low cost and high efficiency and excellent carbon footprint performance, GCL-Poly's FBR based granular silicon will continue to gain market share and become the next-generation low-carbon silicon-based new material.

Strong recognition from downstream customers with a high coverage ratio for long-term orders and plans for implementation of 100,000 metric tonnes production capacity for granular silicon set up in multiple regions

FBR-based granular silicon, as the advanced productivity and development direction of the green development of the photovoltaic silicon material industry, has not only obtained the endorsement and certification from the authorities for its advantages in carbon reduction, but has also been widely recognized by customers in the downstream application end, with a high coverage rate of long-term orders for its production capacity. The granular silicon pulling test has been passed by major world-wide downstream manufacturers. The metal content, carbon content, donor impurities and acceptor impurities all meet the N-type material standards, while the requirements of electronic grade polysilicon have also been met, with quality-related data exceeding the expectations of downstream manufacturers. It has been proved that granular silicon has obvious advantages in the applications of downstream manufacturers.

For example, granular silicon has physical advantages. Its spherical silicon material of about 2mm has good fluidity and does not require crushing during the production process, thus avoiding crushing losses, reducing crushing costs and eliminating the risk of generating impurities during the crushing process. Secondly, granular silicon has transportation advantages. Granular silicon particles can effectively reduce packaging and manual work, realize automatic feeding and reduce the possibility of secondary pollution. The multiple advantages of using granular silicon can enable downstream customers to greatly improve the quality uniformity and stability of czochralski monosilicon, and reduce the cost of monocrystal pulling by nearly 20%. In the future, with the promotion and application of the side feeding mode and continuous czochralski monosilicon technology (CCZ) and other processes, granular silicon will offer the feeding advantage of "continuous production and continuous harvest", which is expected to further reduce the overall cost.

In May of this year, the Company signed the first long-term purchase order for pure granular silicon with JA Solar Technology Co., Ltd. The total purchase is estimated to be approximately 145,800 tonnes, which fully reflects downstream customers' recognition of the technological maturity and product quality of granular silicon. Coupled with the long-term orders of polysilicon materials containing granular silicon of no less than 441,400 tonnes signed by the Company with Tianjin Zhonghuan Semiconductor Co., Ltd.* (天津中環半導體股份有限公司) together with its subsidiaries and LONGi Green Energy Technology Co., Ltd. together with its subsidiaries, the actual accumulated orders for the Company's polysilicon products, including granular silicon, have reached nearly 600,000 tonnes at present. Excellent manufacturers in the downstream of the industrial chain have highly affirmed the quality and application of GCL-Poly's new silicon materials, which will help the Company continue to strive towards the goal of making more refined products, delivering better quality and further reducing cost in the building of GCL-Poly's world-class polysilicon brand.

In addition, the granular silicon production capacity implementation plan with a multi-regional layout has made significant and substantial progress. Xuzhou Granular Silicon Base has reached the 10,000 metric tonnes production capacity scale in February this year and has achieved stable operation. In the second half of this year, the construction of an additional 20,000 metric tonnes production capacity is expected to be completed. It is estimated that in 2022, Xuzhou's 54,000 metric tonnes production capacity of granular silicon will become fully operational. At that time, GCL-Poly will officially enter a new era of granular silicon products with "better production technology process, more refined production process and lower manufacturing cost". At the same time, construction of the Leshan Phase I granular silicon construction project officially commenced in the first half of this year, and the first phase of the project is in full swing as planned. In Baotou, Inner Mongolia, the Company has officially signed a letter of intent with Wuxi Shangji Automation Co., Ltd. for strategic cooperation, with the intention to jointly invest and construct a 300,000-metric tonne granular silicon project in Inner Mongolia, with a total investment of RMB18 billion. The preparation and construction work of the first phase of 60,000-metric tonne production capacity have been fully launched. The full implementation of the granular silicon projects in Xuzhou, Leshan and Baotou is of great significance to the roll-out of a large-scale industrialization model for granular silicon.

Partnership system and multi-dimensional technical protection providing a buffer to safeguard the granular silicon technology

GCL-Poly has been deeply engaged in the research and development of FBR-based granular silicon technology for a decade, and has been able to overcome technical barriers and successfully achieve large-scale mass production. The Company has implemented a modularized management plan for technical personnel to allot core technologies to the application end of each link, effectively avoiding the risk of core technology loss. At the same time, in order to better motivate and retain outstanding employees, further enhance the Company's governance structure, improve the long-term effective incentive and restraint mechanism of the Company, and promote the implementation of the benefit-sharing mechanism, GCL-Poly has launched three major partnership systems, namely, business partners, technology partners and talented partners, aiming to increase incentives for scientific and technological R&D personnel, young officers and senior management personnel through long-term incentive plans such as stock incentive plans, so as to realize benefit sharing, responsibility sharing and co-creation between employees and enterprises, and enhance staff unity and the core competitiveness of the Company. In the factory construction stage, the Company has procured the proper implementation of technology protection in terms of the four aspects of design, technology, project site control and legal enforcement and set up a sound personnel, technology and equipment management mechanism structure complemented by strict internal control procedures to build a "protective buffer" for granular silicon technology.

GNE: Tackling problems through transformation to unveil the world of GNE hydrogen energy

GNE, a subsidiary of GCL-Poly, embarked on the asset-light transformation featuring "tackle of problems through transformation and transition towards an asset-light approach" in 2020. Subsequently, its US$500 million debt restructuring plan was officially approved by the Bermuda Court in June 2021, and it successfully completed the interim goal of "restructuring, reducing debts and maintaining balance". At present, GNE has announced or completed the disposal of solar power plant assets with a total capacity of over 5.6 GW and successfully realized the asset-light transformation with significantly improved liquidity.

At present, major economies around the world are actively promoting energy policies to curb carbon emissions, and China has also adopted an effective energy policy by proposing a "dual carbon" goal. Hydrogen energy, as one of the cleanest sources of energy recognized in the world, will become an important solution for decarbonization. According to industry forecasts, the global demand for hydrogen energy has immense potential for growth, and the next decade is expected to provide a key strategic opportunity for the investment and utilization of hydrogen energy. GNE will seize this historical opportunity to transform itself into a fully market-oriented zero-carbon technology pioneer enterprise independent of subsidies, and unveil the world of GNE hydrogen energy.

Outlook

Today, Nature is ringing alarm to mankind with the aggravating climate problem and frequent occurrences of extreme weather conditions and other natural disasters. António Guterres, the UN Secretary-General, announced that the core goal of the United Nations in 2021 will be to respond to the worsening climate crisis by establishing a global alliance aimed at helping countries achieve net zero emissions of greenhouse gases. In response, major economies around the world have formed a consensus to maintain ecological balance by way of "carbon neutrality".

According to the trend of global energy revolution, electricity will be the most important form of end energy consumption in the next 30 years, and more than 90% of electricity will be supplied by a new power system fueled mainly by new energy. Upon entering the era of low-cost grid access, photovoltaic power as the new energy power with the lowest cost and the greatest development potential at present will be highly anticipated by the market.

In the future, the compound growth rate of global photovoltaic installed capacity will continue to remain at 20%, and the total installed capacity will grow to more than 20 times the current capacity. On the basis of its world-leading comprehensive strengths developed over the years, China's photovoltaic industry will also continue to lead the world in the era of "carbon neutrality". When China achieves "carbon neutrality" in 2060, China's photovoltaic installed capacity is expected to reach 70 times or more of the current capacity, ushering in a "30-year golden development period".

On the golden track of the photovoltaic industry chain, clean energy supply is the key and the silicon-based material revolution driving low-price photovoltaic grid is the most critical factor among all. Given its ability to significantly reduce carbon emissions, granular silicon is the silicon-based material required for genuine photovoltaic "green electricity" and perfectly fits the trend of the low-cost on-grid era. On the basis of this black technology, GCL-Poly will forge ahead to help achieve the goal of "carbon neutrality" and achieve a future of negative carbon emission.

Finally, I would like to express sincere appreciation to the Company's Board of Directors, management team and all staff for their hard work and dedication in the first half of 2021. We are also deeply grateful to the Company's shareholders and partners for their strong support. GCL-Poly will continue to embark on new journeys with high aspirations, entrepreneurship and hope, going forward dauntlessly against any obstacles.

Management Discussion and Analysis

Overview

The first half of 2021 was promising. The solar products market demand has increased significantly, together with the rebound of selling price of solar products during the period under review. The positive market sentiment has turned around the solar industry from the bottom, which significantly improved our performance.

Results of the Group

For the period ended 30 June 2021, the revenue and gross profit of the Group were approximately RMB8,779 million and RMB3,599 million respectively, representing an increase of 22.3% and 97.5% respectively as compared with approximately RMB7,177 million and RMB1,822 million in the corresponding period in 2020.

The Group recorded a profit attributable to the owners of the Company of approximately RMB2,407 million as compared to loss attributable to owners of the Company of approximately RMB1,996 million in 2020.

Fund raising activities

In January 2021, a placement of 3.9 billion new shares of the Company at a price of HK$1.08 per share with net proceeds of approximately HK$4.148 billion (equivalent to approximately RMB3.491 billion) was completed. Most of the net proceeds have been used for repayment of borrowings and development of the Company's FBR based granular silicon production business and production capacity.

In February 2021, the GNE Group completed a top-up placing and subscriptions of 2 billion shares at HK$0.455 per share, raising a net proceeds of approximately HK$895 million (equivalent to RMB747 million) after deducting placing commission and related expenses. The net proceeds have been used for repayment of borrowings.

Segment Information

The Group reported on the three operating segments as follows:

a) Solar Material business — mainly manufactures and sales of polysilicon and wafer to companies operating in the solar industry.

b) Solar Farm business — manages and operates in the PRC and the USA. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GCL New Energy Holdings Limited ("GNE Group" or "GNE").

c) New Energy business — represents the business operations of GNE Group, which is principally engaged in the development, construction, operation and management of solar farms.

The following table sets forth the Group's operating results from operations by business segments:

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Revenue RMB million	Segment profit RMB million	Revenue RMB million	Segment (loss) profit RMB million
Solar Material Business	**6,778**	**2,433**	4,189	(2,023)
Solar Farm Business	**93**	**9**	239	41
Sub-total	**6,871**	**2,442**	4,428	(1,982)
New Energy Business[1]	**1,908**	**160**	2,749	172
Total	**8,779**	**2,602**	7,177	(1,810)

1. The segment profit from operations of the New Energy business includes reported net profit of GNE Group of approximately RMB178 million (six months ended 30 June 2020: RMB191 million) and allocated corporate expenses of approximately RMB18 million (six months ended 30 June 2020: RMB19 million).

Business Structure

The Group is principally engaged in: (i) manufacturing and sales of polysilicon and wafers for solar industry and (ii) the development, construction, operation and management of solar farms.

The Group owns 49.24% equity interest in GNE. GNE is a listed company in Hong Kong (Stock code: 0451). Except for the solar farms that were constructed or acquired by the Group prior to obtaining a controlling stake in GNE, the Group primarily develops, constructs, operates and manages downstream solar farms through the platform of GNE.

For illustrative purpose, if excluding GNE Group and recognising the cost of investment in GNE and the perpetual notes receivable from GNE as non-current assets, the effect of de-consolidated GNE Group as at 30 June 2021 would be as follows:

	The Group	**GNE Group**	**Deconsolidated adjustment** *(Note)*	**The effect of de-consolidated GNE Group**
	RMB million	RMB million	RMB million	RMB million
Total assets	70,941	32,088	(4,799)	43,652
Total liabilities	43,131	22,817	(107)	20,421
Bank balances and cash, pledged and restricted bank and other deposits	5,884	1,177	—	4,707
Bank balance and cash, pledged and other deposits classified as held for sale	371	371	—	—
Subtotal	6,255	1,548	—	4,707
Bank and other borrowings	16,948	9,750	—	7,198
Lease liabilities	1,258	613	—	645
Notes and bonds payables	3,113	3,113	—	—
Loans from related companies	71	71	—	—
Indebtedness for solar farm projects classified as held for sale	4,554	4,554	—	—
Subtotal	**25,944**	**18,101**	**—**	**7,843**
Net debts	**19,689**	**16,553**	**—**	**3,136**

Note:

Deconsolidation adjustments mainly included:

— The Group's cost of investment in GNE amounted to RMB2,065,898,000.

— GNE's perpetual notes of RMB1,800,000,000 subscribed by the subsidiaries of the Group and its relevant interest accrual.

— The transaction balances with GNE Group and other eliminations.

Business Review

Solar Material Business

Production

The Group's Solar Material business belongs to the upstream of the solar supply chain, which supplies polysilicon and wafer to companies operating in the solar industry. Polysilicon is the primary raw material used in the solar wafer production. In the solar industry supply chain, wafers are further processed by downstream manufacturers to produce solar cells and modules.

Polysilicon

As at 30 June 2021, annual production capacity of rod silicon and granular silicon of the Group was 36,000 MT and 10,000 MT respectively, and annual production capacity of granular silicon is expected to reach 30,000 MT by the end of 2021. During the six months ended 30 June 2021, the Group produced approximately 23,284 MT of polysilicon, representing an increase of 14.6% as compared to 20,323 MT for the corresponding period in 2020.

Wafer

As at 30 June 2021, the Group's annual wafer production capacity was 40 GW. During the six months ended 30 June 2021, the Group produced 18,712 MW of wafers in aggregate (including 10,969 MW of OEM wafers), representing an increase of approximately 30.6% from 14,328 MW of wafers in aggregate (including 7,288 MW of OEM wafers) for the corresponding period in 2020, while the production volume of wafers (excluding OEM wafer) recorded an increase of 10.0%.

Sales Volume and Revenue

During the six months ended 30 June 2021, the Group sold 19,275 MT of polysilicon and 17,517 MW of wafers (including OEM wafer of 10,366 MW), representing an increase of 0.1% and an increase of 21.5%, respectively, as compared with 19,252 MT of polysilicon and 14,419 MW of wafers (including OEM wafer of 7,132 MW) for the corresponding period in 2020, while sales volume of wafers (excluding OEM wafer) recorded an decrease of 1.9%.

The average selling prices (excluding tax) of rod silicon and wafer were approximately RMB108.2 (equivalent to US$16.76) per kilogram and RMB0.530 (equivalent to US$0.082) per W respectively for the six months ended 30 June 2021. The corresponding average selling prices of rod silicon and wafer for the six months ended 30 June 2020 were approximately RMB53.2 (equivalent to US$7.56) per kilogram and RMB0.353 (equivalent to US$0.055) per W respectively.

Revenue from external customers of the Solar Material business amounted to approximately RMB6,778 million for the six months ended 30 June 2021, representing an increase of 61.8% from approximately RMB4,189 million for the corresponding period in 2020. It was mainly attributable to an increase in selling price of rod silicon and wafers (excluding OEM wafer).

Cost and Segment Result

The Group's polysilicon and wafer production costs mainly depend on its ability to control raw material costs, lower energy consumption, achieve economies of scale in its operations and streamline production processes. Benefited from the application of new technologies, the decrease in raw and auxiliary material costs, technological advancements and further increase in production volume, the overall manufacturing cost decreased. The Group will continue to push forward cost reduction and control measures.

Due to the rebound of price of solar products, gross profit margin for the Solar Material business changed from negative gross profit margin of −4.3% to positive gross profit margin of 34.2% due to the sharp increase in selling prices of photovoltaic products in the first half of the year. As the impacts of the global pandemic gradually subside, prices along the full industry chain surged, as demonstrated by the rebound in selling prices of photovoltaic products in the first half of 2021, while production in the industry has recovered to pre-pandemic levels.

Solar Farm Business

Overseas Solar Farms

As at 30 June 2021, the Solar Farm business includes 18 MW of solar farms in the United States. Besides, 150 MW solar farms in South Africa, which partners with CAD Fund, commenced operation in 2014 with the total effective ownership of 9.7% held by the Group.

PRC Solar Farms

As at 30 June 2021, the Solar Farm business also includes 5 solar farms in the PRC, with both installed capacity and attributable installed capacity at 133.0 MW.

Sales Volume and Revenue

For the six months ended 30 June 2021, the electricity sales volume of Solar Farm business overseas and in the PRC were 13,947 MWh and 97,091 MWh respectively (2020: 14,834 MWh and 238,611 MWh, respectively).

For the six months ended 30 June 2021, revenue for Solar Farm business was approximately RMB93 million (2020: RMB239 million).

New Energy Business

Reference is to made to the Company's announcement dated 21 May 2021, 28 May 2021 and 4 October 2021 in relation to the exercise of security interests over the pledged shares in GNE, such shares has been forfeited.

As at 30 June 2021, approximately 49.24% of the total issued shares capital of GNE comprising 10,376,602,000 shares in GNE, were held by the Group.

The Company is of the view that it continues to control the operations of GNE. The GNE will continue to be accounted for and consolidated in the consolidated financial statements of the Company as a subsidiary.

Capacity and Electricity Generation

During the period, the Group's asset-light transformation pace was accelerated. As at 30 June 2021, the total installed capacity of the Group's subsidiary power plants was approximately 3,041MW (31 December 2020: 4,964MW), and the total attributable installed capacity of associates was approximately 517MW (31 December 2020: 500MW). Details of capacity, electricity sales volume and revenue for the six months ended 30 June 2021 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	4	189	189	226	0.72	163
Qinghai	1	—	—	—	38	0.84	32
Ningxia	1	2	60	60	48	0.63	30
		6	**249**	**249**	**312**	**0.72**	**225**
Shaanxi	2	15	931	931	732	0.69	503
Yunnan	2	8	282	279	203	0.64	129
Qinghai	2	4	98	98	102	0.64	66
Jilin	2	4	51	51	40	0.74	30
Sichuan	2	1	50	50	51	0.88	45
Liaoning	2	3	60	47	31	0.69	21
Gansu	2	1	20	20	24	0.72	17
Xinjiang	2	—	—	—	16	0.80	13
		36	**1,492**	**1,476**	**1,199**	**0.69**	**824**
Jiangsu	3	34	425	410	239	0.84	201
Shandong	3	5	161	149	102	0.82	84
Henan	3	6	157	157	280	0.73	205
Guangdong	3	9	169	96	89	0.72	64
Hunan	3	5	102	101	40	0.83	33
Fujian	3	3	56	56	27	0.82	22
Guizhou	3	5	30	30	84	0.79	66
Others	3	11	66	55	188	0.78	148
		78	**1,166**	**1,054**	**1,049**	**0.78**	**823**
Subtotal		**120**	**2,907**	**2,779**	**2,560**	**0.73**	**1,872**
US		**2**	**134**	**134**	**94**	**0.41**	**38**
Total of Subsidiaries		**122**	**3,041**	**2,913**	**2,654**	**0.72**	**1,910**

	Revenue (RMB million)
Representing:	
Electricity sales	777
Tariff adjustment — government subsidies received and receivable	1,133
Total revenue of subsidiaries for electricity sales	1,910
Less: effect of discounting tariff adjustment to present value(2)	(18)
Total revenue of the solar power plants, after discounting	1,892
Management service income	26
Total revenue of the GNE Group	1,918

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

(2) Certain portions of the tariff adjustment (government subsidies) is discounted.

Most of the Solar farms of the GNE Group are located in China and almost all of the revenue is contributed by the subsidiaries of State Grid. The State Grid is a State-owned enterprise in China, which has a low default risk. Therefore, the Directors of GNE Group considered that the credit risk of trade receivables was minimal.

Revenue and Gross Profit

During the six months ended 30 June 2021, the revenue of GNE Group comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB1,892 million (2020: RMB2,731 million), and service income from the provision of the solar power plants operation and management services amounting to approximately RMB26 million (2020: RMB38 million) respectively. The decrease in revenue was mainly attributable to the disposal of solar power plants during 2020 and 2021. The grid connected capacity decreased from 5.5 GW as at 30 June 2020 to 2.9 GW as at 30 June 2021. The average tariff (net of tax) for the PRC was approximately RMB0.73/kWh (2020: RMB0.76/kWh).

During the six months ended 30 June 2021, the GNE Group provided operation and maintenance services for some of the disposed solar power plant projects and generated management service income. As at 30 June 2021, the GNE Group had entered into a contract to provide operation and maintenance services for solar power plants with total installed capacity of approximately 2,390 MW.

GNE Group's gross margin for the six months ended 30 June 2021 was 63.9%, as compared to 67.8% for the six months ended 30 June 2020. The cost of sales mainly consisted of depreciation, which accounted for 78.8% (2020: 82.8%) of cost of sales, with the remaining costs being operation and maintenance costs of solar power plants.

Outlook

The Group's outlook and likely future developments of the Group's business, is set out in the Chairman's Statement and CEO Review of Operations and Outlook of this Report.

Financial Review

Revenue

Revenue for the six months ended 30 June 2021 amounted to approximately RMB8,779 million, representing an increase of 22.3% as compared with approximately RMB7,177 million for the corresponding period in 2020. The increase was mainly due to the increase in revenue in solar material business as a result of the increase in selling price of rod silicons and wafer (excluding OEM wafer), partially offset by the decrease in sales of the GNE Group due to the disposal of solar power plants during 2020 and 2021.

Gross Profit Margin

The Group's overall gross profit margin for the six months ended 30 June 2021 was 41.0%, as compared with 25.4% for the corresponding period in 2020. Gross profit amounted to approximately RMB3,599 million, representing an increase of 97.5% as compared with the same period in 2020.

Gross profit margin for the Solar Material business changed from negative gross profit margin of −4.3% for the six months ended 30 June 2020 to positive gross profit margin of 34.2% for the six months ended 30 June 2021. The increase was mainly attributable to the increase in the average selling price of photovoltaic products.

Solar Farm business has a gross profit margin of 36.8% for the period ended 30 June 2021, 16.8% lower than the corresponding period in 2020. The decrease was mainly due to disposal of subsidiaries in 2020.

The gross profit margin for the New Energy business was 63.9% for the six months ended 30 June 2021 and 67.8% for the corresponding period in 2020.

Other Income

For the six months ended 30 June 2021, other income mainly comprised bank and other interest income and interest arising from contracts containing significant financing components of approximately RMB106 million (six months ended 30 June 2020: RMB248 million), sales of scrap materials of approximately RMB212 million (six months ended 30 June 2020: RMB53 million), government grants of approximately RMB41 million (six months ended 30 June 2020: RMB57 million), management and consultancy fee income of approximately RMB33 million (six months ended 30 June 2020: RMB11 million), compensation income of approximately RMB4 million (six months ended 30 June 2020: RMB44 million).

Distribution and Selling Expenses

Distribution and selling expenses increased from approximately RMB41 million for the six months ended 30 June 2020 to approximately RMB48 million for the six months ended 30 June 2021.

Administrative Expenses

Administrative expenses amounted to approximately RMB767 million for the six months ended 30 June 2021, representing an increase of 0.1% from approximately RMB762 million for the corresponding period in 2020.

Impairment losses under expected credit loss model, net of reversal

The Group recognised reversal of approximately RMB30 million impairment losses under expected credit loss model for the six months ended 30 June 2021 (six months ended 30 June 2020: impairment losses of RMB222 million). The impairment losses for six months ended 30 June 2020 comprised of impairment of consideration receivables from disposal of approximately RMB140 million and impairment of amounts due from related companies of approximately RMB60 million.

Other Expenses, Gains and Losses, Net

The other expenses, gains and losses, net represents net losses of approximately RMB385 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB1,469 million). The net losses for the current period mainly comprises of: (i) research and development costs of approximately RMB479 million (six months ended 30 June 2020: RMB232 million); (ii) loss on measurement of assets classified as held for sale to fair value less cost to sell of RMB235 million (six months ended 30 June 2020: RMB153 million); (iii) profit on disposal of subsidiaries with solar farm projects of approximately RMB248 million (six months period ended 30 June 2020: loss of approximately RMB88 million); (iv) gain on disposal of an associate of approximately RMB141 million (six months period ended 30 June 2020: loss on deemed disposal of an associate and loss on disposal of subsidiaries of approximately RMB134 million); (v) loss on fair value change of derivative financial instruments of approximately RMB115 million (six months ended 30 June 2020: RMB29 million); (vi) net exchange loss of approximately RMB5 million (six months period ended 30 June 2020: RMB93 million); and (vii) impairment loss on property, plant and equipment of nil amount (six months ended 30 June 2020: RMB741 million).

Finance Costs

Finance costs for the six months ended 30 June 2021 were approximately RMB1,153 million, decreased by 31.8% as compared to approximately RMB1,691 million for the corresponding period in 2020. The decrease was mainly due to the decrease in interest-bearing debts during the period.

Share of Profits of Associates

The Group's share of profits of associates for the six-month period ended 30 June 2021 was approximately RMB934 million, mainly contributed by associates, Xinjiang GCL New Energy Materials Technology Co., Ltd.* ("Xinjiang GCL") (新疆協鑫新能源材料科技有限公司), Inner Mongolia Zhonghuan — GCL Solar Material Co., Ltd.* ("Mongolia Zhonghuan — GCL") (內蒙古中環協鑫光伏材料有限公司), Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP and share of profits from associates of GNE Group as a result of the disposal of majority of equity interests in these solar farms in late 2020.

Share of Losses of Joint Ventures

The Group's share of loss of joint ventures for the six-month period ended 30 June 2021 was approximately RMB28 million, mainly due to the share of loss from Jiangsu Xinhua Semiconductor Material Technology Co., Ltd.* (江蘇鑫華半導體材料科技有限公司), partly offset by the profit contribution of the joint venture in South Africa.

Income Tax Expense

Income tax expense for the six-month period ended 30 June 2021 was approximately RMB73 million, representing an increase of 23.7% as compared with approximately RMB59 million for the corresponding period in 2020. There is an increase in income tax expenses mainly because some of the solar farms in GNE Group had passed the three year's exemption period for the PRC income tax and income tax expenses from Solar Material Business recorded during the period.

Profit attributable to Owners of the Company

As a result of the above factors, the profit attributable to owners of the Company amounted to approximately RMB2,407 million for the six-month period ended 30 June 2021 as compared with a loss of approximately RMB1,996 million for the corresponding period in 2020.

Property, Plant and Equipment

Property, plant and equipment decreased from approximately RMB36,706 million as at 31 December 2020 to approximately RMB22,571 million as at 30 June 2021. Decrease in property, plant and equipment was mainly attributable to disposal of subsidiaries and depreciation charged during the period.

Deposits, Prepayments and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets decreased from approximately RMB1,713 million as at 31 December 2020 to approximately RMB803 million as at 30 June 2021. It was due to decrease in refundable value-added tax.

Contract Assets

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

Contract assets decreased from approximately RMB1,228 million as at 31 December 2020 to approximately RMB442 million as at 30 June 2021, because a number of solar power plants were disposed of and some solar power plants entered into the project list of subsidy for renewable energy power plants in 2021 and transferred to trade receivables.

Interests in Associates

Interests in associates increased from approximately RMB7.0 billion as at 31 December 2020 to approximately RMB8.1 billion as at 30 June 2021. The increase was mainly due to share of profits of associates during the period, but partial offset by disposal of associates.

Interests in associates as at 30 June 2021 mainly consists of the below:

- The Group 38.5% equity interest in Xinjiang GCL of RMB3.58 billion;
- The Group 40.27% equity interest in Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP of RMB1.53 billion;

- The Group 12.19% equity interest in Inner Mongolia Zhonghuan — GCL Solar Material Co., Ltd of RMB1.25 billion;

- The Group 40.08% equity interest in Leshan Zhongping Polysilicon Photovoltaic Information Industry Investment Fund Partnership (Limited Partnership)* (樂山市仲平多晶硅光電資訊產業基金合夥企業(有限合夥)) (the "Leshan Fund") of RMB490 million; and

- The GNE Group equity interest in interests in associates of RMB1.29 billion.

Trade and Other Receivables

Trade and other receivables increased from approximately RMB16,488 million as at 31 December 2020 to approximately RMB16,711 million as at 30 June 2021. The increase was mainly due to transfer from Contract Assets as a result of decrease in unbilled trade receivables of GNE Group.

Trade and Other Payables

Trade and other payables decreased from approximately RMB12,531 million as at 31 December 2020 to approximately RMB11,418 million as at 30 June 2021. The decrease was mainly due to the settlement of trade payables during the period.

Loans from Related Companies

Loans from related companies decreased from approximately RMB909 million as at 31 December 2020 to approximately RMB71 million as at 30 June 2021. The decrease was mainly due to the repayment of loans during the period.

Liquidity and Financial Resources

As at 30 June 2021, the total assets of the Group were about RMB70.9 billion, of which the aggregate pledged and restricted bank and other deposits and bank balances and cash amounted to approximately RMB6.3 billion (including pledged bank deposits and bank balances and cash classified as assets held for sale).

For the period ended 30 June 2021, the Group's main source of funding was cash generated from operating activities.

In order to improve liquidity, the Group continues to pay close attention in managing the Group's cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary. The Directors are of the opinion that, taking into account undrawn banking, renewal of existing banking facilities, the Group's cash flow projection for the coming year, and the successful implementation of measures of the GNE Group as described in Note 1 "Basis of Preparation" to the unaudited condensed interim consolidated financial statements, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months. The Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

For detailed information, please refer to "Basis of Preparation" section of this report.

Indebtedness

	As at 30 June 2021 RMB million	As at 31 December 2020 RMB million
Current liabilities		
Bank and other borrowings — due within one year	**10,698**	22,885
Lease liabilities — due within one year	**412**	531
Notes and bonds payables — due within one year	**467**	3,313
Loans from related parties — due within one year	**17**	789
	11,594	27,518
Non-current liabilities		
Bank and other borrowings — due after one year	**6,250**	13,352
Lease liabilities — due after one year	**846**	1,359
Notes and bonds payables — due after one year	**2,646**	—
Loans from related parties — due after one year	**54**	120
	9,796	14,831
Indebtedness associated with assets classified as held for sale	**4,554**	1,768
Total indebtedness	**25,944**	44,117
Less: Pledged and restricted bank and other deposits and bank balances and cash (including bank balances and cash classified as held for sale)	**(6,255)**	(6,348)
Net debts	**19,689**	37,769

Below is a table showing the bank and other borrowing structure and maturity profile of the Group:

	As at 30 June 2021 RMB million	As at 31 December 2020 RMB million
Secured	**12,042**	33,356
Unsecured	**4,906**	2,881
	16,948	36,237

As at 30 June 2021, RMB bank and other borrowings carried floating interest rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. USD bank and other borrowings carried interest rates with reference to the London Interbank Offer Rate.

Key Financial Ratios of the Group

	As at 30 June 2021	As at 31 December 2020
Current ratio	**1.03**	0.62
Quick ratio	**0.99**	0.60
Net debt to total equity attributable to owners of the Company	**87.1%**	227.7%

Current ratio	=	(Balance of current assets at the end of the period)/balance of current liabilities at the end of the period
Quick ratio	=	(Balance of current assets at the end of the period — balance of inventories at the end of the period)/balance of current liabilities at the end of the period
Net debt to total equity attributable to owners of the Company	=	(Balance of total indebtedness at the end of the period — balance of bank balances and cash and pledged and restricted bank and other deposits at the end of the period)/balance of equity attributable to owners of the Company at the end of the period

Policy Risk

Policies made by the Government have a pivotal role in the solar power industry. Any alternation such as 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 Group will follow rules set out by the government strictly, and will pay close attention to policy makers in order to foresee any disadvantageous movements.

Credit Risk

Each major operating business of the Group has a policy of credit control in place under which credit evaluations of customers are performed on all customers requiring credit.

Credit risk on sales of polysilicon and wafer products is not significant as the major customers are listed entities with good repayment history. In order to minimize the credit risk, the Group reviews the recoverable amount of each individual trade receivables periodically to ensure that adequate expected credit losses are made. Credit risk of sales of electricity is also not significant as most of the revenue is obtained from the subsidiaries of State Grid Corporation of China (the "State Grid"). The State Grid is a state-owned enterprise in China, which possesses low default risk.

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, GNE 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.

Risk Associated with Tariff

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

Risk related to High Gearing Ratio

The New Energy business under the Group is a capital intensive industry, which highly relies on external financing in order to fund for the construction of Solar Farm while the recovery of capital investment takes a long period of time. To cope with the gearing risk, GNE Group and the Group 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 the finance structure and lower its gearing ratio.

Risk related to Interest Rate

Interest risk may result from fluctuations in bank loan rates. Given that the Group highly relies on external financing in order to obtain investment capital for new solar power project development, any interest rate changes will have an impact on the capital expenditure and finance expenses of the Group, hence, affecting our operating results.

Foreign Currency Risk

Most of the Group's businesses are located in the PRC and the presentation currency of the consolidated financial statements of the Company is RMB. Substantially all of the Group's revenue, cost of sales and operating expenses are denominated in RMB, and the majority of the Group's assets and liabilities are denominated in RMB, while the rest are mainly denominated in US dollar and Hong Kong dollar. Any depreciation/appreciation of RMB against US dollar or any other foreign currencies may result in a change in value of the monetary assets and liabilities that are denominated in foreign currencies and affect the earnings and value of the net assets of the Group.

The Group continues to adopt a conservative approach on foreign exchange exposure management and ensure that its exposure to fluctuations in foreign exchange rates is minimised. The majority of the Group's borrowings are denominated in RMB. Foreign currency forward contracts will be utilised when it is considered as appropriate to hedge against foreign currency risk exposure.

Risk related to Disputes with Joint Venture Partners

Our joint ventures may involve risks associated with the possibility that our joint venture partners may have financial difficulties or have 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.

Pledge of or Restrictions on Assets

As at 30 June 2021, the following assets were pledged for certain bank and other borrowings, loans from a related company, lease liabilities or restrictions on assets, issuance of bills, short-term letters of credit for trade and other payables granted to the Group and bank and other borrowings of an associate and a joint venture:

— Property, plant and equipment of RMB15.9 billion (31 December 2020: RMB21.9 billion)

— Right-of-use assets of approximately RMB0.7 billion (31 December 2020: RMB0.8 billion)

— Investment properties of approximately RMB0.06 billion (31 December 2020: RMB0.06 billion)

— Trade receivables and contract assets of approximately RMB6.7 billion (31 December 2020: RMB10.6 billion)

— Pledged and restricted bank and other deposits of approximately RMB4.0 billion (31 December 2020: RMB4.6 billion)

In addition, lease liabilities of approximately RMB1.3 billion are recognised with related right-of-use assets of approximately RMB1.7 billion as at 30 June 2021 (31 December 2020: lease liabilities of approximately RMB1.9 billion are recognised with related right-of-use assets of approximately RMB2.4 billion).

Capital Commitments

As at 30 June 2021, the Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to approximately RMB698 million (31 December 2020: RMB501 million) and other commitments to contribute share capital to investments of approximately RMB1,064 million (31 December 2020: RMB1,689 million).

Contingencies

Financial guarantees contracts

As at 30 June 2021 and 31 December 2020, the Company and certain of its subsidiaries guaranteed bank and other borrowings of certain subsidiaries of GNE amounted to RMB1,014 million and RMB1,820 million, respectively.

As at 30 June 2021, the Group provided a total guarantee with maximum amount of approximately RMB3,319 million and RMB900 million (31 December 2020: RMB4,064 million and RMB900 million) to several banks and financial institutions in respect of banking and other facilities of Xinjiang GCL, an associate of the Group and Jiangsu Xinhua, a joint venture of the Group respectively.

As at 30 June 2021, GNE Group provided guarantees to certain associates for bank and other borrowings in proportion to the Group's equity interests in these associates with maximum amount of RMB2,339 million (31 December 2020: RMB3,050 million). In addition, the Group also provided financial guarantees of RMB3,552 million (31 December 2020: RMB2,005 million) to certain sold subsidiaries for their bank and other borrowings during the interim period.

Contingent liability

As at 30 June 2021 and 31 December 2020, the Group and the Company did not have any significant contingent liabilities.

Material Disposals

GCL-Poly Group

On 5 January 2021, a sale of 638,298,000 GNE shares at price of HK$0.235 per share with net proceeds of approximately HK$145 million (equivalent to approximately RMB122 million) was completed.

GNE Group

During the six months ended 30 June 2021, the GNE Group has entered into various share transfer agreements with different third parties to dispose of equity interests in companies which hold various solar power plants. Material disposals are summarised as below:

Agreements signed in 2021	Name of buyers	Percentage of disposed equity interest	Capacity of solar power plants (MW)	Consideration (RMB million)	Disposal status as at 30 June 2021
March–April	Three Gorges Asset Management Co., Ltd* (三峽資產管理有限公司)	50%–100%	832	1,687	To be completed
April	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) and Guangdong Jinyuan New Energy Co., Ltd.* (廣東金元新能源有限公司)	88%–100%	310	457	To be completed
May	State Power Investment Corporation Chongqing Electric Power Co., Ltd.* (國家電投集團重慶電力有限公司)	100%	86	193	Completed
June	Chongqing Lvxin Energy Development Co., Ltd.* (重慶綠欣能源發展有限公司)	51%–100%	149	275	Completed
May–July	Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司)	80%–100%	392	344	To be completed
July	Yixing Hechuang New Energy Co., Ltd.* (宜興和創新能源有限公司)	100%	301	481	To be completed
August	Ningxia Hanguang New Energy Co., Ltd.* (寧夏含光新能源有限公司)	100%	271	301	To be completed
	Others		203	320	
		Total	**2,544**	**4,058**	

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

Save as disclosed above, there were no other significant investments during the six months ended 30 June 2021, or plans for material investments as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries during the six months ended 30 June 2021.

Events after the Reporting Period

Other than those disclosed in note 31 of this interim report, the Group has no other significant event after the reporting period.

Employees

We consider our employees to be our most important resource. 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 including but not limited to discretionary bonuses, with share options granted to eligible employees.

Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

* English name for identification only

Report on Review of Unaudited Condensed Interim Consolidated Financial Statements

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
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TO THE BOARD OF DIRECTORS OF GCL-POLY ENERGY HOLDINGS LIMITED
保利協鑫能源控股有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the unaudited condensed interim consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 100, which comprise the unaudited condensed consolidated statement of financial position as of 30 June 2021 and the related unaudited condensed consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these unaudited condensed interim consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1 to the unaudited condensed interim consolidated financial statements which indicates that (1) the Company and GCL New Energy Holdings Limited ("GNE") and its subsidiaries (collectively "the GNE Group"), whose shares are listed on the Hong Kong Stock Exchange, is a subsidiary of the Company had entered into agreements which will involve capital commitments of approximately RMB600 million and RMB98 million respectively to construct property, plant and equipment and provided financial guarantee of approximately RMB4,839 million to the associates and third parties for their bank and other borrowings.

In addition, as at 30 June 2021, the GNE Group was involved in several litigation cases, either as a defendant or a guarantor relating to claims by the relevant claimants, which exceeded the limit of litigation amounts stipulated in the financial covenants of certain bank borrowings, and which resulted in triggering the cross default clauses in the relevant loan agreements for certain of the Group's bank and other borrowings.

As at 30 June 2021, the GNE Group has an outstanding bank borrowings of US$100 million (approximately RMB646 million) of which US$48 million (approximately RMB310 million) (the "First Loan Repayment") and US$52 (approximately RMB336 million) (the "Second Loan Repayment") were repayable on 23 Jun 2021 and 20 Aug 2021 respectively. The GNE Group failed to repay of the First Loan Repayment on 23 June 2021 and the Second Loan Repayment on 20 Aug 2021 respectively. Subsequent to the end of the reporting period, the GNE Group repaid approximately US$89 million (approximately RMB575 million) to the bank. According to the written consent obtained from the bank, the GNE Group was (i) granted a grace period to extend the repayment of the the remaining balance of US$11 million (approximately RMB71 million) up to 9 November 2021; and (ii) agree not to take any legal action against the GNE Group in respect of its failure to repay the bank borrowing upon maturity date.

The Group is undertaking a number of financing plans and other measures as described in note 1 to the unaudited condensed interim consolidated financial statements in order to ensure that it is able to meet its financial 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 as set forth in note 1 to the unaudited condensed interim consolidated financial statements 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 its borrowing covenants, and along with other matters as set forth in note 1 to the unaudited condensed interim consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 25 October 2021

Chan Wai Dune, Charles
Practising Certificate Number P00712

25 October 2021

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

For the six months ended 30 June 2021

	NOTES	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	*3*	**8,778,674**	7,177,332
Cost of sales		**(5,179,424)**	(5,355,199)
Gross profit		**3,599,250**	1,822,133
Other income	*4*	**417,723**	441,183
Distribution and selling expenses		**(47,709)**	(40,946)
Administrative expenses		**(766,917)**	(762,379)
Finance costs	*5*	**(1,153,329)**	(1,690,543)
Impairment loss under expected credit loss model, net of reversal	*17*	**29,967**	(221,880)
Other expenses, gains and losses, net	*6*	**(385,271)**	(1,469,175)
Share of profits of associates		**933,659**	121,327
Share of losses of joint ventures		**(27,968)**	(65,773)
Profit/(loss) before tax		**2,599,405**	(1,866,053)
Income tax expense	*7*	**(73,364)**	(58,760)
Profit/(loss) for the period	*8*	**2,526,041**	(1,924,813)
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Fair value gain/(loss) on investments in equity instruments at fair value through other comprehensive income		**5,703**	(12,618)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**14,975**	13,455
Other comprehensive income for the period		**20,678**	837
Total comprehensive income (expense) for the period		**2,546,719**	(1,923,976)

	NOTE	Six months ended 30 June 2021 RMB'000 (Unaudited)	 2020 RMB'000 (Unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		**2,406,719**	(1,995,988)
Non-controlling interests		**119,322**	71,175
		2,526,041	(1,924,813)
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		**2,413,616**	(1,998,700)
Non-controlling interests		**133,103**	74,724
		2,546,719	(1,923,976)
		RMB cents (Unaudited)	RMB cents (Unaudited)
Earnings/(loss) per share	*11*		
— Basic		**9.90**	(10.20)
— Diluted		**9.89**	(10.20)

Unaudited Condensed Consolidated Statement of Financial Position

At 30 June 2021

	NOTES	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**22,571,102**	36,706,248
Right-of-use assets	*12*	**2,732,339**	3,432,600
Investment properties		**58,822**	61,149
Other intangible assets		**196,601**	213,338
Interests in associates	*13*	**8,133,641**	7,039,026
Interests in joint ventures	*14*	**556,073**	574,158
Other financial assets at fair value through profit or loss	*15*	**304,600**	321,267
Equity instruments at fair value through other comprehensive income		**26,775**	21,073
Deferred tax assets		**228,788**	289,814
Deposits, prepayments and other non-current assets	*16A*	**803,498**	1,712,971
Contract assets	*16B*	**441,795**	1,227,979
Amounts due from related companies	*18*	**740,529**	740,531
Pledged and restricted bank and other deposits		**603,807**	682,105
		37,398,370	53,022,259
CURRENT ASSETS			
Inventories	*19*	**1,010,049**	488,629
Trade and other receivables	*16A*	**16,710,601**	16,487,802
Amounts due from related companies	*18*	**534,929**	597,315
Other financial assets at fair value through profit or loss	*15*	**522,161**	800,763
Held for trading investments		**1,909**	3,447
Tax recoverable		**1,583**	2,777
Pledged and restricted bank and other deposits		**3,174,900**	3,864,571
Bank balances and cash		**2,105,010**	1,709,585
		24,061,142	23,954,889
Assets classified as held for sale	*10*	**9,481,621**	3,525,749
		33,542,763	27,480,638

Unaudited Condensed Consolidated Statement of Financial Position (CONTINUED)

At 30 June 2021

	NOTES	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*20*	**11,417,523**	12,530,712
Amounts due to related companies	*18*	**2,298,588**	2,088,157
Loans from related companies	*18*	**16,811**	788,668
Contract liabilities		**642,442**	357,461
Bank and other borrowings — due within one year	*21*	**10,698,003**	22,884,812
Lease liabilities — due within one year		**412,001**	531,258
Notes and bonds payables — due within one year	*22*	**466,998**	3,312,863
Derivative financial instruments	*23*	**207,574**	60,561
Deferred income		**39,833**	40,136
Tax payables		**129,235**	134,483
		26,329,008	42,729,111
Liabilities associated with assets classified as held for sale	*10*	**6,370,174**	1,919,568
		32,699,182	44,648,679
NET CURRENT ASSETS (LIABILITIES)		**843,581**	(17,168,041)
TOTAL ASSETS LESS CURRENT LIABILITIES		**38,241,951**	35,854,218
NON-CURRENT LIABILITIES			
Contract liabilities		**9,672**	—
Loans from related companies	*18*	**54,071**	119,840
Bank and other borrowings — due after one year	*21*	**6,250,169**	13,351,853
Lease liabilities — due after one year		**845,832**	1,358,881
Notes and bonds payables — due after one year	*22*	**2,646,322**	—
Deferred income		**512,889**	518,448
Deferred tax liabilities		**112,712**	113,991
		10,431,667	15,463,013
NET ASSETS		**27,810,284**	20,391,205

At 30 June 2021

	NOTE	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
CAPITAL AND RESERVES			
Share capital	*24*	**2,192,457**	1,862,725
Reserves		**20,420,028**	14,726,394
Equity attributable to owners of the Company		**22,612,485**	16,589,119
Non-controlling interests		**5,197,799**	3,802,086
TOTAL EQUITY		**27,810,284**	20,391,205

The unaudited condensed interim consolidated financial statements on pages 30 to 100 were approved and authorised for issue by the board of directors on 25 October 2021 and are signed on its behalf by:

Zhu Gongshan
DIRECTOR

Yeung Man Chung, Charles
DIRECTOR

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company														
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 *(Note i)*	Capital redemption reserve RMB'000	Investments revaluation reserve RMB'000	Other reserve RMB'000 *(Note ii)*	Capital reserve RMB'000 *(Note iii)*	Statutory reserve funds RMB'000 *(Note iv)*	Special reserves RMB'000 *(Note v)*	Share options reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020 (Audited)	1,742,850	10,257,187	(236,629)	22,202	(84,363)	(619,157)	67,251	3,967,760	(2,075,257)	158,965	5,837	9,043,513	22,250,159	4,471,249	26,721,408
Exchange differences arising from translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	—	—	9,906	—	9,906	3,549	13,455
Fair value loss on investments in equity instruments at FVTOCI	—	—	—	—	(12,618)	—	—	—	—	—	—	—	(12,618)	—	(12,618)
(Loss) profit for the period	—	—	—	—	—	—	—	—	—	—	—	(1,995,988)	(1,995,988)	71,175	(1,924,813)
Total comprehensive (expense) income for the period	—	—	—	—	(12,618)	—	—	—	—	—	9,906	(1,995,988)	(1,998,700)	74,724	(1,923,976)
Forfeitures of share options	—	—	—	—	—	—	—	—	—	(10,889)	—	20,671	9,782	(9,782)	—
Issues of new shares *(note 24)*	119,587	123,174	—	—	—	—	—	—	—	—	—	—	242,761	—	242,761
Transaction costs attributable to the issue of new shares	—	(3,954)	—	—	—	—	—	—	—	—	—	—	(3,954)	—	(3,954)
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	5,817	—	—	—	5,817	6,183	12,000
Disposal of subsidiaries	—	—	—	—	—	—	—	(5,779)	11,843	—	—	5,779	11,843	—	11,843
Transfer to reserves	—	—	—	—	—	—	—	11,091	—	—	—	(11,091)	—	—	—
At 30 June 2020 (Unaudited)	1,862,437	10,376,407	(236,629)	22,202	(96,981)	(619,157)	67,251	3,973,072	(2,057,597)	148,076	15,743	7,062,884	20,517,708	4,542,374	25,060,082

Unaudited Condensed Consolidated Statement of Changes in Equity (CONTINUED)

For the six months ended 30 June 2021

	Attributable to owners of the Company														
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 *(Note i)*	Capital redemption reserve RMB'000	Investments revaluation reserve RMB'000	Other reserve RMB'000 *(Note ii)*	Capital reserve RMB'000 *(Note iii)*	Statutory reserve funds RMB'000 *(Note iv)*	Special reserves RMB'000 *(Note v)*	Share options reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021 (Audited)	1,862,725	10,384,344	(236,629)	22,202	(105,147)	(907,592)	67,251	4,064,057	(1,891,265)	145,681	(43,787)	3,227,279	16,589,119	3,802,086	20,391,205
Exchange differences arising from translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	—	—	1,194	—	1,194	13,781	14,975
Fair value loss on investments in equity instruments at FVTOCI	—	—	—	—	5,703	—	—	—	—	—	—	—	5,703	—	5,703
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	2,406,719	2,406,719	119,322	2,526,041
Total comprehensive income for the period	—	—	—	—	5,703	—	—	—	—	—	1,194	2,406,719	2,413,616	133,103	2,546,719
Recognition of equity settled share-based payments *(note 26)*	—	—	—	—	—	—	—	—	—	—	—	—	—	8,084	8,084
Exercise of share options	1,508	39,600	—	—	—	—	—	—	—	(21,459)	—	—	19,649	—	19,649
Forfeitures of share options *(note 26)*	—	—	—	—	—	—	—	—	—	(195)	—	46,747	46,552	(46,552)	—
Issues of new shares through placement *(note 24)*	328,224	3,216,595	—	—	—	—	—	—	—	—	—	—	3,544,819	—	3,544,819
Transaction costs attributable to the issue of new shares through placement	—	(53,641)	—	—	—	—	—	—	—	—	—	—	(53,641)	—	(53,641)
Issue of share though placement by a subsidiary *(note 28(i))*	—	—	—	—	—	—	—	(103,344)	124,670	—	4,843	91,416	117,585	629,497	747,082
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	9,840	—	—	—	9,840	663,260	673,100
Deemed disposal of partial interest in a subsidiary through newly-increased registered capital *(note 28(i))*	—	—	—	—	—	—	—	—	24,278	—	—	—	24,278	40,722	65,000
Recognition of derivative financial instruments	—	—	—	—	—	(31,632)	—	—	—	—	—	—	(31,632)	—	(31,632)
Change of shareholding of subsidiaries *(note 28(i))*	—	—	—	—	—	(15,976)	—	—	(20,304)	—	—	—	(36,280)	36,280	—
Disposal of partial interest in GNE *(note 28(i))*	—	—	—	—	—	—	—	(65,363)	(31,384)	—	3,139	57,282	(36,326)	162,566	126,240
Disposal of subsidiaries	—	—	—	—	—	—	—	4,906	—	—	—	—	4,906	(105,361)	(100,455)
Transfer to reserves	—	—	—	—	—	—	—	13,762	—	—	—	(13,762)	—	—	—
Acquisition of additional interest in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	(101,040)	(101,040)
Acquisition of additional interest in a subsidiary through deemed consideration received	—	—	—	—	—	—	—	—	—	—	—	—	—	(19,979)	(19,979)
Dividends paid to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,867)	(4,867)
At 30 June 2021 (Unaudited)	2,192,457	13,586,898	(236,629)	22,202	(99,444)	(955,200)	67,251	3,914,018	(1,784,165)	124,027	(34,611)	5,815,681	22,612,485	5,197,799	27,810,284

Notes:

(i) In 2018, the Company paid in total of RMB66,532,000 to a trustee ("Trustee") to purchase 100,000,000 shares of the Company in the market pursuant to the Share Award Scheme (the "Scheme") established on 16 January 2017 by the board of directors of the Company (the "Directors"). As at 30 June 2021, all the shares were held by the Trustee. More details are set out in note 26(ii).

(ii) Other reserve represents the equity (other than share capital) attributable to owners of the Company prior to the reverse acquisition, including share premium, capital reserve, contribution from a shareholder, other reserve, share options reserve, revaluation reserve and deficit. As the Company was accounted for as reverse acquisition by GCL Solar Energy Technology Holdings Inc. ("GCL Solar Energy") in 2009, such reserves attributable to owners of the Company were reclassified to other reserve upon the completion of the reverse acquisition. Upon disposal of the non-solar power business in 2015, portion of the amount was realised and transferred to the share premium, share options reserve and accumulated profits of the Group.

Moreover, other reserve represents the initial recognition of put options granted to a subsidiary by non-controlling interests.

(iii) Capital reserve represents the amount of contribution from former immediate holding company of GCL Solar Energy of United States dollars ("US$") 15,009,000 (equivalent to RMB126,029,000) net of the 500,000 ordinary shares of GCL Solar Energy repurchased for a consideration of US$7,000,000 (equivalent to RMB58,778,000) and cancelled prior to 2009.

(iv) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to transfer 5%–10% (2020: 5%–10%) of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the reserve funds (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

(v) Special reserves represent (i) the difference between the consideration to acquire additional interests in subsidiaries and the respective share of the carrying amounts of the net assets acquired; (ii) the difference by which the non-controlling interests were adjusted and the fair value of consideration received in relation to the disposal of partial interest of a subsidiary and (iii) change of interests in existing subsidiaries arising from restructuring.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	2021 RMB'000	2020 RMB'000
NET CASH FROM OPERATING ACTIVITIES	**1,272,049**	1,492,543
NET CASH USED IN INVESTING ACTIVITIES		
Interest received	**78,088**	77,523
Proceeds from disposal of property, plant and equipment	**127,789**	85,746
Payments for construction and purchase of property, plant and equipment	**(1,301,200)**	(1,128,820)
Payments for right-of-use assets	**(66,033)**	(1,917)
Proceeds from disposal of right-of-use assets	**32,303**	—
Proceeds from disposal of subsidiaries with solar power plant projects	**2,070,013**	—
Investments in associates	**(599,330)**	—
Investments in joint ventures	**(26,150)**	—
Dividend received from a joint venture	**12,065**	—
Dividend received from an associate	**24,424**	—
Proceeds from disposal of associates	**500,000**	—
Addition of other financial assets at fair value through profit or loss ("FVTPL")	**(39,549)**	(310,597)
Proceeds from redemption of other financial assets at FVTPL	**347,570**	—
Withdrawal of pledged and restricted bank and other deposits	**3,942,967**	6,110,004
Placement of pledged and restricted bank and other deposits	**(3,397,085)**	(5,838,691)
Advances to related companies	**(4,809)**	(72,564)
Repayment from related companies	**30,464**	453,859
Repayment from third parties	**—**	26,530
Repayment of deposit, prepayment and other non-current assets	**497,280**	—
Settlement of consideration receivables from disposal of associates	**3,685**	—
Settlement of consideration receivables from disposal of subsidiaries	**2,974,258**	28,700
Proceeds from disposal of partial interest in a subsidiary/disposal of subsidiaries	**126,240**	30,484
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**5,332,990**	(539,743)

For the six months ended 30 June 2021

	2021 RMB'000	2020 RMB'000
Interest paid	**(1,097,031)**	(1,193,385)
New bank and other borrowings raised	**5,888,083**	6,779,418
Repayment of bank and other borrowings	**(14,074,990)**	(7,328,371)
Repayment of lease liabilities	**(284,295)**	(359,661)
Repayment of notes and bonds payables	**(213,559)**	—
Proceeds of loans from related companies	**—**	246,719
Repayment of loans from related companies	**(837,626)**	(201,646)
Advances from related companies	**293,327**	480,374
Repayment to related companies	**(218,112)**	(11,637)
Contribution from non-controlling interests	**673,100**	12,000
Proceeds from deemed disposal of partial interest in a subsidiary through newly-increased registered capital	**65,000**	—
Dividends paid to non-controlling interests	**(213,195)**	(45,385)
Payment for acquisition of additional interest of a subsidiary	**(232,680)**	—
Proceeds from exercise of share options	**19,649**	—
Proceeds from issuance of shares in GNE, net	**747,082**	—
Proceeds from issue of new shares	**3,544,819**	242,761
Transaction costs attributable to issue of new shares	**(53,641)**	(3,954)
NET CASH USED IN FINANCING ACTIVITIES	**(5,994,069)**	(1,382,767)
Net increase/(decrease) in cash and cash equivalents	**610,970**	(429,967)
Cash and cash equivalents at 1 January, represents		
Bank balances and cash	**1,709,584**	1,548,019
Bank balances and cash classified as held for sale	**48,018**	—
	1,757,602	1,548,019
Effect of exchange rate changes on balances of bank balances and cash held in foreign currencies	**(72,768)**	8,122
Cash and cash equivalents at 31 December, represents		
Bank balances and cash	**2,105,010**	1,056,665
Bank balances and cash classified as held for sale	**190,794**	69,509
	2,295,804	1,126,174

1. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

1A. Change in presentation of unaudited condensed consolidated statement of profit or loss and other comprehensive income

In prior periods, management services income from operation and management services for solar power plants was included under Other income. From 2021 onwards, such income is presented under Revenue, to more appropriately reflect the nature of such income. The comparative figures have been reclassified to conform with the revised presentation.

1B. Going concern assumption

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group had cash and cash equivalent of approximately RMB2,296 million (including bank balances and cash classified as assets held for sale of approximately RMB191 million) against the Group's total borrowings (comprising loans from related companies, bank and other borrowings, lease liabilities and notes payables) amounted to approximately RMB25,944 million. The amounts included bank and other borrowings and lease liabilities classified as liabilities directly associated with assets classified as held for sales of RMB4,405 million and RMB149 million, respectively. For the remaining balance of the Group's total borrowings, approximately RMB11,594 million will be due in the coming twelve months from the end of the reporting period. In addition, the Group has entered into agreements which will involve capital commitments and provided finance guarantee to several banks and financial institutions in respect of banking and other facilities of a joint venture, associates and third parties as at 30 June 2021.

As at 30 June 2021, the Company and certain subsidiaries of the Company guaranteed bank and other borrowings of GCL New Energy Holdings Limited ("GNE") and its subsidiaries (collectively "the GNE Group") amounting to approximately RMB1,014 million. In addition, as at 30 June 2021, GNE Group has entered into agreements which will involve capital commitments of approximately RMB98 million to construct solar power plants and financial guarantee provided to the associates and third parties for their banking and other borrowings.

As at 30 June 2021, the GNE Group's total borrowings comprising bank and other borrowings, notes and bonds payables, loans from related companies and lease liabilities amounted to approximately RMB18,101 million. The amounts included bank and other borrowings and lease liabilities classified as liabilities directly associated with assets classified as held for sales of RMB4,405 million and RMB149 million, respectively. For the remaining balance of approximately RMB13,547 million, RMB5,801 million will be due in the coming 12 months from the end of the reporting period, including bank and other borrowings of approximately RMB1,328 million, which shall be due after 12 months from the end of the reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but were reclassified to current liabilities as a result of the triggering of the cross default clauses in several bank borrowings of the Group given the GNE 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.

1. BASIS OF PREPARATION (continued)

1B. Going concern assumption (continued)

As at 30 June 2021, GNE Group had an outstanding bank borrowing of US$100 million (approximately RMB646 million) of which US$48 million (approximately RMB310 million) (the "First Loan Repayment") and US$52 million (approximately RMB336 million) (the "Second Loan Repayment") are repayable on 23 June 2021 and 20 August 2021, respectively. The GNE Group failed to repay of the First Loan Repayment on 23 June 2021 and the Second Loan Repayment on 20 August 2021.

Subsequent to the end of the reporting period, the GNE Group repaid approximately US$89 million (approximately RMB575 million) to the bank. According to the written consent obtained from the bank, the GNE Group was (i) granted a grace period to extend the repayment of the the remaining balance of US$11 million (approximately RMB71 million) up to 9 November 2021; and (ii) agree not to take any legal action against the GNE Group in respect of its failure to repay the bank borrowing upon maturity date.

As at 30 June 2021, the GNE Group's (i) pledged bank and other deposits; and (ii) bank balances and cash (including pledged bank and other deposits and balances and cash classified as assets held for sale amounted to approximately of RMB371 million) amounted to approximately RMB1,548 million.

The financial resources available to GNE Group as at 30 June 2021 and up to the date of approval of these unaudited condensed interim consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements together with the repayment of borrowing. GNE 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 unaudited condensed interim consolidated financial statements, GNE Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings. GNE 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 solar farm 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 have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2021. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures and other commitments, that will be due in the coming twelve months from 30 June 2021, 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.

In addition, the Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. During the reporting period, the Group successfully issued 3.9 billion shares with net cash proceeds of approximately HK$4.148 billion (equivalent to RMB3.491 billion). In order to further improve liquidity, the Group continues to pay close attention in managing the Group's cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates and raise additional banking facilities as and when required by the Group's operating cash needs.

1. BASIS OF PREPARATION (continued)

1B. Going concern assumption (continued)

The Directors have also noted the measures being undertaken by GNE Group to improve their liquidity position.

GNE 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 solar farm projects in exchange for cash proceeds and to improve GNE Group's indebtedness position.

For the six months ended 30 June 2021, the GNE Group had disposed 47 subsidiaries (the "Disposal Projects") at a consideration in aggregate of RMB2,762 million, while 18 subsidiaries with a consideration in aggregate of RMB1,918 million have been classified as held for sale. Consideration of approximately RMB2,411 million were received regarding the Disposal Projects during the reporting period. Consideration receivables of RMB351 million for the Disposal Projects are expected to be completed and received in the coming 12 months from 30 June 2021. Subsequent to the end of the reporting period, as disclosed in notes 31(a), 31(d), 31(f), 31(g) and 31(h), the GNE Group had entered into agreements to dispose of certain subsidiaries at a total consideration of approximately RMB1,070 million.

Taking into account the undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projections for the coming twelve months, and the successful implementation of measures of GNE Group as described above, the Directors are of the opinion that the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months. The Directors are satisfied that it is appropriate to prepare these unaudited condensed interim consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group and GNE 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 realisable values, 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. The effects of these adjustments have not been reflected in these unaudited condensed interim consolidated financial statements.

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

1. BASIS OF PREPARATION (continued)

1C. Significant Events and Transactions during the Reporting Period

During the reporting period, the GNE Group made certain disposals of solar power plant projects with net gain of approximately RMB248 million and the details are set out in note 28.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRS Standards"), the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2020.

Application of amendments to IFRS Standards

In the reporting period, the Group has applied the following amendments to IFRS Standards issued by the IASB, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's unaudited condensed interim consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

Except as described below, the application of the amendments to IFRS Standards in the reporting period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed interim consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and accounting policies on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform — Phase 2"

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Leases

The Group as a lessee

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, the Group uses the revised discount rate that reflects change in the interest rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

If lease modifications are made in addition to those lease modifications required by interest rate benchmark reform, the Group applies the applicable requirements in IFRS 16 to account for all lease modifications made at the same time, including those required by interest rate benchmark reform.

3. REVENUE AND SEGMENT INFORMATION

The Group's reportable and operating segments under IFRS 8 *Operating Segments* are as follows:

(a) Solar material business — mainly manufactures and sales of polysilicon and wafer to companies operating in the solar industry.

(b) Solar farm business — manages and operates solar farms, is located in the United States of America (the "USA") and PRC. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE Group.

(c) New energy business — represents the business operations of GNE Group, which is principally engaged in the development, construction, operation and management of solar farms.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2021

	Solar material business RMB'000 (Unaudited)	Solar farm business RMB'000 (Unaudited)	New energy business RMB'000 (Unaudited) *(Note)*	Elimination RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	6,778,118	92,682	1,917,953	(10,079)	8,778,674
Segment profit	2,432,954	9,061	160,440	—	2,602,455
Elimination of inter-segment profit					(99,550)
Unallocated income					23,455
Unallocated expenses					(8,193)
Gain on fair value change of financial assets at FVTPL					3,451
Loss on fair value change of held for trading investments *(note 6)*					(1,503)
Share of profits of joint ventures					5,926
Profit for the period					2,526,041

3. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Six months ended 30 June 2020

	Solar material business RMB'000 (Unaudited)	Solar farm business RMB'000 (Unaudited)	New energy business RMB'000 (Unaudited) *(Note)*	Elimination RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	4,189,055	239,045	2,768,696	(19,464)	7,177,332
Segment (loss) profit	(2,023,124)	41,070	172,133	—	(1,809,921)
Elimination of inter-segment profit					(81,900)
Unallocated income					5,144
Unallocated expenses					(50,157)
Loss on fair value change of convertible bonds receivable *(note 6)*					(403)
Gain on fair value change of financial assets at FVTPL					1,756
Loss on fair value change of held for trading investments *(note 6)*					(148)
Share of profit of an associate					10,191
Share of profits of joint ventures					625
Loss for the period					(1,924,813)

Note: The operating results of new energy business included allocated corporate expenses.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) of each respective segment excluding unallocated income, unallocated expenses (including certain change in fair value of certain financial assets at FVTPL, certain exchange losses and unallocated tax expense), change in fair value of convertible bonds receivable, change in fair value of certain financial assets at FVTPL, change in fair value of held for trading investments, share of profits of certain interests in associates and joint ventures. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

3. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Segment assets		
Solar material business	**35,336,567**	32,273,414
Solar farm business	**1,903,476**	2,015,984
New energy business	**32,063,337**	44,990,518
Total segment assets	**69,303,380**	79,279,916
Other financial assets at FVTPL	**415,973**	452,937
Equity instrument at FVTOCI	**26,775**	21,073
Held for trading investments	**1,909**	3,447
Interests in joint ventures	**222,688**	196,932
Unallocated bank balances and cash	**518,573**	91,916
Unallocated corporate assets	**451,835**	456,676
Consolidated assets	**70,941,133**	80,502,897
Segment liabilities		
Solar material business	**19,585,198**	22,719,454
Solar farm business	**747,691**	800,954
New energy business	**22,709,339**	36,406,103
Total segment liabilities	**43,042,228**	59,926,511
Unallocated corporate liabilities	**88,621**	185,181
Consolidated liabilities	**43,130,849**	60,111,692

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments, other than unallocated corporate assets, corporate bank balances and cash and other assets (including certain other financial assets at FVTPL, equity instruments at FVTOCI, held for trading investments and certain interests in associates and joint ventures) of the management companies and investment holding companies; and

- All liabilities are allocated to operating segments, other than unallocated corporate liabilities of the management companies and investment holding companies.

3. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue

Six months ended 30 June 2021

Segments	Solar material business RMB'000 (Unaudited)	Solar farm business RMB'000 (Unaudited)	New energy business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Sales of wafer	3,792,447	—	—	3,792,447
Sales of electricity *(Note)*	—	92,682	1,891,721	1,984,403
Sales of polysilicon	2,110,939	—	—	2,110,939
Processing fees	669,903	—	—	669,903
Others (comprising the sales of ingots and management services income)	204,829	—	16,153	220,982
Total	6,778,118	92,682	1,907,874	8,778,674
Geographic markets				
The PRC	6,365,110	74,684	1,869,681	8,309,475
Others	413,008	17,998	38,193	469,199
Total	6,778,118	92,682	1,907,874	8,778,674
Timing of revenue recognition				
A point in time	6,108,215	92,682	1,891,721	8,092,618
Over time	669,903	—	16,153	686,056
Total	6,778,118	92,682	1,907,874	8,778,674

3. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue (continued)

Six months ended 30 June 2020

Segments	Solar material business RMB'000 (Unaudited)	Solar farm business RMB'000 (Unaudited)	New energy business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Sales of wafer	2,572,834	—	—	2,572,834
Sales of electricity *(Note)*	—	239,045	2,731,140	2,970,185
Sales of polysilicon	1,015,188	—	—	1,015,188
Processing fees	357,390	—	—	357,390
Others (comprising the sales of ingots and management services income)	243,643	—	18,092	261,735
Total	4,189,055	239,045	2,749,232	7,177,332
Geographic markets				
The PRC	3,741,375	219,491	2,691,744	6,652,610
Others	447,680	19,554	57,488	524,722
Total	4,189,055	239,045	2,749,232	7,177,332
Timing of revenue recognition				
A point in time	3,831,665	239,045	2,731,140	6,801,850
Over time	357,390	—	18,092	375,482
Total	4,189,055	239,045	2,749,232	7,177,332

Note: Sales of electricity included approximately RMB1,152,334,000 (six months ended 30 June 2020: RMB1,814,474,000) tariff adjustments received and receivable from the local grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar farms. Details of settlement arrangement of tariff are disclosed in note 16B.

4. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income		
— bank and other interest income	**52,618**	87,253
Interest arising from contracts containing significant financing component *(note a)*	**53,052**	160,840
Government grants *(note b)*	**40,786**	57,210
Sales of scrap materials	**212,340**	52,529
Compensation income	**4,023**	44,050
Management and consultancy fee income	**32,499**	10,786
Rental income	**16,726**	16,539
Forfeitures of deposits from customers	**53**	2,880
Others	**5,626**	9,096
	417,723	441,183

Notes:

(a) Since certain of the tariff adjustments are yet to obtain approval for registration in the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單) (the "List") (six months ended 30 June 2020: the List) by the PRC government, the management considers that it contains a significant financing component over the relevant portion of tariff adjustment until approval was obtained. For the six months ended 30 June 2021, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.45% to 2.98% (six months ended 30 June 2020: 2.43% to 2.98%) per annum and the adjustment in relation to the revision of expected timing of tariff collection. As such, the Group's revenue was adjusted by approximately RMB18 million (six months ended 30 June 2020: RMB28 million) and interest income amounting to approximately RMB53 million (six months ended 30 June 2020: RMB161 million) was recognised.

(b) Government grants include (i) subsidies received from the relevant PRC government for improvement of working capital and incentive subsidies received in relation to activities carried out by the Group. There were no specific conditions/assets attached to the grants and therefore, the Group recognised the grants upon receipt. The subsidies were granted on a discretionary basis to the Group during the periods. Government grants related to depreciable assets have been deferred and released over the estimated useful lives of the relevant assets; and (ii) investment tax credit ("ITC") recognised in relation to an inverted lease arrangement or other financing arrangement for its qualified solar farm projects in the USA and details are set out in notes to the Group's consolidated financial statements for the year ended 31 December 2020. Approximately RMB6.6 million (six months ended 30 June 2020: RMB7.2 million) of the ITC benefit was recognised in profit or loss for the six months ended 30 June 2021 as a government grant income and included in other income.

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on financial liabilities at amortised cost		
— bank and other borrowings	**911,821**	1,415,272
— notes and bonds payables and senior notes	**153,476**	152,409
— loans from related companies	**32,019**	76,643
Interest on lease liabilities	**59,139**	61,734
Total borrowing costs	**1,156,455**	1,706,058
Less: interest capitalised	**(3,126)**	(15,515)
	1,153,329	1,690,543

There is no borrowing costs capitalised for the six-month period ended 30 June 2020 and 2021 arose on general borrowing pool.

6. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Research and development costs	**478,501**	231,780
Exchange losses, net	**5,071**	92,654
Loss on fair value change of convertible bonds receivable	**—**	403
Loss on fair value change of convertible bond payable	**3,712**	—
Gain on fair value change of other financial assets at FVTPL	**(3,382)**	(14,783)
Loss on fair value change of held for trading investments	**1,503**	148
Loss on fair value change of derivative financial instruments *(note 23)*	**115,381**	28,600
Loss on measurement of assets classified as held for sale to fair value less cost to sell *(note 10)*	**235,327**	153,339
Impairment loss on property, plant and equipment *(note 12)*	**—**	740,596
(Gain) loss on disposal of property plant and equipment	**(53,026)**	15,074
Gain on disposal of right-of-use assets	**(8,368)**	—
Loss on disposal of subsidiaries	**—**	84,225
(Gain) loss on disposal of subsidiaries with solar farm projects *(note 28)*	**(247,999)**	87,738
Gain on disposal of an associate *(note 13)*	**(141,449)**	—
Loss on deemed disposal of an associate	**—**	49,408
Gain on early termination of a lease	**—**	(7)
	385,271	1,469,175

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT")		
Current tax	**62,807**	95,397
(Over) under provision in prior periods	**(702)**	1,107
PRC dividend withholding tax	**920**	7,158
	63,025	103,662
USA Federal and State Income Tax		
Current tax	**306**	27
Underprovision in prior periods	**3**	5
	309	32
Deferred tax expense/(credit)	**10,030**	(44,934)
	73,364	58,760

The PRC EIT for the period represents income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of subsidiaries in the PRC.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%, except for those subsidiaries described below. The (over) under provision of EIT in prior periods arose mainly as a result of completion of tax clearance procedures by certain PRC subsidiaries with the respective tax authorities.

Certain subsidiaries operating in the PRC have been accredited as a "High and New Technology Enterprise" for a term of three years, and have been registered with the local tax authorities for enjoying the reduced 15% EIT rate. Accordingly, the profits derived by these subsidiaries are subject to 15% EIT rate for both periods. The qualification as a High and New Technology Enterprise will be subject to annual review by the relevant tax authorities in the PRC.

Certain subsidiaries of GNE Group, being enterprises engaged in solar photovoltaic projects, under the EIT Law, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective periods in which their first operating incomes was derived. For the six months ended 30 June 2021 and 30 June 2020, certain subsidiaries of GNE Group engaged in the solar photovoltaic projects are in the 3-year 50% exemption period. Certain of such subsidiaries of GNE Group have completed the 3-year full exemption period or 3-year 50% exemption period in current period.

7. INCOME TAX EXPENSE (continued)

Federal and State tax rate in the USA are calculated at 21% and 8.84%, respectively, for both periods.

Under the two-tiered profits tax rates regime introduced by The Inland Revenue (Amendment) (No. 7) Bill 2017, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to these consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

The Group's subsidiaries, associates and joint ventures that are tax residents in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding companies registered in Hong Kong and the British Virgin Islands, respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Net provision for deferred taxation of approximately RMB11,327,000 (six months ended 30 June 2020: net reversal of RMB47,617,000) in respect of withholding tax on undistributed profits has been charged to profit or loss during the reporting period.

8. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	**1,085,185**	1,702,885
Depreciation of right-of-use assets	**142,936**	163,318
Depreciation of investment properties	**2,327**	2,327
Amortisation of other intangible assets	**16,737**	16,745
Total depreciation and amortisation*	**1,247,185**	1,885,275
Add/less: amounts absorbed in opening and closing inventories, net*	**4,211**	(5,082)
	1,251,396	1,880,193

* The amounts absorbed in inventories sold, including in opening inventories approximately RMB424,891,000 (30 June 2020: approximately RMB708,707,000).

9. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

10. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

Assets Classified as Held for Sale

Disposal of solar power plants

(a) On 19 November 2020, the GNE Group entered into fourteen 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 twelve wholly-owned subsidiaries, namely Baoying Xinyuan Photovoltaic Power Co., Ltd.* ("Baoying Xinyuan"), Lianshui Xinyuan Photovoltaic Power Co., Ltd.* ("Lianshui Xinyuan"), Lanxi Jinrui Photovoltaic Power Co., Ltd.* ("Lanxi Jinrui"), Zhongli Tenghui Hainan Electric Power Co., Ltd.* ("Zhongli Tenghui"), Delingha Energy Power Co., Ltd.* ("Delingha Energy"), Gaotang County GCL Jinghui Photovoltaic Co., Ltd.* ("Gaotang County GCL"), Hetian GCL Photovoltaic Power Co., Ltd.* ("Hetian GCL"), Liaocheng Xiechang Photovoltaic Power Co., Ltd.* ("Liaocheng Xiechang"), Yanbian Xinneng Photovoltaic Power Co., Ltd.* ("Yanbian Xinneng"), Delingha Century Concord Photovoltaic Power Co., Ltd.* ("Delingha Century Concord"), Delingha Shidai New Energy Power Co., Ltd.* ("Delingha Shidai"), Hainanzhou Shineng Photovoltaic Power Co., Ltd.* ("Hainanzhou Shineng"), it 51% equity interest in Yuncheng Xinhua Energy Development Co., Ltd.* ("Yuncheng Xinhua") and its 56.5131% equity interest in Yili GCL Energy Limited* ("Yili GCL") at an aggregate consideration of RMB666,654,000 and the repayment of interest in shareholder's loan as at the date of disposals (the "Disposal Date A"). The GNE 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 reporting period. The subsidiaries operate solar power plant projects with in aggregate capacity of 430MW in Yangzhou, Qinghai, Xinjiang, Shandong, Zhejiang and Sichuan, the PRC (the "Project A").

As at 30 June 2021, the disposals of Baoying Xinyuan, Lianshui Xinyuan, Lanxi Jinrui, Zhongli Tenghui, Delingha Energy, Hetian GCL, Liaocheng Xiechang, Yanbian Xinneng, Yili GCL, Delingha Century Concord, Delingha Shidai, Hainanzhou Shineng with an aggregate consideration of RMB572,003,000 were completed and disclosed in note 28(f). The disposals of Gaotang County GCL and Yuncheng Xinhua were not completed and are presented as disposal groups held for sale.

10. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

Assets Classified as Held for Sale (continued)

Disposal of solar power plants (continued)

(a) (continued)

The GNE Group has granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which the GNE Group has agreed that if the Project A fails to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date A during the four-year period after the Disposal Date A, or the operation of the Project A is disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the GNE 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 List and receipt of tariff adjustment receivables is stable, in the opinion of the Directors, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date 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 30 June 2021 is considered as insignificant.

(b) On 31 March 2021, the GNE Group entered into six share transfer agreements with 三峽資產管理有限公司 Three Gorges Asset Management Co., Ltd.* ("Three Gorges") to dispose of its 100% equity interest in four wholly-owned subsidiaries, namely Sanmenxia Xie Li Solar Power Co., Ltd.* ("Sanmenxia Xie Li"), Kaifeng Huaxin New Energy Development Co., Ltd.* ("Kaifeng Huaxin"), Shangshui GCL Photovoltaic Electric Power Co, Ltd.* ("Shangshui GCL") and Queshan Zhuiri New Energy Power Company Limited* ("Queshan Zhuiri") and its 50% equity interest in each of Taiqian GCL Photovoltaic Power Company Limited* ("Taiqian GCL") and Nanzhao Xin Li Photovoltaic Electric Power Co, Ltd.* ("Nanzhao Xin Li"), at an aggregate consideration of RMB364,650,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The GNE Group and Three Gorges mutually agreed to reduce the consideration from RMB364,650,000 to RMB342,796,000 during the six months ended 30 June 2021. The subsidiaries operate solar power plant projects with an aggregate capacity of 321MW in Henan, the PRC.

As at 30 June 2021, the disposals of Sanmenxia Xie Li, Kaifeng Huaxin, Nanzhao Xin Li with a consideration in aggregate of RMB51,446,000 were completed and disclosed in note 28(g). The disposals of Taiqian GCL, Shangshui GCL and Queshan Zhuiri were not completed and presented as disposal groups held for sale.

10. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

Assets Classified as Held for Sale (continued)

Disposal of solar power plants (continued)

(c) On 21 May 2021, the GNE Group entered into two share transfer agreements with 貴州西能電力建設有限公司 Guizhou West Power Construction Co., Ltd* ("Guizhou West Power") to dispose of its 100% equity interest in two wholly-owned subsidiaries, namely Haifeng County GCL Solar Power Co., Ltd* ("Haifeng County GCL") and Anlong Maoan New Energy Development Company Limited* ("Anlong Maoan"), at an aggregate consideration of RMB82,264,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with an aggregate capacity of 131MW in Guangdong and Guizhou, the PRC. As at 30 June 2021, the disposals of Haifeng County GCL and Anlong Maoan were not completed and presented as disposal groups held for sale.

(d) On 1 April 2021, the GNE Group entered into four share transfer agreements with Three Gorges to dispose of its 98.4% equity interest in Jingbian GCL Solar Power Co., Ltd.* ("Jingbian GCL"), its 80.3514% equity interest in Hengshan Jinghe Solar Energy Co., Ltd.* ("Hengshan Jinghe") and its 100% equity interest in two wholly-owned subsidiaries, namely Yulin Longyuan Solar Energy Limited* ("Yulin Longyuan") and Yulin Yushen Industrial Area Energy Co., Ltd.* ("Yulin Yushen"), at an aggregate consideration of RMB1,250,000,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with an aggregate capacity of 469MW in Shaanxi, the PRC. As at 30 June 2021, the disposals were not completed and presented as disposal groups held for sale.

(e) On 25 June 2021, the GNE Group entered into seven share transfer agreements with Three Gorges to dispose of its 100% equity interest in six wholly-owned subsidiaries, namely Hong He Xian Rui Xin Photovoltaic Power Generation Company Limited* ("Hong He Xian Rui Xin"), Kun Ming Xu Feng Photovoltaic Power Generation Company Limited* ("Kun Ming Xu Feng"), Luquan GCL Solar Power Generation Company Limited* ("Luquan GCL"), Heqing Xinhua Photovoltaic Power Co., Ltd.* ("Heqing Xinhua"), Menghai GCL Solar Agricultural Power Co., Ltd.* ("Menghai GCL") and Yuxi Zhongtai New Energy Technology Co., Ltd.* ("Yuxi Zhongtai") and its 80% equity interest in Yuanmou Green Power New Energy Development Limited* ("Yuanmou"), at an aggregate consideration of RMB218,960,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with an aggregate capacity of 229MW in Yunnan, the PRC. As at 30 June 2021, the disposals were not completed and presented as disposal groups held for sale.

* English name for identification purpose only

As at 30 June 2021, the assets and liabilities attributable to these solar power plant projects were classified as a disposal group held for sale and are presented separately in the unaudited condensed interim consolidated statement of financial position.

10. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

Assets Classified as Held for Sale (continued)

Disposal of solar power plants (continued)

As at 30 June 2021, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment	6,243,228
Right-of-use assets	255,398
Other non-current assets	222,609
Trade and other receivables	2,625,302
Pledged bank deposits	179,617
Bank balances and cash	190,794
	9,716,948
Less: Loss on measurement of assets classified as held for sale to fair value less cost to sell *(note 6)*	(235,327)
Total assets classified as held for sale	9,481,621
Other payables	(1,814,642)
Bank and other borrowings — due within one year	(586,492)
Bank and other borrowings — due after one year	(3,819,798)
Lease liabilities	(149,242)
Total liabilities directly associated with assets classified as held for sale	(6,370,174)
Net assets of solar power plant projects classified as held for sale	3,111,447
Intragroup balances	(1,311,616)
Net assets of solar power plant projects	1,799,831

The following is an aged analysis of trade receivables presented based on the invoice date at 30 June 2021, which approximated the respective revenue recognition date:

	RMB'000
Unbilled *(note)*	2,152,534
0–90 days	79,144
91–180 days	35,519
Over 180 days	178,125
	2,445,322

10. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

Assets Classified as Held for Sale (continued)

Disposal of solar power plants (continued)

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

	RMB'000
0–90 days	234,233
91–180 days	185,310
181–365 days	316,216
Over 365 days	1,416,775
	2,152,534

For the electricity sale business, the GNE Group generally granted credit period of approximately one month to local power grid companies in the PRC from the date of invoice in accordance with the relevant electricity sales contract between the GNE Group and the respective local grid companies.

The carrying amounts of the above bank and other borrowings are repayable#:

	RMB'000
Within one year	586,492
More than one year, but not exceeding two years	610,885
More than two years, but not exceeding five years	1,978,404
More than five years	1,230,509
	4,406,290
Less: Bank and other borrowings — due within one year	(586,492)
Bank and other borrowings — due after one year	3,819,798

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

11. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share		
(Profit/(loss) for the period attributable to owners of the Company)	**2,406,719**	(1,995,988)

	Six months ended 30 June	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/loss per share	**24,305,728**	19,568,050
Adjustment for share options	**36,450**	—
Weighted average number of ordinary shares for the purpose of diluted earnings/loss per share	**24,342,178**	19,568,050

For the six months ended 30 June 2021 and 2020, the weighted average number of ordinary shares for the purpose of calculation of basic and diluted loss per share has been adjusted for the effect of the 322,998,888 (note 26(ii)) ordinary shares purchased by the Trustee from the market pursuant to the Scheme.

Diluted earnings per share for the six months ended 30 June 2021 is calculated by adjusting the weighted average number of ordinary shares in issue during the period with the weighted average number of ordinary shares deemed to be issued assuming the dilutive impact on the share options.

Diluted loss per share for the six months ended 30 June 2020 does not assume the exercise of share options granted by the Company, since the exercise would decrease the loss per share for the respective period.

Diluted earnings per share of GNE did not assume the exercise of the share options since the exercise price is higher than the average share price for six months ended 30 June 2021 and 2020, respectively.

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

During the six months ended 30 June 2021, the GNE Group spent approximately RMB4 million (six months ended 30 June 2020: RMB15 million) on construction of solar farms and related facilities in the PRC in order to enlarge its power generation capacities. Furthermore, the Group spent approximately RMB606 million (six months ended 30 June 2020: RMB73 million) on technological improvement and other production facilities to enhance the wafer and polysilicon production efficiency. As at 30 June 2021, the constructions are still in progress.

In addition, during the reporting period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB58 million (six months ended 30 June 2020: RMB149 million) for proceeds received and receivable of approximately RMB110 million and RMB0.6 million (six months ended 30 June 2020: RMB86 million and RMB48 million), respectively, resulting in a gain of approximately RMB53 million (six months ended 30 June 2020: loss of approximately RMB15 million).

Leases are negotiated and rentals are fixed for terms ranging from 1 to 34 years (31 December 2020: 1 to 34 years) for parcels of land and ranging from 1 to 10 years (31 December 2020: 1 to 10 years) for the office premises and staff quarters. Certain lease agreements entered into between the landlords and the Group include renewal options at the discretion of the respective group entities for further 5 to 15 years (31 December 2020: 5 to 15 years) from the end of the leases with fixed rental.

During the reporting period, the Group entered into several new lease agreements with lease terms ranged from 2 to 20 years. On lease commencement, the Group recognised right-of-use assets of approximately RMB76 million (six months ended 30 June 2020: RMB42 million) and lease liabilities of approximately RMB10 million (six months ended 30 June 2020: RMB40 million).

Impairment loss on CGUs in solar material business segment

Due to the continuing unfavourable market conditions and poor economic condition induced by the outbreak of COVID-19 during six-month period ended 30 June 2020, the polysilicon and wafer faced a stronger than expected price pressure with decrease in demand, and the solar material business segment recognised a segment loss of approximately RMB2,023 million during the six months ended 30 June 2020. With the impairment indicators identified, the Directors conducted a review of the recoverable amounts of several cash-generating units ("CGUs") in the solar material business segment to which the property, plant and equipment and intangible assets belonged to as at 30 June 2020.

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

Impairment loss on CGUs in solar material business segment (continued)

The recoverable amounts of the relevant CGUs are determined based on a value in use calculations by the Directors on the production plants in relation to the production of polysilicon and wafer of the CGUs in the solar material business segment as at 30 June 2020. The calculation uses cash flow projections covering the useful lives of those property, plant and equipment and intangible assets in relation to the production of polysilicon and wafer based on financial budgets approved by management including replacement of assets with shorter useful lives within the relevant CGUs. Key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include discount rate, budgeted sales and gross margin. Such estimation is based on past performance and management's expectations for the market. The fair value less costs to sell of the CGUs is lower than the value in use. The impairment amount has been allocated to each category of property, plant and equipment. Such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. As a result, an impairment loss of approximately RMB698,000,000 is recognised on property, plant and equipment during the six months ended 30 June 2020.

For the reporting period, the solar material business segment recognised a segment gain of approximately RMB2,433 million, therefore no impairment provision on property, plant and equipment was considered necessary.

13. INTERESTS IN ASSOCIATES

Same as disclosed in the Company's 2020 annual report, there is no material change for the six months ended 30 June 2021, except for:

In February 2021, the Group agreed to sell 3.848% equity interest in Inner Mongolia Zhonghuan-GCL to 樂山市仲平多晶硅光電信息產業基金合夥企業(有限合夥) Leshan Zhongping Polysilicon Photovoltaic Information Industry Investment Fund Partnership (Limited Partnership)* ("Leshan Fund") at a consideration of RMB600 million and agreed to grant a put option to Leshan Fund upon the occurrence of certain specific events. Since the Group keeps the right to appoint two out of seven directors on the board of Mongolia Zhonghuan-GCL, the Directors considered that the Group can exercise significant influence over Mongolia Zhonghuan-GCL and it is therefore continued to be classified as an associate of the Group. This disposal resulted in the Group recognising a gain of approximately RMB141 million in profit or loss during the reporting period.

* English name for identification only

14. INTERESTS IN JOINT VENTURES

Same as disclosed in the Company's 2020 annual report, there is no material change for the six months ended 30 June 2021.

15. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Current assets		
Other financial assets at FVTPL:		
Unlisted investments *(Note a)*	**522,161**	800,763
Non-current assets		
Other financial assets at FVTPL:		
Unlisted investments *(Note b)*	**206,734**	241,310
Unlisted equity investments *(Note c)*	**97,866**	79,957
	304,600	321,267

Notes:

(a) The unlisted investments represent the financial products issued by financial institutions and banks in Hong Kong and the PRC. The Directors consider the fair values of the unlisted investments, which are based on the prices provided by the financial institutions and banks, i.e. the prices they would pay to redeem the financial products at the end of the reporting period, approximate to their carrying value.

(b) The Group invested in the form of interests as limited partners in certain private entities, which held a portfolio of unlisted investments. The primary objective of the investments is to earn income for capital gain. Pursuant to investment agreements, the beneficial interests held by the Group in these unlisted investments are in the form of participating shares or interests which primarily provide the Group with the share of returns from the unlisted investments but not any decision making power nor any voting right to involve in and control the daily operation. The unlisted investments mainly made up of private entities incorporated in the PRC and liquid financial assets (including cash and cash equivalents).

(c) The amount mainly represents the investments in unlisted equity instruments issued by private entities established in the PRC, Hong Kong and the USA.

16A. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/TRADE AND OTHER RECEIVABLES

Deposits, prepayments and other non-current assets

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Deposits for acquisitions of property, plant and equipment	**254,565**	527,212
Consideration receivable	**122,679**	124,679
Refundable value-added tax	**416,493**	981,075
Others	**9,761**	80,005
	803,498	1,712,971

Trade and other receivables

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade receivables *(Note a)*	**11,486,352**	13,504,618
Other receivables:		
— Refundable value-added tax	**324,092**	621,048
— Consideration receivables	**3,233,311**	1,349,641
— Receivables for modules procurement	**56,297**	63,376
— Prepayments and deposit	**459,507**	252,671
— Deposit for acquisition of additional interest in subsidiaries	**200,000**	—
— Other	**1,771,765**	1,547,138
	17,531,324	17,338,492
Less:		
Allowance for credit loss		
— Trade	**(79,969)**	(109,936)
— Non Trade	**(740,754)**	(740,754)
	16,710,601	16,487,802

16A. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables (continued)

Notes:

(a) The Group allows a credit period of approximately one month from the invoice date for trade receivables (excluding sales of electricity) and may further extend 3 to 6 months for settlement through bills issued by banks and financial institutions obtained from trade customers.

The following is an aged analysis of trade receivables (excluding sales of electricity and bills held by the Group for future settlement), net of allowances for credit losses, presented based on the invoice date at the end of the reporting period:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 3 months	**502,205**	259,570
3 to 6 months	**58,374**	42,536
Over 6 months	**45,816**	129,557
	606,395	431,663

For sales of electricity, 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.

The following is an aged analysis of trade receivables arising from sales of electricity (excluding bills held by the Group for future settlement), presented based on the invoice date at the end of the reporting period:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Unbilled *(Note)*	**3,023,524**	6,717,763
Within 3 months	**104,243**	197,194
3 to 6 months	**23,275**	177,946
Over 6 months	**314,891**	282,419
	3,465,933	7,375,322

16A. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables (continued)

Notes: (continued)

(a) (continued)

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

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

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0–90 days	**392,280**	948,875
91–180 days	**256,452**	283,537
181–365 days	**511,730**	1,051,020
over 365 days	**1,863,062**	4,434,331
	3,023,524	6,717,763

As at 30 June 2021, trade receivables include bills received amounting to RMB7,334,057,000 (31 December 2020: RMB5,587,697,000) held by the Group for future settlement of trade receivables, of which certain bills were further discounted/endorsed by Group. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than one year.

The Directors closely monitor the credit quality of trade and other receivables and consider the trade and other receivables, which are neither past due nor impaired, are of a good credit quality in view of the good historical repayment record.

16B. CONTRACT ASSETS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Sales of electricity	**441,795**	1,227,979

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the grid companies in the PRC in which the relevant on-grid solar power plants are still pending registration to the List at the end of the reporting period. Tariff adjustment is recognised as revenue upon electricity is generated as disclosed in note 3. Pursuant to the 2020 Measures, for those on-grid solar power plants yet to be registered on the List, they are required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List. The contract assets are transferred to trade receivables when the GNE Group's respective on-grid solar power plants are enlisted in the List. The GNE Group considers the settlement terms contain a significant financing component, and has adjusted the respective tariff adjustment for the financing component based on 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 GNE Group was adjusted by approximately RMB18 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB28 million) for this financing component and in relation to the revision of the expected timing of receipt of the tariff adjustment in the contract assets.

Contract assets are reclassified to trade receivables at the point the respective on-grid solar power plant projects are enlisted on the List. The balances as at 30 June 2021 are classified as non-current as they are expected to be received after twelve months from the reporting date.

17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS ("ECL") MODEL

The basis of determining the inputs and assumptions and the estimation techniques used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2021 for assessment of ECL are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020.

The Group reversed the impairment allowance for trade receivables of approximately RMB30,000,000 (six months ended 30 June 2021: RMB2,524,000) resulting from subsequent settlement during the reporting period.

During the reporting period, the Directors are of the opinion that the ECL on other financial assets and other items subject to ECL is insignificant.

18. BALANCES WITH RELATED COMPANIES

The related companies included associates and joint ventures of the Group and companies controlled by Mr. Zhu Gongshan, the chairman of the Group, and his family members which hold in aggregate approximately 25% (31 December 2020: 30%) of the Company's share capital as at 30 June 2021 and exercises significant influence over the Company.

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Amounts due from related companies		
— Trade related *(Note a)*	**333,075**	431,814
— Non-trade related *(Note b)*	**7,056**	8,639
	340,131	440,453
Amounts due from associates		
— Trade related *(Note a)*	**84,357**	59,778
— Non-trade related *(Note c)*	**1,129,512**	1,110,515
	1,213,869	1,170,293
Amounts due from joint ventures		
— Trade related *(Note a)*	**3,050**	738
— Non-trade related *(Note b)*	**—**	7,942
	3,050	8,680
	1,557,050	1,619,426
Less: allowance for credit losses	**(281,592)**	(281,580)
	1,275,458	1,337,846
Analysed for reporting purposes as:		
— Current assets	**534,929**	597,315
— Non-current assets	**740,529**	740,531
	1,275,458	1,337,846

18. BALANCES WITH RELATED COMPANIES (continued)

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Amounts due to related companies		
— Trade related *(Note d)*	**6,846**	13,893
— Non-trade related *(Note e)*	**21,441**	229,616
	28,287	243,509
Amounts due to associates		
— Trade related *(Note d)*	**308,694**	157,001
— Non-trade related *(Note e)*	**1,862,635**	1,610,088
	2,171,329	1,767,089
Amount due to a joint venture		
— Trade related *(Note d)*	**33,972**	43,404
— Non-trade related *(Note e)*	**65,000**	34,155
	98,972	77,559
Current liabilities	**2,298,588**	2,088,157
Loans from:		
— companies controlled by Mr. Zhu Gongshan and his family *(Note f)*	**70,882**	908,508
	70,882	908,508
Analysed for reporting purposes as:		
— Current liabilities	**16,811**	788,668
— Non-current liabilities	**54,071**	119,840
	70,882	908,508

18. BALANCES WITH RELATED COMPANIES (continued)

Notes:

(a) The amounts are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2020: 30 days).

The following is an aged analysis of amounts due from related companies, associates and joint ventures (trade related), net of allowance for credit losses, at the end of the reporting period, presented based on the invoice date which approximated the respective revenue recognition dates:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 3 months	**94,134**	66,648
3 to 6 months	**5,154**	6,052
More than 6 months	**39,602**	138,050
	138,890	210,750

(b) The amounts are unsecured, non-interest bearing and with no fixed repayment term.

(c) The amounts are unsecured, non-interest bearing and with no fixed term of repayment, except for (i) loans to Xinjiang GCL of approximately RMB748,444,000 (31 December 2020: RMB743,635,000) which are unsecured, interest bearing at fixed rates of 5.22% to 5.655% (31 December 2020: 5.22% to 5.655%) per annum, in which an amount of RMB700,000,000 is agreed to be repaid after one year and are therefore classified as non-current assets. The remaining balance of the loans to Xinjiang GCL are with no fixed term of repayment and are therefore classified as current assets; and (ii) an amount of approximately RMB40,529,000 (31 December 2020: RMB40,529,000) which, in the opinion of the directors of GNE, is expected to be received after twelve months from the end of the reporting period and is classified as non-current assets.

(d) The amounts are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2020: 30 days).

The following is an aged analysis of amounts due to related companies, associates and a joint venture (trade related) at the end of the reporting period, presented based on the invoice date:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 3 months	**261,234**	137,517
3 to 6 months	**22,125**	37,976
More than 6 months	**66,153**	38,805
	349,512	214,298

18. BALANCES WITH RELATED COMPANIES (continued)

Notes: (continued)

(e) The amounts are unsecured, non-interest bearing and repayable on demand.

(f) As at 30 June 2021, 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)*, 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Limited*, 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited* and 阜寧協鑫房地產開發有限公司 Funing Property Development Limited* in total amounted to approximately RMB70,882,000 (31 December 2020: RMB908,508,000). These loans are unsecured, interest bearing at 8% to 12% (31 December 2020: 8% to 12%) per annum and repayable from 2020 through 2021. Approximately RMB16,811,000 (31 December 2020: RMB788,668,000) of the outstanding loans are repayable within twelve months from the end of the reporting period.

* English name for identification only

19. INVENTORIES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Raw materials	**367,404**	174,462
Work in progress	**146,709**	107,510
Semi-finished goods *(Note)*	**158,551**	175,736
Finished goods	**336,642**	30,170
Solar modules	**743**	751
	1,010,049	488,629

Note: Semi-finished goods mainly represented polysilicon.

During the six months ended 30 June 2021, cost of inventories of approximately RMB4,460,266,000 (six months ended 30 June 2020: RMB4,368,578,000) recognised as cost of sales including reversal of write-down of inventories of approximately RMB9,334,000 from which such inventories were previously impaired, have been fully utilised during the reporting period (six months ended 30 June 2020: cost of inventory recognised cost of sales included write-down of inventory net of approximately RMB19,573,000 because the cost of certain inventories were higher than their net realisable values).

20. TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade payables *(Note a)*	**7,252,910**	5,885,594
Construction payables *(Note a)*	**1,435,358**	3,968,270
Payables to vendors of solar farms	**57,965**	66,320
Other payables	**863,027**	1,381,183
Convertible bonds to a non-controlling shareholders of a subsidiary	**52,712**	49,000
Salaries and bonus payable	**255,531**	348,964
Dividend payables to non-controlling shareholders of subsidiaries	**29,053**	237,381
Other tax payables	**131,782**	83,642
Interest payables	**80,613**	217,802
Advance from engineering, procurement and construction ("EPC") contractors *(Note b)*	**38,594**	80,244
Accruals	**236,216**	212,312
Advance payments from sale of solar power plants	**983,762**	—
	11,417,523	12,530,712

Notes:

(a) Included in the trade payables and construction payables are RMB1,975,573,000 (31 December 2020: RMB2,281,285,000) and RMB190,610,000 (31 December 2020: RMB338,496,000), respectively, in which the Group issued bills to relevant creditors for settlement and remained outstanding at the end of the reporting period, and endorsed bills with recourse with an aggregate amount of approximately RMB4,453,418,000 (31 December 2020: RMB2,869,460,000). All these bills are with a maturity period of less than one year.

(b) The advance presents the amounts received from EPC contractors for modules procurement, in which the modules will be used in the construction of GNE Group's solar farms.

The credit period for trade payables is within 3 to 6 months (31 December 2020: 3 to 6 months).

The following is an aged analysis of trade payables (excluding bills presented by the Group for settlement and endorsed to bank with recourse) presented based on the invoice date at the end of the reporting period:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 3 months	**2,778,980**	1,461,865
3 to 6 months	**2,398,808**	1,912,708
More than 6 months	**99,549**	229,736
	5,277,337	3,604,309

21. BANK AND OTHER BORROWINGS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Bank loans	**9,309,549**	19,124,773
Other loans	**7,638,623**	17,111,892
	16,948,172	36,236,665
Representing:		
Secured	**12,042,056**	33,355,132
Unsecured	**4,906,116**	2,881,533
	16,948,172	36,236,665
The carrying amount of above borrowings that are payable on demand due to inability to respect loan covenants (shown under current liabilities)	**2,495,853**	7,938,443
The carrying amount of remaining bank loans and other loans	**14,452,319**	28,298,222
	16,948,172	36,236,665
Less: amounts due within one year or repayable on demand due to inability to respect loan covenants (shown under current liabilities)	**(10,698,003)**	(22,884,812)
Amounts due after one year	**6,250,169**	13,351,853

Included in other loans is RMB6,177 million (31 December 2020: RMB11,626 million) which the Group entered into finance lease arrangements with financial institutions with lease terms ranging from 1 year to 12 years (31 December 2020: 1 year to 12 years), with legal title of the respective equipment transferred to the financial institutions. The Group continues to operate and manage the relevant equipment during the lease term without any involvement by the financial institutions, and the Group is entitled to purchase back the equipment at a minimal consideration upon maturity of the respective leases, except for one of the financing arrangements with a financial institution which provided the Group with an early buyout option to purchase back the relevant equipment at a pre-determined price at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value at the end of the lease period. Despite the arrangement involves a legal form of a lease, while it does not constitute a sale and leaseback transaction. The Group therefore accounts for the arrangement as a collateralised borrowing at amortised cost using the effective interest method under IFRS 9/IAS 39 in prior years before application of IFRS 16, in accordance with the substance of the arrangement.

During the reporting period, the Group discounted bills arising from future settlement of trade receivables with recourse in aggregated amount of approximately RMB736,926,000 (31 December 2020: RMB3,077,513,000) to banks for short-term financing. At 30 June 2021, the associated borrowings amounted to approximately RMB837,435,000 (31 December 2020: RMB1,802,544,000).

21. BANK AND OTHER BORROWINGS (continued)

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

During the reporting period, the Company has fully settled its defaulted borrowing as at 31 December 2020 of approximately RMB1,305 million in February 2021. As at 30 June 2021, the GNE 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 GNE Group's default in certain bank borrowings have triggered the cross default clauses of certain of the GNE Group's bank and other borrowings as set out in the respective loan agreements between several banks and financial institutions. Accordingly, bank and other borrowings of the GNE Group amounting to RMB1,328 million (31 December 2020: RMB4,541 million) is reclassified from non-current liabilities to current liabilities as at 30 June 2021. The management of the Group considers that the claims arising from the litigation will not have material impact to the Group.

The bank and other borrowings carry effective interest rates ranging from 2.5% to 10.8% (31 December 2020: 1.2% to 18%) per annum.

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within one year	**30,462**	1,797,113
More than one year, but not exceeding two years	**46,580**	234,667
More than two years, but not exceeding five years	**246,973**	1,042,851
More than five years	**145,710**	738,640
	469,725	3,813,271

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within one year	**1,137,058**	1,600,206
More than one year, but not exceeding two years	**298,816**	302,175
More than two years, but not exceeding five years	**325,901**	1,386,432
More than five years	**264,353**	836,359
	2,026,128	4,125,172

22. NOTES AND BONDS PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Senior notes and other notes payables	**3,113,320**	3,312,863
Less: amount due within one year shown under current liabilities	**(466,998)**	(3,312,863)
Amount due for settlement after one year shown under non-current liabilities	**2,646,322**	—

On 23 January 2018, GNE Group issued senior notes of US$500 million (equivalent to approximately RMB3,167 million), which bear interest at 7.1% per annum and mature on 30 January 2021. The net proceeds of the notes, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million (equivalent to approximately RMB3,119 million).

On 1 February 2021, GNE Group announced that the failure of repayment of the senior notes with a total principal amount of US$500 million (equivalent to RMB3,262 million) constituted an event of default under the terms of indenture.

On 9 February 2021, GNE 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 RSA. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration will be settled through the issuance of new senior notes, which are interest-bearing at 10% par annum and the whole principal will mature on 30 January 2024. The RSA became effective on 16 June 2021.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	Put option in Jiangsu Xinhua *(Note 1)* RMB'000	Put option of interests in Kunshan GCL *(Note 2)* RMB'000	Put options in Inner Mongolia Zhonghuan *(Note 3)* RMB'000	Total RMB'000
As at 1 January 2020	133,400	—	—	133,400
Initial recognition	—	38,561	—	38,561
Change in fair value charged to profit or loss *(note 6)*	(111,400)	—	—	(111,400)
As at 31 December 2020	22,000	38,561	—	60,561
Initial recognition	—	31,632	204,265	235,897
Change in fair value charged to profit or loss *(note 6)*	3,324	8,628	(100,836)	(88,884)
As at 30 June 2021	25,324	78,821	103,439	207,574

Notes:

(1) In April 2016, the Group entered into the Investment Agreement with a JV Partner pursuant to which the JV Partner was given a right to request the Group to repurchase its 49.02% equity interest in Jiangsu Xinhua at a premium under the following circumstances:

(a) If Jiangsu Xinhua failed to complete a qualified initial public offering ("IPO") at a mutually-agreed stock exchange within a specified time frame;

(b) If Jiangsu Xinhua met the listing requirements of the specified stock exchanges but fails to complete a qualified IPO due to external factors such as a change in government policy or other factors out of Jiangsu Xinhua's control;

(c) If Jiangsu Xinhua failed to produce polysilicon to the level of quality and specification stipulated under the Investment Agreement within a specified time frame; or

(d) If there was a significant breach by the Group on the relevant terms of the Investment Agreement or actions brought by the Group resulting in a significant adverse impact to the joint venture and the Group fails to remediate such breach within the period required by the JV Partner.

In December 2020, the Group entered into a supplementary agreement with the JV Partner to replace the circumstance (c) by the following circumstance:

(e) If Jiangsu Xinhua failed to meet any of the annual operational or strategic requirements by 2021, 2022 and 2023 as set out in the supplementary agreement, respectively.

23. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(1) (continued)

The Directors recognised the put option of interests in Jiangsu Xinhua as a derivative financial instrument and initially recognised it at fair value with subsequent changes in fair value recognised in profit or loss. During the reporting period, the Group remeasured the fair value and a gain on fair value change of the derivative financial instrument of approximately RMB3,324,000 (2020: a loss of RMB111,400,000) was recognised in profit or loss.

(2) In 2020, the Group entered into the Investment Agreement with the new investors pursuant to which the new investors are given rights to request the Group to repurchase their equity interest in Kunshan GCL Optoelectronic Material Co., Ltd (昆山協鑫光電材料有限公司) ("Kunshan GCL") at a premium under the following circumstances:

- If Kunshan GCL failed to complete a qualified initial public offering ("IPO") at a mutually agreed stock exchange within a specified time frame;
- If Kunshan GCL met the listing requirements of the specified stock exchanges but fails to complete a qualified IPO due to external factors such as a change in government policy or other factors out of Kunshan GCL's control;
- If Kunshan GCL failed to produce perovskite to the level of quality and specification stipulated under the Investment Agreement within a specified time frame; or
- If there was a significant breach by the Group on the relevant terms of the Investment Agreement or actions brought by the Group resulting in significant adverse impact to Kunshan GCL and the Group fails to remediate such breach within the period required by the new investors.

The Directors recognised the put option of interests in Kunshan GCL as derivative financial instruments. At initial recognition, the obligation arising from the put option represented the present value of the estimated value of the amount the Group could be required to pay the new investors. This amount was recognised in the consolidated statement of financial position with a corresponding debit to other reserve, and was designated as at FVTPL with subsequent changes in fair value recognised in profit or loss.

(3) In January 2021, the Group entered into a share transfer agreement with a supplementary agreement with an associate, 樂山市仲平多晶硅光電信息產業基金合夥企業（有限合夥）Leshan Zhongping Polysilicon Photovoltaic Information Industry Investment Fund Partnership (Limited Partnership)* ("Leshan Fund") in which the Group agreed to sell and Leshan Fund agreed to purchase 3.848% equity interest in 內蒙古中環協鑫光伏材料有限公司 Inner Mongolia Zhonghuan — GCL Solar Material Co., Ltd.* ("Inner Mongolia Zhonghuan") at a consideration of RMB600 million. They agreed to grant a put option to Leshan Fund upon the occurrence of certain specific events, pursuant to which the new investors are given rights to request the Group to repurchase their equity interest in Inner Mongolia Zhonghuan at a premium under the following circumstances:

- If Inner Mongolia Zhonghuan failed to be involved in merge and acquisition with an independent third parties after if both parties has completely executed the given clause under the Assets Distribution Agreement entered between Leshan Fund and the Group.

The Directors recognised the put option of interests in Inner Mongolia Zhongshan as derivative financial instruments. At initial recognition, the obligation arising from the put option represented the present value of the estimated value of the amount the Group could be required to pay the new investors amounting to RMB204 million. This amount was recognised in the consolidated statement of financial position with a corresponding debit to profit or loss, and was designated as at FVTPL with subsequent changes in fair value recognised in profit or loss.

* English name for identification purpose only

Details of the inputs and assumption adopted in the valuation are described in note 29.

24. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised		
At 1 January 2020 (Audited), 30 June 2020 (Unaudited), 1 January 2021 (Audited) and 30 June 2021 (Unaudited)	30,000,000	3,000,000
Issued and fully paid		
At 1 January 2020 (Audited)	19,841,049	1,984,105
Exercise of share options *(Note a)*	3,389	339
Issue of shares on placement *(Note b)*	1,300,000	130,000
At 1 January 2021 (Audited)	21,144,438	2,114,444
Exercise of share options *(Note c)*	17,984	1,798
Issue of shares on placement *(Note d)*	3,900,000	390,000
At 30 June 2021 (Unaudited)	25,062,422	2,506,242

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Shown in the financial statements as	**2,192,457**	1,862,725

Notes:

(a) During the year ended 31 December 2020, share option holders exercised their rights to subscribe for 3,389,000 ordinary shares in the Company at HK$1.16 per share with the net proceeds of approximately RMB3,337,000.

(b) On 16 June 2020, the Company entered in a placing agreement with CCB International Capital Limited as placing agent, which is independent and not connected to the Company. Pursuant to the placing agreement, the placing agent agreed to place up to 1.3 billion placing shares to third parties independent of the Company and connected persons of the Company at HK$0.203 per placing share. The placing was completed on 24 June 2020, with net proceeds of approximately HK$260,000,000 (equivalent to approximately RMB238,807,000).

(c) During the period ended 30 June 2021, share option holders exercised their rights to subscribe for 17,984,000 ordinary shares in the Company at HK$1.16 and HK$1.63 per share with the net total proceeds of approximately RMB19,649,000.

(d) On 21 January 2021, a placement of 3.9 billion new shares of the Company at a price of HK$1.08 per share with net proceeds of approximately HK$4.148 billion (equivalent to approximately RMB3.491 billion) was completed.

All shares issued during the year ended 31 December 2020 and the reporting period rank pari passu in all respects with the then existing shares of the Company.

25. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

At the end of the reporting period, the Group has pledged the following assets to secure credit facilities of the Group:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Bank and other borrowings secured by:		
Pledged and restricted bank and other deposits	**1,354,132**	929,787
Right-of-use assets	**573,061**	661,264
Investment properties	**58,822**	61,148
Property, plant and equipment	**15,804,954**	21,748,494
Trade receivables and contract assets	**6,231,794**	10,060,583
	24,022,763	33,461,276
Lease liabilities secured by:		
Pledged and restricted bank and other deposits	**127,500**	87,620
Total	**24,150,263**	33,548,896

Certain subsidiaries pledged their fee collection rights in relation to the sales of electricity, and as at 30 June 2021, trade receivables and contract assets in respect of such fee collection rights pledged amounted to approximately RMB5,395,405,000 (31 December 2020: RMB8,061,158,000).

As at 30 June 2021, the Group pledged property, plant and equipment and right-of-use assets of approximately RMB70,187,000 and RMB127,263,000 (31 December 2020: RMB135,473,000 and RMB146,875,000), respectively, to secure bank and other borrowings of an associate and a joint venture of the Group.

In addition to the pledged assets above, there are property, plant and equipment of approximately RMB49,417,000 (31 December 2020: RMB51,327,000), right-of-use assets of approximately RMB10,919,000 (31 December 2020: nil), restricted bank deposits of approximately RMB2,477,029,000 (31 December 2020: RMB3,573,150,000) and trade receivables of approximately RMB435,954,000 (31 December 2020: RMB561,674,000) which have been restricted to secure issuance of bills and short-term letters of credit for trade and other payables.

25. PLEDGE OF OR RESTRICTIONS ON ASSETS (continued)

Restriction on assets

In addition, lease liabilities of approximately RMB1.3 billion (31 December 2020: RMB1.9 billion) are recognised with related right-of-use assets of approximately RMB1.7 billion (31 December 2020: RMB2.4 billion) as at 30 June 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

26. SHARE-BASED PAYMENT TRANSACTIONS

There is no material change relating to the share-based payment transactions for the six months ended 30 June 2021, except for the following:

(I) Equity-settled share option scheme

(i) Share option scheme of the Company

Movements of share options granted during the period are as follows:

30 June 2021

				Number of share options				
					During the year			
	Exercise price	Date of grant	Exercise period	Outstanding at 1 January 2021	Exercised	Forfeited	Expired	Outstanding at 30 June 2021
Directors	HK$1.16	19.2.2016	15.3.2016 to 18.2.2026	5,942,302	–	–	–	5,942,302
	HK$1.324	29.3.2016	18.4.2016 to 28.3.2026	7,944,454	–	–	–	7,944,454
Employees and others	HK$3.296	12.01.2011	01.03.2011 to 11.01.2021	5,035,850	–	–	(5,035,850)	–
	HK$4.071	15.07.2011	01.09.2011 to 14.07.2021	4,834,415	–	–	–	4,834,415
	HK$1.63	05.07.2013	16.09.2013 to 04.07.2023	14,080,237	(5,465,902)	(430)	–	8,613,905
	HK$2.867	24.03.2014	26.05.2014 to 23.03.2024	21,352,004	–	(1,208,604)	–	20,143,400
	HK$1.16	19.02.2016	15.03.2016 to 18.02.2026	60,500,031	(12,518,339)	(755,378)	–	47,226,314
	HK$1.324	29.03.2016	18.04.2016 to 28.03.2026	4,028,680	–	–	–	4,028,680
				123,717,973	(17,984,241)	(1,964,412)	(5,035,850)	98,733,470

26. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(I) Equity-settled share option scheme (continued)

(ii) Share option scheme of GNE

30 June 2021

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

During the six months ended 30 June 2021, share-based payment expenses of RMB8,084,000 (six months ended 30 June 2020: RMBNil) have been recognised in profit or loss in respect of equity-settled share option scheme. In addition, certain share options granted have been forfeited after the vesting period, and respective share options reserve of approximately RMB46,552,000 (six months ended 30 June 2020: RMB20,671,000) are transferred to the Group's accumulated profits from share options reserve and non-controlling interests.

(II) Equity-settled share award scheme

Share award scheme

The Company adopted the Scheme on the Adoption Date for a duration of the later of (i) the 10th anniversary of the Adoption Date, and (ii) such date that all awards outstanding are fully vested, settled, lapsed, forfeited or cancelled. The purpose of the Scheme is, through the grant of the share awards to certain of the Directors and employees ("Eligible Persons") of the Group, to effectively attract, retain and incentivise core employees of the Group and align their interests and growth with the Group as a whole.

The Company has entered into a trust deed with the Trustee for the purpose of facilitating the purchase, holding and sale of shares in the Group for the benefit of the Eligible Persons of the Group. The maximum number of shares that can be held by the Trustee under the Scheme is limited to 2% of the issued share capital of the Company from time to time. All the shares purchased by the Group through the Trustee on the Stock Exchange are recorded as shares held for the share award scheme in the Group's reserves and are for the Scheme only.

26. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(II) Equity-settled share award scheme (continued)

Share award scheme (continued)

The board of the directors of the Company (the "Board") may, from time to time, at its absolute discretion, select any Eligible Persons to participate in the Scheme as grantees ("Award Grantees"), subject to the terms and conditions set out in the rule of the Scheme. In determining the Award Grantees, the Board shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant Award Grantees to the Group. An Award Grantee may be granted an award by the Company during the award period which will vest over a period of time and on such other conditions to be determined by the Board in its absolute discretion.

The Board may from time to time while the Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested thereunder. Details of the Scheme are set out in the announcement of the Company dated 16 January 2017. For the purpose of the Scheme, the Company purchased its own ordinary shares through the Trustee as follows:

Month of purchase	**Number of ordinary shares**	**Aggregate consideration paid**	**Equivalent aggregate consideration paid**
		HK$'000	RMB'000
May 2017	182,998,888	163,258	141,692
June 2017	40,000,000	32,729	28,405
June 2018	100,000,000	81,385	66,532
	322,998,888	277,372	236,629

No award shares were granted for the reporting period of 2020 and 2021.

26. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(III) Cash-settled share award scheme

US Equity Incentive Plan granted by GCL Solar Materials US II, LLC ("GCL US II")

On 31 March 2017 ("Plan Date"), GCL US II issued Class B Units ("Class B Units") to the grantees of the US Equity Incentive Plan (the "Grantees") which will be vested in full in three years with one-third to be vested on each of the first, the second and the third anniversary of the Plan Date, respectively.

Movement of Class B Units granted during the period is as follows:

	Number of Class B Units
Outstanding at 1 January 2020 (Audited)	3,118,513
Exercised during the period	(3,074,265)
Forfeited during the period	(44,248)
Outstanding at 30 June 2020 (Unaudited)	—

For the period ended 30 June 2020, certain US Grantees exercised their rights to sell the Class B units to GCL US II at US$1 per unit, resulting a payment of RMB21,412,000.

27. COMMITMENTS AND CONTINGENT LIABILITIES

(i) Commitments

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Capital commitments		
Capital expenditure in respect of acquisitions of property, plant and equipment contracted for but not provided	**697,568**	500,587
Other commitments		
Commitment to contribute share capital to investments in joint ventures, associates and/or other investments contracted for but not provided	**1,003,500**	1,628,500
Commitment to contribute share capital to financial assets at FVTPL contracted for but not provided	**60,000**	60,000
	1,761,068	2,189,087

(ii) Financial guarantees provided to third parties

In addition to those financial guarantees provided to related parties as set out in note 31, the Group also provided financial guarantees to certain third parties, former wholly-owned subsidiaries, for certain of their bank and other borrowings amounting to approximately RMB3,552,000,000 (31 December 2020: RMB2,005,008,000) as at 30 June 2021. Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, (ii) trade receivables, contract assets and fee collection rights in relation to sales of electricity, in the opinion of the directors of GNE, the fair value of the guarantees is considered insignificant at initial recognition, and the ECL as at 30 June 2021 and 31 December 2020 is insignificant.

28. DISPOSAL OF SUBSIDIARIES

(i) Disposal of subsidiaries by the Group

(a) Deemed disposal of partial interest in a subsidiary

On 5 January 2021, a disposal of 638,298,000 GNE shares from the Elite Time Global Limited, a wholly-owned subsidiary of the Company ("Elite Time") at price of HK$0.235 per share with net proceeds of approximately HK$145 million (equivalent to approximately RMB126 million) was completed.

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

As a result, Elite Time's equity interest in GNE was reduced from 57.75% to 49.24%. As the change in the Group's interests in GNE did not result in a loss of control, such change was accounted for as an equity transaction, whereby an adjustment was made to the amounts of controlling and non-controlling interests within consolidated statement of changes in equity to reflect the change in the relative interests.

(b) Deemed disposal of partial interest in a subsidiary through newly-increased registered capital/Change of shareholding of subsidiaries

In 2020, the Group entered into certain investment agreements (the "Agreements") with certain investors, (i) the Group agreed to transfer RMB2,389,000 registered capital to an investor of Kunshan GCL at a consideration of RMB20 million, representing 3.82% of the registered capital of Kunshan GCL; and (ii) the certain investors agreed to subscribe RMB12,593,000 new registered capital of Kunshan GCL in cash at RMB136 million, representing 20.12% of the registered capital of Kunshan GCL. Pursuant to the Agreements which the certain investors were given the right to request the Group to repurchase their equity interest in Kunshan GCL at a premium under certain circumstances.

As at 30 June 2021, the transaction was completed and for the reporting period, the contribution received from the certain investors for the new registered capital were RMB65 million.

Moreover, during 2020, the Group, three employees of the Group and a non-controlling interest, which was held by five other employees entered an equity share reduction agreement intending to reduce the equity shares of 41.43% of an investor of Kunshan GCL, namely Xiamen Weihua Phovoltaic Company Limited* 廈門惟華光能有限公司 held by the three employees and the non-controlling interest to zero with zero consideration. Moreover, at the same time, the Group in return, granted the eight employees equity interest of 26.03% of Kunshan GCL under a share award scheme agreement.

28. DISPOSAL OF SUBSIDIARIES (continued)

(i) Disposal of subsidiaries by the Group (continued)

(b) Deemed disposal of partial interest in a subsidiary through newly-increased registered capital/Change of shareholding of subsidiaries (continued)

After the transactions, the Group's effective equity interest in Kunshan GCL was 50.03%. As the change in the Group's interests in Kunshan GCL did not result in a loss of control, such change was accounted for as an equity transaction, whereby an adjustment was made to the amounts of controlling and non-controlling interests within consolidated statement of changes in equity to reflect the change in the relative interests.

(ii) Disposal of subsidiaries by GNE Group

(a) Hua Neng Phase 2

On 29 September 2020, the GNE Group entered into six share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its 100% equity interest in six wholly-owned subsidiaries, namely Hubei Macheng Photovoltaic Power Company Limited* ("Hubei Macheng"), Huixian City GCL Photovoltaic Power Company Limited* ("Huixian City GCL"), Qixian GCL New Energy Limited* ("Qixian GCL"), Ruyang GCL New Energy Limited* ("Ruyang GCL"), Baotou Zhonglitenghui Photovoltaic Power Company Limited* ("Baotou Zhonglitenghui"), Ningxia Zhongwei Photovoltaic Power Company Limited* ("Ningxia Zhongwei") at an aggregate consideration of RMB576,001,000 and the repayment of corresponding interest in shareholder's loan as at the date of disposals (the "Disposal Date B"). The subsidiaries operate solar power plant projects with an aggregate capacity of 403MW in Henan, the PRC (the "Project B").

The disposals of Huixian City GCL and Qixian GCL were completed during the year ended 31 December 2020. During the reporting period, the disposals of Hubei Macheng, Ruyang GCL, Baotou Zhonglitenghui and Ningxia Zhongwei with an aggregate consideration of RMB480,210,000 were completed.

28. DISPOSAL OF SUBSIDIARIES (continued)

(ii) Disposal of subsidiaries by GNE Group (continued)

(a) Hua Neng Phase 2 (continued)

The GNE Group has granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which the GNE Group has agreed that if the Project B fails to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date B during the four-year period after the Disposal Date B, or the operation of the Project B is disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the GNE 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 List and receipt of tariff adjustment receivables is stable, in the opinion of the Directors, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date B and therefore, the possibility regarding the occurrence of the specified events as stipulated in the share transfer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at 30 June 2021 is considered as insignificant.

(b) Hefei Jiannan & Hefei Jiuyang

On 16 November 2020, the GNE 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 Co., Ltd.* ("Suzhou GCL Solar Power"), Huaibei Xinneng Solar Power Co., Ltd.* ("Huaibei Xinneng"), Hefei Jiannan Power Company 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"), at an aggregate consideration of RMB276,437,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The GNE Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB276,437,000 to RMB269,267,000 during the year ended 31 December 2020. The subsidiaries operate solar power plant projects with an aggregate capacity of 174MW in Anhui, the PRC.

The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng were completed during the year ended 31 December 2020. During the reporting period, the disposals of Hefei Jiannan and Hefei Jiuyang with an aggregate consideration of RMB102,791,000 were completed.

28. DISPOSAL OF SUBSIDIARIES (continued)

(ii) Disposal of subsidiaries by GNE Group (continued)

(c) Zhenglanqi

On 4 December 2020, the GNE 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") to disposal of all of its 99.2% equity interests in Zhenglanqi State Power Photovoltaic Company Limited* ("Zhenglanqi") at an aggregate consideration of RMB211,100,000 and the repayment of interest in shareholder's loan as at the date of disposal. During the year ended 31 December 2020, RMB79,000,000 has been received and recognised as other payables as at 31 December 2020. The GNE Group and Beijing United Rongbang mutually agreed to reduce the consideration from RMB211,100,000 to RMB209,600,000. Zhenglanqi has a solar power plant project with installed capacity of approximately 50MW in Inner Mongolia, the PRC. The disposal was completed during the reporting period.

(d) Shenmu Guotai

On 14 December 2019, the GNE Group entered into an agreement with 上海綠環投資有限公司 Shanghai Lujing Investment Management Limited* ("Shanghai Lujing") and 陝西省神木縣國祥綠化生態有限公司 Shaanxi Shenmu Guoxiang Green Ecology Co., Ltd.* ("Shenmu Guoxiang"). Pursuant to the agreement, Shanghai Lujing and Shenmu Guoxiang agreed to transfer their equity interests (i.e. 20%) in Shenmu Jingdeng Power Co., Ltd.* ("Shenmu Jingdeng") to the GNE Group and the GNE Group agreed to transfer its controlling right (i.e. 80% equity interest) in Shenmu Guotai Development Limited* ("Shenmu Guotai") to Shanghai Lujing. The transaction was completed during the reporting period. After the completion of the transaction, the GNE Group holds 100% of equity interests in Shenmu Jingdeng and has no any equity interests in Shenmu Guotai.

(e) Five subsidiaries in Anhui, the PRC

On 22 November 2020, the GNE Group entered into five share transfer agreements with Xuzhou State Investment to dispose of its 90% equity interest in each of Dangshan GCL Solar Power Co., Ltd.* ("Dangshan GCL"), Funan GCL Photovoltaic Power Co., Ltd.* ("Funan GCL"), Hefei Xinren Solar Power Co., Ltd.* ("Hefei Xinren") and Tianchang GCL Solar Energy Limited* ("Tianchang GCL") and its 50% equity interest in Taihu Xinneng Solar Power Co., Ltd.* ("Taihu Xinneng"), at an aggregate consideration of RMB312,728,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The GNE Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB312,728,000 to RMB307,898,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 217MW in Anhui, the PRC. The disposals were completed during the reporting period.

28. DISPOSAL OF SUBSIDIARIES (continued)

(ii) Disposal of subsidiaries by GNE Group (continued)

(f) Hua Neng Phase 3

The Project A as disclosed in note 10(a), as at 30 June 2021, the disposals of Baoying Xinyuan, Lianshui Xinyuan, Lanxi Jinrui, Zhongli Tenghui, Delingha Energy, Hetian GCL, Liaocheng Xiechang, Yanbian Xinneng, Yili GCL, Delingha Century Concord, Delingha Shidai, Hainanzhou Shineng with an aggregate consideration of RMB572,003,000 were completed. The disposals of Gaotang County GCL and Yuncheng Xinhua were not completed and presented as disposal groups held for sale.

The GNE Group has granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which the GNE Group has agreed that if the Project A fails to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date A during the four-year period after the Disposal Date A, or the operation of the Project A is disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the GNE 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 List and receipt of tariff adjustment receivables is stable, in the opinion of the Directors, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date 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 30 June 2021 is considered as insignificant.

(g) Sanmenxia Xie Li, Kaifeng Huaxin and Nanzhao Xin Li

As disclosed in note 10(b), on 31 March 2021, the GNE Group entered into six share transfer agreements with Three Gorges to dispose of its 100% equity interest in four wholly-owned subsidiaries, namely Sanmenxia Xie Li, Kaifeng Huaxin, Shangshui GCL and Queshan Zhuiri and its 50% equity interest in each of Taiqian GCL and Nanzhao Xin Li, at an aggregate consideration of RMB364,650,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The GNE Group and Three Gorges mutually agreed to reduce the consideration from RMB364,650,000 to RMB342,796,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 321MW in Henan, the PRC.

As at 30 June 2021, the disposals of Sanmenxia Xie Li, Kaifeng Huaxin, Nanzhao Xin Li with an aggregate consideration of RMB51,446,000 were completed. The disposals of Taiqian GCL, Shangshui GCL and Queshan Zhuiri were not completed and presented as disposal groups held for sale and disclosed in Note 10(b).

28. DISPOSAL OF SUBSIDIARIES (continued)

(ii) Disposal of subsidiaries by GNE Group (continued)

(h) Jingbian County Shunfeng

On 1 April 2021, the GNE Group entered into a share transfer agreement with Three Gorges to dispose of its 99.6353% equity interest in Jingbian County Shunfeng New Energy Limited* ("Jingbian County Shunfeng"), at a consideration of RMB72,036,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The GNE Group and Three Gorges Asset Management Co., Ltd. mutually agreed to reduce the consideration from RMB72,036,000 to RMB67,648,000. Jingbian County Shunfeng operates a solar power plant project with a capacity of 42MW in Shaanxi, the PRC. The disposal was completed during the reporting period.

(i) Zhenyuan County Xuyang

On 5 May 2021, the GNE Group entered into a share transfer agreement with 中電投新疆能源化工集團隴西新能源有限責任公司 CPI Xinjiang Energy Chemical Group Longxi New Energy Co. Ltd.* ("CPI Xinjiang") to dispose of its 100% equity interest in a wholly-owned subsidiary, namely Zhenyuan County Xuyang New Energy Technologies Co., Ltd.* ("Zhenyuan County Xuyang"), at a consideration of RMB22,500,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. Zhenyuan County Xuyang operates a solar power plant project with a capacity of 20MW in Gansu, the PRC. The disposal was completed during the reporting period.

(j) Ceheng Jingzhun and Luodian GCL

On 26 April 2021, the GNE Group entered into two share transfer agreements with 國家電投集團貴州金元威寧能源股份有限公司 State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* ("State Power Investment Corporation Guizhou Jinyuan Weining") to dispose of its 99% equity interest in Ceheng Jingzhun Solar Power Co., Ltd.* ("Ceheng Jingzhun") and its 100% equity interest in a wholly-owned subsidiary, namely Luodian GCL Photovoltaic Power Company Limited* ("Luodian GCL"), at an aggregate consideration of RMB35,228,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with an aggregate capacity of 70MW in Guizhou, the PRC. The disposals were completed during the reporting period.

(k) Dingan GCL and Suixi GCL

On 26 April 2021, the GNE Group entered into two share transfer agreements with 廣東金元新能源有限公司 Jinyuan New Energy Co., Ltd.* ("Jinyuan New Energy") to dispose of its 100% equity in two wholly-owned subsidiaries namely, Dingan GCL Solar Power Co., Ltd.* ("Dingan GCL") and Suixi GCL Photovoltaic Power Co., Ltd.* ("Suixi GCL"), at an aggregate consideration of RMB111,722,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with an aggregate capacity of 57MW in Hainan and Guangdong, the PRC. The disposals were completed during the reporting period.

28. DISPOSAL OF SUBSIDIARIES (continued)

(ii) Disposal of subsidiaries by GNE Group (continued)

(l) Ceheng Solar and Liuzhi GCL

On 30 April 2021, the GNE Group entered into two share transfer agreements with State Power Investment Corporation Guizhou Jinyuan Weining to dispose of its 100% equity in two wholly-owned subsidiaries namely, Ceheng Solar Power Co., Ltd.* ("Ceheng Solar") and Liuzhi GCL Photovoltaic Power Co., Ltd.* ("Liuzhi GCL"), at an aggregate consideration of RMB219,160,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with an aggregate capacity of 134MW in Guizhou, the PRC. The disposals were completed during the reporting period.

(m) Hai Nan Yi Cheng and Yingde GCL

On 30 April 2021, the GNE Group entered into two share transfer agreements with Jinyuan New Energy to dispose of its 88.373% equity in Hai Nan Yi Cheng New Energy Company Limited* ("Hai Nan Yi Cheng") and its 90.1% equity in Yingde GCL Photovoltaic Power Co., Ltd.* ("Yingde GCL"), at an aggregate consideration of RMB91,051,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with an aggregate capacity of 48MW in Guizhou, the PRC. The disposals were completed during the reporting period.

(n) Six subsidiaries in Hubei and Jiangxi, the PRC

On 24 June 2021, the GNE Group entered into six share transfer agreements with 重慶綠欣能源發展有限公司 Chongqing Lvxin Energy Development Co., Ltd.* ("Chongqing Lvxin") to dispose of its 100% equity interest in four wholly-owned subsidiaries namely, Shiyan Yunneng Photovoltaic Development Co., Ltd.* ("Shiyan Yunneng"), Jingshan GCL Photovoltaic Power Co. Ltd.* ("Jingshan GCL"), Jingshan Xinhui Solar Power Ltd.* ("Jingshan Xinhui") and Shanggao County Lifeng GCL New Energy Co., Ltd.* ("Shanggao County Lifeng"), its 70% equity interest in Shicheng GCL Solar Power Co., Ltd.* ("Shicheng GCL") and its 51% equity interest in Anfu GCL New Energy Co., Ltd.* ("Anfu GCL"), at an aggregate consideration of RMB275,264,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The GNE Group and Chongqing Lvxin mutually agreed to reduce the consideration from RMB275,264,000 to RMB272,864,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 149MW in Hubei and Jiangxi, the PRC. The disposals were completed during the reporting period.

28. DISPOSAL OF SUBSIDIARIES (continued)

(ii) Disposal of subsidiaries by GNE Group (continued)

(o) Yongcheng Xin Neng

On 7 May 2021, the GNE Group entered into a share transfer agreement with 國家電投集團重慶電力有限公司 State Power Investment Corporation Chongqing Electric Power Co., Ltd.* ("State Power Investment Corporation Chongqing") to dispose of its 100% equity interest in a wholly-owned subsidiary namely, Yongcheng Xin Neng Photovoltaic Electric Power Co, Ltd.* ("Yongcheng Xin Neng"), at a consideration of RMB193,000,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. The GNE Group and State Power Investment Corporation Chongqing mutually agreed to reduce the consideration from RMB193,000,000 to RMB166,584,000. The subsidiary operate solar power plant project with a capacity of 86MW in Henan, the PRC. The disposal was completed during the reporting period.

(p) Nanjing GCL

On 25 January 2021, the GNE Group entered into a share transfer agreement with an independent third party and agreed to sell 100% equity interest of Nanjing GCL New Energy Technology Co., Ltd* ("Nanjing GCL") at a consideration of RMB13,000,000. The disposal was completed during the reporting period.

(q) Wulate Houqi

On 29 January 2021, the GNE Group entered into a share transfer agreement with Beijing United Rongbang to dispose of its 100% equity interest in a wholly-owned subsidiary namely, Wulate Houqi Yuanhai New Energy Limited* ("Wulate Houqi"), at a consideration of RMB52,550,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. The GNE Group and Beijing United Rongbang mutually agreed to reduce the consideration from RMB52,550,000 to RMB38,050,000. The subsidiary operates solar power plant project with a capacity of 53MW in Inner Mongolia, the PRC. The disposal was completed during the reporting period.

* English name for identification purpose only

28. DISPOSAL OF SUBSIDIARIES (continued)

(ii) Disposal of subsidiaries by GNE Group (continued)

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

	Hua Neng Phase 2 RMB'000 (Note a)	Hefei Jiannan & Hefei Jiuyang RMB'000 (Note b)	Zhenglanqi RMB'000 (Note c)	Shenmu Guotai RMB'000 (Note d)	Five subsidiaries in Anhui, the PRC RMB'000 (Note e)	Hua Neng Phase 3 RMB'000 (Note f)	Sanmenxia Xie Li, Kaifeng Huaxin and Nanzhao Xin Li RMB'000 (Note g)	Jingbian County Shunfeng RMB'000 (Note h)	Zhenyuan County Xuyang RMB'000 (Note i)	Ceheng Jingzhun and Luodian GCL RMB'000 (Note j)	Dingan GCL and Suixi GCL RMB'000 (Note k)	Ceheng Solar and Liuzhi GCL RMB'000 (Note l)	Hai Nan Yi Cheng and Yingde GCL RMB'000 (Note m)	Six subsidiaries in Hubei and Jiangxi, the PRC RMB'000 (Note n)	Yongcheng Xin Neng RMB'000 (Note o)	Nanjing GCL RMB'000 (Note p)	Wulate Houqi RMB'000 (Note q)	Total RMB'000
Consideration:																		
Consideration received	480,210	102,791	204,600	–	290,915	554,386	51,446	36,018	13,500	16,860	67,030	131,496	54,620	220,211	166,584	–	20,000	2,410,667
Consideration receivable	–	–	5,000	–	16,983	17,617	–	31,630	9,000	18,368	44,692	87,664	36,431	52,653	–	13,000	18,050	351,088
Deemed consideration received	–	–	–	19,979	–	–	–	–	–	–	–	–	–	–	–	–	–	19,979
	480,210	102,791	209,600	19,979	307,898	572,003	51,446	67,648	22,500	35,228	111,722	219,160	91,051	272,864	166,584	13,000	38,050	2,781,734
Analysis of assets and liabilities over which control was lost:																		
Property, plant and equipment	1,647,649	281,721	303,891	280,818	1,226,309	2,020,754	725,274	282,664	94,228	349,445	326,753	648,228	243,000	736,488	371,881	71,517	302,746	9,913,366
Right-of-use assets	–	–	–	–	42,849	67,980	62,145	6,505	5,199	5,080	11,080	18,677	8,248	22,068	31,409	19,521	7,976	308,737
Other non-current assets	74,923	8,255	6,005	23,367	52,137	95,932	44,477	17,315	130	6,976	7	35,384	599	52,396	39,000	8,592	86	465,581
Deferred tax assets	5,735	17	136	–	2,704	14,997	4,431	2,546	1,152	5,633	4,605	6,599	1,493	6,891	3,762	–	904	61,605
Trade and other receivables	599,986	109,324	115,388	91,310	562,245	1,206,808	297,357	157,834	40,122	91,583	93,508	277,690	91,113	254,869	166,192	4,497	128,758	4,288,584
Bank balances and cash	107,278	5,054	6,995	–	69,003	29,376	19,773	316	1,090	12,034	10,575	4,036	2,721	23,047	11,540	80	37,736	340,654
Other payables	(391,199)	(173,055)	(33,347)	(376,526)	(754,898)	(1,225,383)	(582,608)	(386,460)	(29,291)	(168,024)	(166,557)	(316,985)	(119,245)	(258,753)	(165,595)	(91,207)	(174,237)	(5,413,370)
Bank and other borrowings	(1,121,545)	(132,000)	(224,540)	–	(813,260)	(1,320,787)	(472,722)	–	(86,307)	(224,477)	(178,918)	(491,764)	(158,599)	(493,442)	(327,084)	–	(261,380)	(6,306,825)
Lease liabilities	–	–	–	–	(42,426)	(32,358)	(66,558)	(4,089)	(4,447)	(3,549)	(1,801)	(18,878)	–	(16,588)	(36,793)	–	–	(227,487)
Deferred tax liabilities	(2,394)	(160)	(483)	(211)	(866)	(2,518)	(1,140)	(223)	(136)	(203)	(878)	(302)	(412)	(1,664)	(550)	–	(463)	(12,603)
IntraGNE Group balances	(431,833)	–	–	–	–	(306,675)	–	–	–	(38)	4,000	–	–	–	–	–	–	(734,546)
Net assets disposed of	488,600	99,156	174,045	18,758	343,797	548,126	30,429	76,408	21,740	74,460	102,374	162,685	68,918	325,312	93,762	13,000	42,126	2,683,696
Gain on disposal of subsidiaries:																		
Total consideration, net of transaction cost	480,210	102,791	209,600	19,979	307,898	572,003	51,446	67,648	22,500	35,228	111,722	219,160	91,051	272,864	166,584	13,000	38,050	2,781,734
Non-controlling interest	–	–	–	4,720	–	26,861	–	–	–	–	–	–	–	73,780	–	–	–	105,361
Fair value residual interest	–	11,730	–	–	32,106	–	–	–	–	–	–	–	–	764	–	–	–	44,600
Net assets disposed of	(488,600)	(99,156)	(174,045)	(18,758)	(343,797)	(548,126)	(30,429)	(76,408)	(21,740)	(74,460)	(102,374)	(162,685)	(68,918)	(325,312)	(93,762)	(13,000)	(42,126)	(2,683,696)
(Loss) gain on disposal	(8,390)	15,365	35,555	5,941	(3,793)	50,738	21,017	(8,760)	760	(39,232)	9,348	56,475	22,133	22,096	72,822	–	(4,076)	247,999
Net cash inflow (outflow) arising from disposal:																		
Cash consideration received	480,210	102,791	204,600	–	290,915	554,386	51,446	36,018	13,500	16,860	67,030	131,496	54,620	220,211	166,584	–	20,000	2,410,667
Less: bank balances and cash disposed of	(107,278)	(5,054)	(6,995)	–	(69,003)	(29,376)	(19,773)	(316)	(1,090)	(12,034)	(10,575)	(4,036)	(2,721)	(23,047)	(11,540)	(80)	(37,736)	(340,654)
	372,932	97,737	197,605	–	221,912	525,010	31,673	35,702	12,410	4,826	56,455	127,460	51,899	197,164	155,044	(80)	(17,736)	2,070,013

29. 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 performed discounted cash flow to derive the present value of other investments or engages third party qualified valuers to perform the valuation of the put option of interests in Jiangsu Xinhua, Kun Shan GCL and Inner Mongolian Zhonghuan classified as derivative financial instruments, held for trading investment, unlisted investments measured at financial assets at FVTPL, unlisted equity investments measured at financial assets at FVTPL and convertible bonds payable issued by a subsidiary. 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.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets/ financial liabilities	Fair value as at 30.06.2021 RMB'000 (Unaudited)	Fair value as at 31.12.2020 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
1) Put option of interest in Jiangsu Xinhua classified as derivative financial instruments *(Note a)*	25,324	22,000	Level 3	Binomial Option Pricing Model, the key inputs are underlying share price, exercise price, risk free interest rate, probability, share price volatility and dividend yield.	Share price volatility of 80.6% (31 December 2020: 70.3%) Discount rate of 10.6% (31 December 2020: 11.1%)	The higher of volatility, the higher the fair value. The higher the discount rate, the lower the fair value.
2) Listed equity securities classified as held for trading investments	1,909	3,447	Level 1	Quoted bid price in an active market.	N/A	N/A
3) Unlisted equity investments measured at financial assets at FVTPL	79,889	44,321	Level 3	Market comparison approach — in this approach, fair value was determined with reference to recent transaction price.	Adjusted market price between comparables and the underlying assets held by the unlisted equity investments.	The higher the underlying assets value, the higher the fair value.
	17,976	35,636	Level 2	Quoted prices from recent transaction price.	N/A	N/A
4) Listed equity investments measured at equity instruments at FVTOCI	26,774	21,073	Level 1	Quoted bid price in an active market.	N/A	N/A

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value as at 30.06.2021 RMB'000 (Unaudited)	Fair value as at 31.12.2020 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
5) Unlisted investments measured at financial assets at FVTPL	206,734	241,310	Level 3	Market comparison approach — in this approach, fair value was determined with reference to P/S ratio or P/E ratio or recent transaction price.	P/S ratio of 2.47x — 32.78x (31 December 2020: 2.47x — 32.78x) or P/E ratio of 24x — 50.83x (31 December 2020: 24x — 50.83x)	The higher the P/S or P/E ratio, the higher the fair value.
	522,161	800,763	Level 2	Quoted price from third party financial institutions and banks which determined with reference to the value of underlying investments which mainly comprised of listed share and bonds.	N/A	N/A
6) Put option of interest in Kunshan GCL classified as derivative financial instrument *(Note b)*	78,821	38,561	Level 3	Binomial Option Pricing Model, the key inputs are underlying share price, exercise price, risk free interest rate, probability, share price volatility and dividend yield.	Share price volatility of 73.5% — 74.3% (31 December 2020: 60.6% — 61.3%) Discount rate of 2.8% (31 December 2020: 2.8%)	The higher of volatility, the higher of fair value. The higher of discount rate, the lower of fair value.
7) Put option of interest in Inner Mongolian Zhonghuan classified as derivative financial instrument *(Note c)*	103,430	—	Level 3	Binomial Option Pricing Model, the key inputs are underlying share price, exercise price, risk free interest rate, probability, share price volatility and dividend yield.	Share price volatility of 74.33% (31 December 2020: Nil) Discount rate of 10.6% (31 December 2020: Nil)	The higher of volatility, the higher of fair value. The higher of discount rate, the lower of fair value.

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Notes:

(a) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the put option of interest in Jiangsu Xinhua classified as derivative financial instruments would increase by approximately RMB1.2 million/decrease by approximately RMB1.2 million for the period ended 30 June 2021.

If the discount rate used was multiplied by 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the put option of interest in Jiangsu Xinhua classified as derivative financial instruments would decrease by approximately RMB221,000/increase by approximately RMB224,000 for the period ended 30 June 2021.

(b) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the put option of interest in Kunshan GCL classified as derivative financial instrument would increase by approximately RMB254,000/decrease by approximately RMB243,000 for the period ended 30 June 2021.

If the discount rate used was multiplied by 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the put option of interest in Kunshan GCL classified as derivative financial instrument would decrease by approximately RMB218,000/increase by approximately RMB220,000 for the period ended 30 June 2021.

(c) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the derivative financial instrument would increase by approximately RMB8,544,000/decrease by approximately RMB8,586,000 for the period ended 30 June 2021.

If the discount rate used was multiplied by 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the derivative financial instrument would decrease by approximately RMB822,000/increase by approximately RMB831,000 for he period ended 30 June 2021.

Reconciliation of Level 3 fair value measurements

30 June 2021

	Put option of interest in Jiangsu Xinhua classified as derivative financial instruments RMB'000	Put options of interest in Kunshan GCL classified as derivative financial instruments RMB'000	Put options of interest in Inner Mongolian Zhonghuan classified as derivative financial instruments RMB'000	Unlisted investments/ equity instruments measured at financial assets as FVTPL RMB'000	Total RMB'000
At 1 January 2021 (Audited)	(22,000)	(38,561)	—	285,631	225,070
Disposal of investment	—	—	—	(30,721)	(30,721)
Initial recognition	—	(31,632)	(204,266)	—	(235,898)
(Loss) gain in profit or loss	(3,324)	(8,628)	100,836	(3,855)	85,029
Transfer from Level 2	—	—	—	35,568	35,568
At 30 June 2021 (Unaudited)	(25,324)	(78,821)	(103,430)	286,623	79,048

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements (continued)

31 December 2020

	Convertible bonds receivable RMB'000	Listed equity investment measured at FVTOCI RMB'000	Put option of interest in Jiangsu Xinhua classified as derivative financial instruments RMB'000	Put options of interest in Kunshan GCL classified as derivative financial instruments RMB'000	Asset management plans investments held by GNE measured at financial assets at FVTPL RMB'000	Unlisted investments/ equity instruments measured at financial assets as FVTPL RMB'000	Total RMB'000
At 1 January 2020 (Audited)	101,097	—	(133,400)	—	100,000	257,542	325,239
Transfer from Level 1	—	31,927	—	—	—	—	31,927
Capital contribution	—	—	—	—	—	20,000	20,000
(Loss) gain in profit or loss	(403)	—	111,400	—	13,027	11,922	135,946
Loss in OCI	—	(31,927)	—	—	—	—	(31,927)
Receipt of interests	(4,330)	—	—	—	—	(3,833)	(8,163)
Redemption of convertible bonds	(96,364)	—	—	—	—	—	(96,364)
Disposal of investment	—	—	—	—	(113,027)	—	(113,027)
Initial recognition	—	—	—	(38,561)	—	—	(38,561)
At 31 December 2020 (Unaudited)	—	—	(22,000)	(38,561)	—	285,631	225,070

Fair value measurements and valuation processes

Of the total losses for the period included in profit or loss, RMB117,213,000 (31 December 2020: gain for the year included in profit or loss, RMB123,322,000) related to put option of interest in Jiangsu Xinhua, Kunshan GCL, Inner Mongolian Zhonghuan, convertible bonds receivable, unlisted investments/equity instruments measured at financial assets at FVTPL and asset management plans investments measured at financial assets at FVTPL held by GNE at the end of the reporting period and those fair value gains or losses are included in other expenses, gains and losses, net.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

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

30. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the unaudited condensed interim consolidated financial statements, the Group has also entered into the following material transactions with related parties during the reporting period:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Interest expense	**(32,019)**	(55,392)
Consulting service fee expense	**(5,856)**	—
Management fee income	**4,577**	4,654
Purchase of steam	**(2,537)**	(2,844)
Purchase of energy service	**(686)**	(709)
Acquisition of property, plant and equipment	**(1,830)**	—
Rental income	**9,207**	12,997
Transactions with joint ventures and associates:		
Interest expense	**—**	(21,251)
Rental income	**1,399**	1,001
Management fee income	**26,564**	37,280
Purchase of silicon rods	**(1,937,068)**	(1,074,880)
Purchase of polysilicon	**(159,842)**	(169,509)
Sales of raw materials	**134,137**	102,701

As at 30 June 2021, the Group provided a total guarantee with maximum amount of approximately RMB3,319,000,000 and RMB900,000,000 (31 December 2020: RMB4,064,458,000 and RMB900,000,000) to several banks and financial institutions in respect of banking and other facilities of Xinjiang GCL and Jiangsu Xinhua, respectively. The Directors consider that the fair value of the guarantee at the date of inception, and the ECL as at 30 June 2021 and 31 December 2020 is insignificant.

As at 30 June 2021, the GNE Group provided guarantee to its associates and their subsidiaries for certain of their bank and other borrowings with a maximum amount of RMB2,339,362,000 (31 December 2020: RMB3,049,762,000). Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment; (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition and the ECL as at 30 June 2021 and 31 December 2020 is insignificant.

As at 30 June 2021, the Group provided guarantee to GNE Group for certain of their bank and their borrowings with a maximum amount of approximately RMB1,014 million (31 December 2020: RMB4,590 million).

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

Other than those disclosed elsewhere in the unaudited condensed interim consolidated financial statements, the Group has no significant event after the end of the reporting period.

(a) On 5 July 2021, the GNE Group entered into an agreement with Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) to dispose its equity interests in Eshan GCL Solar Power Generation Company Limited* (峨山永鑫光伏發電有限公司) at a consideration of RMB43,100,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. The disposals were completed at the date of approval of this report.

(b) On 6 July 2021, the GNE Group entered into an agreement with Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)* (蘇民睿能無錫股權投資合夥企業(有限合夥)) to acquire approximately 5.835% equity interest in Suzhou GCL New Energy at a consideration of RMB1,219,000,000. The acquisition was not completed at the date of approval of this report.

(c) Deloitte Touche Tohmatsu has resigned as auditor of the GNE Group with effect from 14 July 2021. The Board has passed the resolution in relation to the appointment of Crowe (HK) CPA Limited ("Crowe") as the new auditor of the GNE Group with effect from 15 July 2021 to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company.

(d) On 21 July 2021, the GNE Group entered into sixteen share transfer agreements with Yixing Hechuang New Energy Co., Ltd.* (宜興和創新能源有限公司) to sell its equity interests in those sixteen subsidiaries for a consideration in aggregate of RMB481,313,800 and repayment of corresponding interest in shareholder's loan as at the date of disposal. The disposals were not completed at the date of approval of this report.

31. EVENTS AFTER THE END OF THE INTERIM PERIOD (continued)

(e) The GNE Group is pleased to announce that it has established the hydrogen energy business unit to actively conduct the research and development of hydrogen energy ("Hydrogen Energy") and related businesses. Please refer to the announcement on 28 July 2021 for more details.

(f) On 30 August 2021, the GNE Group entered into share transfer agreements with Ningxia Hanguang New Energy Co., Ltd.* (寧夏含光新能源有限公司), to dispose of its equity interests in Shenmu Pingyuan Power Co., Ltd.* (神木市平元電力有限公司), Shenmu Pingxi Power Co., Ltd.* (神木市平西電力有限公司), Shenmu County Jingdeng Power Co., Ltd.* (神木縣晶登電力有限公司) and Xixian New District GCL Photovoltaic Power Co., Ltd.* (西咸新區協鑫光伏電力有限公司) at an aggregate consideration of RMB301,037,700 and repayment of corresponding interest in shareholder' loan as at the date of disposal. The disposals were not completed at the date of approval of this report.

(g) On 13 September 2021, the GNE Group entered into two share transfer agreements with Ningxia Hanguang New Energy Co., Ltd. (寧夏含光新能源有限公司) to dispose of its 100% equity interest in two wholly-owned subsidiaries, namely Shenmu Jingfu Power Co., Ltd. (神木市晶富電力有限公司) ("Shenmu Jingfu") and Shenmu Jingpu Power Co., Ltd. (神木市晶普電力有限公司) ("Shenmu Jingpu") at an aggregate consideration of RMB239,529,000, minus the rectification cost of RMB2,670,000. The disposals were not completed at the date of approval of this report.

(h) During the period from July 2021 to September 2021, the GNE Group entered in a series of six share transfer agreement with State Power Investment Corporation Guizhou Jinyuan Weining to dispose of its equity interests in six subsidiaries at an aggregate consideration of RMB288,548,000. Before the date of approval of this report, the disposal of one subsidiary with a consideration of RMB170,387,000 was completed. The disposals of remaining subsidiaries were not completed at the date of approval of this report.

* English name for identification purpose only

32. COMPARATIVE FIGURES

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

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2021, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") adopted by the Company:

I) Long Position in the Shares and Underlying Shares of the Company

	Number of ordinary shares held					
Name of director/ chief executive	**Beneficiary of a trust**	**Corporate interests**	**Personal interests**	**Number of underlying shares**	**Total**	**Approximate percentage of issued share capital** *(note 3)*
Zhu Gongshan	6,370,388,156 *(note 1)*	—	—	—	6,370,388,156	25.42%
Zhu Zhanjun	—	—	3,400,000	2,719,359 *(note 2)*	6,119,359	0.02%
Zhu Yufeng	6,370,388,156 *(note 1)*	—	—	1,510,755 *(note 2)*	6,371,898,911	25.42%
Sun Wei	—	—	5,723,000	1,712,189 *(note 2)*	7,435,189	0.03%
Yeung Man Chung, Charles	—	—	—	1,700,000 *(note 2)*	1,700,000	0.01%
Zheng Xiongjiu	—	—	250,000	2,517,924 *(note 2)*	2,767,924	0.01%
Ho Chung Tai, Raymond	—	—	—	1,007,170 *(note 2)*	1,007,170	0.004%
Yip Tai Him	—	—	—	1,007,170 *(note 2)*	1,007,170	0.004%

Notes:

1 An aggregate of 6,370,388,156 shares of the Company are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, 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 and Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries.

2 These are share options granted by the Company to the Directors, pursuant to the share option scheme, adopted by the shareholders of the Company on 22 October 2007. Such granted share options can be exercised by the Directors 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.

3 The total number of ordinary shares of the Company in issue as at 30 June 2021 is 25,062,422,448.

II) Long Position in the Shares and Underlying Shares of the Associated Corporation of the Company

GCL New Energy Holdings Limited ("GNE"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 451), in which the Company indirectly owned 49.24% issued shares as at 30 June 2021, is a subsidiary of the Company.

	Number of ordinary shares of GNE held					
Name of director/ chief executive	**Beneficiary of a trust**	**Corporate interests**	**Personal interests**	**Number of underlying shares**	**Total**	**Approximate percentage of issued share capital of GNE** *(note 3)*
Zhu Gongshan	1,905,978,301 *(note 1)*	—	—	—	1,905,978,301	9.04%
Zhu Yufeng	1,905,978,301 *(note 1)*	—	—	3,523,100 *(note 2)*	1,909,501,401	9.06%
Sun Wei	—	—	—	27,178,200 *(note 2)*	27,178,200	0.13%
Yeung Man Chung, Charles	—	—	—	15,099,000 *(note 2)*	15,099,000	0.07%

Notes:

1. 1,905,978,301 shares in GNE are beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited ("Dongsheng PV"). Dongsheng PV is indirectly wholly-owned by GCL System Integration Technology Co., Ltd. and an aggregate of over 30% of the issued shares in GCL System Integration, is indirectly held by the Zhu Family Trust and Mr. Zhu Yufeng, an executive director of the Company and GNE and son of Mr. Zhu Gongshan.

2. These are share options granted by GNE. Such granted share options can be exercised by Mr. Zhu Yufeng at the interval between 24 July 2015 and 23 July 2025 at an exercise price of HK$0.606 per share of GNE and by Ms. Sun Wei and Mr. Yeung Man Chung, Charles at the interval between 24 November 2014 and 23 July 2025 at an exercise price of HK$1.1798 or HK$0.606 per share of GNE.

3. The total number of ordinary shares of GNE in issue as at 30 June 2021 is 21,073,715,441.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company had any interests or short positions 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) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept under Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

I) Share Option Scheme of the Company

The Company adopted a share option scheme (the "Share Option Scheme") on 22 October 2007 which became effective on 13 November 2007. The purpose of the Share Option Scheme is to motivate personnel to optimize 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 22 October 2007, 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.

At an extraordinary general meeting of the Company held on 26 November 2015, the shareholders of the Company approved the refreshment of the existing limit to an aggregate number of shares of the Company which may be allotted and issued pursuant to the exercise of options granted under the Share Option Scheme and any other share option scheme of the Company not exceeding 200,000,000 shares of the Company.

During the Period, a total of 17,984,241 option shares were lapsed and there were 98,733,470 option shares outstanding as at 30 June 2021.

Option Schemes (CONTINUED)

Details of the share options outstanding and movements under the Share Option Scheme of the Company during the period from 1 January 2021 to 30 June 2021 (the "Period") are as follows:

Name or category of participant	Date of grant *(note 1)*	Exercise period	Exercise Price per share (HK$)	Outstanding as at 1.1.2021	Granted during the period from 1.1.2021 to 30.6.2021	Lapsed or forfeited during the period from 1.1.2021 to 30.6.2021	Cancelled during the period from 1.1.2021 to 30.6.2021	Exercised during the period 1.1.2021 to 30.6.2021	Outstanding during the period from 1.1.2021 to 30.6.2021
Directors/chief executive and their associates									
Zhu Yufeng	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,510,755	—	—	—	—	1,510,755
Sun Wei	19.2.2016	15.3.2016 to 18.2.2026	1.16	1,712,189	—	—	—	—	1,712,189
Zhu Zhanjun	29.3.2016	18.4.2016 to 28.3.2026	1.324	2,719,359	—	—	—	—	2,719,359
Yeung Man Chung, Charles	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,700,000	—	—	—	—	1,700,000
Zheng Xiongjiu	19.2.2016	15.3.2016 to 18.2.2026	1.16	2,517,924	—	—	—	—	2,517,924
Yip Tai Him	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170
Ho Chung Tai, Raymond	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170
Zhu Qingsong (associate of Mr. Zhu Gongshan and an employee of the Group)	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170
Non-director employees (in aggregate)	12.1.2011	1.3.2011 to 11.1.2021	3.296	5,035,850	—	—	(5,035,850)	—	—
	15.7.2011	1.9.2011 to 14.7.2021	4.071	4,834,415	—	—	—	—	4,834,415
	5.7.2013	16.9.2013 to 4.7.2023	1.630	14,080,237	—	(430)	—	(5,465,902)	8,613,905
	24.3.2014	26.5.2014 to 23.3.2024	2.867	21,352,004	—	(1,208,604)	—	—	20,143,400
	19.2.2016	15.3.2016 to 18.2.2026	1.16	60,500,031	—	(755,378)	—	(12,518,339)	47,226,314
	29.3.2016	18.4.2016 to 28.3.2026	1.324	3,021,510	—	—	—	—	3,021,510
Other *(note 2)*	19.2.2016	15.3.2016 to 18.2.2026	1.16	1,712,189	—	—	—	—	1,712,189
Total				**123,717,973**		**(1,964,412)**	**(5,035,850)**	**(17,984,241)**	**98,733,470**

Notes:

1. The vesting period of all share options granted under the Share Option Scheme which is 20% of the share options granted will be vested on the year of grant, the first, second, third and fourth anniversary of the date of grant, respectively, such that the share options granted are fully vested on the fourth anniversary of the date of grant.

2. Mr. Jiang Wenwu resigned as a director of the Company in June 2021. The Board appreciates his services for the Company in the past few years. The Board decides the entitlement of share option shall remain unchanged.

II) Share Option Scheme of a Subsidiary

GCL New Energy Holdings Limited ("GNE"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 451), in which the Company indirectly owned 49.24% issued shares as at 30 June 2021, is a subsidiary of the Company.

GNE adopted a share option scheme on 15 October 2014 (the"GNE 2014 Share Option Scheme").

During the Period, no GNE option shares was exercised. 370,516,250 GNE option shares were granted, 24,269,980 GNE option shares were lapsed, 212,996,560 GNE option shares were cancelled during the Period.

Name or category of participant	Date of grant	Exercise period	Exercise Price per share (HK$)	Outstanding as at 1.1.2021	Granted during the period from 1.1.2021 to 30.6.2021	Lapsed during the period from 1.1.2021 to 30.6.2021	Cancelled during the period from 1.1.2021 to 30.6.2021	Outstanding as at 30.6.2021
Directors/chief executive of GNE								
ZHU Yufeng	24.07.2015	24.7.2015 to 23.7.2025	0.606	3,523,100	—	—	—	3,523,100
SUN Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1798	24,158,400	—	—	—	24,158,400
	24.07.2015	24.07.2015 to 23.07.2025	0.606	3,019,800	—	—	—	3,019,800
YEUNG Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1798	12,079,200	—	—	—	12,079,200
	24.07.2015	24.07.2015 to 23.07.2025	0.606	3,019,800	—	—	—	3,019,800
Directors and eligible persons of GNE	23.10.2014	24.11.2014 to 22.10.2024	1.1798	216,942,432	—	(6,039,600)	(138,427,632)	72,475,200
	24.07.2015	24.07.2015 to 23.07.2025	0.606	179,688,166	—	(11,877,880)	(74,568,928)	93,241,358
	26.02.2021	26.02.2021 to 25.02.2031	0.384	—	370,516,250	(6,352,500)	—	364,163,750
Total				**442,430,898**	**370,516,250**	**(24,269,980)**	**(212,996,560)**	**575,680,608**

Please refer to the section "Share Option Scheme" of the 2021 interim report of GNE for the details of the GNE 2014 Share Option Scheme and the movements of options during the Period.

Save as disclosed above, during the Period, neither the Company nor any of its subsidiaries is a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any associated corporation and none of the Directors had any right to subscribe for the securities of the Company, or had exercised any such right during the Period.

Interests and Short Positions of Substantial Shareholders

As at 30 June 2021, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as record in the register kept pursuant to Section 336 of the SFO:

Long Position in the Shares and Underlying Shares of the Company

Name	**Capacity/nature of interest**	**Number of shares/ underlying shares**	**Approximate percentage of issued share capital of the Company** *(note 3)*
Asia Pacific Energy Fund Limited	Interest in a controlled corporation *(note 1)*	6,370,388,156	25.42%
UBS Group AG	Interest in a controlled corporation *(note 2)*	1,479,144,674	5.90%

Notes:

1. An aggregate of 6,370,388,156 Shares are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries.

2. According to the disclose of interest filing of UBS Group AG as at 21 January 2021, it was interested in a long position of 1,479,144,674 shares of the Company and a short position of 498,264,577 shares of the Company through companies controlled by it. The short position in 155,115,200 shares under unlisted derivative interest is cash settled.

3. The total number of ordinary shares of the Company in issue as at 30 June 2021 is 25,062,422,448.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 30 June 2021, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

Corporate Governance Code

The corporate governance report of the Company has been set out in the Company's 2020 Annual Report. During the six months ended 30 June 2021, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules with the exception of the following area:

Pursuant to Rules 13.49(1) and 13.46 of the Listing Rules, the Company was required to publish the annual results of the Group for the financial year ended 31 December 2020 (the "2020 Annual Results") on or before 31 March 2021, and to despatch the annual report for the financial year ended 31 December 2020 (the "2020 Annual Report") to the Shareholders on or before 30 April 2021. The Board acknowledges that the delay in publication of the 2020 Annual Results and despatch of the 2020 Annual Report constituted non-compliance of Rules 13.49(1) and Rule 13.46 of the Listing Rule, respectively.

Further, the Company has failed to convene an annual general meeting ("AGM") and lay the annual financial statements before the Shareholders for approval within the period of 6 months after the financial year in accordance with the requirement under Rule 13.46(2)(b) of the Listing Rules.

As disclosed in the Company's announcements dated 31 March 2021, 6 April 2021, 11 April 2021, 19 April 2021, 28 April 2021, 7 May 2021, 14 July 2021 and 25 October 2021, amongst others, the Company required additional time to address issues raised by the Company's former auditor, Deloitte, in its auditor letter dated 9 April 2021 (the "Audit Issues"), including but not limited to the engagement of an independent forensic accountant to conduct an forensic investigation on the Audit Issues, in order to complete the audit for the Company's consolidated financial statements for the year ended 31 December 2020 and to finalise the 2020 Annual Results and the 2020 Annual Report. The 2020 Annual Results were published on 25 October 2021 and the 2021 AGM will be held in due course.

Risk Management and Internal Control

CG Code C.2 sets out responsibilities of the Board in the aspect of risk management and internal controls and in particular, CG Code C.2.3 states that, inter alia, the Board's annual review should consider significant control failings or weaknesses that have been identified during the period. Assisted by the Corporate Governance Committee and the Audit Committee, the Board monitors the risk management and internal control systems of the Company and its subsidiaries on an ongoing basis. The risk management and internal control systems (the "Systems") implemented by the Board, management and relevant parties aim to manage rather than eliminate the risk of failure to achieve the following objectives, and to only provide reasonable, but not absolute, assurance against material misstatement or loss:

- Efficiency and effectiveness of operation
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Effectiveness of risk management

The Company has established an internal control department which is responsible for the implementation of risk management and internal control policies. In performing its responsibilities, the internal control department must organize and assist the management to identify and assess the Company's risk exposures for the Board's consideration and procure the design, implementation and supervision of a suitable internal control and risk management system by the management to facilitate execution of policies adopted by the Board. In addition to the internal control department, all employees are responsible for risk management and internal control within their respective scopes of responsibilities.

Two and six meetings were held by the Corporate Governance Committee and Audit Committee respectively in the first half of this year, mainly reviewing of and discussing on the work report on risk control, risk management scope, internal control review report on corporate governance, follow-up of corporate governance and related matters of external audit. In the first half of this year, the Audit Committee and Corporate Governance Committee assisted Crowe (HK) CPA Limited (the "Independent Auditor") and Crowe (HK) Risk Advisory Limited (the "Internal Controls Consultant") appointed by the Board to conduct a review of the Company's relevant internal controls and procedures (the "Internal Controls Review") and considered the significant control failings or weaknesses that have been identified during the period.

On 26 July 2021, the Company has appointed the Internal Controls Consultant, an independent consultant, to conduct a review of the Company's relevant internal controls and procedures. Moreover, in relation to the section of "Material Difference between 2020 Audited Financial information in this announcement and Unaudited Financial Information in the previous Unaudited Results announcement" in the Announcement of Audited Results for the year ended 31 December 2020 published by the Company on 25 October 2021 (the "2020 Annual Results Announcement"), has also set out the Auditors' audit findings in relation to, inter alia, the Forensic Investigation as well as certain deficiencies in internal controls identified during the audit. For further details, please refer to the Forensic Investigation Announcements, the Internal Controls Review Announcement, the 2020 Annual Results Announcement and the 2021 Interim Results Announcement.

As disclosed in the Internal Controls Review Announcement, the Internal Controls Consultant is satisfied that the Company (a) has addressed its recommendations in respect of all the key internal controls deficiencies identified in the Internal Controls Review; and (b) currently has sufficient and reliable corporate governance, internal controls and financial reporting systems to fulfil its obligations under the Listing Rules.

In view of the efforts of the Group, external reviews conducted by the external advisor and the auditor's report furnished by the Company's auditor, the Audit Committee and the management have concluded that there are no irregularities or areas requiring special concern that would have a material adverse impact on the Company's financial position or results of operations, and that the risk management and internal control systems are adequate and effective and the Company's allocation of manpower and resources to the accounting, internal audit and financial reporting functions is adequate. The above conclusion has been reported and confirmed to the Board, and the Board is of the view that the risk management and internal control systems of the Group are effective.

Model Code for Securities Transactions

The Board has adopted the model code for securities transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2021.

Share Award Scheme

The Company has adopted a share award scheme (the "Share Award Scheme") on 16 January 2017 (the "Adoption Date"), pursuant to which existing shares of the Company ("Shares") may be purchased by the trustee from the market out of cash contributed by the Group and/or the Company may allot and issue new Shares to Computershare Hong Kong Trustees Limited (the "Trustee") in accordance with any specific mandate approved by the shareholders. Such Shares would be used to grant to certain eligible persons who are employees of the Company and its subsidiaries. The purpose of the Share Award Scheme is to effectively attract, retain and incentivise core employees of the Group and align their interests and growth with the Group as a whole.

The Share Award Scheme shall be subject to the administration of the Board, a committee (comprising Executive Director, Independent Non-executive Directors and senior executive) and the Trustee in accordance with the Share Award Scheme rules and the trust deed.

The maximum number of Shares that can be held by the Trustee under the Scheme is limited to 2% of the total number of issued Shares from time to time.

Save as disclosed above, during the Period, neither the Company nor any of its subsidiaries is a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any associated corporation and none of the Directors had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

No shares are granted to the eligible persons since the Adoption Date.

Further details of the Share Award Scheme are set out in the announcement of the Company dated 16 January 2017 and note 27 to the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2021.

Purchase, Sale or Redemption of the Company's Listed Securities

On 14 January 2021, the Company and the placing agent entered into the placing agreement to place out 3,900,000,000 placing shares at a placing price of HK$1.08 per placing share to no fewer than six independent placees. The net proceeds of the placing, after taking into account all related costs, fees, expenses and commission of the placing, is approximately HK$4.148 billion. The placing was completed on 21 January 2021. Upon completion, the placing shares represent approximately 15.57% of the Company's issued share capital as enlarged by the placing.

Other than disclosed above, during the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance and Other Information (CONTINUED)

Auditor's and Audit Committee's Review

The financial information set out in this report represents the unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2021, which have been reviewed by the Group's external auditor, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee of the Company which consists of four independent non-executive Directors, namely Mr. Yip Tai Him, Ir. Dr. Raymond Ho Chung Tai, Dr. Shen Wenzhong and Mr. Wong Man Chung, Francis. The Audit Committee expressed no disagreement with the accounting policies and principles adopted by the Group.

Changes in Information on Directors

As at the date of this report, there is no other information relation to the Director of the Company pursuant to Rule 13.51(B) of the Listing Rules since the date of publication of the 2020 Annual Report.

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

During the Period, the following facility agreements contain condition imposing specific performance obligations on the controlling shareholders and breach of such obligation will cause a default in respect of loan that are significant to the operations of the Company:

On 6 December 2017, the Company, as borrower entered into a facility agreement with the Bank as lender relating to a US$200,000,000 term loan facility ("Facility Agreement II"). The Facility Agreement II is scheduled to be fully repaid approximately 36 months after the first loan is made under it.

By the terms of the Facility Agreement II, if Mr. Zhu Gongshan and his family is no longer the single largest shareholder of the Company, the Bank may by notice to the Company, immediately cancel the Facility Agreement II and declare the outstanding loan together with accrued interest and all other amounts accrued under the Facility Agreement II, and all relevant security documents, to be immediately due and payable.

The above loan has been fully repaid and settled in February 2021. Up to the date of this report, the above obligations is not exist.

Corporate Information

Chairman

Zhu Gongshan

Executive Directors

Zhu Gongshan
Zhu Zhanjun *(CEO)*
Zhu Yufeng
Sun Wei
Yeung Man Chung, Charles
(CFO and Company Secretary)
Zheng Xiongjiu

Independent Non-executive Directors

Ho Chung Tai, Raymond
Yip Tai Him
Shen Wenzhong
Wong Man Chung, Francis

Composition of Board Committees

Audit Committee

Yip Tai Him *(Chairman)*
Ho Chung Tai, Raymond
Shen Wenzhong
Wong Man Chung, Francis

Remuneration Committee

Ho Chung Tai, Raymond *(Chairman)*
Yip Tai Him
Zhu Yufeng

Nomination Committee

Yip Tai Him *(Chairman)*
Ho Chung Tai, Raymond
Yeung Man Chung, Charles

Corporate Governance Committee

Ho Chung Tai, Raymond *(Chairman)*
Yip Tai Him
Yeung Man Chung, Charles

Strategy & Investment Committee

Ho Chung Tai, Raymond *(Chairman)*
Zhu Gongshan
Yip Tai Him
Shen Wenzhong
Wong Man Chung, Francis
Zhu Zhanjun
Yeung Man Chung, Charles

Company Secretary

Yeung Man Chung, Charles

Authorized Representatives

Zhu Zhanjun
Yeung Man Chung, Charles

Auditor

Crowe (HK) CPA Limited
9/F Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Unit 1703B–1706, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY-1100
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Legal Advisers to the Company

As to Hong Kong law

Freshfields Bruckhaus Deringer
55th Floor
One Island East
Taikoo Place, Quarry Bay
Hong Kong

King & Wood Mallesons
13/F Gloucester Tower, The Landmark
15 Queen's Road Central
Hong Kong

As to Cayman Islands law

Conyers Dill & Pearman
Cricket Square, Hutchins Drive
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Company's Website

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