GCL New Energy

GCL New Energy Holdings Limited
協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability) (Stock Code: 451)

2021 ANNUAL REPORT

Bringing
GREEN
POWER
to Life

About GCL New Energy

- GCL New Energy (0451.HK) is a renowned privately-owned solar power producer in China, gaining recognition from international capital market by being included in the MSCI China Small Cap Index on 27 May 2021. Since its development of solar energy business, GCL New Energy has become a solar power producer with strong development and scientific research capabilities as well as intelligent operation and management capabilities for facilitating the establishment of new electricity system with focus on new energy. GCL New Energy was awarded as the country's first "5A" certified operation and maintenance service unit in early 2020 with its operation and management outsourcing services to become increasingly mature.

- GCL New Energy achieved successful asset-light strategic transformation in 2021, riding on its more solid financial and operational platforms, seeking to not only focus on its solar energy business, but also tapping into hydrogen energy business to fully extend its development in hydrogen energy and accomplish its goal of "**Bringing Green Power to Life**", striving to seize the opportunities arise from the energy transition in the pursuit of "dual carbon" goals.

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

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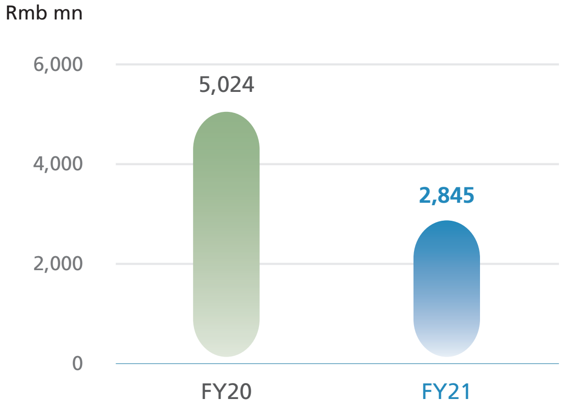
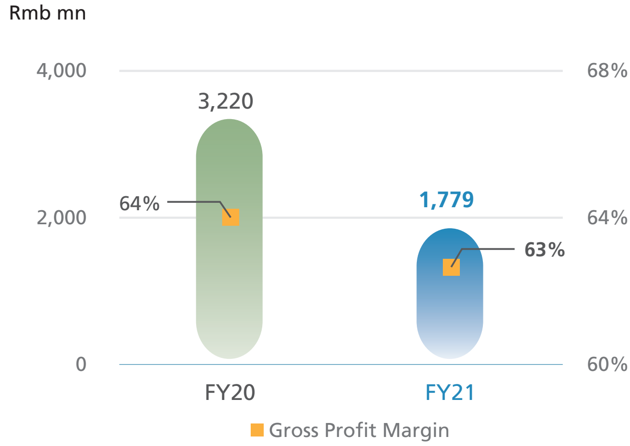


Gross Profit



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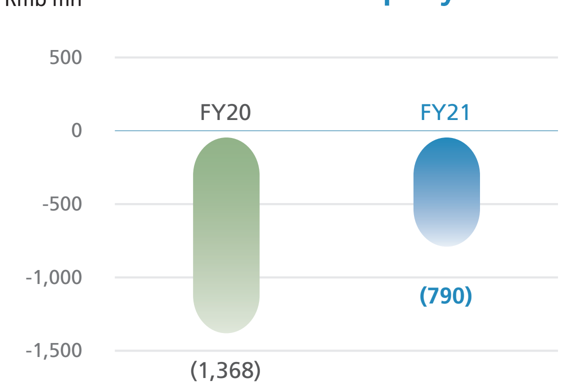

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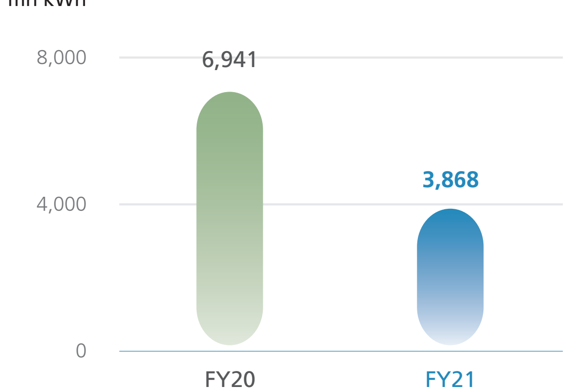

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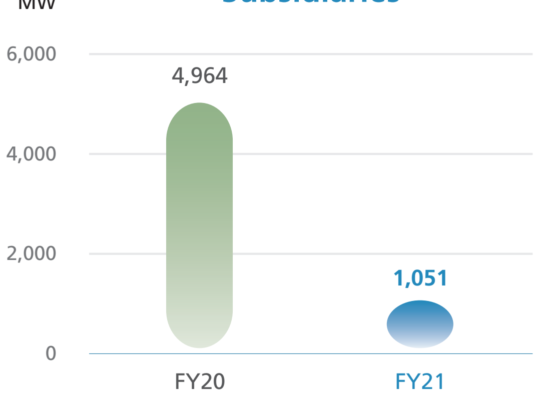

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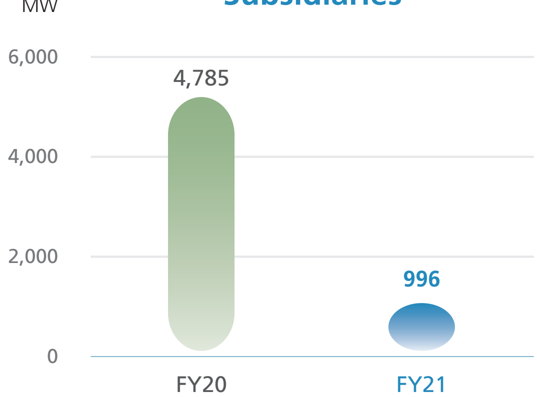

Statement of the Chairman and President

Dear shareholders and investors,

The year 2021 was a challenging and extraordinary year for GCL New Energy. During the year, we spared no effort in speeding up the transformation and made unremitting efforts to explore new directions for the future development. After going through a few challenging years, GCL New Energy has eventually accomplished the asset-light strategic transformation in 2021 and its gearing ratio has declined to a relatively sound and stable level, which has provided strength to stride forward. In 2021, GCL New Energy seized the zero-carbon opportunity and accelerated its journey towards "hydrogen" energy business to gradually achieve the development of both solar power business and hydrogen energy business, driving its sustainable development to the next level.

Zhu Yufeng
Chairman and President

Adjust Structure to Reduce Gearing Ratio to a Sound and Stable Level

During 2021, GCL New Energy firmly advanced towards the clear goal of reducing debt and maintaining a stable cash flow, resolutely promoted the implementation of the strategic asset-light transformation and announced the disposal of solar power plants with installed capacity of nearly 2.9GW, from which the debt was reduced by RMB11.2 billion and the gearing ratio declined from 81% at the same period of previous year to 56%. The cash proceeds from the disposal can not only effectively reduce the debt of GCL New Energy and mitigate the financial strain, but also maintain a stable cash flow to provide solid capital foundation at the outset of its new business. Excluding the disposed and transferred assets, the total installed capacity of the solar power plants controlled by the Group was approximately 1,051MW. As of the date of this annual report, the total installed capacity of the solar power plants controlled by the Group that have been contracted for disposal but has yet to be completed was approximately 298MW and the total installed capacity of the solar power plants controlled by the Group upon completion of the asset disposal transactions will be approximately 753MW. The successful strategic asset-light transformation enables GCL New Energy to focus on its core capabilities and lays a solid foundation of its new business development.

Accelerating the Pace of Intelligent Operation and Maintenance with the Support of Technology

Despite the scale-down of the solar power plant scale of GCL New Energy under the asset-light operation model, innovation has enhanced the core competitiveness of the Group. Leveraging on its seasoned experience in operation and maintenance ("O&M") of solar power plants and taking advantage of its scale and accumulation of massive data, the Group's outsourcing O&M business has thrived. Currently, the Group continues to provide O&M services for most of the disposed solar power plant projects and is constantly exploring other business opportunities. As a national high-tech enterprise, GCL New Energy accelerates technological advancement through continuous investment in R&D, constantly improves the level of intelligent O&M and the efficiency of the power station system, and strives to provide value-added services for the clients including equipment commission, equipment function testing, secondary system maintenance, external cable maintenance, electricity market transaction, asset evaluation and wind and solar power to hydrogen storage integrated energy services, so as to create value for the clients, achieve a win-win situation and promote mutual development.

During 2021, the Group had entered into contracts to provide O&M services for 69 solar power plants with total installed capacity of approximately 3GW. The Group has extended its O&M business across the country and established a leading market presence. In February 2021, the Group was invited by the China Electricity Council to lead the development and official release of the TCEC 417-2020 Administrative Regulation on Operation and Maintenance Services for Solar Power Plants (《TCEC 417-2020光伏電站運行維護服務管理規範》), which outlined the guidance on development of solar power plants' intelligent operations, and was first in the country to be accredited the honourary title of "5A Solar Power Plants Operation and Maintenance Service Provider". The Group also obtained four-standard management system certification in quality, occupational health and safety, environment, and information security. Meanwhile, on 30 November 2021, according to the relevant provisions of the "Administrative Measures for the Accreditation of High-tech Enterprises" (Guoke Fahuo [2016] No. 32) (《高新技術企業認定管理辦法》(國科發火[2016]32號)) and the "Guidelines for the Administration of High-tech Enterprise Accreditation" (Guoke Fahuo [2016] No. 195) (《高新技術企業認定管理工作指引》(國科發火[2016]195號)), the Leading Group Office of National High-tech Enterprises Accreditation and Management issued the "Notification on the List of 2021 Second Group of Proposed High-tech Enterprises of Jiangsu Province" (《關於公示江蘇省2021年第二批認定報備高新技術企業名單的通知》). Suzhou GCL New Energy Operation and Technology Co., Ltd.* (蘇州協鑫新能源運營科技有限公司), a subsidiary of the Group responsible for O&M businesses, will obtain the high-tech enterprise certification after publication of the abovementioned notice thus officially entering the ranks of national high-tech enterprises.

Multi-dimensional Recognition from the Capital Market and Mutual Assistance of Investors

GCL New Energy has not only effectively reduced the scale of the Company's debts through the strategic asset-light transformation, but also successfully completed the debt restructuring and placement with the support of bondholders and equity investors of the Group and built on their confidence in the Group's future development. The restructuring plan of Bermuda Scheme (i.e. the scheme of arrangement under Part VII of the Bermuda Companies Act 1981) that the Group proposed in December 2020 was officially being put into effect on 16 June 2021 and listed on Singapore Stock Exchange on 17 June 2021, with a new debt size of US$497 million under the high percentage of support from the existing notes-holders. Following the success of the debt restructuring, the Group obtained a debt extension of up to three years for the existing notes, as well as deferred payment of part of the cash interests, which allowed the Group have the autonomy and flexibility to make debt prepayment without extra costs. Meanwhile, the Group announced on 8 March 2022 that it would repurchase of up to approximately US$53.4 million of the existing notes with a face value of US$1 each from the holders of existing notes at a price of US$0.975. As it was well received by the market and the acceptance rate was much higher than the repurchase amount, the Group completed the repurchase in accordance with the repurchase mechanism with a proration scaling factor of approximately 18.54%.

In addition, in February 2021, the Group completed a top-up placing of 2 billion Shares at HK$0.455 per Share to various professional, institutional or other investors, with net proceeds of approximately HK$895 million. The successful completion of the debt restructuring and the top-up placing, greatly improved the liquidity, overall debt issue and financing pressure of the Group, which enabled its gearing ratio to decline to a healthy level of approximately 56%. Following the subsequent completion of disposal of power plants, cash inflow and debt pay off, the Group expected that the debt scale will be further reduced by approximately RMB6 billion in 2022 with the Company's gearing ratio to decline further to a more stable level.

GCL New Energy regrouped and set off to further strengthen its unique core competences. With its strong innovative culture, scientific research capabilities, seasoned experience in intelligent operations, and the integration of solar power business on the entire industry chain, and through strategic cooperation with state-owned enterprises and central enterprises to unleash their full potentials, GCL New Energy reshaped its strategic development direction and explored other development models such as joint-development for the solar power business. Meanwhile, the Group believes that only with the persistence of innovation, reform and establishment of a dynamic growth model can it maintain a robust development. Riding on the backdrop of dual carbon goals and the development of green circular economy, GCL New Energy will focus on the solar power business, and actively seek opportunities in other clean energy businesses, with an aim to seizing the great opportunities arising from the energy transformation during the "14th Five-Year Plan".

Tapping into the Hydrogen Energy Industry through Market Insight

Thinking out of the box to visualize the insights, GCL New Energy has taken an unique approach to ride on its own competences in solar power generation business platform, deploying its strong scientific research capabilities, profound technology knowledge and experience to tap into the hydrogen energy and related industries. In an effort to develop a sustainable hydrogen energy business with unique competitiveness, the Group combines the major applications and market prospects of hydrogen energy, alongside a diversified deployment in both blue and green hydrogen to focus on the production of blue hydrogen and its ancillary products as well as using green power to produce hydrogen.

Under the backdrop that decarbonization has become a global goal, hydrogen energy, as one of the cleanest energy sources, has been listed as an important solution for decarbonization by many countries and plays an indispensable role in implementing the dual carbon strategy. The hydrogen energy industry in China is currently developing at full speed. China, as the world's largest hydrogen producer, has produced and consumed more than 25 million tons of hydrogen energy. Based on the forecast of China Hydrogen Alliance, by 2030 and 2060, the annual domestic hydrogen demand will account for approximately 5% and 20% of the end-terminal energy consumption, respectively. In the future, hydrogen energy will serve as an important supporting energy for large-scale and deep carbon reduction in power, transportation, industry, construction and other fields. Hydrogen energy is ushering in unprecedented strategic opportunities.

On 24 January 2022, Xi Jinping, General Secretary of the Central Committee of the Communist Party of China, emphasized at the thirty-sixth collective meeting conducted by the Political Bureau of the Central Committee of the Communist Party of China ("Political Bureau of CCCPC") on efforts to achieve the dual carbon goal, that it is required to fully understand the urgency and arduousness of achieving the "dual carbon" goal, to promote the "dual carbon" work, and to actively and orderly develop solar energy, silicon energy, hydrogen energy, and renewable energy. In the implementation of specific policies, Secretary Xi Jinping said that the promotion of new energy and clean energy should be given a prominent position, and the active and orderly development of solar energy, silicon energy, hydrogen energy, and renewable energy should be accelerated. He said that it is required to speed up the development of sizable and cost-effective new energy sources such as wind energy, solar energy, biomass energy, geothermal energy, ocean energy, and hydrogen energy, coordinate hydropower development and ecological protection, and actively develop nuclear power in a safe and orderly manner. Secretary Xi Jinping repeatedly emphasized the development of hydrogen energy at the meeting, which meant that hydrogen energy occupies an irreplaceable strategic position in the future development plan of China's new energy.

As high cost is a major problem in the current large-scale promotion of hydrogen production as a source of renewable energy, blue hydrogen, which is mainly produced from natural gas, plays an important role in fulfilling the "dual carbon" strategy as a "transitional clean energy" due to its advantages such as abundant resources, low production costs and mature technology. GCL New Energy is currently exploring the possible long-term natural gas procurement cooperation with POLY-GCL Petroleum Investments Limited（保利協鑫天然氣投資有限公司）, which enables the Group to facilitate the implementation of hydrogen energy strategy and effectively set the stage for GCL New Energy to become a major international hydrogen energy supplier and integrated energy management service provider.

On the other hand, the green hydrogen produced by water electrolysis technology powered by renewable energy such as solar power generation achieved the green and clean life cycle of hydrogen energy, while expanding the scope of utilization of renewable energy. The Group believes that with the advent of renewable energy grid parity, the cost of the electrolyzed water hydrogen production system will be significantly reduced in the future by improving the technology of the whole industry chain, reducing the cost of renewable energy power generation and large-scale application in key industries. At this stage, GCL New Energy will give full play to its own technological advantages. It will strive to develop technological innovation and actively seek key technological breakthroughs, endeavour to build the core competitiveness of green hydrogen business, and provide technical support and innovative source of profit for the development of hydrogen energy business.

In order to fully guarantee the future development of the hydrogen energy project investment strategy, GCL New Energy has entered into a strategic cooperation framework agreement with each of JIC Capital Management (Tianjin) Limited and CCB International Asset Management Limited. The cooperation involves a hydrogen industrial investment fund with a scale of about RMB 10 billion and a new energy industrial investment fund with a scale of no more than US$800 million, with a total of nearly RMB15 billion. The Group expects that the relevant investment funds will not have a significant impact on the future capital commitment or gearing liabilities of operating the hydrogen energy business, and it can continue to develop its hydrogen energy business through the asset-light strategy model in the long term, as such, its debt can be maintained at a stable level.

Outlook

The success of the asset-light strategy transformation has enabled GCL New Energy to make a magnificent turnaround and set the stage for its dual businesses to robust. Leveraging on its seasoned experience in the renewable energy realm, the Group will push forward the implementation of hydrogen strategy. Meanwhile, as a corporation that attaches great importance to social responsibility, GCL New Energy will strengthen its investment in the environment, society and corporate governance while pursuing sustainable profitability and stable cash flow, strive for maximizing social values and achieving "dual carbon goals" while pursuing to maximize shareholders' interests, financial benefits and profits. By improving corporate governance, optimizing resources allocation and actively fulfilling its corporate social responsibility, GCL New Energy acknowledges that environmental protection is one of the effective ways to achieve the "dual carbon goals" and by enriching the green energy development structure and optimizing the sustainable development of green energy under the strategic principles of low carbon emission reduction and energy conservation, so as to accelerate the application of green energy into thousands of households, dedicate to achieving a low and zero-carbon community as early as possible and generating greater returns for the society and the shareholders of the Company.

Management Discussion and Analysis

Overview

For the year ended 31 December 2021, loss attributable to owners of the Company for the year was RMB790 million, as compared to loss attributable to owners of the Company of RMB1,368 million in 2020. The decrease in loss for the year was mainly attributable to the combined effect of the followings:

1. the grid connected capacity decreased from 4.8GW as at 31 December 2020 to 1.0GW as at 31 December 2021, representing a decrease of approximately 79% in our business scale. Our electricity sales volume and revenue of the Group decreased proportionally by 44% and 45%, respectively. The drop in our business scale led to a decrease in gross profit by RMB1,441 million, from RMB3,220 million in the Prior Reporting Period to RMB1,779 million in the current year. The gross profit margin was 62.5% for the year ended 31 December 2021, as compared to 64.1% for the year ended 31 December 2020 after restatement;

2. the increase in administrative expenses by 33.5%, from RMB522 million to RMB697 million, mainly due to an increase in professional fee related to projects disposals and inclusion of share-based payment expenses of RMB21 million (2020: Nil);

3. the exchange gain of RMB54 million, as compared to the exchange gain of RMB307 million for the year ended 31 December 2020, the exchange gain is mainly caused by the depreciation of USD denominated indebtness against RMB;

4. the gain on disposal of solar power plant projects of RMB85 million, as compared to a loss on disposal of solar power plant projects of RMB218 million for the year ended 31 December 2020;

5. the impairment loss on property, plant and equipment of RMB294 million, as compared to the impairment loss on property, plant and equipment of RMB1,138 million for the year ended 31 December 2020; and

6. the decrease in finance costs of RMB872 million, mainly due to the decrease in business scale and repayment of debts.

Business Review

Capacity and Electricity Generation

During the year, the Group's asset-light transformation pace was accelerated. As at 31 December 2021, the total installed capacity of the Group's subsidiary power plants was approximately 1,051MW (31 December 2020: 6,636MW). Details of capacity, electricity sales volume and revenue for the year ended 31 December 2021 are set out below.

Power plant 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	365	0.73	267
Ningxia	1	2	60	60	92	0.64	59
		6	**249**	**249**	**457**	**0.71**	**326**
Qinghai	2	4	98	98	205	0.66	135
Jilin	2	4	51	51	75	0.76	57
Liaoning	2	3	60	60	56	0.77	43
Gansu	2	1	20	20	36	0.72	26
Others	2	–	–	–	1,422	0.66	943
		12	**229**	**229**	**1,794**	**0.67**	**1,204**
Jiangsu	3	9	114	108	404	0.84	340
Hebei	3	1	30	21	26	0.37	10
Zhejiang	3	1	23	21	33	0.97	32
Shandong	3	5	161	149	188	0.81	152
Henan	3	3	9	9	303	0.73	221
Guangdong	3	4	39	13	106	0.71	76
Fujian	3	3	56	56	61	0.81	50
Shanghai	3	1	7	7	7	0.97	7
Others	3	–	–	–	286	0.80	230
		27	**439**	**384**	**1,414**	**0.79**	**1,118**
Subtotal		**45**	**917**	**862**	**3,665**	**0.72**	**2,648**
US		2	134	134	203	0.38	78
Total of Subsidiaries		**47**	**1,051**	**996**	**3,868**	**0.70**	**2,726**

	Revenue (RMB million)
Representing:	
Electricity sales	1,135
Tariff adjustment – government subsidies received and receivable	1,591
Total revenue of subsidiaries for electricity sales	2,726
Less: effect of discounting tariff adjustment to present value(2)	(31)
Total revenue of solar power plants, after discounting	2,695
Solar power plants operation and management service income	80
Solar related supporting service income	70
Total revenue of the Group	2,845

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

(2) Certain portion of the tariff adjustments (government subsidies) is discounted.

Most of the solar power plants of the Group are located in China and almost all of the revenue of solar power plants is contributed by the subsidiaries of the State Grid Corporation of China ("State Grid"). The State Grid is a State-owned enterprise in China, which possesses low default risk. Therefore, the Directors considered that the credit risk of trade receivables was minimal.

Financial Review

Revenue and Gross Profit

During the year ended 31 December 2021, the Group's revenue was mainly derived from (i) solar power electricity generation; (ii) service fee income from the provision of the solar power plants operation and management services; and (iii) income from solar related supporting service income. The table below sets forth an analysis of the Group's revenue:

	2021 RMB'000	2020 RMB'000
Revenue		
— Sales of electricity and tariff adjustments	**2,694,979**	4,935,189
— Operation and management services for solar power plants	**79,637**	64,849
— Solar related supporting service income	**70,283**	23,716
	2,844,899	5,023,754

The decrease in revenue was mainly attributable to the disposal of solar power plants during 2021. The grid connected capacity decreased from 4.8GW as at 31 December 2020 to 1.0GW as at 31 December 2021. The average tariff (net of tax) for the PRC was approximately RMB0.72/kWh (2020: RMB0.74/kWh).

During the year ended 31 December 2021, the Group provided operation and maintenance services for some of the disposed solar power plant projects and generate management service income. As at 31 December 2021, the Group had entered into contract to provide operation and maintenance services for solar power plants with total installed capacity of approximately 2,963 MW.

The gross profit and gross profit margin was approximately RMB1,779 million and 62.5% for the year ended 31 December 2021, as compared to approximately RMB3,220 million and 64.1% for the year ended 31 December 2020. The cost of sales mainly consisted of depreciation, which accounted for 78.5% (2020: 78.7%) of the cost of sales, with the remaining costs being operation and maintenance costs of solar power plants.

Other Income

During the year ended 31 December 2021, other income mainly included imputed interest on discounting effect on tariff adjustment receivables (i.e. interest arising from contracts containing significant financing component) of RMB29 million (2020: RMB77 million) and bank and other interest income of RMB19 million (2020: RMB23 million).

Administrative Expenses

Administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses increased by 33.5% to RMB697 million for the year ended 31 December 2021 (2020: RMB522 million). The increase in administrative expenses was mainly due to an increase in professional fees related to disposal of solar power plants during 2021.

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

During the year ended 31 December 2021, the net loss amounted to RMB153 million (2020: net loss of RMB1,220 million) was mainly due to impairment losses on property, plant and equipment of RMB294 million (2020: RMB1,138 million), gain on disposal of solar power plant projects of RMB85 million (2020: loss on disposal of solar power plant projects of RMB218 million), and exchange gain of RMB54 million (2020: exchange gain of RMB307 million), mainly arising from the depreciation of USD denominated indebtedness against the reporting currency in RMB. Impairment on expected credit loss of RMB61 million (2020: RMB321 million) meant the changes of the credit risk in 2021.

Share of profits of associates

Share of profits of associates amounted to RMB99 million (2020: RMB102 million), mainly representing the share of profits from several partly-held solar power plants. The Group disposed of majority of the equity interest of these solar power plants in 2020 and 2021.

Finance Costs

	2021 RMB million	2020 RMB million
Total borrowing costs	1,578	2,463
Less: Interest expenses capitalized	—	(13)
	1,578	2,450

For the year ended 31 December 2021, total borrowing costs decrease by 36% as compared with same period of last year. The decrease was mainly due to decrease in average borrowing balance as a result of disposal of solar power plants during 2021. Interest-bearing debts has decreased from RMB30,930 million as at 31 December 2020 to RMB7,076 million as at 31 December 2021. However, the effect of the drop in average borrowing balance was partly offset by the increase in the average borrowing rate from approximately 7.2% in 2020 to approximately 8.6% in 2021.

Income Tax Expenses

Income tax expenses for the year ended 31 December 2021 was RMB47 million (2020: RMB156 million). There is a decrease in income tax expenses mainly due to the disposal of solar power plants during 2021, leading to decrease in taxable income.

Profit/loss attributable to other non-controlling interests

Profit attributable to other non-controlling interests amounted to RMB21 million for the year ended 31 December 2021 (2020: loss of RMB16 million).

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

Property, Plant and Equipment

Property, plant and equipment was RMB5,520 million as at 31 December 2021 and RMB25,363 million as at 31 December 2020. The decrease was mainly due to the disposal of solar power plants during 2021.

Deposits, Prepayment and other Non-current Assets

As at 31 December 2021, other non-current assets was RMB204 million (31 December 2020: RMB1,061 million), which mainly included approximately RMB142 million (31 December 2020: RMB981 million) of refundable value-added tax.

Contract Assets

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

Contract assets decreased from RMB1,228 million as at 31 December 2020 to RMB41 million as at 31 December 2021, as some solar power plants entered into the project list of subsidy for renewable energy power plants (the "Subsidy List").

Trade and Other Receivables

As at 31 December 2021, trade and other receivables of RMB6,320 million (31 December 2020: RMB8,962 million) mainly included trade and bills receivables of RMB1,591 million (31 December 2020: RMB7,221 million), refundable value-added tax of RMB67 million (31 December 2020: RMB498 million) and consideration receivables from disposal of subsidiaries of RMB374 million (31 December 2020: RMB372 million).

As at 31 December 2021, tariff adjustments receivables of RMB1,473 million (31 December 2020: RMB6,812 million), represents subsidy receivable from the government authorities in respect of the Group's solar power generation business and contract assets of RMB41 million (31 December 2020: RMB1,228 million) , primarily relate to the portion of tariff adjustments for the electricity sold to the grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration to the List at the end of the reporting date. As at 31 December 2021, there was 41MW installed capacity of solar power plants projects to be registered (31 December 2020: 1,236MW).

Other Payables and Deferred Income

Other payables and deferred income decreased from RMB4,688 million as at 31 December 2020 to RMB1,340 million as at 31 December 2021. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction of RMB502 million (31 December 2020: RMB3,299 million).

Liquidity and Financial Resources

The Group adopts a prudent treasury management policy to maintain sufficient working capital to cope with daily operations. The funding for all its operations has been centrally reviewed and monitored at the Group level. The indebtedness of the Group mainly comprises bank and other borrowings, bonds and senior notes payable, lease liabilities and loans from related companies.

As at 31 December 2021, bank balances and cash of the Group were approximately RMB609 million, including bank balances and cash of RMB23 million for projects classified as held for sale (2020: RMB1,191 million). For the year ended 31 December 2021, the Group's primary source of funding included cash generated from its operating activities and receipts of consideration receivables from disposal of subsidiaries with solar power plant projects.

As at 31 December 2021, the Group had bank and other borrowings of approximately RMB210 million (31 December 2020: RMB7,940 million) at fixed interest rate. During the years ended 31 December 2021 and 2020, the Group has not purchased any foreign currency derivatives or related hedging instruments to hedge for foreign currencies loans.

Indebtedness and gearing ratio

Solar energy business is a capital intensive industry. The business requires substantial capital investments for developing and constructing solar power plants. Thus, the average gearing ratio for the solar energy industry is relatively high.

Because of the nature of the solar energy industry in the PRC, the Group was in net current assets position of approximately RMB4,558 million as at 31 December 2021 (31 December 2020: net current liabilities of RMB9,230 million).

The Group monitors capital based on two gearing ratios. The first ratio is calculated as net debts divided by total equity and the second ratio is calculated as total liabilities divided by total assets. The gearing ratio as at 31 December 2021 and 31 December 2020 were calculated as follows:

	31 December 2021 RMB million	31 December 2020 RMB million
Non-current indebtedness		
Loans from related companies	**—**	120
Bank and other borrowings	**2,009**	11,612
Senior notes	**2,648**	—
Lease liabilities	**333**	899
	4,990	12,631
Current indebtedness		
Loans from related companies	**32**	789
Bank and other borrowings	**1,084**	12,392
Senior notes	**467**	3,261
Lease liabilities	**38**	89
	1,621	16,531
Indebtedness for solar power plants projects classified as held for sale		
Loan from a related company — due within one year	**—**	3
Bank and other borrowings — due within one year	**128**	330
Bank and other borrowings — due after one year	**327**	1,383
Lease liabilities	**10**	52
	465	1,768
Total indebtedness	**7,076**	30,930
Less: Cash and cash equivalents		
— continuing operations	**(586)**	(1,143)
— projects classified as held for sale	**(23)**	(48)
Pledged bank and other deposits		
— continuing operations	**(430)**	(744)
— projects classified as held for sale	**—**	(44)
Net debts	**6,037**	28,951
Total equity	**6,954**	8,537
Net debts to total equity	**87%**	339%
Total liabilities	**8,963**	36,499
Total assets	**15,917**	45,036
Total liabilities to total assets	**56.3%**	81.0%

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

	31 December 2021 RMB million	31 December 2020 RMB million
Renminbi ("RMB")	**3,368**	26,054
Hong Kong dollars ("HK$")	**178**	181
United States dollars ("US$")	**3,530**	4,695
	7,076	30,930

Fund raising activities

In February 2021, the 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.

Save as disclosed above, the Company has no other fund raising activities during the twelve months ended 31 December 2021.

Debt Restructuring

During the year ended 31 December 2021, the Group completed the restructuring of the 2018 Senior Notes implementation under the Bermuda Scheme (i.e. the scheme of arrangement under Part VII of the Bermuda Companies Act 1981). On 16 June 2021, the Restructuring became effective, i.e., the 2018 Senior Notes was cancelled and the New Notes was issued. Under the restructuring support agreement, 5% of the original principal amount of US$25 million was repaid to the holders of the senior notes. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration was settled through issuance of new senior notes. The New Notes were listed on the Singapore Exchange Securities Trading Limited.

Pledge of Assets

As at 31 December 2021, the following assets were pledged for bank and other facilities granted to the Group:

— property, plant and equipment of RMB4,106 million (31 December 2020: RMB14,938 million);

— bank and other deposits (including deposits for projects classified as held for sale and deposits placed at a related company) of RMB430 million (31 December 2020: RMB744 million);

— rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2021, the trade receivables and contract assets of those subsidiaries amounted to RMB1,538 million (31 December 2020: RMB7,823 million); and

— no right-of-use assets was pledged (31 December 2020: RMB12 million).

Besides, lease liabilities of RMB371 million (31 December 2020: RMB988 million) are recognized in respect of right-of-use assets amounting to RMB317 million (31 December 2020: RMB1,258 million) as at 31 December 2021.

Financial Guarantees provided to Related Companies and Third Parties

As at 31 December 2021, the Group provided guarantees to its associates for certain of their bank and other borrowings in proportional to the Group's interest in those associates with a maximum amount of RMB1,541 million (31 December 2020: RMB3,050 million). Besides, the Group also provided financial guarantees to certain disposed subsidiaries during transitional period for their bank and other borrowings amounting to RMB477 million (31 December 2020: RMB1,385 million) as at 31 December 2021.

Capital Commitments and Contingent Asset

As at 31 December 2021, the Group had no capital commitments in respect of construction commitments related to solar power plants contracted for but not provided (2020: RMB135 million).

During the year ended 31 December 2019, the power generator and related equipment of a solar power plant of the Group located in Shandong Province, the PRC, was damaged during the typhoon. The Group has insurance policies in place to cover damages to property, plant and equipment amounting to approximately RMB17 million (2020: RMB53 million) incidental to the typhoon. The Group received approximately RMB25 million (2020: RMB4 million) from insurance claim as compensation income.

Material disposals

During the year ended 31 December 2021, the Group has entered into various share transfer agreements with various third parties to dispose of equity interests in companies which hold various solar power plants. Material disposals during the year ended 31 December 2021 are summarised as follows:

Agreements signed in 2021	Name of purchasers	Percentage of disposed equity interest	Capacity of solar power plants (MW)	Consideration (RMB million)
March – April	Three Gorges Asset Management Co., Ltd* (三峽資產管理有限公司)	50%-100%	832	1,687
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
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
June	Chongqing Lvxin Energy Development Co., Ltd.* (重慶綠欣能源發展有限公司)	51%-100%	149	275
May – July	Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司)	80%-100%	392	344
July	Yixing Hechuang New Energy Co., Ltd.* (宜興和創新能源有限公司)	100%	301	481
August	Ningxia Hanguang New Energy Co., Ltd.* (寧夏含光新能源有限公司)	100%	271	301
	Others		520	471
Total			**2,861**	**4,209**

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

* *English name for identification purpose only*

Save as disclosed above, there were no other significant investments during the year ended 31 December 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 year ended 31 December 2021.

Events After the Reporting Period

Please refer to note 46 to the consolidated financial statements.

Risk Factors and Risk Management

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

1. Policy risk

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

2. Risk associated with tariff

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

3. Risk related to interest rate

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

4. Foreign currency risk

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

5. Risk related to disputes with joint venture partners

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

Employee and Remuneration Policies

We consider our employees to be our most important resource. As at 31 December 2021, the Group had approximately 896 employees (31 December 2020: 1,122 employees) in the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits also include discretionary bonuses and share options granted to eligible employees. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) for the year ended 31 December 2021 was approximately RMB331 million (31 December 2020: RMB268 million).

Our Directors

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

Executive Directors

ZHU Yufeng
(Chairman and President)

Aged 40, an executive Director and the chairman of the Board appointed on 11 December 2015 and he has taken up the role of the President of the Company since 7 December 2020. Mr. Zhu is also the chairman of the Nomination Committee, the Risk Assessment Committee and the Corporate Governance Committee of the Company, a member of the Remuneration Committee and a director of several subsidiaries of the Company.

Mr. Zhu has been an Executive Director of GCL Technology since September 2009 and is a member of the remuneration committee of GCL Technology. Mr. Zhu is also a director of GCL Energy Technology. Mr. Zhu has been appointed as the vice chairman and president of Golden Concord since 3 June 2016 and 15 January 2019 respectively. He previously served as a non-executive Director and vice chairman of the Board from 9 February 2015 to 10 December 2015. He was a senior executive president, a senior vice executive president and also an executive president of Golden Concord during the period from December 2015 to June 2016, from December 2014 to November 2015 and from May 2012 to December 2014 respectively. Mr. Zhu was previously a general manager of a power enterprise and experienced in managing power plants. Mr. Zhu also has many years of experience working in electricity conglomerate, specializing in the area of integration management such as human resources, administration, supply chain and enterprises informatization etc. Mr. Zhu graduated from George Brown College (Business Administration Faculty) in 2005.

Our Directors

LIU Genyu
(Vice Chairman)

Aged 58, an executive Director and the vice chairman of the Company appointed on 7 December 2020. Mr. Liu graduated from Tsinghua University with an Executive Master degree of Business and Administration (EMBA). Mr. Liu is currently the vice chairman of the board of directors and an executive director of China Nuclear Energy Technology Corporation Limited (HKEX stock code: 611) and an independent non-executive director of China Boqi Environmental (Holding) Co., Ltd. (HKEX stock code: 2377). He was the chief executive officer and an executive director of Huazhong In-Vehicle Holdings Company Limited (HKEX stock code: 6830) from 4 January 2016 to 1 September 2017 and was re-designated as a non-executive director from 1 September 2017 to 31 August 2018. Mr. Liu was the chief operating officer/chief executive officer and an executive director of China Power New Energy Development Company Limited (a company previously listed on the Stock Exchange and delisted in August 2019, former HKEX stock code: 735) from May 2007 to December 2012. Mr. Liu had also served in positions including the deputy general manager of Chongqing Jiulong Electric Power Co., Ltd. (currently known as Spic Yuanda Environmental-Protection Co., Ltd. (國家電投集團遠達環保股份有限公司)) (SSE stock code: 600292) from 2002 to 2006.

HU Xiaoyan

Aged 50, an executive Director appointed on 9 May 2014. Ms. Hu is a director of several subsidiaries of the Company. Ms. Hu also serves as the vice-chairman of the Risk Assessment Committee and a member of the Corporate Governance Committee of the Company. Ms. Hu has been functionally responsible for the finance duties of the Company since 4 January 2019. Ms. Hu is currently serving as a director, executive president and senior business partner of Golden Concord, in charge of financial management, internal control, internal audit, legal management, supervision and risk management. Ms. Hu was a director of GCL System Integration from June 2017 to February 2021. Ms. Hu has extensive experience in financial management, internal audit, risk control, strategic management and control, investment management and corporate governance. Ms. Hu obtained a Master degree in Business Administration from the China Europe International Business School in September 2008.

Non-Executive Directors

SUN Wei

Aged 50, a non-executive Director appointed on 9 May 2014. Ms. Sun is also a member of the Remuneration Committee of the Company. Ms. Sun has been an executive director of GCL Technology since 9 September 2016. She was an executive director of GCL Technology for the periods from November 2006 to July 2007 and from October 2007 to January 2015 and she was the honorary chairman of the Finance and Strategy Function of GCL Technology. Ms. Sun is currently a director of GCL System Integration, a director of GCL Energy Technology, the vice chairman of Golden Concord and the joint president of China Hong Kong Economic Trading International Association. Ms. Sun has over 20 years of experience in the Group's investment and management, corporate finance, financial strategy and management experience. Ms. Sun obtained a degree of Doctor of Philosophy in Business Administration in 2005.

YEUNG Man Chung, Charles

Aged 54, a non-executive Director appointed on 18 September 2015. Mr. Yeung is also a member of the Corporate Governance Committee of the Company. He is currently an executive director, the chief financial officer, the company secretary as well as a member of the nomination committee, corporate governance committee and strategy and investment committee of GCL Technology. Mr. Yeung has been the vice president of Golden Concord Group Limited, a company controlled by Zhu Family Trust, since November 2017. Mr. Yeung is currently an independent non-executive director of Tree Holdings Limited (HKEX stock code: 8395). He was a director of Millennial Lithium Corp., a company with its shares listed on the TSX Venture Exchange in Canada during the period from November 2017 to January 2022. Mr. Yeung previously served as a partner of Deloitte Touche Tohmatsu and was a part-time member of the Central Policy Unit of the Government of Hong Kong Special Administrative Region. When Mr. Yeung left Deloitte Touche Tohmatsu in March 2014, he was the Head of Corporate Finance Advisory Services, Southern China. Mr. Yeung has a Bachelor of Business degree with major in accounting and he is also a member of The Hong Kong Institute of Certified Public Accountants and CPA Australia (formerly, the Australian Society of Certified Practising Accountants). Mr. Yeung has over 25 years of experience in accounting, auditing and financial management.

FANG Jiancai

Aged 42, a non-executive Director appointed on 1 March 2021. Mr. Fang has served as the deputy general manager and chief financial officer of GCL System Integration since February 2021. Furthermore. Mr. Fang has served as the general manager of the finance department of GCL System Integration since 2015. Mr. Fang has served as general manger of the finance department of certain subsidiaries of GCL System Integration and GCL Technology. Prior to joining GCL Technology and GCL System Integration, Mr. Fang worked at Ernst & Young. Mr. Fang graduated from Nanjing Audit University (南京審計大學) (previously known as Nanjing Audit College (南京審計學院)) and obtained a bachelor's degree in audit, and later obtained an EMBA master's degree from the China Europe International Business School (中歐國際工商學院). Mr. Fang has intensive knowledge and experience in financial management.

Independent Non-Executive Directors

XU Songda

Aged 78, an independent non-executive Director appointed on 9 May 2014. Mr. Xu is a member of the Audit Committee, the Nomination Committee and the Corporate Governance Committee of the Company. From August 1969 to 1983, Mr. Xu served successively as the youth league secretary, deputy director and director of Nanjing Power Plant (南京熱電廠). Mr. Xu then successively held the positions of the deputy director of Electric Power Industry Bureau of Jiangsu Province (江蘇省電力工業局), the deputy general manager, the deputy party secretary and other positions at Jiangsu Provincial Power Company (江蘇省電力公司) during 1983 to 2004. Mr. Xu graduated from the East China Institute of Water Conservancy (華東水利學院) (now known as Hohai University (河海大學)) in August 1969 with a Bachelor's degree in agricultural water conservation. Mr. Xu was granted the qualification of a senior engineer by the jury of senior positions in engineering at Electric Power Industry Bureau of Jiangsu Province (江蘇省電力工業局工程系列高級職務評審委員會) in December 1996. Mr. Xu was also granted the qualification of a senior engineer (professor level) by East China Power Group Corporation on 31 December 1997.

LEE Conway Kong Wai

Aged 67, an independent non-executive Director appointed on 9 May 2014. Mr. Lee also serves as the chairman of both the Audit Committee and the Remuneration Committee and a member of the Corporate Governance Committee of the Company. Mr. Lee served as a partner of Ernst & Young. Mr. Lee was a member of the Chinese People's Political Consultative Conference of Hunan Province in the PRC from 2007 to 2017. Mr. Lee currently also serves as an independent non-executive director for each of Chaowei Power Holdings Limited (HKEX stock code: 951), West China Cement Limited (HKEX stock code: 2233), China Modern Dairy Holdings Ltd. (HKEX stock code: 1117), GOME Retail Holdings Limited (HKEX stock code: 493), NVC International Holdings Limited (HKEX stock code: 2222), Yashili International Holdings Ltd (HKEX stock code: 1230), WH Group Limited (HKEX stock code: 288); and an independent non-executive director and independent director of Guotai Junan Securities Co., Ltd (listed on both the Stock Exchange and SSE with respective HKEX stock code: 2611 and SSE stock code: 601211) respectively.

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

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

WANG Yanguo

Aged 59, an independent non-executive Director appointed on 9 February 2015. Mr. Wang is a member of both the Remuneration Committee and the Nomination Committee of the Company. Mr. Wang graduated from the School of Economics of Peking University with a PhD degree, Master's degree and Bachelor's degree in Economics in 1999, 1988 and 1985 respectively. Mr. Wang previously served as a teaching assistant, a lecturer and an associate professor at the School of Economics of Peking University during the period from 1988 to 1996. Mr. Wang has extensive experience in securities and finance industries.

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

CHEN Ying

Aged 44, an independent non-executive Director appointed on 22 April 2015. Dr. Chen is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Dr. Chen received a doctorate degree in management specialising in Management Science and Engineering from Nanjing University in 2006, and a master's degree in Finance in 2003 and a bachelor's degree in Economics in 2000 from Southeast University.

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

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

Corporate Governance Report

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

Compliance with Corporate Governance Code

Throughout the Reporting Period, the Company complied with the code provisions set out in the CG Code, except for code provision C.2.1:

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

Pursuant to Rule 13.49(1) 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. As additional time was required for Deloitte Touche Tohmatsu ("Deloitte") , the former auditor of the Company, to complete its audit procedures, the Company was unable to publish the 2020 Annual Results on or before 31 March 2021. The Company agreed with Deloitte on the financial statements of the Group for the year ended 31 December 2020 on 1 April 2021 and the 2020 Annual Results was published on 1 April 2021. The Board acknowledges that the delay in publication of the 2020 Annual Results constituted non-compliance of Rule 13.49(1) of the Listing Rules.

The Board

Board Composition

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

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

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU Yufeng *(Chairman and President)*	Ms. SUN Wei	Mr. WANG Bohua *(retired from office on 21 May 2021)*
Mr. LIU Genyu *(Vice Chairman)*	Mr. YEUNG Man Chung, Charles	Mr. XU Songda
Ms. HU Xiaoyan	Mr. HE Deyong *(resigned on 1 March 2021)*	Mr. LEE Conway Kong Wai
	Mr. FANG Jiancai *(appointed on 1 March 2021)*	Mr. WANG Yanguo
		Dr. CHEN Ying

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

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

Role and Responsibilities

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

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

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

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

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

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

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

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

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

Chairman and President

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

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

Appointment, Re-election and Removal of the Directors

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

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Mr. Liu Genyu, Mr. Yeung Man Chung, Charles, Mr. Lee Conway Kong Wai and Mr. Wang Yanguo shall retire by rotation at the AGM and, being eligible, will offer themselves for re-election at the AGM.

Confirmation of Independency

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

Compliance with Model Code

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

Risk Management and Internal Controls

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

The Board has delegated to the management the design, implementation and monitoring of the Systems on an on-going basis. The Board has also entrusted the Audit Committee with the responsibility to review the Systems. The Corporate Governance Committee has been delegated with responsibilities by the Board to oversee the Group's overall risk management framework, including the risk governance structure and risk management process, and to advise the Board on the risk and corporate governance related matters of the Group. The Corporate Governance Committee is also responsible for approving the Group's risk and corporate governance policies and assessing the effectiveness of the Group's risk controls/mitigation tools. The Corporate Governance Committee held a meeting during the Reporting Period to review the Company's policies and practices on risk management, internal control systems and corporate governance for the year of 2020 and its plan.

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

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

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

Risk Management Procedures

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

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

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

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

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

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

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

Accountability and Audit

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The interim and annual reports published within 2021 were published within the time limits as required under the Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

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

Inside Information

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

The Board Committees

(1) Remuneration Committee

The Remuneration Committee was established on 15 September 2005 to oversee the remuneration policy and structure for all Directors and senior management of the Company. The Remuneration Committee currently comprises three independent non-executive Directors, one executive Director and one non-executive Director, namely, Mr. Lee Conway Kong Wai who is the chairman of the Remuneration Committee, Mr. Wang Yanguo, Dr. Chen Ying (who took up the role of a member of the Remuneration Committee with effect from 21 May 2021), Mr. Zhu Yufeng and Ms. Sun Wei. Mr. Wang Bohua retired from office as an Independent Non-executive Director and a member of Remuneration Committee on 21 May 2021. The Company Secretary acts as the secretary to the Remuneration Committee.

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

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

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

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

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

The Remuneration Committee held 1 meeting during the Reporting Period. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. No individual Director is involved in deciding his or her own remuneration. No disagreement on the remuneration or compensation arrangement resolved by the Board during the Reporting Period.

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

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

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the year of 2021

- to review and recommend on the remuneration packages of all executive Directors for the year of 2021 and bonus payment for the year of 2020

- to review and recommend on the remuneration of Mr. Fang Jiancai, who has been appointed as a Non-executive Director with effective from 1 March 2021

- to review and recommend on the grant of share options to selected eligible participants and Directors in February 2021 and November 2021, respectively

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

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

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

(2) Nomination Committee

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

The Nomination Committee currently comprises one executive Director and three independent non-executive Directors, namely, Mr. Zhu Yufeng who is the chairman of the Board and the Nomination Committee, Mr. Xu Songda, Mr. Wang Yanguo and Dr. Chen Ying (who took up the role of a member of the Nomination Committee with effect from 21 May 2021). Mr. Wang Bohua retired from office as an Independent Non-executive Director and a member of Nomination Committee on 21 May 2021. The Company Secretary acts as the secretary to the Nomination Committee.

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

The Nomination Committee held 1 meeting during the Reporting Period.

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

- to review the diversity, structure, size and composition of the Board

- to assess the independence of the independent non-executive Directors

- to make recommendations to the Board on the proposed re-election of the retiring Directors at the 2021 annual general meeting

- to review and recommend on the appointment of Mr. Fang Jiancai as a Non-executive Director with effective from 1 March 2021

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

Board Diversity Policy

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

Measurable Objectives

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

Monitoring and Reporting

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

Review of this Policy

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

Disclosure of this Policy

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

(3) Audit Committee

The Audit Committee was set up on 1 April 1999, which comprises three independent non-executive Directors, namely, Mr. Lee Conway Kong Wai who is the chairman of the Audit Committee, Mr. Xu Songda and Dr. Chen Ying (who took up the role of a member of the Audit Committee with effect from 21 May 2021). Mr. Wang Bohua retired from office as an Independent Non-executive Director and a member of Audit Committee on 21 May 2021. The Company Secretary acts as the secretary to the Audit Committee.

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

- ensure that co-operation is given by the Company's management to the external auditor where applicable
- review the Group's interim and annual results announcements and reports and the financial statements prior to their recommendations to the Board for approval
- review the effectiveness of Group's financial reporting process, risk management and internal control systems
- review continuing connected transaction(s) of the Group
- consider and endorse the proposed amendments to the Company's policy on connected transactions, with a recommendation to the Board for approval
- consider and approve the Company's policy on engaging external auditor to supply non-audit services and the whistle-blowing policy of the Company

The Audit Committee held 2 meetings during the Reporting Period.

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

- to recommend to the Board on the change of external auditor and to consider and approve the remuneration and terms of engagement of the new external auditor, Crowe (HK) CPA Limited in July 2021
- to approve the scope of audit for the year ended 31 December 2020
- to review the annual financial statements for the year ended 31 December 2020 and the interim financial statements for the six months ended 30 June 2021
- to review the work performed by Internal Control Function and the Group's internal control system
- to review the report on continuing connected transactions of the Group for the financial year ended 31 December 2020

Auditor's Remuneration

The remuneration, reviewed and approved by the Audit Committee on its statutory audit scope and non-audit services, paid or payable to the auditor in respect of audit and non-audit services provided by Crowe (HK) CPA Limited for the 2021 financial year was as follows:

Nature of services	**2021** **RMB'000**
Audit services	**3,500**
Non-audit services	
– Interim review	**1,400**
– Services related to notifiable transactions	**460**

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

(4) Corporate Governance Committee

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

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

- to assist the Board to evaluate and determine the nature and extent of the risks the Group are willing to take in achieving the strategic objectives
- to ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems
- to oversee management in the design, implementation and monitoring of the risk management systems of the Group
- to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board
- to review and monitor the training and continuous professional development of directors and senior management

- to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report

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

Principal works performed by the Corporate Governance Committee during the Reporting Period included to review the Company's policies and practices on risk management, internal control systems and corporate governance for the year of 2020 and its plan and mid-year review for the year of 2021.

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

Board and Board Committee Meetings

Practices and Conduct of Meetings

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

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

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

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

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

Meetings held and Attendance

The Board held 5 Board meetings during the Reporting Period. The composition of the Board and the Committees, the attendance records of the Directors at the Board meetings, committees meetings and general meetings during the Reporting Period are set out below:

	Meetings attended/held						
Name of Directors	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**Corporate Governance Committee meeting**	**Annual general meeting**	**Special general meeting**
Executive Directors							
Mr. ZHU Yufeng *(Chairman and President)*	5/5	N/A	1/1	1/1	1/1	1/1	3/3
Mr. LIU Genyu *(Vice Chairman)*	5/5	N/A	N/A	N/A	N/A	1/1	2/3
Ms. HU Xiaoyan	5/5	N/A	N/A	N/A	1/1	1/1	3/3
Non-executive Directors							
Ms. SUN Wei	5/5	N/A	1/1	N/A	N/A	1/1	3/3
Mr. YEUNG Man Chung, Charles	5/5	N/A	N/A	N/A	1/1	1/1	3/3
Mr. HE Deyong *(resigned on 1 March 2021)*	N/A	N/A	N/A	N/A	N/A	N/A	2/2
Mr. FANG Jiancai *(appointed on 1 March 2021)*	5/5	N/A	N/A	N/A	N/A	1/1	1/1
Independent Non-executive Directors							
Mr. WANG Bohua *(retired on 21 May 2021)*	1/1	1/1	1/1	1/1	N/A	1/1	2/2
Mr. XU Songda	4/5	2/2	N/A	0/1	1/1	1/1	3/3
Mr. LEE Conway Kong Wai	5/5	2/2	1/1	N/A	1/1	1/1	3/3
Mr. WANG Yanguo	5/5	N/A	1/1	1/1	N/A	1/1	3/3
Dr. CHEN Ying	5/5	1/1	N/A	N/A	N/A	1/1	3/3

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

Induction and Continuous Development

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

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

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

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

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

Company Secretary

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

During 2021, the Company Secretary is Mr. HO Yuk Hay and he undertook over 15 hours of relevant professional trainings.

Constitutional Documents

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

Corporate Social Responsibility

Environmental Policies and Performance

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

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

Relationships with stakeholders

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

Corporate Social Responsibility Reporting

For more information about GCL New Energy's environmental protection practices and performance, employee relations and giving back to the society, please refer to Environmental, Social and Governance Report 2021, which are set out on pages 215 to 266 of this annual report.

Report of the Directors

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

Principal Activities and Segment Information

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

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

Business Review

A review of the business of the Group during the Reporting Period, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the "Statement of the Chairman and President" and the "Management Discussion and Analysis" of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 39(b) to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2021, if applicable, are provided in note 46 to the consolidated financial statements. An analysis of the Group's performance during 2021 using financial key performance indicators is provided in the "2021 Performance Summary" and the "Financial Summary" of this annual report.

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

Results and Appropriations

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 70 to 71. The Board does not recommend the payment of a final dividend for the Reporting Period.

Reserves

Details of movements in the reserves of the Group and of the Company during the Reporting Period are set out in the consolidated statement of changes in equity on page 74 and note 48 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2021, the Company's accumulated losses and other components of equity available for cash distribution and/or distribution in specie amounted to RMB3,738,930,000 (31 December 2020: RMB4,534,188,000). In accordance with the Bermuda Companies Act, the Company's share premium and contributed surplus may be distributed in certain circumstances.

Donations

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

Property, Plant and Equipment

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

Share Capital

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

Equity-Linked Agreements

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

Closure of Register of Members

The register of members of the Company will be closed from 26 May 2022 to 31 May 2022, both days inclusive, during which period no transfer of Shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 25 May 2022.

Pre-emptive Rights

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

Summary Financial Information

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

Purchase, Sale or Redemption of Shares

During the Reporting Period, the Company completed a top-up placing and subscription of an aggregate of 2,000,000,000 Shares (representing approximately 9.49% of the Company's issued share capital as enlarged by the transaction upon completion) at HK$0.455 per Share (the "Subscription Share(s)") to various professional, institutional or other investors, with net proceeds of approximately HK$895 million (the "Placing").

The Placing raised capital for the Company and enabled the Company to broaden its shareholders' base and strengthen its financial position. The aggregated nominal value of the Subscription Shares was approximately HK$8,333,333. The net price of each Subscription Share after deduction of related costs and expenses was approximately HK$0.447. The closing price per Shares was HK$0.53 on 9 February 2021 (being the date on which the price of the Placing was fixed). The net proceeds of the Placing have been fully used for repayment of existing borrowings and for general corporate purposes. Further details can be referred to the Company's announcements dated 10 February 2021 and 19 February 2021.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange during the Reporting Period.

Directors

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

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU Yufeng *(Chairman and President)*	Ms. SUN Wei	Mr. WANG Bohua *(retired from office on 21 May 2021)*
Mr. LIU Genyu *(Vice Chairman)*	Mr. YEUNG Man Chung, Charles	Mr. XU Songda
Ms. HU Xiaoyan	Mr. HE Deyong *(resigned on 1 March 2021)*	Mr. LEE Conway Kong Wai
	Mr. FANG Jiancai *(appointed on 1 March 2021)*	Mr. WANG Yanguo
		Dr. CHEN Ying

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Mr. Liu Genyu, Mr. Yeung Man Chung, Charles, Mr. Lee Conway Kong Wai and Mr. Wang Yanguo shall retire by rotation at the AGM, and being eligible, will offer themselves for re-election at the AGM.

The Directors' biographical details are set out on pages 21 to 27.

Changes in Directors Information

1. Mr. Wang Yanguo resigned as a director of Huaming Power Equipment Co., Ltd. (SZSE stock code: 002270) with effect from 22 December 2021.

2. Mr. Yeung Man Chung, Charles resigned as a director of Millennial Lithium Corp. (a company with its shares listed on the TSX Venture Exchange in Canada) with effect from 25 January 2022.

Directors' Service Contracts

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

Share Option Scheme

The Company adopted the Share Option Scheme on 15 October 2014. The purpose of the Share Option Scheme is to motivate personnel to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such personnel who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives of the Company, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. The Share Option Scheme shall be valid and effective for a period of 10 years from 15 October 2014, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme. As at the date of this annual report, the remaining life of the Share Option Scheme is approximately 2.5 years. At the annual general meeting of the Company held on 21 May 2021, the Shareholders approved the refreshment of the scheme mandate limit of the Share Option Scheme to 2,107,371,544 Shares, representing 10% of the number of Shares in issue on 21 May 2021.

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

Share options were first granted on 23 October 2014 to subscribe for 536,840,000 Shares. On 24 July 2015, share options were second granted to subscribe for 473,460,000 Shares. Share options were third granted on 26 February 2021 to subscribe for 381,318,750 Shares (of which 370,516,250 share options have been accepted by the grantees). Share options were fourth granted on 3 November 2021 to subscribe for 60,500,000 Shares. A total of 545,321,748 share options were outstanding under the Share Option Scheme as at 31 December 2021.

As at the date of this annual report, 28 March 2022, the total number of shares issuable under the share options first granted on 23 October 2014, second granted on 24 July 2015, third granted on 26 February 2021 and fourth granted on 3 November 2021 are 52,343,200 shares (representing approximately 0.25% of total issued Shares), nil share, nil share and nil share respectively.

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

Name or category of participants	Date of grant	Exercise period *(Notes 1 to 4)*	Exercise price HK$ *(Note 5)*	Adjusted Exercise Price HK$ *(Note 6)*	Number of share options: As at 1.1.2021	Granted during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at 31.12.2021
Directors:									
Mr. ZHU Yufeng	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	3,523,100	—	—	(3,523,100)	—
	03.11.2021	03.11.2021 to 02.11.2031	0.357	—	—	17,500,000	—	—	17,500,000
Ms. HU Xiaoyan	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	16,105,600	—	—	(16,105,600)	—
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	3,019,800	—	—	(3,019,800)	—
	03.11.2021	03.11.2021 to 02.11.2031	0.357	—	—	15,000,000	—	—	15,000,000
Ms. SUN Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	24,158,400	—	—	(24,158,400)	—
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	3,019,800	—	—	(3,019,800)	—
	03.11.2021	03.11.2021 to 02.11.2031	0.357	—	—	10,000,000	—	—	10,000,000
Mr. YEUNG Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	12,079,200			(12,079,200)	—
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	3,019,800	—	—	(3,019,800)	—
	03.11.2021	03.11.2021 to 02.11.2031	0.357	—	—	5,000,000	—	—	5,000,000
Mr. FANG Jiancai	03.11.2021	03.11.2021 to 02.11.2031	0.357	—	—	5,000,000	—	—	5,000,000
Mr. WANG Bohua *(Note 7)*	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	—	(2,013,200)	—	—
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	603,960	—	(603,960)	—	—
Mr. XU Songda	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	—	—	(2,013,200)	—
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	603,960	—	—	(603,960)	—
	03.11.2021	03.11.2021 to 02.11.2031	0.357	—	—	2,000,000	—	—	2,000,000
Mr. LEE Conway Kong Wai	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	—	—	(2,013,200)	—
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	603,960	—	—	(603,960)	—
	03.11.2021	03.11.2021 to 02.11.2031	0.357	—	—	2,000,000	—	—	2,000,000
Mr. WANG Yanguo	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	1,006,600	—	—	(1,006,600)	—
	03.11.2021	03.11.2021 to 02.11.2031	0.357	—	—	2,000,000	—	—	2,000,000
Dr. CHEN Ying	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	1,006,600	—	—	(1,006,600)	—
	03.11.2021	03.11.2021 to 02.11.2031	0.357	—	—	2,000,000	—	—	2,000,000
Sub-total					**74,790,380**	**60,500,000**	**(2,617,160)**	**(72,173,220)**	**60,500,000**
Mr. SHA Hongqiu *(Note 8)*	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	8,052,800	—	—	—	8,052,800
Employees of the Group (in aggregate)	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	62,610,520	—	—	(36,036,280)	26,574,240
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	93,372,216	—	(16,709,560)	(35,965,818)	40,696,838
	26.02.2021	26.02.2021 to 25.02.2031	0.384	—	—	370,516,250	(19,602,500)	—	350,913,750
Employees of the Affiliate Companies (in aggregate) *(Note 9)*	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	132,186,712	—	(4,026,400)	(102,391,352)	25,768,960
	24.07.2015	24.07.2015 to 23.07.2025	0.61	0.606	71,418,270	—	—	(38,603,110)	32,815,160
Total					**442,430,898**	**431,016,250**	**(42,955,620)**	**(285,169,780)**	**545,321,748**

Notes:

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

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

All of the share options granted on 23 October 2014 have vested and none of the share options have been exercised as at 31 December 2021.

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

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

If the performance targets from 24 July 2015 to 23 July 2025 are not achieved, all of the share options shall not become exercisable as scheduled. None of the share options have vested as at 31 December 2021 since all of the performance target conditions mentioned hereinabove were not achieved.

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

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

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

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

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

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

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

6. Pursuant to the terms of the Share Option Scheme, adjustments are required to be made to the exercise price and the number of Shares that can be subscribed for under the outstanding share options as a result of the rights issue of the Company with effect from 2 February 2016. The exercise prices per Share were adjusted to HK$1.1798 and HK$0.606 for the grant of share options on 23 October 2014 and 24 July 2015 respectively. For further details, please refer to the Company's announcement dated 2 February 2016.

7. Mr. Wang Bohua retired from office as an independent non-executive Director with effect from 21 May 2021.

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

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

Interests of Directors and Chief Executive

As at 31 December 2021, so far as is known to the Directors, the interests of the Directors and chief executive in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) The Company — Long Position

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

Notes:

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

2. The percentage was calculated based on 21,073,715,441 Shares in issue as at 31 December 2021.

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

(B) Associated Corporations

GCL Technology

Directors	Long position/ short position	Number of Shares: Beneficiary of a Trust	Number of Shares: Personal interests	Number of Shares: Number of underlying Shares	Number of Shares: Total	Approximate percentage of issued Shares *(Note 1)*
Mr. ZHU Yufeng	Long position	6,370,388,156 *(Note 2)*	–	1,510,755 *(Note 3)*	6,371,898,911	23.51%
	Short position	240,000,000 *(Note 4)*	–	–	–	0.89%
Ms. SUN Wei	Long position	–	5,723,000	1,712,189 *(Note 3)*	7,435,189	0.03%
Mr. YEUNG Man Chung, Charles	Long position	–	–	1,700,000 *(Note 3)*	1,700,000	0.01%

Notes:

1. The percentage is calculated based on 27,099,010,448 shares of GCL Technology in issue as at 31 December 2021.

2. Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL Technology. An aggregate of 6,370,388,156 shares in GCL Technology are collectively held by High Excel Investment Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan (an executive director and the chairman of GCL Technology) and his family (including Mr. Zhu Yufeng, a director of the Company and GCL Technology respectively, and the son of Mr. Zhu Gongshan) as beneficiaries.

3. These are share options granted by GCL Technology to the eligible persons, pursuant to the share option scheme of GCL Technology, adopted by the shareholders of GCL Technology on 22 October 2007. Such granted share options can be exercised by Mr. Zhu Yufeng and Mr. Yeung Man Chung, Charles during the period from 18 April 2016 to 28 March 2026 at an exercise price of HK$1.324 per share of GCL Technology and Ms. Sun Wei during the period from 15 March 2016 to 18 February 2026 at an exercise price of HK$1.160 per share of GCL Technology.

4. The short position was held as a result of an equity derivative agreement entered by Happy Genius Holdings Limited.

Save as disclosed above, as at 31 December 2021, none of the Directors or any chief executive of the Company had an interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

Interests of Substantial Shareholders

As at 31 December 2021, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company as disclosed above) had interest in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

Long Position in the Shares

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

Notes:

1. The percentage was calculated based on 21,073,715,441 Shares in issue as at 31 December 2021.

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

3. Dongsheng Photovoltaic is wholly-owned by 句容協鑫集成科技有限公司, which is in turn wholly-owned by GCL System Integration. 江蘇協鑫建設管理有限公司, 協鑫集團有限公司 and 營口其印投資管理有限公司 are controlling shareholders of GCL System Integration. 營口其印投資管理有限公司 is a party acting in concert with 協鑫集團有限公司. 協鑫集團有限公司 is 48.86% owned by 協鑫(遼寧)實業有限公司 and 51.14% owned by 江蘇協鑫建設管理有限公司. 協鑫(遼寧)實業有限公司 is wholly-owned by Mr. Zhu Gongshan (an executive director and the chairman of GCL Technology and Mr. Zhu Yufeng's father). 江蘇協鑫建設管理有限公司 is wholly-owned by 協鑫新能科技(深圳)有限公司. 協鑫新能科技(深圳)有限公司 is wholly-owned by Golden Concord Group Management Limited which is in turn wholly-owned by Golden Concord Group Limited. Golden Concord Group Limited is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family, including Mr. Zhu Gongshan as beneficiaries.

Save as disclosed above, as at 31 December 2021, no other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Directors' interests in competing business

Each of the companies in the Golden Concord Group (a general reference to the companies in which Mr. Zhu Yufeng and his family members have a direct or indirect interest) operates within its own legal, corporate and financial framework. As at 31 December 2021, the Golden Concord Group might have had or developed interests in business similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

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

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

As such, the businesses of the Group and that of China Nuclear Energy Technology may be in competition and Mr. Liu Genyu may be deemed to have interests in competing businesses of the Group pursuant to Rule 8.10(2) of the Listing Rules. However, as at 31 December 2021, as (i) Mr. Liu Genyu merely serves as executive directors of the Company and China Nuclear Energy Technology but is not interested in any equity interests of the Company and is not interested in 5% or above of equity interests in China Nuclear Energy Technology; and (ii) the Company and China Nuclear Energy Technology have separate and independent management teams, the Company and the Board are of the view that Mr. Liu Genyu's overlapping directorships in the Company and China Nuclear Energy Technology do not affect the Company's operation and independence and does not present any direct conflict of interests.

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

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

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

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

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

The Company has repaid all amounts outstanding under the CDB Facility Agreement as at 31 December 2021, therefore no outstanding relevant obligations from controlling shareholders exists.

Connected Transactions

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

Renewal of Lease Agreement with Suzhou GCL Industrial Applications Research

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

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

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

Payment of Deposit under Heads of Agreement between GNE Hong Kong and POLY-GCL Petroleum

On 19 December 2021, GCL New Energy Hong Kong Investment Limited ("GNE Hong Kong") (an indirect wholly-owned subsidiary of the Company) (as the purchaser) entered into a heads of agreement ("HOA") with POLY-GCL Petroleum Investments Limited ("POLY-GCL Petroleum") (as the supplier) in relation to the exclusivity of a 12-month period to enter into the sale and purchase agreement with POLY-GCL Petroleum for the possible purchase of natural gas to facilitate the development of the Company's Hydrogen Energy Business. Under the HOA, GNE Hong Kong shall pay a refundable amount of US$30 million to POLY-GCL Petroleum as the deposit ("Deposit") upon fulfilment of the conditions precedent ("Conditions Precedent") to secure POLY-GCL Petroleum's obligations under the HOA.

As POLY-GCL Petroleum is an associate of Mr. Zhu Yufeng (an executive director and connected person of the Company), POLY-GCL Petroleum is a connected person of the Company and the payment of the Deposit by GNE Hong Kong under the HOA constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to the HOA, GNE Hong Kong and POLY-GCL Petroleum shall endeavor to procure the Conditions Precedent to be fulfilled on or before the last day of the three months from the date of the HOA (i.e. 18 March 2022).

As the Conditions Precedent to the HOA have not been fulfilled on 18 March 2022, the HOA has expired and no Deposit or any other compensation or amounts shall be payable by GNE Hong Kong to POLY-GCL Petroleum.

The Board is of the view that the expiration of the HOA would have no material adverse impact on the financial and operational position of the Company.

For details, please refer to the announcements of the Company dated 19 December 2021 and 20 March 2022.

Continuing Connected Transactions

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

Management services income from joint ventures/associates

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

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

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

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

Interests on perpetual notes

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

Guarantees granted by ultimate holding company/fellow subsidiaries

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

Guarantees provided to associates

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

Compensation of Key Management

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

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

Management Services Income

(i) Suzhou GCL-Poly

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

On 1 June 2021, Suzhou GCL Operation and Suzhou GCL-Poly, entered into the supplemental agreement ("Supplemental Agreement") to amend certain terms of the Suzhou Operation Services Agreement, including but not limited to, reducing the annual service fee to RMB9,831,230 due to the disposal of certain power plants with approximately 220MW installed capacity originally held by Suzhou GCL-Poly. The revised annual caps for the continuing connected transactions under the Supplemental Agreement were/will be RMB7,455,349 for the period from 1 June 2021 to 31 December 2021, RMB12,780,599 for the year ending 31 December 2022 and RMB6,699,508 for the period from 1 January 2023 to 9 July 2023.

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

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

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

The total amount received or receivable by the Group for the provision of operation services under the Suzhou Operation Services Agreement and the Supplemental Agreement for the Reporting Period were approximately RMB5,227,987 and RMB5,708,930 respectively.

(ii) GCL Solar Energy

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

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

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

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

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

All the Non-exempt Continuing Connected Transactions have been reviewed by the independent non-executive Directors who have confirmed that for the year ended 31 December 2021 the Non-exempt Continuing Connected Transactions have been entered into by the Group (i) in the ordinary and usual course of the business of the Group; (ii) are carried out on normal commercial terms or better; and (iii) in accordance with the relevant agreements in respect thereof, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

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

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

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

1. have received the approval of the Board;

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

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

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

Permitted Indemnity Provision

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

Directors' Material Interests in Transactions, Arrangements or Contracts

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

Emolument Policy

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

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

Retirement Benefit Plans

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

Remuneration of Directors and Five Highest Paid Individuals

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

Arrangement to Purchase Shares or Debentures

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

Management Contracts

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

Finance Costs Capitalised

No finance costs was capitalised by the Group during the Reporting Period (31 December 2020: RMB12,810,000).

Major Customers and Suppliers

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

During the Reporting Period, the Group's five largest customers accounted for approximately 62% (2020: 57%) of the Group's total sales. The largest customer accounted for approximately 27% (2020: 17%) of the Group's total sales.

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

Sufficiency of Public Float

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

Auditor

Following the resignation of Deloitte Touche Tohmatsu as the auditor of the Company with effect from 14 July 2021, Crowe (HK) CPA Limited was appointed as the auditor of the Company with effect from 15 July 2021 to fill the casual vacancy and to hold office until the conclusion of the next annual general meeting of the Company. For details, please refer to the announcement of the Company dated 15 July 2021. Save as disclosed above, there were no other changes in the auditors of the Company during the past three years.

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

Events after the Reporting Period

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

By order of the Board

ZHU Yufeng
Chairman

Hong Kong, 28 March 2022

Communication with Shareholders

Shareholders' Rights of Accessing Information

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

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

Dividend Policy

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

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

(a) financial results of the Company;

(b) Shareholders' interests;

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

(d) the Company's capital requirements;

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

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

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

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

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

Review of the Policy

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

Convening of a Special General Meeting on Requisition by Shareholders

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

Procedures for Putting Forward Proposals at General Meeting by Shareholders

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

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

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

Procedures for Directing Shareholders' Enquiries to the Board

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

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

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

Tricor Abacus Limited

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

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 70 to 213, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on tariff adjustments on electricity sales	
We identified the recognition of the Group's revenue on tariff adjustments on electricity sales as a key audit matter due to the significant management judgement involved in determining whether each of the Group's operating power plants had qualified for, and had met, all the requirements and conditions as required under the prevailing government policies and regulations for entitlement of the tariff adjustments and accordingly, the timing and eligibility of accruing revenue on tariff adjustments. As described in note 6 to the consolidated financial statements, revenue on tariff adjustments on electricity sales of approximately RMB1,560 million was recognised for the year ended 31 December 2021 in which the Group had submitted the applications for tariff adjustments of all on-grid solar power plants and under government's approval process.	Our procedures in relation to the recognition of the Group's revenue on tariff adjustment on electricity sales included: • Obtaining an understanding of key controls in connection with the recognition of tariff adjustment and assessing the operating effectiveness of key controls; • Obtaining the relevant supporting documents, for example, power purchase agreements with relevant grid companies, and an understanding of the policies and regulations set by the government authorities on tariff adjustment on sales of electricity in this industry to evaluate the appropriateness of management's judgement on recognising tariff adjustments on electricity sales; • Obtaining legal opinion from the Group's legal advisor in the People's Republic of China (the "PRC") in relation to the assessment that all of the Group's solar power plants currently in operation have met the requirement and conditions as stipulated in the prevailing government policies and regulations for the entitlement of the tariff adjustment when the electricity was delivered on grid; and • Assessing the appropriateness of the Group's entitlement of the tariff adjustments on electricity sales by checking the Group's applications of the tariff adjustments on electricity sales to their subsequent approvals issued by the PRC government, as applicable.

Information other than the Consolidated Financial Statements and Auditor's Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements with material uncertainty related to going concern paragraph on 1 April 2021.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2022

Chan Wai Dune, Charles
Practising Certificate Number P00712

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Revenue	6	**2,844,899**	5,023,754
Cost of sales		**(1,066,123)**	(1,803,746)
Gross profit		**1,778,776**	3,220,008
Other income	7	**95,911**	130,931
Other gains and losses, net	8	**(153,411)**	(1,220,488)
Impairment loss on expected credit loss model, net of reversal	8	**(60,515)**	(321,235)
Administrative expenses			
— share-based payment expenses	35	**(20,718)**	—
— other administrative expenses		**(675,791)**	(522,265)
Share of profits of associates	17	**99,461**	102,395
Share of profits (losses) of joint ventures	18	**16**	(493)
Finance costs	9	**(1,578,409)**	(2,450,370)
Loss before tax		**(514,680)**	(1,061,517)
Income tax expense	10	**(47,044)**	(156,362)
Loss for the year	11	**(561,724)**	(1,217,879)
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**26,554**	(42,367)
Total comprehensive expense for the year		**(535,170)**	(1,260,246)
Loss for the year attributable to:			
Owners of the Company		**(790,274)**	(1,368,354)
Non-controlling interests			
— Owners of perpetual notes		**207,786**	166,822
— Other non-controlling interests		**20,764**	(16,347)
		(561,724)	(1,217,879)

	NOTES	2021 RMB'000	2020 RMB'000
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(763,720)**	(1,410,721)
Non-controlling interests			
— Owners of perpetual notes		**207,786**	166,822
— Other non-controlling interests		**20,764**	(16,347)
		(535,170)	(1,260,246)
		RMB cents	RMB cents
Loss per share	14		
— Basic		**(3.81)**	(7.17)
— Diluted		**(3.81)**	(7.17)

Consolidated Statement of Financial Position

As at 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**5,520,394**	25,363,172
Right-of-use assets	16	**316,517**	1,257,603
Interests in associates	17	**1,350,913**	1,205,898
Interests in joint ventures	18	**3,151**	3,135
Amounts due from related companies	24	**24,481**	40,529
Other investments	19	**43,714**	—
Other non-current assets	20	**203,701**	1,061,080
Contract assets	22	**40,941**	1,227,979
Pledged bank and other deposits	25	**181,366**	493,455
Deferred tax assets	32	**29,264**	142,212
		7,714,442	30,795,063
CURRENT ASSETS			
Trade and other receivables	21	**6,319,867**	8,961,551
Amounts due from related companies	24	**262,839**	357,296
Tax recoverable		**1,691**	2,777
Pledged bank and other deposits	25	**248,396**	250,551
Bank balances and cash	25	**586,050**	1,143,481
		7,418,843	10,715,656
Assets classified as held for sale	26	**783,384**	3,525,749
		8,202,227	14,241,405
CURRENT LIABILITIES			
Other payables and deferred income	27	**1,340,231**	4,688,437
Amounts due to related companies	24	**114,220**	312,194
Tax payable		**4,763**	19,951
Loans from related companies	28	**32,325**	788,668
Bank and other borrowings	29	**1,084,285**	12,392,695
Senior notes	30	**467,305**	3,261,099
Lease liabilities	31	**38,477**	88,927
		3,081,606	21,551,971
Liabilities directly associated with assets classified as held for sale	26	**562,365**	1,919,568
		3,643,971	23,471,539
NET CURRENT ASSETS (LIABILITIES)		**4,558,256**	(9,230,134)
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,272,698**	21,564,929

	NOTES	2021 RMB'000	2020 RMB'000
NON-CURRENT LIABILITIES			
Loans from related companies	28	—	119,840
Bank and other borrowings	29	**2,009,185**	11,611,827
Senior notes	30	**2,648,062**	—
Lease liabilities	31	**332,887**	898,759
Deferred income	27	**327,850**	349,062
Deferred tax liabilities	32	**841**	48,560
		5,318,825	13,028,048
NET ASSETS		**6,953,873**	8,536,881
CAPITAL AND RESERVES			
Share capital	33	**73,629**	66,674
Reserves		**4,292,580**	4,969,191
Equity attributable to owners of the Company		**4,366,209**	5,035,865
Equity attributable to non-controlling interests			
— Owners of perpetual notes		**2,537,722**	2,329,936
— Other non-controlling interests		**49,942**	1,171,080
TOTAL EQUITY		**6,953,873**	8,536,881

The consolidated financial statements on pages 70 to 213 were approved and authorised for issue by the Board of Directors on 28 March 2022 and are signed on its behalf by:

Zhu Yufeng	**Hu Xiaoyan**
DIRECTOR	DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to owners of the Company									Non-controlling interests		
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000 *(Note a)*	Legal reserves RMB'000 *(Note b)*	Translation reserve RMB'000	Special reserve RMB'000 *(Note c)*	Share options reserve RMB'000	Retained earnings (accumulated losses) RMB'000	Sub-total RMB'000	Perpetual notes RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020	66,674	4,265,230	15,918	1,619,257	(42,632)	491,218	200,354	(169,433)	6,446,586	2,163,114	1,359,943	9,969,643
Loss for the year	—	—	—	—	—	—	—	(1,368,354)	(1,368,354)	166,822	(16,347)	(1,217,879)
Other comprehensive expense for the year	—	—	—	—	(42,367)	—	—	—	(42,367)	—	—	(42,367)
Total comprehensive expense for the year	—	—	—	—	(42,367)	—	—	(1,368,354)	(1,410,721)	166,822	(16,347)	(1,260,246)
Transfer to legal reserves	—	—	—	425,793	—	—	—	(425,793)	—	—	—	—
Forfeitures of share options *(note 35)*	—	—	—	—	—	—	(22,309)	22,309	—	—	—	—
Disposal of subsidiaries *(note 37(b))*	—	—	—	(91,871)	—	—	—	91,871	—	—	(119,873)	(119,873)
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(52,643)	(52,643)
At 31 December 2020 and 1 January 2021	**66,674**	**4,265,230**	**15,918**	**1,953,179**	**(84,999)**	**491,218**	**178,045**	**(1,849,400)**	**5,035,865**	**2,329,936**	**1,171,080**	**8,536,881**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(790,274)**	**(790,274)**	**207,786**	**20,764**	**(561,724)**
Other comprehensive expense for the year	**—**	**—**	**—**	**—**	**26,554**	**—**	**—**	**—**	**26,554**	**—**	**—**	**26,554**
Total comprehensive expense for the year	**—**	**—**	**—**	**—**	**26,554**	**—**	**—**	**(790,274)**	**(763,720)**	**207,786**	**20,764**	**(535,170)**
Transfer to legal reserves	**—**	**—**	**—**	**7,090**	**—**	**—**	**—**	**(7,090)**	**—**	**—**	**—**	**—**
Issue of new shares	**6,955**	**752,531**	**—**	**—**	**—**	**—**	**—**	**—**	**759,486**	**—**	**—**	**759,486**
Transaction costs attributable to the issue of new shares	**—**	**(12,405)**	**—**	**—**	**—**	**—**	**—**	**—**	**(12,405)**	**—**	**—**	**(12,405)**
Acquisition of additional equity interests in non-wholly owned subsidiaries *(note 36)*	**—**	**—**	**—**	**—**	**—**	**(673,735)**	**—**	**—**	**(673,735)**	**—**	**(912,837)**	**(1,586,572)**
Equity-settled share option arrangements *(note 35)*	**—**	**—**	**—**	**—**	**—**	**—**	**20,718**	**—**	**20,718**	**—**	**—**	**20,718**
Forfeitures of share options *(note 35)*	**—**	**—**	**—**	**—**	**—**	**—**	**(126,175)**	**126,175**	**—**	**—**	**—**	**—**
Disposal of subsidiaries *(note 37(a))*	**—**	**—**	**—**	**(614,007)**	**—**	**—**	**—**	**614,007**	**—**	**—**	**(145,143)**	**(145,143)**
Dividend declared to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(83,922)**	**(83,922)**
At 31 December 2021	**73,629**	**5,005,356**	**15,918**	**1,346,262**	**(58,445)**	**(182,517)**	**72,588**	**(1,906,582)**	**4,366,209**	**2,537,722**	**49,942**	**6,953,873**

Notes:

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

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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
OPERATING ACTIVITIES		
Loss before tax	**(514,680)**	(1,061,517)
Adjustments for:		
Amortisation of deferred income on government grant		
— ITC (defined in note 7)	**(13,082)**	(14,078)
Depreciation of:		
— property, plant and equipment	**850,544**	1,363,384
— right-of-use assets	**71,295**	95,998
Impairment loss on property, plant and equipment	**294,211**	1,137,851
Impairment loss on expected credit loss model, net of reversal	**60,515**	321,235
Gain on disposal of property, plant and equipment	**(523)**	—
Finance costs	**1,578,409**	2,450,370
Interest income	**(18,997)**	(22,882)
Interest arising from contracts containing significant financial component	**(28,750)**	(77,100)
Share-based payment expenses	**20,718**	—
Share of (profits) losses of joint ventures	**(16)**	493
Share of profits of associates	**(99,461)**	(102,395)
Gain on early termination of a lease	**(1,701)**	(23,571)
Fair value change on other investment	**—**	(13,027)
Loss (gain) on disposal of solar power plant projects	**(84,669)**	218,004
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**—**	207,836
Unrealised exchange gain, net	**(71,994)**	(361,682)
Operating cash flows before movements in working capital	**2,041,819**	4,118,919
Increase in other non-current assets	**(101,495)**	(70,822)
Decrease in contract assets	**1,192,908**	4,504,445
Increase in trade and other receivables	**(7,146,310)**	(5,685,582)
(Increase) decrease in amounts due from related companies	**(19,270)**	35,380
Increase in other payables	**4,681,263**	1,493,659
Decrease in amounts due to related companies	**(2,534)**	(1,773)
Cash generated from operations	**646,831**	4,394,226
Income taxes paid	**(43,797)**	(155,577)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**602,584**	4,238,649

	NOTES	2021 RMB'000	2020 RMB'000
INVESTING ACTIVITIES			
Interest received		**18,997**	62,473
Payments for construction and purchase of property, plant and equipment		**(2,960,268)**	(1,343,408)
Proceeds from disposal of right-of-use assets		**—**	1,287
Payments of right-of-use assets		**(12,823)**	(23,188)
Payments of deposits for leases		**—**	(35,377)
Acquisition of additional equity interests in non-wholly owned subsidiaries	36	**(1,586,572)**	—
Settlement of consideration payables for acquisition of subsidiaries with solar power plant projects		**—**	(1,000)
Proceeds from disposal of subsidiaries with solar power plant projects	37	**4,231,193**	1,166,524
Deposit received from disposal of a subsidiary	26(b)(iii)	**—**	79,000
Settlement of consideration receivables from disposal of subsidiaries with solar power plant projects		**225,080**	168,696
Withdrawal of pledged bank and other deposits		**435,513**	1,113,235
Placement of pledged bank and other deposits		**(121,269)**	(199,848)
Repayment from a borrower of other loan receivables		**—**	12,790
Advance to related companies		**(3,634)**	(15,063)
Repayment from related companies		**108,087**	20,000
Capital contribution to an associate		**—**	(31,648)
Dividend received from associates		**28,572**	—
Repayment from non-controlling interests		**18,750**	—
NET CASH GENERATED FROM INVESTING ACTIVITIES		**381,626**	974,473

	2021 RMB'000	2020 RMB'000
FINANCING ACTIVITIES		
Interest paid	**(1,235,203)**	(1,918,731)
Proceeds from bank and other borrowings	**1,359,837**	753,831
Repayment of bank and other borrowings	**(903,011)**	(3,307,063)
Repayments of lease liabilities	**(33,287)**	(81,253)
Proceeds from loans from related companies	**10,000**	94,811
Repayment of loans from related companies	**(886,183)**	(309,023)
Proceeds from issue of shares through placement	**759,486**	—
Transaction costs paid for the issue of shares through placement	**(12,405)**	—
Redemption of bonds	**—**	(350,000)
Repayment of bonds payable	**(161,795)**	—
Advances from related companies	**32,721**	21,809
Repayment to related companies	**(211,425)**	(7,472)
Proceeds from re-sell of bonds issued	**—**	76,742
Dividend paid to non-controlling interests	**(283,082)**	(44,750)
NET CASH USED IN FINANCING ACTIVITIES	**(1,564,347)**	(5,071,099)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(580,137)**	142,023
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		
Represented by		
— bank balances and cash	**1,143,481**	1,073,451
— bank balances and cash classified as held for sale	**48,018**	—
	1,191,499	1,073,451
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(1,961)**	(23,975)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Represented by		
— bank balances and cash	**586,050**	1,143,481
— bank balances and cash classified as held for sale	**23,351**	48,018
	609,401	1,191,499

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

Change in presentation of consolidated statement of profit or loss and other comprehensive income

In prior periods, management services income and consultancy income were included under "Other Income". From 2021 onwards, management services income and consultancy income are presented under "Revenue", to more appropriately reflect the nature of such incomes. The comparative figures have been represented to conform with the current year's presentation.

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by international Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2021 for the preparation of the consolidated financial statements:

Amendments 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

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

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

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020[2]

[1] Effective for annual periods beginning on or after January 1, 2023

[2] Effective for annual periods beginning on or after January 1, 2022

[3] Effective for annual periods beginning on or after a date to be determined

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

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in IFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting issued by IASB in March 2018 (the "Conceptual Framework") instead of International Accounting Standard Committee's Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting in September 2010) adopted by IASB;

- add a requirement that, for transactions and other events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

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

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

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

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

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

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

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

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

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

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

Based on the Group's outstanding liabilities as at December 31, 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2 Inventories.

The Group's existing accounting policy is to account for sale proceeds on samples produced during testing as reduction of cost of the relevant property, plant and equipment. Upon application of the amendments, such sale proceeds and the related costs will be included in profit and loss with corresponding adjustments to the cost of property, plant and equipment. For the year ended December 31, 2021, no such sale was recognised in the consolidated financial statements.

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

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

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

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

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

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

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

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

Amendments to IAS 8 Definition of Accounting Estimates

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Changes in the Group's interests in existing subsidiaries

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

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

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

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations or asset acquisitions *(continued)*

Business combinations

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations or asset acquisitions *(continued)*

Business combinations (continued)

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

Investments in associates and joint ventures

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

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

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

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

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

Non-current assets and disposal groups held for sale

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

Revenue from contracts with customers

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

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

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

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

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

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

Operation and management service income, and solar related supporting services income are recognised over time when services are rendered.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers *(continued)*

Variable consideration

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

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

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

Existence of significant financing component

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

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

Leases

Definition of a lease

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (continued)

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

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

Refundable rental deposits

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

Lease liabilities

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (continued)

Lease modifications

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

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

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

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

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

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

Sale and leaseback transactions

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

The Group as a seller-lessee

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

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

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

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

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

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

Borrowing costs

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment arrangements *(continued)*

Equity-settled share-based payment transactions (continued)

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

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

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

Taxation

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

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

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

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

Property, plant and equipment

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

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

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

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

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

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

(i) *Amortised cost and interest income*

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

(ii) *Financial assets at FVTPL*

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets, financial guarantee contracts and contract assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

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

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

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

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Financial liabilities

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

Financial liabilities at amortised cost

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

Financial guarantee contracts

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

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

Derecognition of financial liabilities

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

Derivative financial instruments

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

Offsetting a financial asset and a financial liability

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Revenue recognition on tariff adjustments on sales of electricity

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

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

Tariff adjustments of RMB1,559,732,000 (2020: RMB2,905,309,000) were included in the sales of electricity for the year ended 31 December 2021 as disclosed in note 6, of which the relevant tariff adjustments were recognised only to the extent that it is highly probable that such an inclusion would not result in a significant revenue reversal in the future on the basis that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants, and taking into account the legal opinion as advised by the Group's legal advisor in the PRC, who considered that all of the Group's solar power plants currently in operation had met the requirements and conditions as stipulated in the New Tariff Notice issued in August 2013 for the entitlement of the tariff subsidy when the electricity was delivered on grid, and also the requirements and conditions for the entitlement of the tariff subsidy under the 2020 Measures. Hence, the Group's operating power plants are able to be enlisted in the List subsequent to the year ended 31 December 2021 and the accrued revenue on tariff subsidy are fully recoverable. During the current year, the Group recognised revenue of RMB23 million (2020: RMB552 million) in respective of tariff adjustments recognised as revenue relating to solar power plants not yet registered in the List.

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

Key sources of estimation uncertainty

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

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

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

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

The revenue of the Group was adjusted by approximately RMB31 million for the year ended 31 December 2021 (2020: RMB212 million) for this financing component and in relation to revision of expected timing of tariff settlement.

Provision of ECL for trade receivables and contract assets

The Group uses practical expedient in estimating ECL on trade receivables and contract assets which are not assessed individually are assessed collectively. The provision rates are based on internal credit rating as groupings for various debtors which shared credit risk characteristics by reference to repayment history of the debtor, taking into account general economic conditions of the solar industry, relevant country default risk, and an assessment of both the current as well as forecast direction at the reporting date. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at 31 December 2021 and 2020, the ECL provision for trade receivables and contract assets is considered insignificant.

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

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

Key sources of estimation uncertainty *(continued)*

Useful lives and impairment of property, plant and equipment

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

The Group has made substantial investments in property, plant and equipment. The power generators and equipment are vulnerable to the change in market condition due to government policies. Due to the fact that consideration in relation to the disposals is lower than the carrying amount of net assets of certain subsidiaries, approximately RMB294,211,000 of impairment loss on property, plant and equipment is recognised during the current year (2020: Approximately RMB1,137,851,000 of impairment loss on property, plant and equipment was recognised during the year).

Provision of ECL on amounts due from related companies (non-trade related)

The Group measures loss allowance equal to 12m ECL for amounts due from related companies (non-trade related). Management regularly reviews the historical payment patterns, credit rating or financial position of counterparties and overdue status of the receivables. The amount of ECL reflects changes in credit risk since initial recognition and is sensitive to changes in estimates.

As at 31 December 2021, the carrying amounts due from related companies (non-trade related) were approximately RMB274,523 million (2020: RMB387,839 million).

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

6. REVENUE AND SEGMENT INFORMATION

Revenues recognised during the year are as follows:

	2021 RMB'000	2020 RMB'000
Revenues		
Sales of electricity and tariff adjustments	**2,694,979**	4,935,189
Operation and management services income	**79,637**	64,849
Solar related supporting services income	**70,283**	23,716
Total	**2,844,899**	5,023,754

6. REVENUE AND SEGMENT INFORMATION *(continued)*

For sales of electricity and tariff adjustments, substantially all of the revenue is derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2021 and 2020. The Group generally entered into power purchase agreements with local grid companies with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer and the amount included RMB1,559,732,000 (2020: RMB2,905,309,000) tariff adjustment recognised during the current year. Except for trade receivables and contract assets relating to tariff adjustment, the Group generally grants credit period of approximately one month to customers from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

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

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020] No. 4)*（《關於促進非水可再生能源發電健康發展的若干意見》）（財建[2020] 4號）and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020] No. 5)*（《財政部國家發展改革委國家能源局關於印發〈可再生能源電價附加資金管理辦法〉的通知》）（財建[2020]5號）(the "2020 Measures") were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government has simplified the application and approval process regarding the registration of tariff adjustments for non-hydro renewable energy power plant projects into the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單, the "List"). The state grid companies will regularly announce the list based on the project type, time of grid connection and technical level of the solar power projects. For those on-grid solar power projects which have already started operation but yet to register into the List, these on-grid solar power projects are entitled to enlist into the List once they have met the conditions as stipulated on the Administration of Subsidy Funds for Tariff Premium of Renewable Energy（可再生能源電價附加資金管理辦法）and completed the submission and application in the National Renewable Energy Information Management Platform (the "Platform").

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

* *English name for identification only*

6. REVENUE AND SEGMENT INFORMATION *(continued)*

For those tariff adjustments that are subject to approval for registration in the List by the PRC government at the end of the reporting period, the relevant revenue from these tariff adjustments are considered variable consideration, and are recognised only to the extent that it is highly probable that a significant reversal will not occur and are included in contract assets. Management assessed that all of the Group's operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. The contract assets are transferred to trade receivables upon the relevant power plant obtained the approval for registration in the List or when the relevant power plant is enlisted in the List since the release of the 2020 Measures.

Since certain of the tariff adjustments were yet to obtain approval for registration in the List by the PRC government, the management considered that it contained a significant financing component over the relevant portion of tariff adjustment until the settlement of the trade receivables. For the current year, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.34% to 2.76% per annum (2020: 1.99% to 2.36% per annum) and the adjustment in relation to revision of expected timing of tariff collection. As such, the Group's revenue was adjusted by approximately RMB 31 million (2020: RMB212 million) and interest income amounting to approximately RMB29 million (2020: RMB77 million) (note 7) was recognised.

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

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

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

Geographical information

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

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

	Revenue from external customers		Non-current assets	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
PRC	**2,761,970**	4,932,528	**6,316,507**	28,878,257
Other countries	**82,929**	91,226	**1,119,110**	1,240,610
	2,844,899	5,023,754	**7,435,617**	30,118,867

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

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Information about major customers

For the year ended 31 December 2021, the revenue from grid companies under common control of the State Grid Corporation of China in total accounted for 92% (2020: 97%) of the Group's revenue. For the purpose of presenting further information about major customers and considering the extent of economic integration between grid companies, the sales to grid companies under the common control of State Grid Corporation of China which accounted for over 10% of the total revenue from external customers is as follows:

	2021 RMB'000	2020 RMB'000
Customer A	**2,617,146**	4,849,482

7. OTHER INCOME

	2021 RMB'000	2020 RMB'000
Compensation income *(note 41(ii))*	**24,895**	3,798
Government grants		
— Incentive subsidies *(Note)*	**2,960**	7,577
— Energy Income Credit ("ITC") *(note 27c)*	**13,082**	14,078
— Others	**—**	265
Interest arising from contracts containing significant financing component	**28,750**	77,100
Interest income of financial assets at amortised cost:		
— Bank and other interest income	**18,997**	22,882
Others	**7,227**	5,231
	95,911	130,931

Note:

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

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

	2021 RMB'000	2020 RMB'000
Exchange gain, net *(Note a)*	**53,907**	306,605
Impairment loss on property, plant and equipment *(Note b)*	**(294,211)**	(1,137,851)
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**—**	(207,836)
Gain/(loss) on disposal of solar power plant projects *(note 37)*	**84,669**	(218,004)
Fair value change on other investment *(note 19)*	**—**	13,027
Gain on disposal of property, plant and equipment	**523**	—
Gain on early termination of leases *(note 16)*	**1,701**	23,571
	(153,411)	(1,220,488)
Impairment loss on expected credit loss model, net of reversal:		
— Trade receivables	**7,108**	(10,000)
— Contract assets	**5,160**	(5,398)
— Other receivables	**(72,783)**	(304,587)
— Other loan receivables	**—**	(1,250)
	(60,515)	(321,235)

Notes:

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

(b) Impairment loss on property, plant and equipment amounting to RMB294,211,000 and RMB1,137,851,000 is recognised during the years ended 31 December 2021 and 2020 with details as below.

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

Notes: *(continued)*

(b) *(continued)*

Year ended 31 December 2021

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

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

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

(ii) As disclosed in note 46(b), the Group entered into a series of transfer agreements with 江蘇和盛新能源有限公司* Jiangsu Hesheng New Energy Co., Ltd. ("Jiangsu Hesheng") to sell its equity interest in six subsidiaries.

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

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

(iii) As disclosed in note 46(a), the Group entered into a transfer agreement with 湖南新華水利電力有限公司* Hunan Xinhua Water Conservancy and Electric Power Co., Ltd. ("Hunan Xinhua") to sell its 100% equity interest in a subsidiary.

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

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

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

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

Notes: *(continued)*

(b) *(continued)*

Year ended 31 December 2020

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

(i) As disclosed in note 26(b)(ii), the Group entered into five share transfer agreements with 徐州國投環能源有限公司 Xuzhou State Investment & Environmental Protection Energy Co., Ltd. ("Xuzhou State Investment") and disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng (all as defined in note 17) were completed during the current year.

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

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

(ii) During the year ended 31 December 2020, the Group entered into a series of five share transfer agreements with Xuzhou State Investment to sell its equity interests in five subsidiaries.

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

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

(iii) During the year ended 31 December 2020, the Group entered in a series of 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 sell its equity interests in fourteen subsidiaries.

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

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

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

Notes: *(continued)*

(b) *(continued)*

(iv) During the year ended 31 December 2020, the Group entered in a share transfer agreements with Beijing United Rongbang (as defined in note 26(b)(iii)) to sell its equity interest in Wulate Houqi Yuanhai (as define in note 47(a)).

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

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

(v) As disclosed in note 26(b)(i), the Group entered into six share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its entire equity interests in six wholly-owned subsidiaries and the disposals of all six subsidiaries have not been completed and classified as assets held for sale as at 31 December 2020.

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

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

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

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

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

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

Notes: *(continued)*

(b) *(continued)*

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

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

(i) As disclosed in note 37(b)(i), the Group entered into six share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its entire equity interests in six wholly-owned subsidiaries, of which the disposals of five out of these six wholly-owned subsidiaries have not yet been completed as at 30 June 2020 and loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB80,548,000 is recognised in profit or loss during the year ended 31 December 2020.

(ii) As disclosed in note 37(b)(vi), the Group entered into a share transfer agreement with CDB New Energy to dispose of its 75% equity interest in Jinhu Zhenghui Photovoltaic Co., Ltd ("Jinhu") which has not yet been completed as at 30 June 2020 and loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB72,791,000 is recognised in profit or loss during the year ended 31 December 2020.

(iii) As disclosed in note 26(b), loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB54,497,000 is recognised during the year ended 31 December 2020 in relation to the disposal groups classified as held for sale as at 31 December 2020.

9. FINANCE COSTS

	2021 RMB'000	2020 RMB'000
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	**1,179,921**	2,005,506
Senior notes	**323,731**	266,317
Loans from related companies	**41,923**	127,751
Lease liabilities	**32,834**	63,606
Total borrowing costs	**1,578,409**	2,463,180
Less: amounts capitalised in the cost of qualifying assets	**—**	(12,810)
	1,578,409	2,450,370

There is no borrowing costs capitalised during the year ended 31 December 2021 and 2020 on the general borrowing pool.

10. INCOME TAX EXPENSE

	2021 RMB'000	2020 RMB'000
PRC Enterprise Income Tax ("EIT"):		
Current tax	**30,487**	143,198
Over-provision in prior years	**(1,712)**	(3,253)
	28,775	139,945
PRC dividend withholding tax	**920**	14,578
Deferred tax *(note 32)*	**17,349**	1,839
	47,044	156,362

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

Certain subsidiaries of the Group, being enterprises engaged in solar photovoltaic projects, under the EIT Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. For the years ended 31 December 2020 and 2021, certain subsidiaries of the Company engaged in solar photovoltaic projects had their first year of the 3-year 50% exemption period.

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

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

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

10. INCOME TAX EXPENSE *(continued)*

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

	2021 RMB'000	2020 RMB'000
Loss before tax	**(514,680)**	(1,061,517)
Tax at the domestic income tax rate of 25% *(Note)*	**(128,670)**	(265,379)
Tax effect of share of (profits) losses of joint ventures	**(4)**	123
Tax effect of share of profits of associates	**(24,865)**	(25,599)
Tax effect of expenses not deductible for tax purpose	**132,661**	103,486
Tax effect of deductible temporary differences not recognised	**81,502**	393,823
Tax effect of income not taxable for tax purpose	**(43,960)**	(9,149)
Tax effect of tax losses not recognised	**103,991**	176,271
Utilisation of tax losses previously not recognised	**(4,270)**	(2,563)
Over-provision in prior years	**(1,712)**	(3,253)
Withholding tax on distributed profits of the PRC subsidiaries	**920**	14,578
Effect of tax exemptions and concessions granted to the PRC subsidiaries	**(68,549)**	(225,976)
Income tax expense for the year	**47,044**	156,362

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

11. LOSS FOR THE YEAR

	2021 RMB'000	2020 RMB'000
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**3,500**	3,961
Depreciation of:		
— Property, plant and equipment	**850,544**	1,363,384
— Right-of-use assets	**71,295**	95,998
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**280,089**	241,444
— Retirement benefit scheme contributions	**29,988**	26,881
Share-based payment expenses *(note 35)* (administrative expenses in nature)	**20,718**	—

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

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

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

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

Year ended 31 December 2021

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

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

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

Year ended 31 December 2020

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

Notes:

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

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

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

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

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

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

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

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

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

(b) Employees' emoluments

The five highest paid employees of the Group during the year included three directors (2020: two), details of whose remuneration are set out in (a) above. Details of the emoluments of the remaining two (2020: three) highest paid employees in 2021 who are neither a director nor president/chief executive of the Company are as follows:

	2021 **RMB'000**	2020 RMB'000
Salaries, allowances and benefits in kind	**2,760**	3,716
Performance-related bonuses	**1,650**	3,529
Retirement benefits scheme contributions	**243**	193
	4,653	7,438

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

(b) Employees' emoluments *(continued)*

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

	2021 No. of employees	2020 No. of employees
HK$1,500,001 to HK$2,000,000 (equivalent to approximately RMB1,226,401 to RMB1,635,200)	—	1
HK$2,000,001 to HK$2,500,000 (equivalent to approximately RMB1,635,201 to RMB2,044,000)	—	1
HK$2,500,001 to HK$3,000,000 (equivalent to approximately RMB2,044,001 to RMB2,452,800)	2	—
HK$4,000,001 to HK$4,500,000 (equivalent to approximately RMB3,270,401 to RMB3,679,200)	—	1

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

14. LOSS PER SHARE

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

	2021 RMB'000	2020 RMB'000
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	(790,274)	(1,368,354)

	2021 '000	2020 '000
Number of shares		
Weighed average number of ordinary shares for the purpose of basic and diluted loss per share	20,750,428	19,073,715

Diluted loss per share for the years ended 31 December 2021 and 2020 does not assume the exercise of share options granted by the Company, since the exercise would decrease the loss per share of the respective year.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Power generators and equipment RMB'000	Leasehold improvements, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2020	1,395,438	36,781,919	222,123	34,939	897,944	39,332,363
Additions	—	—	2,715	2,260	69,275	74,250
Disposal of subsidiaries *(note 37(a))*	(231,362)	(5,370,465)	(14,731)	(4,830)	—	(5,621,388)
Disposals	—	(24,579)	(1,416)	(833)	—	(26,828)
Transfer	131,286	236,930	138	—	(368,354)	—
Transfer to assets classified as held for sale *(note 26)*	(91,771)	(3,233,652)	(2,874)	(1,630)	(3,417)	(3,333,344)
Effect of foreign currency exchange differences	—	(96,912)	(25)	—	(3,881)	(100,818)
At 31 December 2020	1,203,591	28,293,241	205,930	29,906	591,567	30,324,235
Additions	—	160,821	4,013	1,040	146,618	312,492
Disposal of subsidiaries *(note 37(a))*	(933,202)	(20,275,614)	(29,871)	(11,262)	—	(21,249,949)
Disposals	—	(4,792)	(9,446)	(1,563)	—	(15,801)
Transfer	111,218	143,780	—	—	(254,998)	—
Transfer to assets classified as held for sale *(note 26)*	(27,691)	(618,425)	(683)	(417)	—	(647,216)
Effect of foreign currency exchange differences	—	(10,388)	(7)	—	(1,284)	(11,679)
At 31 December 2021	**353,916**	**7,688,623**	**169,936**	**17,704**	**481,903**	**8,712,082**
ACCUMULATED DEPRECIATION AND IMPAIRMENT	—					
At 1 January 2020	167,133	3,699,010	42,779	23,332	—	3,932,254
Depreciation expense	74,082	1,266,500	18,124	4,678	—	1,363,384
Impairment loss recognised in profit or loss	—	667,308	—	—	470,543	1,137,851
Eliminated on disposal of subsidiaries *(note 37(a))*	(37,495)	(847,695)	(9,292)	(3,877)	—	(898,359)
Eliminated on disposals	—	—	(820)	(722)	—	(1,542)
Transfer to assets classified as held for sale *(note 26)*	(15,689)	(547,932)	(1,523)	(1,405)	—	(566,549)
Effect of foreign currency exchange differences	—	(5,971)	(5)	—	—	(5,976)
At 31 December 2020	188,031	4,231,220	49,263	22,006	470,543	4,961,063
Depreciation expense	41,701	798,594	8,491	1,758	—	850,544
Impairment loss recognised in profit or loss	—	285,444	—	—	8,767	294,211
Eliminated on disposal of subsidiaries *(note 37(a))*	(164,103)	(2,467,563)	(16,919)	(8,336)	—	(2,656,921)
Eliminated on disposals	—	—	(2,463)	(1,418)	—	(3,881)
Transfer to assets classified as held for sale *(note 26)*	(3,604)	(249,130)	(293)	(258)	—	(253,285)
Effect of foreign currency exchange differences	—	(42)	(1)	—	—	(43)
At 31 December 2021	62,025	2,598,523	38,078	13,752	479,310	3,191,688
CARRYING AMOUNTS						
At 31 December 2021	**291,891**	**5,090,100**	**131,858**	**3,952**	**2,593**	**5,520,394**
At 31 December 2020	1,015,560	24,062,021	156,667	7,900	121,024	25,363,172

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

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

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

All buildings were held under leases in the PRC.

As at 31 December 2021, the Group was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB162,650,000 (2020: RMB730,850,000). In the opinion of the Directors, the absence of the property ownership certificates to these property interests does not impair their carrying value to the Group as the Group paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Rooftops RMB'000	Others RMB'000	Total RMB'000
At 31 December 2020 and 1 January 2021				
Carrying amount	1,079,182	123,983	54,438	1,257,603
At 31 December 2021				
Carrying amount	261,991	33,805	20,721	316,517
For the year ended 31 December 2021				
Depreciation charge	(39,653)	(4,700)	(26,942)	(71,295)
Disposal of subsidiaries *(note 37(a))*	(761,923)	(79,517)	(7,336)	(848,776)
Transfer to assets classified as held for sale *(note 26)*	(10,855)	—	(12,224)	(23,079)
For the year ended 31 December 2020				
Depreciation charge	(66,527)	(5,930)	(23,541)	(95,998)
Disposal of subsidiaries *(note 37(b))*	(129,863)	—	—	(129,863)
Transfer to assets classified as held for sale *(note 26)*	(52,916)	—	(22,135)	(75,051)

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

	2021 RMB'000	2020 RMB'000
Expense relating to short-term leases	**(3,388)**	(6,178)
Total cash outflow for leases	**(36,675)**	(145,996)
Additions to right-of-use assets	**35,874**	85,730
Early termination of a lease	**(32,583)**	(24,870)
Effect of foreign currency exchange differences	**(1,227)**	(16,288)

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

In addition, the Group owns several leasehold lands where its solar power plants are primarily located and office buildings. The Group is the registered owner of these property interests. The Group has obtained the land use right certificates for all leasehold lands except for those with carrying amount of RMB8,195,000 (2020: RMB95,374,000 in which the Group is in the process of obtaining. Lump sum payments were made upfront to acquire these property interests.

The Group regularly entered into short-term leases for office, motor vehicles and staff quarter. As at 31 December 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

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

The Group assessed at lease commencement date/date of initial application whether it is reasonably certain to exercise the extension option. There is no extension option which the Group is not reasonably certain to exercise, the related lease liabilities is recognised. As at 31 December 2021, lease liabilities with the exercise of extension options of RMB201,369,000 (2020: RMB616,990,000) are recognised.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2021 and 2020, there is no such triggering event.

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

17. INTERESTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Cost of unlisted investments in associates	**1,133,124**	1,058,998
Share of post-acquisition profits, net of dividend received	**217,789**	146,900
	1,350,913	1,205,898

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

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2021	2020	**2021**	2020	
喀什博思光伏科技有限公司 Kashgar Solbright Technology Co. Ltd.*	PRC	**20%**	20%	**20%**	20%	Sale of solar products
華容縣協鑫光伏電力有限公司 Huarong County GCL Solar Power Co. Ltd.* ("Huarong")	PRC	**20%**	20%	**20%**	20%	Operation of solar power plants in the PRC
北京華橋新能源諮詢有限公司 Beijing Hua Qiao New Energy Limited*	PRC	**30%**	30%	**30%**	30%	Provision of consultancy services on solar power plant
林州市新創太陽能有限公司 Linzhou City Xinchuang Solar Company Limited* ("Linzhou Xinchuang")	PRC	**20%**	20%	**20%**	20%	Operation of solar power plants in the PRC
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co. Ltd.* ("Ruzhou")	PRC	**45%**	45%	**45%**	45%	Operation of solar plants in the PRC

17. INTERESTS IN ASSOCIATES *(continued)*

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2021	2020	**2021**	2020	
新安縣協鑫光伏電力有限公司 Xinan County GCL Solar Power Co., Ltd.* ("Xinan")	PRC	**45%**	45%	**45%**	45%	Operation of solar power plants in the PRC
江陵縣協鑫光伏電力有限公司 Jiangling County GCL Solar Power Co., Ltd.* ("Jiangling")	PRC	**45%**	45%	**45%**	45%	Operation of solar power plants in the PRC
山西協鑫新能源科技有限公司 Shanxi GCL New Energy Technologies Co., Ltd.* ("Shanxi GNE")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
汾西縣協鑫光伏電力有限公司 Fenxi County GCL Photovoltaic Co., Ltd.* ("Fenxi GCL")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
芮城縣協鑫光伏電力有限公司 Ruicheng County GCL Photovoltaic Co., Ltd.* ("Ruicheng GCL")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.* ("Yu County Jinyang")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
盂縣協鑫光伏電力有限公司 Yu County GCL Photovoltaic Co., Ltd.* ("Yu County GCL")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping County Photovoltaic Development Co., Ltd.* ("Hanneng Guangping")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
河北協鑫新能源有限公司 Hebei GCL New Energy Co., Ltd.* ("Hebei GNE")	PRC	**30%**	30%	**30%**	30%	Operation of solar power plants in the PRC
宿州協鑫光伏電力有限公司 Suzhou GCL Solar Power Co., Ltd.* ("Suzhou GCL Solar Power") *(Note a)*	PRC	**10%**	10%	**10%**	10%	Operation of solar power plants in the PRC
淮北鑫能光伏電力有限公司 Huaibei Xinneng Solar Power Co., Ltd.* ("Huaibei Xinneng") *(Note a)*	PRC	**10%**	10%	**10%**	10%	Operation of solar power plants in the PRC

17. INTERESTS IN ASSOCIATES *(continued)*

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2021	2020	**2021**	2020	
合肥建南電力有限公司 Hefei Jiannan Power Company Ltd. * ("Hefei Jiannan") *(Note a)*	PRC	**10%**	N/A	**10%**	N/A	Operation of solar power plants in the PRC
合肥久陽新能源有限公司 Hefei Jiuyang GCL New Energy Company Ltd.* ("Hefei Jiuyang") *(Note a)*	PRC	**10%**	N/A	**10%**	N/A	Operation of solar power plants in the PRC
欽州鑫奧光伏電力有限公司 Qinzhou Xinao Photovoltaic Power Company Limited* ("Xinao") *(Note b)*	PRC	**40%**	40%	40%	40%	Inactive
金湖正輝太陽能電力有限公司 Jinhu Zhenghui Photovoltaic Co., Ltd* *(Note c)*	PRC	**15.5%**	25%	**25%**	25%	Operation of solar power plants in the PRC
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.* ("Funan GCL") *(Note d)*	PRC	**10%**	N/A	**10%**	N/A	Operation of solar power plants in the PRC
合肥鑫仁光伏電力有限公司 Hefei Xinren Solar Power Co., Ltd.* ("Hefei Xinren") *(Note d)*	PRC	**10%**	N/A	**10%**	N/A	Operation of solar power plants in the PRC
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited* ("Tianchang GCL") *(Note d)*	PRC	**10%**	N/A	**10%**	N/A	Operation of solar power plants in the PRC
碭山協鑫光伏電力有限公司 Dangshan GCL Solar Power Co., Ltd.* ("Dangshan GCL") *(Note d)*	PRC	**10%**	N/A	**10%**	N/A	Operation of solar power plants in the PRC
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd* ("Hengshan Jinghe") *(Note e)*	PRC	**20%**	N/A	**20%**	N/A	Operation of solar power plants in the PRC
安福協鑫新能源有限公司 Anfu GCL New Energy Co., Ltd.* ("Anfu GCL") *(Note f)*	PRC	**49%**	40%	**49%**	N/A	Operation of solar power plants in the PRC

17. INTERESTS IN ASSOCIATES *(continued)*

Notes:

(a) On 16 November 2020, as disclosed in note 37(a)(i)(b), the Group announced that it has entered into a series of five share transfer agreements with Xuzhou State Investment, an independent third party, for disposal of 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and 67% equity interest in Dangshan Xinneng. As the Group has right to appoint one out of five directors to Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and therefore the Group retains significant influence on Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang upon completion of the disposal. Accordingly, the remaining 10% equity interest in Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang are accounted for as associates.

(b) On 21 August 2020, as disclosed in note 37(b)(vii), the Group disposed of a total of 60% equity interest in Xinao to 國家電投集團貴州金元威寧能源有限公司 State Power Investment Corporation Limited* ("State Power Investment") and 廣西金元南方新能源有限公司 Guangxi Jinyuan South New Energy Limited* ("Guangxi Jinyuan"), which are independent third parties, the Group retains significant influence on Xinao upon completion of this disposal. Accordingly, the remaining 40% equity interest in Xinao is accounted for as investment in an associate.

(c) In July 2020, as disclosed in note 37(b)(vi), the Group disposed of 75% equity interest in Jinhu to 國開新能源科技有限公司 CDB New Energy Technology Co., Ltd.* ("CDB New Energy"), in June 2021, the Group further entered into supplemental agreement with CDB New Energy to disposed of its 9.5% equity interest in Jinhu to an independent third party and retains significant influence on Jinhu upon completion of the disposal. Accordingly, the remaining 15% equity interest in Jinhu is accounted for as an associate.

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

(e) On 1 April 2021, as disclosed in note 37(a)(xii) the Group entered into four 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 98.4% equity interest in Jingbian GCL Solar Power Co., Ltd. ("Jingbian GCL"), its 80.3514% equity interest in Hengshan Jinghe and its 100% equity interest in two wholly-owned subsidiaries, namely Yulin Longyuan Solar Energy Limited ("Yulin Longyuan") and Yulin Yushen Industrial Area Energy Co., Ltd., ("Yulin Yushen"). As the Group has right to appoint one out of five directors of Hengshan Jinghe and therefore the Group retains significant influence on Hengshan Jinghe upon completion of the disposal. Accordingly, the remaining 10% equity interest in Hengshan Jinghe is accounted for as an associate.

(f) On 24 June 2021, as disclosed in note 37(a)(vi) the 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. As the Group has right to appoint one out of five directors of Anfu GCL and therefore the Group retains significant influence on Anfu GCL upon completion of the disposal. Accordingly, the remaining 10% equity interest in Anfu GCL is accounted for as an associate.

* *English name for identification only*

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

17. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates as at 31 December 2021 and 2020 is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Standards.

Hebei GNE and its subsidiaries

	2021 RMB'000	2020 RMB'000
Current assets	**1,191,285**	1,416,678
Non-current assets	**2,626,908**	2,595,750
Current liabilities	**(657,332)**	(1,139,447)
Non-current liabilities	**(1,924,919)**	(1,728,134)

	2021 RMB'000	2020 RMB'000
Revenue	**388,098**	478,984
Profit and total comprehensive income for the year	**78,841**	137,179
Dividends received from Hebei GNE and its subsidiaries during the year	**—**	—

17. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates *(continued)*

Hebei GNE and its subsidiaries (continued)

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

	2021 RMB'000	2020 RMB'000
Net assets of Hebei GNE and its subsidiaries	**1,223,690**	1,144,847
Proportion of the Group's ownership interest in Hebei GNE and its subsidiaries	**30%**	30%
Carrying amount of the Group's interest in Hebei GNE and its subsidiaries	**367,107**	343,454

Aggregate information of associates that are not individually material

	2021 RMB'000	2020 RMB'000
The Group's share of profit from operations and total comprehensive income	**75,809**	61,241
Carrying amount of the Group's interests in other associates	**983,806**	862,444

18. INTERESTS IN JOINT VENTURES

	2021 RMB'000	2020 RMB'000
Cost of unlisted investment in joint ventures	**4,900**	6,701
Share of post-acquisition losses, net of dividend received	**(1,749)**	(6,474)
Effect of foreign currency exchange differences	**—**	2,908
	3,151	3,135

18. INTERESTS IN JOINT VENTURES *(continued)*

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

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2021	2020	**2021**	2020	
啟創環球有限公司 Qichuang Global Limited*	BVI/Japan	**–**	50%	**–**	50%	Deregistered
北京京糧協鑫科技有限公司 Beijing Jing Liang GCL Technology Limited* ("Jingliang")	PRC	**40%**	49%	**40%**	49%	Provision of consultancy services on solar power plant

** English name for identification only*

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

Aggregate information of joint ventures that are not individually material

	2021 RMB'000	2020 RMB'000
The Group's share of profit (loss) from operations and total comprehensive income (expense)	**16**	(493)
Carrying amount of the Group's interests in the joint ventures	**3,151**	3,135

19. OTHER INVESTMENT

During the year ended 31 December 2020, the Group entered into an asset transfer agreement with a financial institution to settle its other borrowings amounting to approximately RMB113,027,000 with such investment in unlisted equity instruments issued by private entities established in the PRC, and a gain of RMB13,027,000 has been recognised in the profit or loss.

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

*   *English name for identification only*

20. OTHER NON-CURRENT ASSETS

	2021 RMB'000	2020 RMB'000
Refundable value-added tax	**141,625**	981,075
Others	**62,076**	80,005
	203,701	1,061,080

21. TRADE AND OTHER RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables *(Note a)*	**1,593,838**	7,231,113
Prepayments and deposits	**446,903**	118,154
Other receivables		
— Amounts due from former subsidiaries *(Note b)*	**2,875,173**	108,562
— Consultancy service fee receivables	**17,082**	12,137
— Consideration receivable from disposal of subsidiaries	**374,404**	372,082
— Advance to non-controlling interest shareholders	**—**	18,750
— Receivables for modules procurement	**62,800**	63,376
— Refundable value-added tax	**66,982**	498,123
— Dividend receivables	**396,094**	217,774
— Interest receivables	**—**	33,015
— Others	**866,853**	603,052
	6,700,129	9,276,138
Less: Allowance for credit loss		
— Trade	**(2,892)**	(10,000)
— Non-trade	**(377,370)**	(304,587)
	(380,262)	(314,587)
	6,319,867	8,961,551

21. TRADE AND OTHER RECEIVABLES *(continued)*

Notes:

(a) At 1 January 2020, trade receivables from contract with customers amounted to approximately RMB3,049,935,000.

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

Trade receivables include bills received amounting to RMB49,890,000 (2020: RMB153,398,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than one year.

The following is an aged analysis of trade receivables (excluded bills held by the Group for future settlement), which is presented based on the invoice date and net of loss allowance at the end of the reporting period:

	2021 RMB'000	2020 RMB'000
Unbilled *(Note)*	**1,492,086**	6,717,763
0–90 days	**29,623**	140,905
91–180 days	**1,928**	144,999
Over 180 days	**17,419**	64,048
	1,541,056	7,067,715

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

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

	2021 RMB'000	2020 RMB'000
0–90 days	**246,631**	948,875
91–180 days	**127,517**	283,537
181–365 days	**233,434**	1,051,020
Over 365 days	**884,504**	4,434,331
	1,492,086	6,717,763

As at 31 December 2021, included in these trade receivables are debtors with aggregate carrying amount of RMB30,451,000 (2020: RMB271,495,000) which are past due as at the end of the reporting date. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

(b) The amount represents amounts due from former subsidiaries of which the Group disposed of the entire interests during the year ended 31 December 2021. The amounts are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment.

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

22. CONTRACT ASSETS

	2021 RMB'000	2020 RMB'000
Arising from sales of electricity	41,179	1,233,377
Less: Allowance for credit loss	(238)	(5,398)
	40,941	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 for registration to the List at the end of the reporting date, and tariff adjustment is recognised as revenue upon electricity is generated as disclosed in note 6. Pursuant to the 2020 Measures, for those on-grid solar power plants yet to be registered on the List, they are required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List. The Group considers the settlement terms contain significant financing component, and has adjusted the respective tariff adjustment for the financing component based on effective interest rate with reference to state treasury bonds of the PRC, as well as the estimated timing of collection. Accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties. The revenue of the Group was adjusted by approximately RMB31 million for the year ended 31 December 2021 (2020: RMB212 million) for this financing component and in relation to revision of expected timing of tariff adjustment in the contract assets.

Contract assets are reclassified to trade receivables at the point the respective on-grid solar power plant projects are enlisted on the List. The balances as at 31 December 2021 and 2020 are classified as non-current as they are expected to be received after twelve months from the reporting date.

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

23. TRANSFER OF FINANCIAL ASSETS

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

The following were the Group's bills as at 31 December 2021 and 2020 that were transferred to banks or creditors by discounting or endorsing the bill, respectively, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these bills, it continues to recognise the full carrying amount of the receivables and recognised the cash received on the transfer as secured borrowings or the amounts outstanding with the creditors remain to be recognised as other payables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

23. TRANSFER OF FINANCIAL ASSETS *(continued)*

At 31 December 2021

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

At 31 December 2020

	Bills discounted to banks with full recourse RMB'000	Bills endorsed to creditors with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	41,634	64,303	105,937
Carrying amount of associated liabilities	(41,634)	(64,303)	(105,937)
Net position	—	—	—

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

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

24. AMOUNTS DUE FROM/TO RELATED COMPANIES

	2021 RMB'000	2020 RMB'000
Amounts due from associates		
— Non-trade related *(Note a)*	258,793	366,880
Amounts due from joint ventures		
— Non-trade related *(Note b)*	—	7,942
Amounts due from fellow subsidiaries		
— Trade related *(Note c)*	12,797	9,986
— Non-trade related	15,208	11,851
	28,005	21,837
Amounts due from the companies of which Mr. Zhu Yufeng and his family have significant influence		
— Non-trade related *(Note d)*	522	1,166
Analysed for reporting purposes as:		
— Current assets	262,839	357,296
— Non-current assets	24,481	40,529
	287,320	397,825
— Trade related	12,797	9,986
— Non-trade related	274,523	387,839
	287,320	397,825
Amounts due to associates		
— Trade related *(Note a)*	4,214	14,038
Amounts due to fellow subsidiaries		
— Non-trade related *(Note c)*	106,934	93,483
Amounts due to the companies of which Mr. Zhu Yufeng and his family have significant influence		
— Non-trade related *(Note d)*	3,072	204,673
Analysed for reporting purposes as:		
— Current liabilities	114,220	312,194

24. AMOUNTS DUE FROM/TO RELATED COMPANIES *(continued)*

Notes:

(a) The amounts due from/to associates are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment except for an amount of RMB24,481,000 (2020: RMB40,529,000) which, in the opinion of the Directors, is expected to be received after twelve months from the end of the reporting period and is classified as non-current.

(b) The amounts due from joint ventures are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment.

(c) The amounts due from/to fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment except for the amounts due from fellow subsidiaries of approximately RMB12,797,000 (2020: RMB9,986,000) which is arising from management services rendered to fellow subsidiaries with a credit term of 30 days.

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

	2021 **RMB'000**	2020 RMB'000
0–90 days	**11,959**	8,991
91–180 days	**838**	995
	12,797	9,986

(d) Mr. Zhu Yufeng and his family members hold in aggregate more than 20% of the related companies' share capital as at 31 December 2021 and 2020 and exercise significant influence over the related companies. The amounts due from/to the companies of which Mr. Zhu Yufeng and his family exercise significant influence are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment except for amounts of RMB1,205,000 due to companies of which Mr. Zhu Yufeng and his family exercise significant influence (2020: RMB526,000) which is arising from training services provided by related companies with credit term of 30 days. As at 31 December 2021, the aging of the trade related balances is within 90 days (2020: within 90 days). The maximum amount outstanding during the year ended 31 December 2021 is RMB1,166,000 (2020: RMB1,249,000) in relation to the non-trade balances for the amounts due from the companies of which Mr. Zhu Yufeng and his family exercise significant influence.

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

Pledged bank and other deposits

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

Pledged bank deposits carry fixed interest rates ranging from 0.3% to 2.25% (2020: 0.4% to 2.0%) per annum.

At 31 December 2021, pledged other deposits approximate RMB103,173,000 (2020: RMB341,105,000) are non-interest bearing.

Bank and other deposits amounting to RMB248,396,000 (2020: RMB250,551,000) have been pledged to secure the Group's bills payable and short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to RMB181,366,000 (2020: RMB493,455,000) have been pledged to secure long-term borrowings and are therefore classified as non-current assets.

Bank balances

Bank balances carry interest at floating rates range from 0.01% to 0.385% (2020: 0.01% to 0.385%) per annum or fixed rates range from 1.1% to 2.75% (2020: 1.1% to 2.75%) per annum.

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

26. ASSETS CLASSIFIED AS HELD FOR SALE

Disposal groups classified as held for sale

(a) Year ended 31 December 2021

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

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

* English name for identification only

26. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

(a) Year ended 31 December 2021 (continued)

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

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

26. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

(a) *Year ended 31 December 2021 (continued)*

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

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

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

The carrying amounts of the above bank borrowings are repayable:

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

26. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

(a) Year ended 31 December 2021 (continued)

The carrying amounts of the above other borrowings are repayable:

	RMB'000
Within one year	124,000
More than one year, but not exceeding two years	—
More than two years, but not exceeding five years	—
More than five years	—
Other borrowings — due after one year	124,000

Lease liabilities payable:

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

26. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

(b) Year ended 31 December 2020

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

(i) On 29 September 2020, the Group entered into six share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its 100% equity interest in six wholly-owned subsidiaries, namely Hubei Macheng (as defined in note 47(a)), 輝縣市協鑫光伏電力有限公司 Huixian City GCL Photovoltaic Power Company Limited ("Huixian City GCL"), 淇縣協鑫新能源有限公司 Qixian GCL New Energy Limited ("Qixian GCL"), Ruyang GCL, Baotou Zhonglitenghui (as defined in note 47(a)), Ningxia Zhongwei (as defined in note 47(a)) at consideration in aggregate of RMB576,001,000 and the repayment of corresponding interest in shareholder's loan as at the date of disposals. The subsidiaries operate solar power plant projects with in aggregate capacity of 403MW in Henan, the PRC.

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

(ii) On 16 November 2020, the Group entered into five share transfer agreements with Xuzhou State Investment to dispose of its 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and 67% equity interest in Dangshan Xinneng (all defined in note 47(a)), at consideration in aggregate of RMB276,437,000 and the repayment of corresponding interest in shareholder's loan as at the date of completion of disposals. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB276,437,000 to RMB269,267,000 during the current year. The subsidiaries operate solar power plant projects with in aggregate capacity of 174MW in Anhui, the PRC.

(iii) On 4 December 2020, the Group entered into a share transfer agreement with 北京聯合榮邦新能源科技有限公司 Beijing United Rongbang New Energy Technology Co., Ltd.* ("Beijing United Rongbang"), an independent third party, to disposal all of its 99.2% equity interests in Zhenglanqi (as defined in note 47(a)) for consideration in aggregate of RMB209,600,000 and the repayment of corresponding interest in shareholder's loan as at the date of disposal. During the year of 2020, RMB79,000,000 has been received and recognised as other payables as at 31 December 2020. Zhenglanqi has a solar power plant project with installed capacity of approximately 50MW in Inner Mongolia, the PRC.

(iv) The Group entered into a share swap agreement with 上海綠璟投資有限公司 Shanghai Lujing Investment Management Limited ("Shanghai Lujing"). Pursuant to the terms of the share swap agreement, the Group will acquire 20% of equity interests in each of Shenmu Jingpu, Shenmu Jingfu and Shenmu County Jingdeng at consideration of combination of cash of RMB69,260,000 and 80% equity interest in Shenmu Guotai (as defined in note 47(a)).

* English name for identification only

26. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

(b) Year ended 31 December 2020 (continued)

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

	RMB'000
Property, plant and equipment *(note 15)*	2,613,456
Right-of-use assets *(note 16)*	75,051
Other non-current assets	81,784
Trade and other receivable	718,055
Pledged bank deposits	43,882
Bank balances and cash	48,018
	3,580,246
Less: Impairment loss on property, plant and equipment *(note 8 (b)(i))*	(54,497)
Total assets classified as held for sale	3,525,749
Other payables	(148,414)
Loan from a related company — due within one year *(note)*	(3,085)
Bank and other borrowings — due within one year	(329,800)
Bank and other borrowings — due after one year	(1,383,066)
Lease liabilities — current	(3,035)
Lease liabilities — non-current	(48,823)
Tax payable	(3,345)
Total liabilities directly associated with assets classified as held for sale	(1,919,568)
Net asset of solar power plant projects classified as held for sale	1,606,181
Intragroup balances	(820,206)
Net assets of disposal group	785,975

Note: The loan from a related company is unsecured, non-interest bearing and repayable on demand.

26. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

(b) Year ended 31 December 2020 (continued)

The following is an aged analysis of trade receivables presented based on the invoice date at 31 December 2020, which approximated the respective revenue recognition date:

	RMB'000
Unbilled *(Note)*	703,332
0–90 days	5,795
	709,127

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

	RMB'000
0–90 days	98,008
91–180 days	79,308
181–365 days	151,429
Over 365 days	374,587
	703,332

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

The carrying amounts of the above bank borrowings are repayable:

	RMB'000
Within one year	173,800
More than one year, but not exceeding two years	165,325
More than two years, but not exceeding five years	473,600
More than five years	546,541
	1,359,266
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants (Shown under current liabilities)	156,000
Less: Bank borrowings — due within one year	(329,800)
Bank borrowings — due after one year	1,185,466

26. ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal groups classified as held for sale *(continued)*

(b) Year ended 31 December 2020 (continued)

The carrying amounts of the above other borrowings are repayable:

	RMB'000
Within one year	—
More than one year, but not exceeding two years	27,151
More than two years, but not exceeding five years	123,299
More than five years	47,150
Other borrowings — due after one year	197,600

Lease liabilities payable:

	2020 RMB'000
Within one year	**3,035**
Within a period of more than one year but not more than two years	**2,410**
Within a period of more than two years but not more than five years	**8,343**
Within a period of more than five years	**38,070**
	51,858

27. OTHER PAYABLES AND DEFERRED INCOME

	2021 RMB'000	2020 RMB'000
Payables for purchase of plant and machinery and construction costs *(Note a)*	**502,155**	3,299,276
Payables to vendors of solar power plants	**32,011**	66,320
Other tax payables	**39,244**	27,914
Other payables	**341,149**	672,054
Advance from Engineering, procurement and construction ("EPC") contractors *(Note b)*	**37,400**	80,244
Deferred income *(Note c)*	**341,046**	362,461
Dividend payable to non-controlling shareholders	**31,721**	230,881
Accruals		
— Staff costs	**79,666**	28,276
— Legal and professional fees	**37,674**	24,349
— Interest payable	**193,176**	177,932
— Consultancy fees	**9,290**	19,802
— Others	**23,549**	47,990
	1,668,081	5,037,499
Analysed as:		
Current	**1,340,231**	4,688,437
Non-current deferred income	**327,850**	349,062
	1,668,081	5,037,499

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

Notes:

a. Included in payables for purchase of plant and machinery and construction costs are RMB87,517,000 (2020: RMB236,862,000) in which the Group presented bills to relevant creditors for settlement and remained outstanding at the end of the reporting period. It also contains obligations arising from endorsing bills with recourse with an aggregate amount of RMB36,713,000 (2020: RMB64,303,000). All bills presented by the Group is aged within one year and not yet due at the end of the reporting period.

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

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

27. OTHER PAYABLES AND DEFERRED INCOME *(continued)*

Notes: (continued)

c. *(continued)*

Against this, the Group entered into an inverted lease arrangement in February 2017 for its qualified solar power plant projects in the US ("Qualified Assets") with a third party financial institution, which acts as a tax equity investor, and the arrangement allows the Group to pass its entitled ITC ("ITC Benefit") that constitutes the right to offset against future tax payables to the tax equity investor for cash receipts in exchange. During the year ended 31 December 2017, ITC Benefit of the Group related to the Qualified Assets amounted to US$34,090,000 (equivalent to approximately RMB222,751,000) and was recognised as a government grant ("Grant") as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the tax equity investor and accordingly, the ITC Benefit was derecognised during the year that the invested lease arrangement was entered into with the tax equity investor. Approximately US$1,136,000 (equivalent to approximately RMB7,239,000) (2020: US$1,136,000 (equivalent to approximately RMB7,412,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

During the year ended 31 December 2018, the Group entered into another financing arrangement for its four qualified solar power plant projects in the US with a third party financial institution, in which the Group passed its ITC Benefit to the financial institution that constitutes the right to offset against future tax payables to the financial institution for cash receipts in exchange. During the current year, ITC Benefit of the Group related to the four projects amounted to US$24,520,000 (equivalent to approximately RMB156,334,000) (2020: US$25,449,000 (equivalent to approximately RMB166,052,000)) and was recognised as a Grant as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. The Grant would be amortised over the useful lives of the Qualified Assets. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the financial institution and accordingly, the relevant ITC Benefit was derecognised during year ended 31 December 2019. Approximately US$906,000 (equivalent to approximately RMB5,843,000) (2020: US$906,000 (equivalent to approximately RMB6,666,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

28. LOANS FROM RELATED COMPANIES

	2021 RMB'000	2020 RMB'000
Loans from:		
— companies controlled by Mr. Zhu Yufeng and his family *(Note)*	**32,325**	908,508
	32,325	908,508
Analysed as:		
Current — repayable within 1 year	**32,325**	788,668
Non-current — repayable after 1 year	**—**	119,840
	32,325	908,508

Notes:

As at 31 December 2020, loans from 協鑫集團有限公司 GCL Group Limited*, 南京鑫能陽光產業投資基金企業(有限合夥)Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)* ("Nanjing Xinneng"), 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Limited* ("Jiangsu GCL Construction"), 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited* ("Jiangsu GCL Real Estate") and 阜寧協鑫房地產開發有限公司 Funing Property Development Limited* ("Funing Property") in total amounted to RMB908,508,000. As at 31 December 2021, loans from Nanjing Xinneng, Jiangsu GCL Real Estate, 協鑫光伏系統有限公司 GCL Solar System Limited in total amounted to RMB32,325,000. These loans are unsecured, interest bearing 8%-12% per annum.

* English name for identification only

29. BANK AND OTHER BORROWINGS

	2021 RMB'000	2020 RMB'000
Bank loans	**989,996**	7,664,067
Other loans	**2,103,474**	16,340,455
	3,093,470	24,004,522
Secured	**2,516,675**	22,163,914
Unsecured	**576,795**	1,840,608
	3,093,470	24,004,522
The maturity of bank borrowings is as follows*:		
Within one year	**351,593**	1,594,124
More than one year, but not exceeding two years	**329,553**	687,038
More than two years, but not exceeding five years	**190,850**	1,559,293
More than five years	**118,000**	1,595,371
	989,996	5,435,826
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**—**	2,228,241
Less: Amounts due within one year shown under current liabilities	**(351,593)**	(3,822,365)
Amounts due after one year	**638,403**	3,841,702
Analysed as:		
Fixed-rate borrowings	**109,259**	1,529,472
Variable-rate borrowings	**880,737**	6,134,595
	989,996	7,664,067

29. BANK AND OTHER BORROWINGS *(continued)*

	2021 RMB'000	2020 RMB'000
The maturity of other borrowings is as follows*:		
Within one year	**519,567**	4,445,158
More than one year, but not exceeding two years	**343,061**	1,796,182
More than two years, but not exceeding five years	**712,198**	3,850,805
More than five years	**315,523**	2,123,138
	1,890,349	12,215,283
The carrying amount of other borrowings that are repayable on demand due to breach of loan covenants## (Shown under current liabilities)	**213,125**	4,125,172
Less: Amounts due within one year shown under current liabilities	**(732,692)**	(8,570,330)
Amounts due after one year	**1,370,782**	7,770,125
Analysed as:		
Fixed-rate borrowings	**100,557**	6,410,937
Variable-rate borrowings	**2,002,917**	9,929,518
	2,103,474	16,340,455

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

During the current year, the Group's involvement in certain litigation cases relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain other borrowings (2020: the default on the repayment of a bank borrowing by GCL-Poly, the Group's involvement in certain litigation cases relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain bank borrowings and the Group's default in certain bank and other borrowings have triggered the cross default clauses of certain of the Group's bank and other borrowings as set out in the respective loan agreements between the Company and several banks and financial institutions). Accordingly, other borrowings of the Group amounting to RMB89 million (2020: bank and other borrowings of the Group amounting to RMB4,541 million) is reclassified from non-current liabilities to current liabilities as at 31 December 2021. The management of the Group considers that the claims arising from the litigation will not have material impact to the Group as majority of the claims have been provided and included in payables for purchase of plant and machinery and construction costs as at 31 December 2021.

29. BANK AND OTHER BORROWINGS *(continued)*

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

	2021 RMB'000	2020 RMB'000
Within one year	**—**	212,083
More than one year, but not exceeding two years	**—**	234,667
More than two years, but not exceeding five years	**—**	1,042,851
More than five years	**—**	738,640
	—	2,228,241

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

	2021 RMB'000	2020 RMB'000
Within one year	**123,653**	1,600,206
More than one year, but not exceeding two years	**20,566**	302,175
More than two years, but not exceeding five years	**62,850**	1,386,432
More than five years	**6,056**	836,359
	213,125	4,125,172

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

	2021	2020
Fixed-rate borrowings		
RMB borrowings	**4.41% to 8.1%**	4.35% to 18%
US$ borrowing	**1.72% to 5%**	1.72% to 5%
HK$ borrowings	**9.75%**	9.75%
Variable-rate borrowings		
RMB borrowings	**93% to 170% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")**	100% to 180% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")
US$ borrowing	**LIBOR +3.25% to 4.3%**	LIBOR +3.25% to 4.3%

29. BANK AND OTHER BORROWINGS *(continued)*

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

	2021 RMB'000	2020 RMB'000
US$	**414,566**	1,371,177
HK$	**178,237**	185,152

Included in other loans are RMB5,656 million (2020: RMB11,211 million) in which the Group entered into financing arrangements with financial institutions with lease terms ranging from 1 year to 12 years (2020: 1 year to 12 years), with legal title of the respective equipment transferred to the financial institutions. The Group continued to operate and manage the relevant equipment during the lease term without any involvement from the financial institutions, and the Group is entitled to purchase back the equipment at a minimal consideration upon maturity of respective leases, except for one of the financing arrangements with a financial institution that the Group can either exercise the early buyout option granted to the Group to purchase back the relevant equipment at a pre-determined price at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value upon the end of the lease period. Despite the arrangement involves a legal form of a lease while it does not constitute a sale and leaseback transaction, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method under IFRS 9/IAS 39 in prior years before application of IFRS 16, in accordance with the substance of the arrangement. Effective from 1 January 2020, the Group applies the requirements of IFRS 15 to assess whether sale and leaseback transactions constitute a sale as disclosed in note 16.

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

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

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

30. SENIOR NOTES

	2021 RMB'000	2020 RMB'000
Senior notes	**3,115,367**	3,261,099

Notes:

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

30. SENIOR NOTES *(continued)*

During the year ended 31 December 2021, the restructuring of the 2018 Senior Notes (the "Restructuring") was implemented and completed under the Bermuda Scheme (i.e. the scheme of arrangement under Part VII of the Bermuda Companies Act 1981). On 16 June 2021, the Restructuring has become effective, i.e., the 2018 Senior Notes was replaced by the New Senior Notes (defined below) was issued. Under the restructuring support agreement ("RSA"), 5% of the original principal amount of US$25 million (the "Upfront Consideration") was repaid to the holders of the 2018 Senior Notes. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration was settled through issuance of new senior note (the "New Senior Notes").

The principal amount of the New Senior Notes amounted to US$511,638,814, bearing interest at 10% per annum payable as follows:

	2021 US$	2021 RMB'000 equivalent
Within one year		
— Payable on 30 January 2022	76,745,822	467,305
Over one year		
— Payable on 30 January 2023	179,073,585	1,090,378
— Payable on 30 January 2024	255,819,407	1,557,684
	511,638,814	3,115,367

31. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Lease liabilities payable:		
Within one year	38,476	88,927
Within a period of more than one year but not more than two years	44,710	90,777
Within a period of more than two years but not more than five years	61,419	223,416
Within a period of more than five years	226,759	584,566
	371,364	987,686
Less: Amount due for settlement with 12 months shown under current liabilities	(38,477)	(88,927)
Amount due for settlement after 12 months shown under non-current liabilities	332,887	898,759

The weighted average incremental borrowing rates applied to lease liabilities is 5.34% (2020: 5.38%).

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

32. DEFERRED TAXATION

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

	2021 **RMB'000**	2020 RMB'000
Deferred tax assets	**29,264**	142,212
Deferred tax liabilities	**(841)**	(48,560)
	28,423	93,652

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

	Fair value adjustments on acquisitions RMB'000	**Unrealised profits on plant and equipment** RMB'000	**Others** RMB'000	**Total** RMB'000
At 1 January 2020	5,674	(155,461)	50,373	(99,414)
Charge (credit) to profit or loss	295	5,186	(3,642)	1,839
Disposal of solar power plant projects	—	15,409	(11,486)	3,923
At 31 December 2020	5,969	(134,866)	35,245	(93,652)
Charge (credit) to profit or loss	—	18,116	(767)	17,349
Disposal of solar power plant projects	(5,969)	87,486	(33,637)	47,880
At 31 December 2021	**—**	**(29,264)**	**841**	**(28,423)**

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

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to RMB149,930,000 (2020: RMB2,340,768,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. During the current year, withholding tax of RMB920,000 (2020: RMB14,578,000) are charged to profit or loss for the dividends declared and paid by the PRC subsidiaries of RMB18,400,000 (2020: RMB291,560,000).

32. DEFERRED TAXATION *(continued)*

At the end of the reporting period, the Group has unused tax losses of approximately RMB1,813,977,000 (2020: RMB1,441,925,000) available for offset against future profits. Unrecognised tax losses of approximately RMB6,959,000 (2020: RMB393,000) was disposed together with the disposal of subsidiaries during the year ended 31 December 2021. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB1,605,786,000 (2020: RMB1,233,734,000) will expire from 2022 to 2026 (2020: 2021 to 2025) and other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary difference mainly in respect of impairment of certain assets in aggregate of approximately RMB763,448,000 (2020: RMB1,575,292,000). No deferred tax asset has been recognised to the deductible temporary difference as it is not probable that tax profit will be available against which the deductible temporary difference can be utilised.

33. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.00416 each		
Authorised:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	36,000,000,000	150,000
Issued and fully paid		
At 1 January 2020, 31 December 2020 and 1 January 2021	19,073,715,441	79,474
Issue of shares on placement (Note)	2,000,000,000	8,320
31 December 2021	21,073,715,441	87,794

	2021	2020
	RMB'000	RMB'000
Shown in the financial statements as	**73,629**	66,674

Note:

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

34. PERPETUAL NOTES

On 18 November 2016, Nanjing GCL New Energy (as defined in note 48(a)), an indirect wholly-owned subsidiary, entered into a perpetual notes agreement with 保利協鑫(蘇州)新能源有限公司 GCL-Poly (Suzhou) New Energy Co., Ltd.* ("GCL-Poly (Suzhou)"), 江蘇協鑫矽材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd.* ("Jiangsu GCL"), 蘇州協鑫光伏科技有限公司 Suzhou GCL Photovoltaic Technology Co., Ltd.* ("Suzhou GCL") and 太倉協鑫光伏科技有限公司 Taicang GCL Photovoltaic Technology Co., Ltd.* ("Taicang GCL") (together, the "Lenders"). Each of the Lenders is a wholly-owned subsidiary of GCL-Poly. Nanjing GCL New Energy issued perpetual notes of RMB800,000,000 and RMB1,000,000,000 in November and December 2016, respectively and key terms are as follows:

* English name for identification only

(a) Interest rate

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

(b) Maturity date

There is no maturity date.

(c) Repayment terms

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

(d) Classification of perpetual notes

The perpetual notes are classified as equity instruments in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by Nanjing GCL New Energy to the holders are recognised in equity in the consolidated financial statements of the Group. During the year ended 31 December 2021, profit and total comprehensive income of RMB207,786,000 (2020: RMB166,822,000) was attributable to perpetual notes holders in accordance with the terms of the agreement. The entire distribution payment of RMB207,786,000 for the year ended 31 December 2021 (2020: RMB166,822,000) were deferred by the Group.

35. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

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

On 26 February 2021 and 3 November 2021, the Company granted 370,516,200 and 60,500,000 share options to the employees and directors under the Scheme respectively. Each share option entitles the holder to subscribe for one share of HK$0.00416 and HK$0.00416 of the Company at an exercise price of HK$0.384 and HK$0.357 respectively. The contractual life of these share options is the period from the date on which an option certificate is issued after acceptance by the grantees and expiring on 25 February 2031 and 2 November 2031 respectively. Further details are set out in the Company's announcement dated 26 February 2021 and 3 November 2021 respectively.

The following table discloses the terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

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

35. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Equity-settled share option scheme *(continued)*

The options outstanding at 31 December 2021 had a weighted average remaining contractual life of 8.23 years (2020: 4.13 years).

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

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

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

35. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Equity-settled share option scheme *(continued)*

At 31 December 2021, the number of shares in respect of which had been granted under the New Share Option Scheme and remained outstanding was approximately 545,321,748 (2020: 442,430,898) shares, representing 2.6% (2020: 2.3%) of the issued share capital of the Company at that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The following table discloses movements of the Company's share options:

2021

				Number of share options			
	Exercise price	Date of grant	Exercise period	Outstanding at 1 January 2021	During the year Granted	During the year Forfeited	Outstanding at 31 December 2021
Directors (including Mr. Sha Hongqiu) *(Note)*	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	–	(58,382,800)	–
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	24,460,380	–	(16,407,580)	8,052,800
	HK$0.357	3.11.2021	3.11.2021-2.11.2031	–	60,500,000	–	60,500,000
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	194,797,232	–	(142,454,032)	52,343,200
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	164,790,486	–	(91,278,488)	73,511,998
	HK$0.384	26.2.2021	26.2.2021-25.2.2031	–	370,516,250	(19,602,500)	350,913,750
				442,430,898	431,016,250	(328,125,400)	545,321,748
Exercisable at 1 January 2021/31 December 2021				253,180,032			52,343,200
Weighted average exercise price *(HK$)*				0.9344	0.3802	0.9439	0.4906

Note: While Mr. Sha Hongqiu retired from office as a non-executive Director with effect from the conclusion of the annual general meeting of the Company held on 17 June 2020, his share options remain exercisable under the Share Option Scheme.

35. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Equity-settled share option scheme *(continued)*

2020

	Exercise price	Date of grant	Exercise period	Number of share options: Outstanding at 1 January 2020	During the year Forfeited	Outstanding at 31 December 2020
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	40,565,980	(16,105,600)	24,460,380
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	214,929,232	(20,132,000)	194,797,232
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	194,183,206	(29,392,720)	164,790,486
				508,061,218	(65,630,320)	442,430,898
Exercisable at 1 January 2020/31 December 2020				273,312,032		253,180,032
Weighted average exercise price *(HK$)*				0.9147	0.7820	0.9344

During the current year, share-based payment expense of RMB20,718,000 (2020: RMBnil) has been recognised in profit or loss. In addition, share options granted to certain Directors and employees have been forfeited during both years, and respective share options reserve of approximately RMB126,175,000 (2020: RMB22,309,000) is transferred to the Group's accumulated losses.

36. Material acquisition of additional interest in subsidiaries

During the year ended 31 December 2021, the Group entered into equity transfer agreements with the non-controlling shareholders to acquire additional equity interest of 7.18% in Suzhou GCL New Energy Investment Co., Ltd. ("Suzhou GCL New Energy") and 19% in Shicheng GCL at consideration of RMB1,485,533,000 and RMB101,039,000 respectively. The difference between the considerations to acquire additional equity interest in above subsidiaries and the relevant carrying amount of non-controlling interest is recognized in special reserve in consolidated statement of changes in equity.

37. DISPOSAL OF SUBSIDIARIES

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:–

(i) Disposal groups classified as held for sale as at 31 December 2020

(a) Hua Neng Phase 2

On 29 September 2020, the Group entered into six 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, Huixian City GCL, Qixian GCL, Ruyang GCL, Baotou Zhonglitenghui, Ningxia Zhongwei at an aggregate consideration of RMB576,001,000 and the repayment of corresponding interest in shareholder's loan as at the date of disposals (the "Disposal Date B"). The Group and Hubei Macheng mutually agreed to reduce the consideration from RMB576,001,000 to RMB567,439,000 during the year ended 31 December 2021. The subsidiaries operate solar power plant projects with an aggregate capacity of 403MW in Henan, the PRC ("the Project A").

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

The Group has granted a put option to Hua Neng No.1 Fund and Hua Neng No.2 Fund, pursuant to which the Group has agreed that if the Project A fails to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the disposal date during the four-year period after the disposal or the operation of the Project A is disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the Group shall repurchase the entire equity interest in the Project A from Hua Neng No.1 Fund and Hua Neng No.2 Fund at a repurchase price which is the higher of (1) equity value of the Project A assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the share transfer agreements, together with any outstanding shareholder's loan advanced to the Project A by Hua Neng No.1 Fund and Hua Neng No.2 Fund. As the Project A has already registered in the List and receipt of tariff adjustment receivables is stable, in the opinion of the Directors, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the disposal date and therefore, the possibility regarding the occurrence of the specified events as stipulated in the share transfer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at 31 December 2021 is considered as insignificant.

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– *(continued)*

(i) Disposal groups classified as held for sale as at 31 December 2020 (continued)

(b) Hefei Jiannan & Hefei Jiuyang

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

The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng were completed during the year ended 31 December 2020 with an aggregate consideration of RMB166,476,000. During the year ended 31 December 2021, the disposals of Hefei Jiannan and Hefei Jiuyang with an aggregate consideration of RMB102,791,000 were completed.

(c) Zhenglanqi

On 4 December 2020, the Group entered into a share transfer agreement with Beijing United Rongbang to disposal of all of its 99.2% equity interests in Zhenglanqi at an aggregate consideration of RMB211,100,000 and the repayment of interest in shareholder's loan as at the date of disposal. During the year ended 31 December 2020, RMB79,000,000 has been received and recognised as other payables as at 31 December 2020. The Group and Beijing United Rongbang mutually agreed to reduce the consideration from RMB211,100,000 to RMB209,600,000. Zhenglanqi has a solar power plant project with installed capacity of approximately 50MW in Inner Mongolia, the PRC.

(d) Shenmu Guotai

On 10 December 2020, the Group entered into an agreement with Shanghai Lujing and 陝西省神木縣國祥綠化生態有限公司 Shaanxi Shenmu Guoxiang Green Ecology Co., Ltd.* ("Shenmu Guoxiang"). Pursuant to the agreement, Shanghai Lujing and Shenmu Guoxiang transferred their equity interests (i.e. 20%) in Shenmu County Jingdeng to the Group and the Group transferred its controlling right (i.e. 80% equity interest) in Shenmu Guotai. The transaction has been completed on Jan 2021. After the completion of the transaction, the Group holds 100% of equity interests in Shenmu County Jingdeng and has no any equity interests in Shenmu Guotai.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– *(continued)*

(ii) Five subsidiaries in Anhui

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

(iii) Hua Neng Phase 3

On 19 November 2020, the Group entered into fourteen share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its 100% equity interest in twelve wholly-owned subsidiaries, namely Baoying Xinyuan Photovoltaic Power Co., Ltd.* ("Baoying Xinyuan"), Lianshui Xinyuan Photovoltaic Power Co., Ltd.* ("Lianshui Xinyuan"), Lanxi Jinrui Photovoltaic Power Co., Ltd.* ("Lanxi Jinrui"), Zhongli Tenghui Hainan Electric Power Co., Ltd.* ("Zhongli Tenghui"), Delingha Energy Power Co., Ltd.* ("Delingha Energy"), Gaotang County GCL Jinghui Photovoltaic Co., Ltd.* ("Gaotang County GCL"), Hetian GCL Photovoltaic Power Co., Ltd.* ("Hetian GCL"), Liaocheng Xiechang Photovoltaic Power Co., Ltd.* ("Liaocheng Xiechang"), Yanbian Xinneng Photovoltaic Power Co., Ltd.* ("Yanbian Xinneng"), Delingha Century Concord Photovoltaic Power Co., Ltd.* ("Delingha Century Concord"), Delingha Shidai New Energy Power Co., Ltd.* ("Delingha Shidai"), Hainanzhou Shineng Photovoltaic Power Co., Ltd.* ("Hainanzhou Shineng"), 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 B"). The Group and Hua Neng No.1 Fund and Hua Neng No.2 Fund mutually agreed to reduce the consideration from RMB666,654,000 to RMB572,003,000 during the year ended 31 December 2021. The subsidiaries operate solar power plant projects with in aggregate capacity of 430MW in Yangzhou, Qinghai, Xinjiang, Shandong, Zhejiang and Sichuan, the PRC (the "Project B").

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– *(continued)*

(iii) Hua Neng Phase 3 (continued)

During the year ended 31 December 2021, the disposals of Baoying Xinyuan, Lianshui Xinyuan, Lanxi Jinrui, Zhongli Tenghui, Delingha Energy, Hetian GCL, Liaocheng Xiechang, Yanbian Xinneng, Yili GCL, Delingha Century Concord, Delingha Shidai, Hainanzhou Shineng with an aggregate consideration of RMB572,003,000 were completed. The disposals of Gaotang County GCL and Yuncheng Xinhua have been cancelled.

The Group has granted a put option to Hua Neng No.1 Fund and Hua Neng No.2 Fund, pursuant to which the Group has agreed that if the Project B fails to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date B during the four-year period after the Disposal Date B, or the operation of the Project B is disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the Group shall repurchase the entire equity interest in the Project B from Hua Neng No.1 Fund and Hua Neng No.2 Fund at a repurchase price which is the higher of (1) equity value of the Project B assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the share trans-fer 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 trans-fer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at 31 December 2021 is considered as insignificant.

(iv) Six Subsidiaries in Henan

On 31 March 2021, the Group entered into six share transfer agreements with Three Gorges to dispose of its 100% equity interest in four wholly-owned subsidiaries, namely Sanmenxia Xie Li Solar Power Co., Ltd.* ("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 Group and Three Gorges mutually agreed to reduce the consideration from RMB364,650,000 to RMB342,796,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 321MW in Henan, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– *(continued)*

(v) Ceheng Solar and Liuzhi GCL

On 30 April 2021, the Group entered into two 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 RMB225,560,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with an aggregate capacity of 134MW in Guizhou, the PRC.

(vi) Six subsidiaries in Hubei and Jiangxi

On 24 June 2021, the Group entered into six share transfer agreements with Chongqing Lvxin to dispose of its 100% equity interest in four wholly-owned subsidiaries namely, Shiyan Yunneng, Jingshan GCL, Jingshan Xinhui and Shanggao County Lifeng, its 70% equity interest in Shicheng GCL and its 51% equity interest in Anfu GCL, at an aggregate consideration of RMB275,264,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Chongqing Lvxin mutually agreed to reduce the consideration from RMB275,264,000 to RMB272,864,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 149MW in Hubei and Jiangxi, the PRC.

(vii) Yongcheng Xin Neng

On 7 May 2021, the Group entered into 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 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.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– *(continued)*

(viii) Seven Subsidiaries in Yunnan

On 25 June 2021, the Group entered into seven 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*, 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 Group and Three Gorges mutually agreed to reduce the consideration from RMB218,960,000 to RMB216,330,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 229MW in Yunnan, the PRC.

(ix) Sixteen Subsidiaries in Jiangsu

On 21 July 2021, the Group entered in a series of sixteen share transfer agreements with 宜興和創新能源有限公司 Yixing Hechuang New Energy Co., Ltd.* ("Yixing Hechuang") to dispose of its equity interests in Funing Xinyuan Photovoltaic Power Co., Ltd.*, Guanyun GCL Photovoltaic Power Co., Ltd.*, Donghai GCL Photovoltaic Power Co., Ltd.*, Peixian Xinri Photovoltaic Power Co., Ltd.*, Xuzhou Xinhui Photovoltaic Power Co., Ltd.*, Huaian Xinyuan Photovoltaic Power Co., Ltd.*, Huaian Ronggao Photovoltaic Power Generation Co., Ltd.*, Zhenjiang Xinli Photovoltaic Power Co., Ltd.*, Zhenjiang Xinlong Photovoltaic Power Co., Ltd.*, Zhangjiagang GCL Photovoltaic Power Co., Ltd.*, Nantong GCL New Energy Co., Ltd.*, Lianyungang Xinzhong Photovoltaic Power Co., Ltd.*, Xinyi Xinri Photovoltaic Power Co., Ltd.*, Jurong Xinda Photovoltaic Power Generation Co., Ltd.*, Nanjing Xinri Photovoltaic Power Generation Co., Ltd.* and Baoying GCL Photovoltaic Power Co., Ltd.* the subsidiaries, at an aggregate consideration of RMB481,314,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. The Group and Yixing Hechuang mutually agreed to reduce the consideration from RMB481,314,000 to RMB475,983,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 50MW in Jiangsu, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– *(continued)*

(x) Yanyuan Baiwu New Energy Technology Co., Ltd. ("Yanyuan Baiwu")*

On 12 July 2021, the Group entered into an agreement with Hunan Xinhua to sell its equity interests in Yanyuan Baiwu* at a consideration of RMB170,387,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. The subsidiaries operate solar power plant projects with an aggregate capacity of 50MW in Sichuan, the PRC.

(xi) Five subsidiaries in Hunan

On 27 August 2021 and 1 September 2021, the Group entered into six share transfer agreements with Guizhou West Power to dispose of its 100% equity interest in five wholly-owned subsidiaries, namely Taoyuan Xinhui Photovoltaic Power Co., Ltd.*, Taoyuan Xinneng Photovoltaic Power Co., Ltd.*, Taoyuan Xinyuan Photovoltaic Power Co., Ltd.*, Yongzhou Xiexin Photovoltaic Power Co., Ltd.* and Changsha Xinjia Photovoltaic Power Co., Ltd.* at an aggregate consideration of RMB118,161,000 and the repayment of interest in shareholder's loan as at the date of disposals. The Group and Guizhou West Power mutually agreed to reduce the consideration from RMB118,161,000 to RMB102,300,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 101MW in Hunan, the PRC.

(xii) Four subsidiaries in Shaanxi

On 1 April 2021, the Group entered into four share transfer agreements with Three Gorges to dispose of its 98.4% equity interest in Jingbian GCL, its 80.3514% equity interest in Hengshan Jinghe and its 100% equity interest in two wholly-owned subsidiaries, namely Yulin Longyuan and Yulin Yushen at an aggregate consideration of RMB1,250,207,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The Group and Three Gorges mutually agreed to reduce the consideration from RMB1,250,207,000 to RMB1,249,997,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 469MW in Shaanxi, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– *(continued)*

(xiii) Four subsidiaries in Shaanxi

On 30 August 2021, the Group entered into four share transfer agreements with 寧夏含光新能源有限公司 Ningxia Hanguang New Energy Co., Ltd.* ("Ningxia Hanguang") to dispose of its 100% equity interests in Shenmu Pingyuan Power Co., Ltd.* ("Shenmu Pingyuan"), Shenmu Pingxi Power Co., Ltd.* ("Shenmu Pingxi"), Shenmu County Jingdeng and Xixian New District at an aggregate consideration of RMB270,934,000 and repayment of corresponding interest in shareholder' loan as at the date of disposal. The Group and Ningxia Hanguang mutually agreed to reduce the consideration from RMB270,934,000 to RMB267,929,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 271MW in Shaanxi, the PRC. The disposals of 90% of Shenmu County Jingdeng and Xixian New District was completed in October 2021. The disposals of 90% of Shenmu Pingyuan and Shenmu Pingxi was completed in November 2021. The disposals of all above companies were completed during the year ended 31 December 2021.

(xiv) Shenmu Jingfu and Shenmu Jingpu

On 13 September 2021, the Group entered into two share transfer agreements with Ningxia Hanguang to dispose of its 100% equity interest in two wholly-owned subsidiaries, namely Shenmu Jingfu and Shenmu Jingpu at an aggregate consideration of RMB215,576,000. The Group and Ningxia Hanguang mutually agreed to reduce the consideration from RMB215,576,000 to RMB213,173,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 198MW in Shaanxi, the PRC. The disposals of 90% of Shenmu Jingfu and Shenmu Jingpu were completed during the year ended 31 December 2021.

(xv) Others

(a) Jingbian County

On 1 April 2021, the Group entered into a share transfer agreement with Three Gorges to dispose of its 99.6353% equity interest in Jingbian County, at a consideration of RMB72,036,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. Jingbian County operates a solar power plant project with a capacity of 42MW in Shaanxi, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– *(continued)*

(xv) Others (continued)

(b) Zhenyuan County Xuyang

On 5 May 2021, the Group entered into 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.* to dispose of its 100% equity interest in a wholly-owned subsidiary, namely Zhenyuan County Xuyang New Energy Technologies Co., Ltd.* ("Zhenyuan County Xuyang"), at a consideration of RMB22,500,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. Zhenyuan County Xuyang operates a solar power plant project with a capacity of 20MW in Gansu, the PRC.

(c) Ceheng Jingzhun and Luodian GCL

On 26 April 2021, the Group entered into two 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 Group and State Power Investment Corporation Guizhou Jinyuan Weining mutually agreed to reduce the consideration from RMB35,228,000 to RMB14,500,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 70MW in Guizhou, the PRC.

(d) Dingan GCL and Suixi GCL

On 26 April 2021, the Group entered into two 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 RMB117,723,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with an aggregate capacity of 57MW in Hainan and Guangdong, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– *(continued)*

(xv) Others (continued)

(e) Hai Nan Yi Cheng and Yingde GCL

On 30 April 2021, the Group entered into two 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 Group and Jinyuan New Energy mutually agreed to reduce the consideration from RMB91,051,000 to RMB89,301,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 48MW in Guizhou, the PRC.

(f) Nanjing GCL

On 25 January 2021, the Group entered into 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.

(g) Wulate Houqi Yuanhai

On 29 January 2021, the 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, at a consideration of RMB52,550,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. The Group and Beijing United Rongbang mutually agreed to reduce the consideration from RMB52,550,000 to RMB38,050,000. The subsidiary operates solar power plant project with a capacity of 53MW in Inner Mongolia, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– *(continued)*

(xv) Others (continued)

(h) Haifeng County GCL and Anlong Maoan

On 21 May 2021, the Group entered into two share transfer agreements with 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 Group and Guizhou West Power mutually agreed to reduce the consideration from RMB82,264,000 to RMB79,189,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 131MW in Guangdong and Guizhou, the PRC.

(i) Eshan GCL

On 5 July 2021, the Group entered into an agreement with Guizhou West Power to sell its equity interests in Eshan GCL Solar Power Generation Company Limited* ("Eshan GCL") at a consideration of RMB43,100,000 and repayment of corresponding interest in shareholder's loan as at the date of disposal. The Group and Guizhou West Power mutually agreed to reduce the consideration from RMB43,100,000 to RMB40,236,000.The subsidiaries operate solar power plant projects with an aggregate capacity of 50MW in Yunnan, the PRC.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) During year ended 31 December 2021, the Group completed following disposal of subsidiaries:– *(continued)*

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

	Disposal groups classified as held for sale RMB'000 Note (i)	Five subsidiaries in Anhui RMB'000 Note (ii)	Hua Neng Phase 3 RMB'000 Note (iii)	Six subsidiaries in Henan RMB'000 Note (iv)	Ceheng Solar and Liuzhi GCL RMB'000 Note (v)	Six subsidiaries in Hubei and Jiangxi RMB'000 Note (vi)	Yong-cheng Xin Neng RMB'000 Note (vii)	Seven subsidiaries in Yunnan RMB'000 Note (viii)	Sixteen subsidiaries in Jiangsu RMB'000 Note (ix)	Yanyuan Baiwu RMB'000 Note (x)	Five subsidiaries in Hunan RMB'000 Note (xi)	Four subsidiaries in Shaanxi RMB'000 Note (xii)	Four subsidiaries in Shaanxi RMB'000 Note (xiii)	Shenmu Jingfu and Shenmu Jingpu RMB'000 Note (xiv)	Others RMB'000 Note (xv)	Total RMB'000
Consideration:																
Consideration received during:																
– current year	683,315	307,898	572,003	342,796	225,560	272,864	166,584	154,926	429,417	170,387	55,037	1,249,997	267,929	213,173	419,128	5,531,014
– prior year	79,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–	79,000
Consideration receivable	–	–	–	–	–	–	–	61,404	46,566	–	47,263	–	–	–	67,407	222,640
Deemed consideration received	19,979	–	–	–	–	–	–	–	–	–	–	–	–	–	–	19,979
	782,294	307,898	572,003	342,796	225,560	272,864	166,584	216,330	475,983	170,387	102,300	1,249,997	267,929	213,173	486,535	5,852,633
Property, plant and equipment	2,558,959	1,226,309	2,002,740	1,407,267	648,228	734,225	376,481	1,281,229	1,578,834	184,958	519,518	3,386,299	1,441,853	1,178,333	2,626,754	21,151,987
Right-of-use assets	75,051	42,848	80,716	148,369	18,677	22,015	31,409	35,703	161,907	18,805	15,914	91,725	62,011	–	118,677	923,827
Other non-current assets	81,784	52,066	95,592	123,231	32,543	52,497	39,000	33,808	101,868	2,286	28,959	80,278	100,746	56,140	54,508	935,306
Deferred tax assets	–	2,704	6,299	13,575	6,599	6,891	3,762	6,159	8,393	–	–	10,245	–	155	22,704	87,486
Trade and other receivables	718,055	563,855	1,219,233	761,080	277,233	253,267	164,788	478,812	1,241,982	192,584	210,043	1,932,128	635,164	600,019	952,942	10,201,185
Pledged bank deposits	43,882	–	–	–	–	–	–	–	–	–	–	–	–	–	–	43,882
Bank balances and cash	48,018	69,003	29,376	56,063	4,036	23,047	11,540	16,712	86,452	42,445	16,945	694,173	73,073	50,659	78,279	1,299,821
Other payables	(154,844)	(754,899)	(94,928)	(49,022)	(313,680)	(258,193)	(165,594)	(224,256)	(91,760)	(87,907)	(308,378)	(71,956)	(198,174)	(191,708)	(1,641,547)	(4,606,846)
Bank and other borrowings	(1,712,866)	(813,260)	(2,420,787)	(2,408,941)	(491,764)	(493,442)	(327,084)	(1,268,585)	(2,484,764)	(208,000)	(291,215)	(5,023,704)	(1,793,179)	(1,328,291)	(1,490,063)	(22,555,945)
Lease liabilities	(51,858)	(42,355)	(44,755)	(145,651)	(16,038)	(16,635)	(36,793)	(17,224)	(170,946)	–	(16,750)	(20,101)	(15,305)	–	(52,472)	(646,883)
Deferred tax liabilities	–	(866)	(28,518)	(3,248)	(302)	(1,664)	(550)	–	–	(501)	(638)	–	(1,004)	–	(2,315)	(39,606)
Intragroup balances	(820,206)	–	(306,677)	388,373	–	–	–	(9,627)	–	–	–	–	–	–	3,962	(744,175)
Net assets disposed of	785,975	345,405	538,291	291,096	165,532	322,008	96,959	332,731	431,966	144,670	174,398	1,079,087	305,185	365,307	671,429	6,050,039
Gain on disposal of subsidiaries:																
Total consideration, net of transaction cost	782,294	307,898	572,003	342,796	225,560	272,864	166,584	216,330	475,983	170,387	102,300	1,249,997	267,929	213,173	486,535	5,852,633
Non-controlling interest	4,721	–	26,861	–	–	73,780	–	19,802	–	–	–	–	19,979	–	–	145,143
Fair value residual interest	9,220	25,234	–	–	–	600	–	–	–	–	–	59,181	23,655	18,834	208	136,932
Net assets disposed of	(785,975)	(345,405)	(538,291)	(291,096)	(165,532)	(322,008)	(96,959)	(332,731)	(431,966)	(144,670)	(174,398)	(1,079,087)	(305,185)	(365,307)	(671,429)	(6,050,039)
(Loss) gain on disposal	10,260	(12,273)	60,573	51,700	60,028	25,236	69,625	(96,599)	44,017	25,717	(72,098)	230,091	6,378	(133,300)	(184,686)	84,669
Net cash inflow (outflow) arising from disposal:																
Cash consideration received	762,315	307,898	572,003	342,796	225,560	272,864	166,584	154,926	429,417	170,387	55,037	1,249,997	267,929	213,173	419,128	5,610,014
Less: bank balances and cash disposed of	(48,018)	(69,003)	(29,376)	(56,063)	(4,036)	(23,047)	(11,540)	(16,712)	(86,452)	(42,445)	(16,945)	(694,173)	(73,073)	(50,659)	(78,279)	(1,299,821)
	714,297	238,895	542,627	286,733	221,524	249,817	155,044	138,214	342,965	127,942	38,092	555,824	194,856	162,514	340,849	4,310,193

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) During year ended 31 December 2020, the Group completed following disposal of subsidiaries:–

(i) Six subsidiaries in Ningxia, Xinjiang and Jiangxi

On 21 January 2020, the Group entered into six share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its entire equity interests in six wholly-owned subsidiaries, namely Yugan County GCL New Energy Limited, Ningxia Jinxin Photovoltaic Electric Power Co., Ltd., Ningxia Luhao Photovoltaic Power Generation Company Limited, Hami Ourui Power Generation Company Limited, Hami Yaohui Photovoltaic Company Limited, Ningxia Jinli Photovoltaic Electric Power Co., Ltd. at a cash consideration in aggregate of RMB850,500,000 and the repayment of corresponding interest in shareholder's loan as at the date of completion of disposals. The subsidiaries operate solar power plant projects with in aggregate capacity of 294MW in Ningxia, Xinjiang and Jiangxi, the PRC (the "Project A") and the disposals were completed in the second half of 2020 (the "Disposal Date A").

The Group has granted a put option to Hua Neng No.1 Fund and Hua Neng No.2 Fund, pursuant to which the Group has agreed that if the Project A fail to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at the Disposal Date A during the four-year period after the Disposal Date A, or the operation of the Project A are disrupted for more than six months due to the reasons stipulated in the share transfer agreements, the Group shall repurchase the entire equity interest in the Project A from Hua Neng No.1 Fund and Hua Neng No.2 Fund at a repurchase price which is the higher of (1) equity value of the Project A assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the share transfer agreements, together with any outstanding shareholder's loan advanced to the Project A by Hua Neng No.1 Fund and Hua Neng No.2 Fund. As the Project A has already registered in the List and receipt of tariff adjustment receivables are stable, in the opinion of the Directors, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date A and therefore, the possibility regarding the occurrence of the specified events as stipulated in the share transfer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at Disposal Date A and 31 December 2020 is considered as insignificant.

(ii) Two subsidiaries in Henan

As disclosed in note 26(b(i)), the Group entered into six share transfer agreements dated 29 September 2020 with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its 100% equity interests in six wholly-owned subsidiaries. The disposals of Huixian City GCL and Qixian GCL with a cash consideration in aggregate of RMB117,515,000 were completed in the second half of 2020.

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) During year ended 31 December 2020, the Group completed following disposal of subsidiaries:– *(continued)*

(iii) Three subsidiaries in Anhui

As disclosed in note 26(b(ii)), the Group entered into five share transfer agreements dated 16 November 2020 with Xuzhou State Investment to dispose of its 90% equity interests in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and Hefei Jiuyang and 67% equity interests in Dangshan Xinneng. The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng with a cash consideration in aggregate of RMB170,870,000 were completed as at 31 December 2020. The Group retains 10% equity interest in each of Suzhou GCL Solar Power and Huaibei Xinneng after the disposals and exercises significant influence, accordingly, these two companies are accounted for as associates. The Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB170,870,000 to RMB166,476,000 during the current year.

(iv) Four subsidiaries in Guangxi and Hainan

The Group entered into four share transfer agreements dated 10 December 2020 with State Power Investment to dispose all of its 100%, 70.36%, 67.95% and 100% equity interests in Nanning Jinfu Electric Power Company Limited, Qinzhou Xinjin Photovoltaic Power Company Limited, Shanglin GCL Solar Power Co., Ltd, Hainan Tianlike New Energy Project Investment Company Limited, at a cash consideration in aggregate of RMB291,300,000. The subsidiaries operate solar power plant projects with in aggregate capacity of 185MW in Guangxi and Hainan, the PRC and the disposals were completed in the second half of 2020. The Group and State Power Investment mutually agreed to reduce the consideration from RMB291,300,000 to RMB281,075,000 during the current year.

(v) Two subsidiaries in Anhui and Jiangsu

The Group entered into two share transfer agreements dated 21 January 2020 with 中核(南京)能源發展有限公司 CNI (Nanjing) Energy Development Company Limited* to dispose of its entire equity interest in Fuyang Hengming Photovoltaic Power Company Limited and Zhen Jiang GCL New Energy Company Limited at a cash consideration in aggregate of RMB77,476,000. The subsidiaries operate solar power plant projects with in aggregate capacity of 40MW in Anhui and Jiangsu, the PRC.

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) During year ended 31 December 2020, the Group completed following disposal of subsidiaries:– *(continued)*

(vi) Jinhu

The Group entered into a share transfer agreement dated 29 June 2020 with CDB New Energy to disposal of its 75% equity interests in Jinhu for a cash consideration in aggregate of RMB136,624,000. Jinhu has a solar power plant project with installed capacity of approximately 100MW in operation. The Group retains 25% equity interest in Jinhu after the disposal and exercises significant influence, accordingly, Jinhu is accounted for as an associate as at 31 December 2020.

(vii) Xinao

The Group entered into a share transfer agreement dated 21 August 2020 with State Power Investment and Guangxi Jinyuan to dispose of its 60% equity interests in Xinao for a cash consideration in aggregate of RMB1,199,000. Xinao is an inactive company established in the PRC. The Group retains 40% equity interest in Xinao upon the disposal and retains significant influence, and accordingly, Xinao is accounted for as an associate as at 31 December 2020.

(viii) Fengyang

On 21 August 2019, the Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interests in Fengyang GCL Photovoltaic Power Company Limited* ("Fengyang") at a cash consideration of RMB2,000,000.

(ix) Yulin

On 22 September 2020, The Group entered into a share transfer agreement with an independent third party. Pursuant to the agreement, the Group agreed to sell 100% equity interest of Yulin Hua Xin New Energy Management Limited ("Yulin") at a cash consideration of RMB500,000.

* *English name for identification only*

37. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) During year ended 31 December 2020, the Group completed following disposal of subsidiaries:– *(continued)*

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

	Six subsidiaries in Ningxia, Xinjiang and Jiangxi RMB'000 *(Note i)*	Two subsidiaries in Henan RMB'000 *(Note ii)*	Three subsidiaries in Anhui RMB'000 *(Note iii)*	Four subsidiaries in Guangxi and Hainan RMB'000 *(Note iv)*	Two subsidiaries in Anhui and Jiangsu RMB'000 *(Note v)*	Jinhu RMB'000 *(Note vi)*	Xinao RMB'000 *(Note vii)*	Fengyang RMB'000 *(Note viii)*	Yulin RMB'000 *(Note ix)*	Total RMB'000
Consideration:										
Consideration received	821,378	–	166,476	174,780	48,876	129,632	–	–	–	1,341,142
Consideration receivable	29,122	117,515	–	106,295	28,600	6,992	1,199	2,000	500	292,223
	850,500	117,515	166,476	281,075	77,476	136,624	1,199	2,000	500	1,633,365
Analysis of assets and liabilities over which control was lost:										
Property, plant and equipment *(note 15)*	1,813,053	426,314	746,968	881,849	226,649	611,040	1,579	1,419	14,158	4,723,029
Right-of-use assets *(note 16)*	9,414	13,677	51,268	30,300	10,387	12,733	2,084	–	–	129,863
Other non-current assets	85,659	8,592	34,576	69,693	9,640	6,146	–	20	106	214,432
Trade and other receivables	640,745	220,237	102,268	455,823	65,303	204,631	1,236	587	1,053	1,691,883
Bank balances and cash	26,014	4,840	74,742	28,968	5,501	28,114	126	25	6,288	174,618
Trade and other payables	(249,981)	(287,227)	(253,249)	(256,619)	(165,916)	–	(267)	(51)	(21,105)	(1,234,415)
Bank and other borrowings	(1,148,881)	(209,000)	(552,634)	(838,872)	(54,770)	(441,570)	–	–	–	(3,245,727)
Lease liabilities	(10,802)	(13,453)	(47,273)	(16,657)	(11,078)	(13,337)	(2,012)	–	–	(114,612)
Intragroup balances	(228,525)	17,251	75,901	43,250	(9,248)	(235,701)	(747)	–	–	(337,819)
Net assets disposed of	936,696	181,231	232,567	397,735	76,468	172,056	1,999	2,000	500	2,001,252
(Loss) gain on disposal of subsidiaries:										
Total consideration, net of transaction cost	828,931	117,515	166,476	281,075	77,476	129,632	1,199	2,000	500	1,604,804
Non-controlling interest	–	–	22,016	97,857	–	–	–	–	–	119,873
Fair value of residual interest	–	–	12,230	–	–	45,541	800	–	–	58,571
Net assets disposed of	(936,696)	(181,231)	(232,567)	(397,735)	(76,468)	(172,056)	(1,999)	(2,000)	(500)	(2,001,252)
(Loss) gain on disposal	(107,765)	(63,716)	(31,845)	(18,803)	1,008	3,117	–	–	–	(218,004)
Net cash inflow (outflow) arising on disposal:										
Cash consideration received	821,378	–	166,476	174,780	48,876	129,632	–	–	–	1,341,142
Less: bank balances and cash disposed of	(26,014)	(4,840)	(74,742)	(28,968)	(5,501)	(28,114)	(126)	(25)	(6,288)	(174,618)
	795,364	(4,840)	91,734	145,812	43,375	101,518	(126)	(25)	(6,288)	1,166,524

38. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which mainly includes amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes and lease liabilities, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, perpetual notes and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 RMB'000	2020 RMB'000
Financial assets		
Amortised cost	**7,355,758**	11,440,541
FVTPL:		
Mandatorily measured at FVTPL	**43,714**	—
Financial liability		
Amortised cost	**7,666,327**	34,807,169

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include other investment, trade and other receivables, amounts due from related companies, pledged bank and other deposits, bank balances and cash, other payables, amounts due to related companies, loans from related companies, bank and other borrowings, bonds and senior notes and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group operates in the PRC, Japan and the US and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB, HK$, US$ and Japanese Yen ("JPY"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
The Group				
HK$	**3,916**	2,388	**189,210**	185,152
US$	**9,550**	12,335	**3,479,861**	4,339,468
Inter-company balances				
RMB	**—**	—	**—**	561
HK$	**95,762**	163,389	**—**	—
US$	**657,460**	621,895	**469,889**	470,280
JPY	**—**	11	**21,495**	15,495

The foreign currency assets in 2021 and 2020 mainly relate to the US$ and HK$ denominated pledged bank and other deposits and bank balances.

The foreign currency liabilities in 2021 and 2020 mainly relate to the US$ and HK$ denominated bonds and senior notes and bank and other borrowings.

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk (continued)

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2020: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2020: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2020: 5%) change in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of the balance is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates a decrease in post-tax loss (2020: a decrease in post-tax loss) and a negative number below indicates an increase in post-tax loss (2020: a increase in post-tax profit), where the functional currency of the respective entities had weakened 5% (2020: 5%) against the relevant foreign currencies. For a 5% (2020: 5%) strengthening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the loss (2020: loss) for the year.

	HK$ RMB'000	**US$** RMB'000	**JPY** RMB'000
2021			
Increase in loss for the year	**(3,738)**	**(133,414)**	**—**
2020			
Increase in loss for the year	(809)	(174,170)	(647)

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to currency risk during the year.

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 31). The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances (see note 25), and the management has considered that the cash flow interest rate risk is limited because the current market interest rates on general deposits are relatively low and stable.

Additionally, certain of the Group's borrowings are issued at variable rates which expose the Group to cash flow interest rate risk. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

The sensitivity analysis below has been determined based on the exposure to cash flow interest rates risks. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. The following represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2021 would have increased/decreased by approximately RMB14,418,000 (2020: RMB80,321,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to interest rate risk during the year.

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, pledged bank and other deposits, bank balances, amounts due from related companies, other receivables and the financial loss to the Group arising from the financial guarantees provided by the Group. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the Group has a credit control policy in place under which credit evaluations of customers are performed on all customers requiring credit. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances collectively.

The Group's concentration of credit risk by geographical locations is mainly the PRC, which accounted for over 99% (31 December 2020: 99%) of the trade receivables as at 31 December 2021.

The trade receivables arising from sales of electricity are mainly due from the local grid companies in various provinces in the PRC. The management considered the probability of default of trade receivables is low by taking into the account of the past default experience of the debtors, adjusted for general economic conditions of the solar industry and an assessment of both current as well as forecast direction of market conditions at the reporting date. Accordingly, the management is of the opinion that the credit risk of trade receivables is limited.

In relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the relevant counterparties are insignificant since the solar power industry is well supported by the PRC government. In addition, as detailed in Note 5, the management are confident that all of the Group's operating power plants are able to be enlisted on the List in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

The Group always measures the loss allowance for trade receivables and contract assets, including those with significant financing component at an amount equal to lifetime ECL. The ECL on trade receivables and contract assets are assessed collectively for debtors which shared credit risk characteristics by reference to external credit ratings, taking into account general economic conditions of the solar power industry, relevant country default risk, and an assessment of both the current as well as the forecast direction at the reporting date.

Based on the average loss rates, the ECL on trade receivables and contract assets is considered to be insignificant.

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Bank balances and pledged bank and other deposits

The credit risks on bank balances and pledged bank and other deposits are limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies in the PRC and Hong Kong.

The Group assessed 12m ECL for bank balances and pledged bank deposits by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances and pledged bank and other deposits is considered insignificant.

Other receivables and amounts due from related companies

For the purpose of impairment assessment of other receivables and amounts due from related companies, the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL of other receivables and amounts due from related parties, after taking into account of the aforesaid factors and the forward looking information that is available without undue cost or effort, and considering the debtors operate in the solar power industry which is well supported by the prevailing government policies, except for the accumulated impairment loss of approximately RMB377,370,000 recognised on other receivables as at 31 December 2021, the management considered the ECL provision for other receivables and amounts due from related companies is insignificant.

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB2,017,854,000 (2020: RMB4,434,770,000) if the guarantees were called upon in entirety, of which RMB477,000,000 (2020: 1,385,008,000) were provided to third parties and RMB1,540,854,000 (2020: RMB3,049,762,000) were provided to related companies (note 44(f)) as at 31 December 2021. The credit risks on financial guarantee contracts provided by the Group were limited as the underlying borrowings were secured by assets of the relevant borrowers.

In addition to those financial guarantees provided to related parties as set out in note 44(f), the Group also provided financial guarantees to certain third parties for certain of their bank and other borrowings as at 31 December 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 right in relation to sales of electricity.

At the end of the reporting period, the Directors have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. The loss allowance is measured at 12m ECL, in the opinion of the Directors, the fair value of the guarantees is considered insignificant at initial recognition, and the ECL as at 31 December 2020 and 2021 are insignificant.

The management considered the ECL provision of financial guarantee contracts is insignificant.

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/ other items
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and other items, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2021 RMB'000	2020 RMB'000
Financial assets at amortised cost						
Amounts due from related companies	24	N/A	Low risk *(Note a)*	12m ECL	287,320	397,825
Pledged bank and other deposits						
— Pledged bank deposits	25	Aa1 to Ba1	Low risk	12m ECL	175,977	402,901
— Pledged other deposits	25	AA+ to Baa3	Low risk *(Note a)*	12m ECL	253,785	341,105
					429,762	744,006
Bank balances and cash	25	AA+ to Ba3	Low risk	12m ECL	586,050	1,143,481
Other receivables and deposits*	20, 21	N/A	Low risk *(Note a)*	12m ECL	4,665,026	1,124,161
		N/A	Loss *(Note d)*	Lifetime ECL credit-impaired	377,370	304,587
					5,042,396	1,428,748
Trade receivables	21	N/A	Low risk *(Note b)*	Lifetime ECL not credit-impaired	1,593,838	7,231,113
Other items						
Contract assets	22	N/A	Low risk *(Note b)*	Lifetime ECL not credit-impaired	41,179	1,233,377
Financial guarantee contracts	39(b), 44(f)	N/A	Low risk *(Note c)*	12m ECL	2,017,854	4,434,770

* The gross carrying amounts disclosed above include the relevant interest receivables which are presented in other receivables.

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes:

a. In determining the ECL of bank balances and pledged bank and other deposits, the Group has taken into account the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit agencies and forward looking information as appropriate. The Group assessed 12m ECL for bank balances and pledged bank and other deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies and the management considers that expected credit loss on bank balances and pledged bank and other deposits are immaterial. In determining the ECL of other receivable and deposits and amounts due from related parties, the Group has taken into account the historical default experience and forward looking information as appropriate. There had been no significant increase in credit risk since initial recognition. The Group has considered the consistently low historical default rate in connection with payments and concluded that the expected credit loss on these balance is immaterial.

b. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items collectively for debtors grouped by internal credit rating.

   As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to the Solar Energy Business. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed collectively within lifetime ECL (not credit-impaired) as at 31 December 2020 and 2021.

   Gross carrying amount

   2021

Internal credit rating	**Average loss rate**	**Trade receivables RMB'000**	**Average loss rate**	**Contract assets RMB'000**
Low risk	**0.18%**	**1,593,838**	**0.59%**	**41,179**

   2020

Internal credit rating	Average loss rate	Trade receivables RMB'000	Average loss rate	Contract assets RMB'000
Low risk	0.24%	7,231,113	0.34%	1,233,377

   The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. During the current year, the Group has recognised reversal of impairment loss on trade receivables and contract assets of approximately RMB7,108,000 (2020: impairment loss of RMB10,000,000) and RMB5,160,000 (2020: impairment loss of RMB5,398,000), respectively.

c. For financial guarantee contracts, the gross carrying amount represents the maximum amount that the Group has guaranteed under the relevant contracts.

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes: (continued)

d. As at 31 December 2021, the Group has recognised full impairment loss on other receivables of approximately RMB377,370,000 (2020: RMB304,587,000) since the Directors considered the two counterparties are in severe financial difficulty.

The following table shows movement in ECL that has been recognised for other receivables.

	Lifetime ECL RMB'000
At 1 January and 31 December 2020	304,587
Changes due to other receivables recognised at 1 January 2021:	
Impairment losses recognised	72,783
At 31 December 2021	377,370

Changes in the loss allowance for other receivables are mainly due to:

	2021 **Increase in lifetime ECL** **Credit-impaired** **RMB'000**	2020 Increase in lifetime ECL Credit-impaired RMB'000
Other receivables with gross carrying amounts of RMB377,370,000 (2020: 304,587,000) defaulted and transferred to credit-impaired	**72,783**	304,587

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

As at 31 December 2021, the Group's current assets exceeded its current liabilities by RMB4,558 million (2020: current liabilities exceeded its current assets by RMB9,230 million) and had bank balances and cash of approximately RMB586 million (2020: RMB1,143 million) against bank and other borrowings, senior notes, loans from related companies and lease liabilities due within one year amounted to approximately RMB1,622 million (2020: RMB16,531 million).

The Group finances its capital intensive operations by short-term and long-term bank and other borrowings and shareholders' equity and perpetual notes.

The Directors are of the opinion that, taking into account the above measures, undrawn banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

Liquidity and interest rate risk tables

	Weighted interest rate %	On demand interest or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2021								
Other payables	—	1,250,391	—	—	—	—	1,250,391	1,250,391
Amounts due to related companies	—	114,220	—	—	—	—	114,220	114,220
Loans from related companies	5.26%	14,811	19,216	—	—	—	34,027	32,325
Bank and other borrowings								
— fixed-rate	6.50%	64,164	21,036	49,752	103,181	8,297	246,430	209,816
— variable-rate	3.46%	194,831	751,462	695,024	1,013,235	514,093	3,168,645	2,883,654
Senior notes	10%	538,239	—	1,076,478	1,812,187	—	3,426,904	3,115,367
Financial guarantee contracts	—	2,017,854	—	—	—	—	2,017,854	—
Subtotal		4,194,510	791,714	1,821,254	2,928,603	522,390	10,258,471	7,605,773
Lease liabilities	5.34%	11,072	33,217	49,588	89,992	329,043	512,912	371,364
Total		4,205,582	824,931	1,870,842	3,018,595	851,433	10,771,383	7,977,137

	Weighted rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2020								
Other payables	—	4,456,480	—	—	—	—	4,456,480	4,456,480
Amounts due to related companies	—	312,194	—	—	—	—	312,194	312,194
Loans from related companies	7.87	—	946,352	156,582	—	—	1,102,934	908,508
Bank and other borrowings								
— fixed-rate	8.75	2,408,863	4,306,675	425,890	605,402	556,674	8,303,504	7,940,409
— variable-rate	5.01	326,158	1,042,145	2,744,767	8,401,437	5,780,461	18,294,968	16,064,113
Senior notes	7.10	3,378,267	—	—	—	—	3,378,267	3,261,099
Financial guarantee contracts	—	6,838,099	—	—	—	—	6,838,099	—
Subtotal		17,720,061	6,295,172	3,327,239	9,006,839	6,337,135	42,686,446	32,942,803
Lease liabilities	5.38	23,902	71,706	107,007	287,955	1,329,491	1,820,061	987,686
Total		17,743,963	6,366,878	3,434,246	9,294,794	7,666,626	44,506,507	33,930,489

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

Liquidity and interest rate risk tables *(continued)*

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

Bank and other borrowings that are repayable on demand due to breach of loan covenants which the cross default clauses in several banks of the Group have been triggered as a result of the Group's involvement in certain litigation cases relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain borrowings, as disclosed in notes 29, are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2021, the aggregate carrying amounts of these bank and other loans amounted to RMB213,125,000 (2020: RMB6,353,413,000). The Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings as a result of breach of financial covenants mentioned above. The Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing power plant projects in exchange for cash proceeds.

The following table details the Group's aggregate principal and interest cash outflows based on scheduled repayments for bank and other borrowings that became repayable on demand due to the aforesaid breach of loan covenants by the Group. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

	Weighted average interest rate	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021	**5.41**	**130,346**	**22,853**	**77,478**	**8,309**	**238,986**	**213,125**
As at 31 December 2020	5.63	1,860,621	765,793	2,831,823	1,654,697	7,112,934	6,353,413

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount was claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considered that it is more likely than not that no amount would be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

39. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value measurements of financial instruments

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the Directors every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

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

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial asset/financial liabilities	Fair value as at 2021 RMB'000	Fair value as at 2020 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Unlisted equity investments measured at financial assets at FVTPL	**43,714**	—	Level 2	Quoted prices from recent transaction price	N/A	N/A

There is no transfer between the different levels of the fair value hierarchy for the year.

(ii) Reconciliation of Level 2 fair value measurements

	Unlisted equity investments measured at financial assets at FVTPL RMB'000
Opening balance	—
Fair value change in profit or loss	—
Additions	43,714
Closing balance	43,714

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payable RMB'000 *(Note 27)*	Amounts due to related companies RMB'000 *(Note 24)*	Loans from related companies RMB'000 *(Note 28)*	Bank and other borrowings RMB'000 *(Note 29)*	Bonds and senior notes RMB'000 *(Note 30)*	Lease liabilities RMB'000 *(Note 31)*	Dividend payable to non-controlling shareholders RMB'000 *(Note 27)*	Total RMB'000
At 1 January 2020	367,154	593,474	1,564,184	30,933,081	3,742,284	1,161,582	225,784	38,587,543
Financing cash flows	(721,518)	14,337	(251,263)	(3,447,077)	(539,575)	(81,253)	(44,750)	(5,071,099)
Operating cash flows	–	(1,773)	–	–	–	–	–	(1,773)
Non-cash and other transactions:								
Exchange alignment on translation	–	–	2,103	(105,762)	(207,927)	(3,880)	–	(315,466)
Finance costs	535,139	–	31,189	1,554,119	266,317	63,606	–	2,450,370
Interest capitalisation	12,810	–	–	–	–	–	–	12,810
Disposal of subsidiaries	(11,841)	–	(87,970)	(3,169,896)	–	(114,612)	–	(3,384,319)
Dividend declared	–	–	–	–	–	–	52,643	52,643
Set off with amounts due from associates	–	(293,844)	(62,994)	–	–	–	–	(356,838)
Set off with advance to non-controlling interests	–	–	–	–	–	–	(2,796)	(2,796)
Non-cash settlement of discounted bills	–	–	–	(209,706)	–	–	–	(209,706)
New leases entered	–	–	–	–	–	62,542	–	62,542
Lease terminated	–	–	–	–	–	(48,441)	–	(48,441)
Set off with amount due from a related party	–	–	–	(8,000)	–	–	–	(8,000)
Reclassify from loans from related company	–	–	(283,656)	283,656	–	–	–	–
Net off with other investment	–	–	–	(113,027)	–	–	–	(113,027)
Transfer to liabilities directly associated with assets as held-for-sale	(3,812)	–	(3,085)	(1,712,866)	–	(51,858)	–	(1,771,621)
At 31 December 2020 and 1 January 2021	177,932	312,194	908,508	24,004,522	3,261,099	987,686	230,881	29,882,822
Financing cash flows	(13,359)	(178,704)	(918,106)	(723,095)	(161,795)	(33,287)	(283,082)	(2,311,428)
Operating cash flows	–	(19,270)	–	–	–	–	–	(19,270)
Non-cash and other transactions:								
Exchange alignment on translation	(2,364)	–	–	(36,642)	(74,569)	–	–	(113,575)
Finance costs	–	–	41,923	1,179,921	323,731	32,834	–	1,578,409
Disposal of subsidiaries	(202,132)	–	–	(20,843,079)	–	(595,025)	–	(21,640,236)
Dividend declared	–	–	–	–	–	–	83,922	83,922
Non-cash settlement of discounted bills	–	–	–	(33,478)	–	–	–	(33,478)
New leases entered	–	–	–	–	–	23,051	–	23,051
Lease terminated	–	–	–	–	–	(34,284)	–	(34,284)
Reclassify to interest payable from senior notes	233,099	–	–	–	(233,099)	–	–	–
Transfer to liabilities directly associated with assets as held-for-sale	–	–	–	(454,680)	–	(9,612)	–	(464,292)
At 31 December 2021	**193,176**	**114,220**	**32,325**	**3,093,469**	**3,115,367**	**371,363**	**31,721**	**6,951,641**

41. CAPITAL COMMITMENTS, CONTINGENT ASSET AND CONTINGENT LIABILITIES

(i) Capital commitments

	2021 RMB'000	2020 RMB'000
Construction commitments in respect of solar power plant projects contracted for but not provided in the consolidated financial statements	—	134,745

(ii) Contingent asset

During the year ended 31 December 2019, the power generator and related equipment of a solar power plant of the Group located in Shandong Province, the PRC, was damaged during the typhoon. The Group has insurance policies in place to cover damages to property, plant and equipment amounting to RMB16,715,000 (2020: RMB53,437,000) incidental to the typhoon. The Group received RMB24,895,000 (2020: RMB3,798,000) from insurance claim as compensation income. During the year ended 31 December 2021, the Group fully claimed the remaining compensation.

(iii) Contingent liabilities

Except for the financial guarantee contracts provided by the Group as disclosed in note 39(b), the Group had no any other material contingent liability as at 31 December 2021 and 2022.

42. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

Pledge of assets

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2021 RMB'000	2020 RMB'000
Property, plant and equipment	4,105,925	14,938,462
Right-of-use assets	—	11,701
Pledged bank and other deposits	429,762	744,006
Trade receivables and contract assets	1,538,162	7,823,245
	6,073,849	23,517,414

Restrictions on assets

In addition, lease liabilities of RMB371,363,000 (2020: RMB987,686,000) are recognised with related right-of-use assets of RMB316,517,000 (2020: RMB1,257,603,000) as at 31 December 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by lessor and the relevant leased assets may not be used as security for borrowing purposes.

Details of bills issued by third parties endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs are disclosed in note 27.

43. RETIREMENT BENEFITS SCHEMES

(a) The PRC

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

During the year ended 31 December 2021 and 2020, subject to the discretions of respective municipal government in the PRC, certain retirement benefit obligations are waived due to COVID-19.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

(c) The US

In 2015, the Company established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan and is funded by employers and employees, in the US that qualifies as an Inland Revenue Service ("IRS") deferred salary arrangement under Section 401(k) of the US Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to a maximum amount subject to certain IRS limitations.

(d) Japan

The Group participated in an employee's pension fund for all its employees in Japan. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to Employee's Pension Insurance Act.

During the year ended 31 December 2021, total amounts contributed by the Group to the schemes in the PRC, Hong Kong, the US and Japan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB29,988,000 (2020: RMB26,881,000).

44. RELATED PARTY DISCLOSURES

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

(a) Management services income from related companies

	2021 RMB'000	2020 RMB'000
Fellow subsidiaries		
蘇州保利協鑫光伏電力投資有限公司 Suzhou GCL-Poly Solar Power Investment Ltd.* ("Suzhou GCL-Poly") *(Note i)*	11,593	32,516
GCL Solar Energy Limited *(Note ii)*	5,096	5,518
Associates *(Note iii)*		
Jiangling	972	948
Huarong	5,498	3,503
Linzhou Xinchuang	2,476	2,968
Xinan	936	913
Ruzhou	786	766
	27,357	47,132

* English name for identification only

Notes:

(i) 蘇州協鑫新能源運營科技有限公司 Suzhou GCL New Energy Operation and Technology Co., Ltd.* ("Suzhou GCL Operation"), an indirect wholly-owned subsidiary of the Company, provides operation and management services to the solar power plants of Suzhou GCL-Poly and its subsidiaries.

(ii) GCL New Energy International Limited and GCL New Energy, Inc., indirect wholly-owned subsidiaries of the Company, provided asset management and administrative services to GCL Solar Energy Limited for its overseas operations in South Africa and the US. GCL Solar Energy Limited is a subsidiary of GCL-Poly.

(iii) During the year ended 31 December 2020, Suzhou GCL Operation provided operation and management services to the solar power plants of Jiangling, Huarong, Linzhou Xinchuang, Xinan and Ruzhou.

44. RELATED PARTY DISCLOSURES *(continued)*

(b) Interest on loans from related companies

	2021 RMB'000	2020 RMB'000
Associate of ultimate holding company		
Xinxin *(Note)*	—	22,981
Related companies		
GCL Group Limited	1,354	7,193
Nanjing Xinneng	36,403	60,990
Jiangsu GCL Real Estate	621	2,934
Jiangsu GCL Construction	2,727	32,851
Funing Property	184	802
新疆國信煤電能源有限公司 Xinjiang Guoxin Coal and Electricity Energy Co., Ltd.*	634	—
	41,923	104,770
	41,923	127,751

Details of the loans from related companies are set out in note 29.

Note: On 23 December 2020, GCL-Poly disposed the entire equity interests in Xinxin and the transactions with Xinxin is no longer classified as related party transaction after 23 December 2020.

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

	2021 RMB'000	2020 RMB'000
Fellow subsidiary		
蘇州協鑫工業應用研究院有限公司 Suzhou GCL Industrial Applications Research Co., Ltd* ("Suzhou GCL Industrial Applications Research") — Payments for right-of-use assets	17,765	17,500

* English name for identification only

44. RELATED PARTY DISCLOSURES *(continued)*

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

Note: The Group has entered into a lease agreements for the use of office premises from Suzhou GCL Industrial Application Research for three years and recognised right-of-use assets and lease liabilities of RMB45,570,000 during the year ended 31 December 2020. The Group made payments for the respective right-of-use assets of RMB17,765,000 and RMB17,500,000 for the year ended 31 December 2021 and 2020 respectively for the premises.

(d) Profit attributable on perpetual notes

	2021 RMB'000	2020 RMB'000
GCL-Poly (Suzhou)	80,806	65,094
Taicang GCL	23,087	18,756
Suzhou GCL	57,718	46,333
Jiangsu GCL	46,175	36,639
	207,786	166,822

Perpetual notes which are denominated in RMB and unsecured, have a variable distribution rate of 7.3% to 11% which could be deferred indefinitely at the option of the issuer and have no fixed repayment term. There is no distribution on perpetual notes for both years.

(e) Guarantees granted by related companies

At 31 December 2021, certain bank and other loans of the Group amounting to RMB362,000,000 (2020: RMB1,820,033,000) were guaranteed by ultimate holding company and/or fellow subsidiaries.

(f) Guarantees provided to related companies

As at 31 December 2021, the Group provided guarantee to its associates, including Shanxi GNE, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Fenxi GCL, Hanneng Guangping and Hebei GNE and their subsidiaries, for certain of their bank and other borrowings with maximum amount of RMB1,540,854,000 (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 31 December 2021 and 2020 are considered insignificant.

44. RELATED PARTY DISCLOSURES *(continued)*

(g) Compensation of key management personnel

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

	2021 RMB'000	2020 RMB'000
Short-term benefits	**9,052**	13,016
Post-employment benefits	**296**	197
Share-based payments	**506**	—
	9,854	13,213

The remuneration of the Directors and other key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

45. MAJOR NON-CASH TRANSACTIONS

(a) Year ended 31 December 2021

(i) The Group entered into two share transfer agreements with 神木市晶元控股集團有限公司 Shenmu Jingyuan Group Holdings Limited* ("Shenmu Jingyuan") to acquire 20% equity interest in each of Shenmu Jingpu and Shenmu Jingfu at considerations of RMB53,280,000 and RMB15,080,000 respectively. The consideration payables had been offset with the balance due with Shenmu Jingyuan.

(ii) Short-term borrowings/advances drawn on discounted bills with recourse of approximately RMB33,478,000 have been settled through bills discounted to the relevant financial institutions.

(b) Year ended 31 December 2020

(i) The Group entered into an offsetting agreement with 7 associates and related companies. Upon signing of agreement, the amounts due from those associates of RMB356,838,000 were settled by offsetting loans from related companies of RMB62,994,000 and amounts due to associates amounting to RMB293,844,000.

(ii) The Group entered into an asset transfer agreement with a financial institution to settle its other borrowings of RMB113,027,000 with its investment of RMB113,027,000.

(iii) The dividend payable to non-controlling shareholders were settled by offsetting advance to non-controlling interests of RMB2,769,000.

(iv) GCL-Poly disposed of the entire equity interests in Xinxin to independent third party and the loan from related company of RMB283,656,000 was reclassified to other borrowings as at 31 December 2020.

Other borrowing of RMB8,000,000 was settled by offsetting amount due from a related party, Xinxin.

(v) Short-term borrowings/advances drawn on discounted bills with recourse of approximately RMB209,706,000 have been settled through bills discounted to the relevant financial institutions.

46. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to the end of the reporting period:

(a) On 25 January 2022, the Group entered into a share transfer agreement with Hunan Xinhua to dispose of its 100% equity interest in a wholly-owned subsidiary, namely Ningxia Xinken Jianquan Photovoltaic Power Company Limited* 寧夏鑫墾簡泉光伏電力有限公司, at a consideration of RMB8,800,000 minus expected rectification costs of RMB2,280,000. The disposal was completed during the period from 1 January 2022 to the date of approval of these consolidated financial statements. The director considered that such disposal did not have material financial impact to the Group.

(b) On 16 March 2022, the Group entered into six share transfer agreements with Jiangsu Hesheng to dispose of its 100% equity interest in five wholly-owned subsidiaries, namely Gaoyou GCL Photovoltaic Power Co., Ltd.* 高郵協鑫光伏電力有限公司, Nantong Haide New Energy Co., Ltd.* ("Nantong Haide") 南通海德新能源有限公司, Pizhou GCL Photovoltaic Power Co., Ltd.* 邳州協鑫光伏電力有限公司, Suqian Green Energy Power Co., Ltd.* 宿遷綠能電力有限公司 and Suzhou Industrial Park Dingyu Solar Power Co., Ltd.* 蘇州工業園區鼎裕太陽能電力有限公司 and its 60% equity interest in Jiangsu GCL Haibin New Energy Technology Development Co., Ltd.* 江蘇協鑫海濱新能源科技發展有限公司, at an aggregate consideration of approximate RMB90,380,000 minus rectification costs of approximate RMB1,176,000, and agreed to grant a put option that is applicable to disposal of 100% equity interest in Nantong Haide to Jiangsu Hesheng upon certain solar plants are unable to register in the List within 3 years from the date of share transfer agreement. The Directors are still assessing the financial impact of the disposals. Details are set out in the Company's announcement dated 16 March 2021. The disposals were not completed at the date of approval of these consolidated financial statements.

(c) On 16 March 2022, with reference to the announcement made by the Company dated 8 March 2022 in relation to the launch of the offer to purchase (the "Offer") for cash of up to a total of US$53,400,000 (equivalent to approximately RMB337,605,000) of the outstanding principal amount at face value of the Outstanding 10.00% Senior Notes Due 2024 (the "Notes") at a purchase price ("Purchase Price") of US$0.975 per US$1 principal amount of the Notes, the Company has accepted purchase validly tendered senior notes in an aggregate principal amount outstanding at face value of approximate US$53,398,000 (equivalent to approximately RMB337,593,000) (the "Accepted Notes"). The Company has made payment of the Purchase Price and the accrued interest in respect of the Accepted Notes on 18 March 2022. Following the completion of the offer, all of the Accepted Notes has been cancelled and the aggregate outstanding principal amount at face value of the Notes after such cancellation was approximately US$443,472,000 (equivalent to approximately RMB2,803,719,000). Details are set out in the Company's announcements dated 8 March 2022 and 18 March 2022.

(d) On 18 March 2022, the head of agreement ("HOA") that the Group entered into with POLY-GCL petroleum Investments Limited ("POLY-GCL Petroleum") on 19 December 2021 regarding the exclusivity of a 12-month period to enter into a sale and purchase agreement with POLY-GCL Petroleum for possible purchase of natural gas was expired, given the conditions precedent to the HOA have not been fulfilled. No deposit or any other compensation or amounts shall be payable by the Group to POLY-GCL Petroleum. The Directors are of the view that the expiration of the HOA would have no material adverse impact on the financial position of the Group. Details are set out in the Company's announcements dated 19 December 2021 and 20 March 2022.

(e) On 21 March 2022, the Group entered into a share transfer agreement with Hunan Xinhua to dispose its 100% equity interest in Ningxia Shengjing Solar Power Technology Company Limited 寧夏盛景太陽能科技有限公司, at a consideration of RMB153,913,000 minus expected maximum rectification costs of RMB 3,470,000 and expected transaction costs of RMB1,000,000. The disposal was not completed at the date of approval of these consolidated financial statements.

* English name for identification purpose only

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held		Principal activities
			2021 %	2020 %	
Directly held:					
Pioneer Getter Limited	BVI	US$1	100%	100%	Investment holding
Indirectly held:					
協鑫新能源國際有限公司 GCL New Energy International Limited	Hong Kong	HK$1	100%	100%	Investment holding
協鑫新能源發展有限公司 GCL New Energy Development Limited	Hong Kong	HK$1	100%	100%	Investment holding
協鑫新能源管理有限公司 GCL New Energy Management Limited	Hong Kong	HK$1	100%	100%	Investment holding
協鑫新能源貿易有限公司 GCL New Energy Trading Limited	Hong Kong	HK$1	100%	100%	Investment holding
協鑫新能源投資(中國)有限公司 GCL New Energy Investment (China) Co., Ltd[2] ("GCL New Energy Investment")	PRC	US$1,188,000,000	100%	100%	Investment holding
蘇州協鑫新能源運營科技有限公司 Suzhou GCL New Energy Operation and Technology Co., Ltd[3]	PRC	RMB50,000,000	100%	100%	Investment holding
南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd[3] ("Nanjing GCL New Energy")	PRC	US$1,188,000,000	100%	100%	Investment holding

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2021 %	Interest held 2020 %	Principal activities
Indirectly held: ***(continued)***					
蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Co., Ltd.[1,3,7]	PRC	RMB12,928,250,000	100%	92.82%	Investment holding
南京協鑫新能源科技有限公司 Nanjing GCL New Energy Technology Co., Ltd.[1,3,6]	PRC	RMB300,000,000	–	100%	Investment holding
鎮江協鑫新能源有限公司 Zhenjiang GCL New Energy Co., Ltd.* [1,3]	PRC	RMB33,000,000	100%	100%	Investment holding
包頭市中利騰暉光伏發電有限公司 Baotou Zhonglitenghui Photovoltaic Power Company Limited[1,3,6] ("Baotou Zhonglitenghui")	PRC	RMB110,000,000	–	100%	Operation of solar power plant
冊亨協鑫光伏電力有限公司 Ceheng Solar Power Co., Ltd.[1,3,6]	PRC	RMB130,000,000	–	100%	Operation of solar power plant
德令哈協合光伏發電有限公司 Delingha Century Concord Photovoltaic Power Co., Ltd.[1,3,6]	PRC	RMB222,000,000	–	100%	Operation of solar power plant
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.[1,3,6]	PRC	RMB165,000,000	–	100%	Operation of solar power plant
高唐縣協鑫晶輝光伏有限公司 Gaotang County GCL Jing Hui Photovoltaic Co., Ltd.[1,3]	PRC	RMB81,000,000	100%	100%	Operation of solar power plant

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2021 %	Interest held 2020 %	Principal activities
Indirectly held: ***(continued)***					
海豐縣協鑫光伏電力有限公司 Haifeng County GCL Solar Power Co., Ltd.[1,3,6]	PRC	RMB155,900,000	—	100%	Operation of solar power plant
海南州世能光伏發電有限公司 Hainanzhou Shineng Photovoltaic Power Co., Ltd.[1,3,6]	PRC	RMB60,000,000	—	100%	Operation of solar power plant
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.[1,3,4,6]	PRC	RMB222,000,000	N/A	96.35%	Operation of solar power plant
湖北省麻城市金伏太陽能電力有限公司 Hubei Macheng Photovoltaic Power Company Limited[1,3,6] ("Hubei Macheng")	PRC	RMB191,000,000	—	100%	Operation of solar power plant
靖邊縣順風新能源有限公司 Jingbian County Shunfeng New Energy Limited[1,3,5,6]	PRC	RMB68,550,000	N/A	95%	Operation of solar power plant
靖邊協鑫光伏電力有限公司 Jingbian GCL Solar Power Co., Ltd.[1,3,5,6]	PRC	RMB80,000,000	N/A	100%	Operation of solar power plant
開封華鑫新能源開發有限公司 Kaifeng Huaxin New Energy Development Co., Ltd.[1,3,6]	PRC	RMB200,000,000	—	100%	Operation of solar power plant
蘭溪金瑞太陽能發電有限公司 Lanxi Jinrui Photovoltaic Power Co., Ltd[1,3,6]	PRC	RMB60,320,000	—	100%	Operation of solar power plant

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2021 %	Interest held 2020 %	Principal activities
Indirectly held: ***(continued)***					
猛海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.[1,3,6]	PRC	RMB85,000,000	**100%**	100%	Operation of solar power plant
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy Development Company Limited[1,3]	PRC	RMB273,600,000	**90.1%**	90.1%	Operation of solar power plant
寧夏中衛協鑫光伏電力有限公司 Ningxia Zhongwei Photovoltaic Power Company Limited[1,3,6] ("Ningxia Zhongwei")	PRC	RMB61,600,000	—	100%	Operation of solar power plant
汝陽協鑫新能源有限公司 Ruyang GCL New Energy Limited[1,3,6] ("Ruyang GCL")	PRC	RMB146,000,000	—	100%	Operation of solar power plant
三門峽協立光伏電力有限公司 Sanmenxia Xie Li Solar Power Co., Ltd.[1,3,6]	PRC	RMB65,000,000	—	100%	Operation of solar power plant
神木市晶富電力有限公司 Shenmu Jingfu Solar Power Co., Ltd.[1,3,5,6]	PRC	RMB75,400,000	**N/A**	80%	Operation of solar power plant
神木市平西電力有限公司 Shenmu Ping Xi Power Co., Ltd.[1,3,5,6]	PRC	RMB82,000,000	**N/A**	100%	Operation of solar power plant
神木市平元電力有限公司 Shenmu Ping Yuan Power Co., Ltd.[1,3,5,6]	PRC	RMB78,700,000	**N/A**	100%	Operation of solar power plant
神木國泰農牧發展有限公司 Shenmu Guotai Development Limited[1,3,6] ("Shenmu Guotai")	PRC	RMB20,000,000	—	80%	Operation of solar power plant

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2021 %	Interest held 2020 %	Principal activities
Indirectly held: *(continued)*					
神木縣晶登電力有限公司 Shenmu County Jingdeng[1,3,5,6]	PRC	RMB50,000,000	N/A	80%	Operation of solar power plant
石城協鑫光伏電力有限公司 Shicheng GCL Photovoltaic Energy Co., Ltd.[1,3,6]	PRC	RMB112,838,100	—	51%	Operation of solar power plant
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited[1,3,4,6]	PRC	RMB63,960,000	N/A	100%	Operation of solar power plant
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Limited[1,3,6] ("Wulate Houqi Yuanhai")	PRC	RMB50,000,000	—	100%	Operation of solar power plant
鹽邊鑫能光伏電力有限公司 Yanbian Xin Neng Solar Power Co., Ltd.[1,3,6]	PRC	RMB56,000,000	—	100%	Operation of solar power plant
鹽源縣白烏新能源科技有限公司 Yanyuan County Bai Wu New Energy Technology Co., Ltd.[1,3,6]	PRC	RMB113,000,000	—	100%	Operation of solar power plant
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Limited[1,3,6]	PRC	RMB465,000,000	—	100%	Operation of solar power plant
榆林市榆神工業區東投能源有限公司 Yulin Yushen Industrial Area Energy Co., Ltd.[1,3,6]	PRC	RMB170,000,000	—	100%	Operation of solar power plant
元謀綠電新能源開發有限公司 Yuanmou Green Power New Energy Development Limited[1,3,6]	PRC	RMB85,000,000	—	80%	Operation of solar power plant

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2021 %	Interest held 2020 %	Principal activities
Indirectly held: *(continued)*					
鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co,. Ltd[1,3,6]	PRC	RMB58,597,800	—	51%	Operation of solar power plant
正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Company Limited[1,3,6] ("Zhenglanqi")	PRC	RMB125,000,000	—	99.2%	Operation of solar power plant
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.[1,3,6]	PRC	RMB105,500,000	—	100%	Operation of solar power plant
東海縣協鑫光伏電力有限公司 Donghai GCL Photovoltaic Power Co., Ltd.[1,3,6]	PRC	RMB54,470,000	—	100%	Operation of solar power plant
阜寧縣鑫源光伏電力有限公司 Funing County Xin Yuan Solar Power Co., Ltd.[1,3,6]	PRC	RMB52,000,000	—	100%	Operation of solar power plant
碭山協鑫光伏電力有限公司 Dangshan GCL Solar Power Co., Ltd.[1,3,4,6]	PRC	RMB44,000,000	N/A	100%	Operation of solar power plant
永城鑫能光伏電力有限公司 Yongcheng Xin Neng Photovoltaic Electric Power Co, Ltd.[1,3,6]	PRC	RMB101,600,000	—	100%	Operation of solar power plant
商水協鑫光伏電力有限公司 Shangshui GCL Photovoltaic Electric Power Co, Ltd.[1,3,6]	PRC	RMB130,000,000	—	100%	Operation of solar power plant

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2021 %	Interest held 2020 %	Principal activities
Indirectly held: ***(continued)***					
微山鑫能光伏電力有限公司 Weishan Xin Neng Solar Power Co., Ltd.[1, 3]	PRC	RMB75,000,000	**100%**	100%	Operation of solar power plant
互助昊陽光伏發電有限公司 Huzhu Haoyang Photovoltaic Electric Power Co., Ltd.[1,3,8]	PRC	RMB66,000,000	**—**	100%	Operation of solar power plant
河南協鑫新能源投資有限公司 Henan GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB600,000,000	**100%**	100%	Operation of solar power plant
南召鑫力光伏電力有限公司 Nanzhao Xin Li Photovoltaic Electric Power Co, Ltd.[1,3,6]	PRC	RMB100,000,000	**—**	50%	Operation of solar power plant
江蘇協鑫新能源有限公司 Jiangsu GCL New Energy Co., Ltd.[1,3]	PRC	RMB500,000,000	**100%**	100%	Operation of solar power plant
西安協鑫新能源管理有限公司 Xi'an GCL New Energy Management Co., Ltd.[1,3]	PRC	RMB1,500,000,000	**100%**	100%	Operation of solar power plant
神木市晶普電力有限公司 Shenmu Jingpu Power Co., Ltd[1,3,5,6]	PRC	RMB266,400,000	**N/A**	80%	Operation of solar power plant
安徽協鑫新能源投資有限公司 Anhui GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB238,000,000	**100%**	100%	Operation of solar power plant
內蒙古協鑫光伏電力有限公司 Inner Mongolia GCL Photovoltaic Electric Power Co, Ltd.[1,3]	PRC	RMB200,000,000	**100%**	100%	Operation of solar power plant

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2021 %	Interest held 2020 %	Principal activities
Indirectly held: *(continued)*					
山東萬海電力有限公司 Shandong Wanhai Solar Power Co., Ltd.[1,3] ("Wanhai")	PRC	RMB60,000,000	100%	100%	Operation of solar power plant
寧夏協鑫新能源投資有限公司 Ningxia GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB200,000,000	100%	100%	Operation of solar power plant
江蘇協鑫新能源投資有限公司 Jiangsu GCL New Energy Investment Co., Ltd.[1,3]	PRC	RMB100,000,000	100%	100%	Operation of solar power plant
海南意晟新能源有限公司 Hai Nan Yi Cheng New Energy Company Limited[1,3,6]	PRC	RMB43,000,000	–	100%	Operation of solar power plant
寧夏盛景太陽能科技有限公司 Ningxia Shengjing Solar Power Technology Company Limited[1,3]	PRC	RMB75,000,000	100%	100%	Operation of solar power plant
高郵協鑫光伏電力有限公司 Gaoyou GCL Photovoltaic Power Company Limited[1,3,6]	PRC	RMB48,120,000	100%	100%	Operation of solar power plant
峨山永鑫光伏發電有限公司 Eshan GCL Solar Power Generation Company Limited[1,3,6]	PRC	RMB2,000,000	–	100%	Operation of solar power plant
寧夏鑫墾簡泉光伏電力有限公司 Ningxia Xin Ken Jiangquan Photovoltaic Power Company Limited[1,3]	PRC	RMB7,000,000	100%	100%	Operation of solar power plant

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2021 %	Interest held 2020 %	Principal activities
Indirectly held: ***(continued)***					
常州中暉光伏科技有限公司 Changzhou Zhonghui Photovoltaic Technology Company Limited[1,3]	PRC	RMB10,000,000	**100%**	100%	Investment holding
鎮江鑫龍光伏電力有限公司 Zhenjiang Xinlong Photovoltaic Power Co., Ltd.[1,3,6]	PRC	RMB48,550,000	—	100%	Operation of solar power plant
德令哈時代新能源發電有限公司 Delingha Shida New Energy Power Generation Company Limited[1,3,6]	PRC	RMB39,000,000	—	100%	Operation of solar power plant
確山追日新能源電力有限公司 Queshan Zhuiri New Energy Power Company Limited[1,3,6]	PRC	RMB42,000,000	—	100%	Operation of solar power plant
張家港協鑫光伏電力有限公司 Zhang Jia Gang GCL Photovoltaic Power Company Limited[1,3,6]	PRC	RMB72,414,000	—	100%	Operation of solar power plant
紅河縣瑞欣光伏發電有限公司 Hong He Xian Rui Xin Photovoltaic Power Generation Company Limited[1,3,6]	PRC	RMB48,000,000	—	100%	Operation of solar power plant
昆明旭峰光伏發電有限公司 Kun Ming Xu Feng Photovoltaic Power Generation Company Limited[1,3,6]	PRC	RMB54,400,000	—	100%	Operation of solar power plant
羅甸協鑫光伏電力有限公司 Luodian GCL Photovoltaic Power Company Limited[1,3,6]	PRC	RMB57,200,000	—	100%	Operation of solar power plant

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2021 %	Interest held 2020 %	Principal activities
Indirectly held: *(continued)*					
安龍縣茂安新能源發展有限公司 Anlong Maoan New Energy Development Company Limited[1,3,6]	PRC	RMB43,000,000	—	100%	Operation of solar power plant
青海協鑫新能源有限公司 Qinghai GCL New Energy Company Limited[1,3]	PRC	RMB149,480,000	100%	100%	Investment holding
合肥建南電力有限公司 Hefei Jiannan Power Company Limited[1,3,4,6]	PRC	RMB33,600,000	N/A	100%	Operation of solar power plant
合肥久陽新能源有限公司 Hefei Jiuyang GCL New Energy Company Limited[1,3,4,6]	PRC	RMB34,000,000	N/A	100%	Operation of solar power plant

1 English name for identification only

2 Foreign investment enterprises

3 Domestic PRC Companies

4 The controlling stake of the entity was disposed of by the Group during the year ended 31 December 2021 which becomes associate of the Group.

5 The controlling stake of the entity was disposed of by the Group during the year ended 31 December 2021 which becomes other investment of the Group.

6 These subsidiaries were disposed of during the year ended 31 December 2021.

7 The subsidiary's remaining controlling stake was acquired during the year and it becomes an wholly owned subsidiary.

8 The subsidiaries were classified as held for sale as the Group signed equity transfer agreements with acquirers during the year.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) General information of subsidiaries *(continued)*

The above table lists the subsidiaries of the Group which in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Other than Suzhou GCL New Energy which issued green bonds as disclosed in note 30, none of the subsidiaries had issued any debt securities at the end of the year.

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests as at 31 December 2021 and 31 December 2020:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2021	2020	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Suzhou GCL New Energy	PRC	–	7.18%	–	(81,493)	–	873,540
Non-wholly owned subsidiaries of Suzhou GCL New Energy				–	65,146	–	297,540
Nanjing GCL New Energy	PRC	–	–	207,786	166,822	2,537,722	2,329,936
				207,786	150,475	2,537,722	3,501,016

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Nanjing GCL New Energy

The table below shows details of perpetual notes holders as at 31 December 2021 and 31 December 2020, the carrying amount of the perpetual notes of RMB2,537,722,000 as at 31 December 2021 (2020: RMB2,329,936,000) has been included in the current liabilities of Nanjing GCL New Energy and interest expense arising from perpetual notes of RMB207,786,000 (2020: RMB166,822,000) has been recognised in profit or loss by Nanjing GCL New Energy. The perpetual notes are classified as non-controlling interests in the consolidated financial statements of the Group.

Name of perpetual notes holders	Interest accrued to perpetual notes		Carrying amounts of perpetual notes	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
GCL-Poly (Suzhou)	**80,806**	65,094	**987,025**	906,220
Taicong GCL	**23,087**	18,756	**282,252**	259,165
Suzhou GCL	**57,718**	46,333	**704,825**	647,106
Jiangsu GCL	**46,175**	36,639	**563,620**	517,445
	207,786	166,822	**2,537,722**	2,329,936

48. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS		
Interests in subsidiaries	**2,192,835**	2,216,654
Amounts due from subsidiaries *(Note)*	**5,875,986**	7,190,010
	8,068,821	9,406,664
CURRENT ASSETS		
Prepayments	**900**	900
Amounts due from joint ventures *(Note)*	**32**	32
Bank balances and cash *(Note)*	**6,390**	1,442
	7,322	2,374
CURRENT LIABILITIES		
Accruals and other payables	**215,916**	120,357
Amount due to a fellow subsidiary	**378,651**	378,651
Bank borrowings	**—**	934,039
Senior notes	**467,305**	3,261,099
	1,061,872	4,694,146
NET CURRENT LIABILITIES	**(1,054,550)**	(4,691,772)
NON-CURRENT LIABILITIES		
Senior notes	**2,648,062**	—
NET ASSETS	**4,366,209**	4,714,892
CAPITAL AND RESERVES		
Share capital	**73,629**	66,674
Reserves	**4,292,580**	4,648,218
TOTAL EQUITY	**4,366,209**	4,714,892

Note: ECL for amounts due from subsidiaries and joint ventures and bank balances are assessed on a 12m ECL basis as there had not been significant increase in credit risk since initial recognition and impairment allowance is considered to be insignificant.

48. SUMMARY FINANCIAL INFORMATION OF THE COMPANY *(continued)*

Movement in equity

	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Share options reserve RMB'000	Accumulated (losses) profits RMB'000	Carrying Total RMB'000
At 1 January 2020	4,265,230	56,318	(64,015)	200,354	(392,218)	4,065,669
Profit and total comprehensive income for the year	—	—	—	—	582,549	582,549
Forfeitures of share options *(note 35)*	—	—	—	(22,309)	22,309	—
At 31 December 2020 and 1 January 2021	**4,265,230**	**56,318**	**(64,015)**	**178,045**	**212,640**	**4,648,218**
Issue of shares	**752,531**	—	—	—	—	**752,531**
Qualified expenses recognised in equity	**(12,405)**	—	—	—	—	**(12,405)**
Equity-settled share option arrangement	—	—	—	**20,718**	—	**20,718**
Loss and total comprehensive expense for the year	—	—	—	—	**(990,307)**	**(990,307)**
Forfeitures of share options *(note 35)*	—	—	—	**(126,175)**	—	**(126,175)**
At 31 December 2021	**5,005,356**	**56,318**	**(64,015)**	**72,588**	**(777,667)**	**4,292,580**

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended				
	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2019 RMB'000	31 December 2018 RMB'000	31 December 2017 RMB'000 (Restated)
Results (for continuing and discontinued operations)					
Revenue	**2,844,899**	5,023,754	6,051,987	5,632,397	4,785,113
(Loss) profit attributable to owners of the Company	**(790,274)**	(1,368,354)	294,688	469,680	841,439

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000
Assets and liabilities					
Total assets	**15,916,669**	45,036,468	54,416,226	61,179,861	55,434,344
Total liabilities	**(8,962,796)**	(36,499,587)	(44,446,583)	(51,478,321)	(46,638,402)
Total equity	**6,953,873**	8,536,881	9,969,643	9,701,540	8,795,942

For the year ended 31 December 2019, the Group has applied International Financial Reporting Standard ("IFRS") 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. The impact upon initial recognition is recognised in the opening retained earnings and comparative information has not been restated.

For the year ended 31 December 2018, the Group has applied IFRS 9 and IFRS 15 for the first time. The impact of IFRS 9 and IFRS 15 upon initial recognition on 1 January 2019 are recognised in the opening retained earnings and other components of equity without restating the comparative information.

Environmental, Social and Governance Report

ABOUT THIS REPORT

This report is the seventh annual environmental, social and governance (ESG) report (the "Report") of GCL New Energy Holdings Limited (hereinafter referred to as "GCL New Energy", the "Company" or "we") and its subsidiaries (hereinafter collectively referred to as "the Group"). This Report is prepared to disclose the ESG performance of GCL New Energy and related information. In this Report, "GCL New Energy" refers to the brand operated by the Group. "GCL Group" refers to Golden Concord Holdings Limited. This Report focuses on the concerns of stakeholders and comprehensively explains the ESG performance and management policies of GCL New Energy in 2021.

Scope

The Reporting Period of the Report is from 1 January 2021 to 31 December 2021. This Report covers GCL New Energy Holdings Limited and its subsidiaries.

Basis for Preparation

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide published by the Hong Kong Stock Exchange Limited (hereinafter referred to as "HKEX"). We made every effort to meet the reporting principles of materiality, quantitative, balance, and consistency.

Preparation Methods

This Report was prepared in the following procedures: identifying and ranking important stakeholders and material issues in ESG, determining ESG reporting boundary, collecting relevant materials and evidence, preparing the Report based on the data, and verifying the data included in this Report, etc.

Source and Reliability Assurance

Information and cases included in the Report are mainly from the Group's statistical reports and relevant documents. The Group undertake that the Report does not contain any false or misleading statement and are responsible for the authenticity, accuracy, and completeness of its contents.

Confirmation and Approval

After confirmation by management, this Report was approved by the Board on 19 April 2022.

Access And Feedback

This Report is available in both traditional Chinese and English versions. The electronic version of the Report is published under the "ESG Information" headline category of GCL New Energy on the HKEXnews website or the official website of the Company at http://www.gclnewenergy.com/site/social-responsibility.

We highly value your opinion on our sustainability performance. Stakeholders and other readers who have any comments or suggestions on this Report and our sustainability performance can contact our Company Secretary and Investor Relations Department by e-mail, phone, or a written format to seek or request information (publicly disclosed information only).

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HIGHLIGHTS OF PERFORMANCE OF 2021

Robust Operations	
	Gearing ratio down to **56%** by the end of 2021**, returning to a solid level**
	Net debt-to-equity ratio significantly reduced to **87%** by the end of 2021, with **manageable debt service risk**
Arousing All Efforts for Improvement	
	16 staff integrity education and training sessions were conducted, with a total of **1,640** training hours, covering a total of over **820** trained employees. During the Reporting Period, there was **0** corruption litigation **case** and corresponding reporting complaints
	Improved the three-tier **ESG structure** of the Board, ESG Management Committee and ESG Working Group
	Focused responses and targeted improvements **to 9 ESG high priority issues**
Together for Dual Carbon	
	Formal launch of **the hydrogen energy development strategy, the hydrogen energy industry is poised to take up anchor**
	Comprehensive energy consumption in terms of standard coal decreased by **37.7%**, and carbon dioxide emissions decreased by **37.5%** during the Reporting Period
CO_2	Through green operations, a total of **approximately 1.36 million tonnes of** standard coal was saved and **approximately 3.40 million tonnes of** carbon dioxide was reduced
Environmental Management	
	Conducted **over 30** environmental emergency preparedness drills
	Conducted a total of **1,484** hours of environmental training for a total of **9,115** participants, achieving **100% coverage of** staff in environmental training

Innovation Empowerment	
	Accumulated obtained **96** patent certificates, **26** software copyrights and **18** work registration certificates
	Built **"GCL Intelligent Maintenance" products for solar power plants** with full intellectual property layout
Responsible Purchasing	
	Conducted and completed audits including supplier qualification, supply capability, product and social responsibility related audits, with a **100%** effective **audit coverage**
	100% of our suppliers **are** ISO 14001, ISO 45001 and ISO 9001 certified
Caring for Employees	
	0 incidents of child or forced labor
	Employment contract signing rate, social insurance, medical check-ups, occupational health records filing coverage **of 100%** **100%** retention rate **of** employees returning to work after maternity/paternity leave
	A total of **8,865** health and safety training were participated by employees
	0 work-related injuries to employees during the Reporting Period
	More than RMB200,000 of employee care special funds allocated to support employees affected by the disaster in Henan
	Employee Care Fund has helped **more than 20** employees out of difficult situations
	According to the Share Option Scheme, **370 million** share options were granted to employees during the Reporting Period
Charity and Philanthropy	
	Donated RMB1 million to the poor areas of Guizhou through the Suzhou Chamber of Commerce in Hong Kong to promote the national strategy of common prosperity

STATEMENT OF THE BOARD

The data sources used in the Report include public data, relevant internal statistical statements of GCL New Energy, the third-party questionnaires and interviews, etc. The economic data covered in this Report is consistent with the scope of data in GCL New Energy's 2021 Annual Report.

Responsibilities of the Board	As the highest responsible body for the management and public disclosure of GCL New Energy's ESG matters, the Board is ultimately responsible for GCL New Energy's ESG management policy, ESG strategy, ESG-related target setting, review of target progress and ESG performance. The ESG Management Committee takes the lead in guiding the formulation of ESG-related strategies, objectives and management policies, coordinating ESG resources and work implementation, and reporting to the Board. By holding regular meetings, the Directors review and approve the Company's sustainability objectives, monitor and review the Company's policies, management and performance on ESG matters and progress towards the achievement of the objectives, and review and approve public disclosure of the Company's performance on ESG-related matters.
Day-to-day Implementation	The ESG Working Group, comprising the heads of all business units and major subsidiaries, assists in the formulation and implementation of ESG strategies, objectives and management policy, and incorporates ESG elements into daily operations.
Governance Risks	The ESG Management Committee is responsible for identifying, managing, monitoring and controlling various risks and providing risk analysis and decision support to the Board.
Materiality Analysis	GCL New Energy maintains close communication with internal and external stakeholders to identify and evaluate significant ESG issues in order to develop ESG strategies. We have discussed and approved the identified ESG issues and will formulate ESG strategies, objectives and management guidelines based on the relevant issues, follow international ESG trends and the performance of our peers in a timely manner and review the progress of the relevant work on a regular basis.

COLLABORATIVE WORK AND SOUND GOVERNANCE

Sound corporate governance and sound risk control are important foundations for the healthy development of an enterprise. GCL New Energy continues to build a clear and transparent corporate governance structure with integrity and compliance, maintain a high standard of corporate governance, continuously improve the internal power and responsibility system, and, supported by internal risk control, effectively implement anti-corruption, anti-monopoly and anti-unfair competition work to continuously enhance the transparency of corporate management and safeguard the sound operation of the enterprise.

Taking All Efforts for Improvement

GCL New Energy integrates sustainable development into the Group's strategy, management and long-term development objectives, and throughout the entire process of corporate operation. We are aware of our responsibilities to our shareholders and investors, employees, customers, the industry, society and the future, and aim to create more value for our employees, customers, shareholders, investors and society, in order to fulfill our commitment to the sustainable development of the industry, society and the ecological environment.

ESG Governance Framework

During the Reporting Period, the Group adhered to the corporate vision of "becoming a well-respected international new energy and clean energy provider", and the Board increased its participation in and supervision of ESG work and continuously optimized the management structure for sustainable development. GCL New Energy has adopted a three-tier structure of the Board, the ESG Management Committee and the ESG Working Group to formulate ESG-related management policies and implement management work, and has actively undertaken the social and environmental responsibilities as a world leader in energy sector.

GCL New Energy ESG Governance Framework

1. Responsible for assessing and determining the Group's risks in relation to ESG
2. Ensuring that an appropriate and effective ESG risk management and internal monitoring system is in place in the Group
3. Monitoring progress in implementing ESG objectives
4. Reviewing and approving ESG-related policies
5. Reviewing and approving ESG reports

Board of Directors

1. Implementing management and internal control of ESG risks
2. Providing guidance to the ESG project working group
3. Setting ESG-related objectives
4. Confirming the accuracy of KPI data in ESG reports

ESG Management Committee
(Comprised of all ESG units of the holding company and persons in charge of power plant operation and construction)

1. Assigning employees to collect ESG-related data and prepare ESG reports, etc
2. Reporting to ESG Management Committee on a regular basis to assist them in assessing and identifying whether the management and internal monitoring system of ESG risks of the Group are appropriate and effective
3. Implementing implementation plan of ESG objectives

ESG Working Group
(Working network comprised of persons in charge of ESG at provincial level and project companies)

Communication With Stakeholders

With reference to the attributes of stakeholders defined in the AA1000SES: 2015 Stakeholder Engagement Standard, the Group defined seven types of stakeholders based on five dimensions, namely dependency, responsibility, concern, influence, and diverse perspectives, and has maintained close and diversified communication with stakeholders through multiple channels to explore the expectations and suggestions of stakeholders on the Group's ESG management and related issues, so as to provide reference for the Group to make sustainable development decisions. During the Reporting Period, the Group's communication channels with stakeholders and the issues of concern of stakeholders are as follows:

Stakeholder Group	Major Communication Channels	Issues of Concern of Stakeholders
Investors/Shareholders	• Periodic report/temporary announcement • On-site visit • Telephone • E-mail	• Business performance • Management framework for sustainable development • Sustainable development risk identification • Incorporation of sustainable development policies into management
Government Bodies	• Periodic report/temporary announcement • Correspondence • On-site visit	• Compliance with laws and regulations on environmental protection • Compliance with social rules and regulations • Compliance with laws and regulations on products and services • Contribution to communities
Clients	• Telephone • On-site visit • Satisfaction survey	• Quality assurance of products and services • Protection of customer privacy and personal information • Development and exploitation of new energy • Compliance with laws and regulations on products and services
Employees	• Employee meeting • Employee performance review and interview • Newspaper and magazine	• Remuneration, development and training of employees • Workplace diversity and equal opportunities • Occupational safety and health • Energy consumption and goals
Local Communities	• Community activities • Press release • Announcement • Interview and investigation	• Contribution to communities • Impact of daily business activities on surrounding communities • Integration into surrounding communities • Compliance with laws and regulations on environmental protection
Media	• Press release • Announcement • Interview and investigation	• Development and exploitation of new energy • Social performance of suppliers • Quality assurance of products and services • Compliance with social rules and regulations
Partners	• Interview and investigation • Telephone/e-mail • Forum, seminar, etc.	• Sustainable development risk identification • Quality assurance of products and services • Social performance of suppliers • Protection of the rights of suppliers' employees

Under the impact of the novel coronavirus pandemic (the "pandemic"), the Group continued to actively communicate with its domestic and overseas stakeholders. We maintained close interaction with our overseas stakeholders mainly through online communication, such as teleconferences, video conferences and webinars, so that all parties could have an in-depth understanding of the Company's latest business development direction and operational developments.

Hydrogen Energy Strategy Conference 2021

The goals of carbon peaking and carbon neutrality have driven the transformation and upgrading of energy industry, bringing the development of strategic emerging industries into a "window period". As an important supporting energy for large-scale and deep carbon reduction in electricity, transportation, industry, construction and other sectors, hydrogen energy is ushering in unprecedented strategic opportunities.

In 2021, the "Hydrogen Energy Industry Development Forum and GCL Hydrogen Energy Strategy Conference" was held in Beijing under the guidance of the China Electricity Council and hosted by the GCL Group. At the conference, GCL New Energy officially launched the Company's hydrogen energy strategy and discussed with the guests and investors on topics such as the situation and policies of the hydrogen energy industry, technology routes and economic costs, focusing on the goals of carbon peaking and carbon neutrality, so that all stakeholders could gain an in-depth understanding of the latest strategic layout and development trends of the Company through different perspectives.

Materiality Issues Assessment

We have analyzed the ESG materiality issues for 2021, taking into account the Company's development strategy, industry development trends, regulatory and capital market requirements, as well as domestic ESG disclosure standards, and considering the results of media analysis, executive interviews and research, communication priorities among stakeholders and the Group's business operations during the Reporting Period. In this Report, the Group will focus on the nine high importance issues identified in the analysis and make targeted improvements to the materiality issues identified in our work in the future.

GCL New Energy ESG Materiality Issues Matrix

Importance to stakeholders	Low importance to the sustainable development of GCL New Energy	High importance to the sustainable development of GCL New Energy
High	Prohibition of child labor and forced labor Protection of employees' labor rights Performance of suppliers as to the labor code Protection of customer health and safety Protection of customer privacy and personal information Complaint handling mechanism	Development and exploitation of new energy Tackling climate change Compliance with laws and regulations on environmental protection Compliance with social rules and regulations Anti-corruption Workplace diversity and equal opportunities Occupational safety and health Quality assurance of products and services Compliance with laws and regulations on products and services
Low	Waste management Investment in environmental protection Biodiversity Supplier environmental performance Supplier social performance	Energy consumption and goals Greenhouse gas emissions Remuneration, development and training of employees Social service Contribution to communities PV-agriculture development Improvement of the electricity quality and living standards of farmers Formulation of sustainable development goals Sustainable development risk identification Protection of the rights of suppliers' employees

Importance to the sustainable development of GCL New Energy

GCL New Energy ESG Materiality Issue

Environmental Issues	Social Issues	Corporate Governance Issues
1 Development and exploitation of new energy	9 Social service	14 Formulation of sustainable development goals
2 Energy consumption and goals	10 Contribution to communities	15 Sustainable development risk identification
3 Tackling climate change	11 Solar agricultural development	**16 Anti-corruption**
4 Waste management	**12 Compliance with social rules and regulations**	
5 Greenhouse gas emissions	13 Improving the quality of electricity and living standards of farmers	
6 Compliance with laws and regulations on environmental protection		
7 Investment in environmental protection		
8 Biodiversity		

Employee Issues	Supplier Issues	Product and Service Issues
17 Workplace diversity and equal opportunities	22 Environmental performance of suppliers	26 Protection of customer health and safety
18 Occupational safety and health	23 Social performance of suppliers	**27 Quality assurance of products and services**
19 Remuneration, development and training of employees	24 Performance of suppliers as to the labor code	28 Protection of customer privacy and personal information
20 Prohibition of child labor and forced labor	25 Protection of the rights of suppliers' employees	29 Customer complaint handling mechanism
21 Protection of employees' labor rights		**30 Compliance with laws and regulations on products and services**

Note: Issues in bold above are issues of high importance.

Won the "Best ESG Award" Recognition

The "Best ESG Award" aims to recognize Hong Kong listed companies that, in 2021, especially against the backdrop of the pandemic, have always been customer-focused, employee-focused, socially responsible, focused on communicating with global stakeholders and creating long-term value for society and the environment, shareholders, customers, employees and partners.

GCL New Energy was awarded the 6th Golden HK Stock "Best ESG Award" for its responsible performance in carbon neutral industry promotion, corporate governance, environmental protection and social responsibility fulfillment in 2021, which not only highlights the attention and recognition of the industry and investors, but also is a great recognition and encouragement to GCL New Energy.

"The 6th Golden HK Stock" selection lasted for more than three months. Through public nomination, big data screening, model screening and other links, the selection expert committee composed of financial institutions, analysts and media conducted a comprehensive score based on factors such as the company's performance growth in the past year, industry ranking, corporate governance, business model, market influence and capital market performance, and selected the final award list, which has high authority and credibility in the industry.

Strict Control of Risks

GCL New Energy strictly complies with the Company Law of the People's Republic of China and other applicable laws and regulations, and prevents potential risks faced during the operation of the enterprise through measures such as information disclosure, risk management, internal audit and internal control, and the internal control management principles, internal control management system, internal control implementation guidelines, internal audit management standards and "Three Vital One Major" standards are established and implemented, and the information-based internal control system comprising the personnel management system, financial management system, material management system, engineering management system and business approval system are used for effective control of daily risk.

At the strategic management level, GCL New Energy's functional management centers compile statistics on the risks of each business, and the internal control team compiles quarterly risk reports and annual risk assessment reports for reference in risk control work after risk tracking, aggregation and analysis. In recent years, GCL New Energy's liquidity risk has been basically resolved through its own active efforts such as the lightening of its assets through holding off-balance sheet assets. At the level of power plant operation, GCL New Energy has ensured that the Group has industry-leading risk control capabilities at the operation and maintenance level through standardized management rules including EHS[1] management standards, EHS emergency management standards, EHS accident investigation management standards and EHS reward and punishment management standards, based on its rich experience in power industry safety production and comprehensive power industry management standards.

[1] EHS represents Environmental, Health and Safety

In terms of solar power plants project management, we actively control the potential risks faced by the project implementation. In the process of design, construction and operation of solar power plants, the Group conducts strict assessment on the potential environmental and social impacts in the surrounding areas, strives to minimize the potential negative impact of project development on local communities, and strives to protect the rights and interests of local stakeholders where the project is located. The Group undertakes that the relevant issues arising from the land and its attachments involved in the project will be properly handled in strict accordance with the principles of fairness, openness and legality; at the same time, in order to ensure the power generation and the personal safety of personnel entering the power plants, the Group will carry out closed management of the power plants, and effectively prevent and control the potential risks of solar power plant project management.

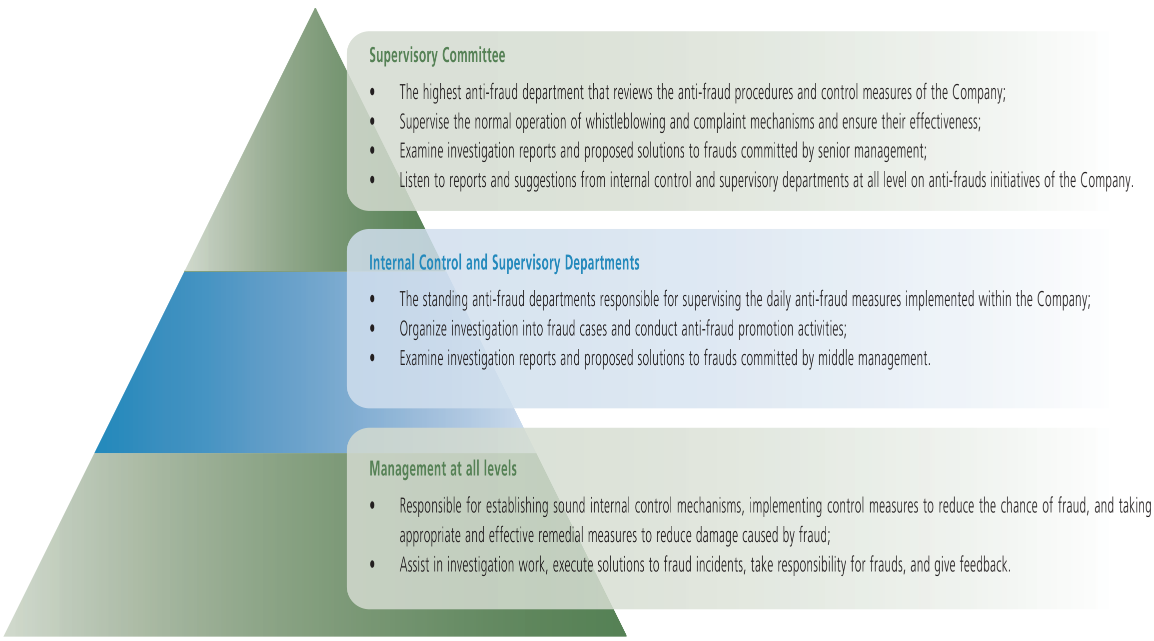
In addition, we regularly organize comprehensive inspections on production safety, environmental protection and occupational health for all business departments and all lines of operation and management, as well as special activities such as the National Production Safety Month, to identify risks and continuously raise employees' awareness of risk management and control, and develop and update risk contingency plans based on the identified risks for reference in our risk management work.

GCL New Energy Risk Management Closed-loop

Operating with Integrity

The Group strictly complies with the Company Law of the People's Republic of China, the Criminal Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, and has established a clear and effective anti-fraud management structure through internal business ethics guidelines such as the Anti-Corruption Regulations, the Anti-Fraud and Whistleblowing Management Standards, the Project Investment Review Management Standards and Ten Prohibitions at GCL, which clarified the code of conduct for employees in the course of business operations and dealings with customers, partners and procurement suppliers, strictly adhered to the bottom line of honest operation, and had zero tolerance for fraud and corruption.

GCL New Energy Anti-Fraud Management Structure



We have also set up a corresponding reporting and complaint mechanism to encourage all parties in the community to report and provide feedback on fraud, corruption and other unethical behavior of the Group and our staff through communication means such as our reporting hotline, email address and WeChat platform, in order to create a fair and clean working atmosphere. At the same time, the Group strictly protects the information security of whistleblowers and strictly prohibits the disclosure of information related to whistleblowers and acts of retaliation. The Group will deal seriously with those who violate the discipline and order the relevant responsible departments to carry out rectification in order to continuously strengthen GCL New Energy's capabilities to operate in compliance and business ethics.

In addition to advocating the Directors and senior management of the Company to set an example, we also completed a total of 16 integrity education training sessions in 2021 through a combination of on-site and online training by our internal control team, covering a total of more than 820 employees and 1,640 hours of training, to vigorously promote the creation of an anti-fraud corporate culture environment in GCL New Energy and help employees improve their anti-fraud mindset and work skills. During the Reporting Period, GCL New Energy did not have any corruption litigation cases or related complaints.

WORKING TOGETHER FOR DUAL CARBON

Under the "Dual Carbon" target of carbon peak and carbon neutrality, a new round of energy revolution has quietly begun, and the new zero-carbon energy represented by hydrogen energy will enter the stage of multiplying development on a large scale. In response to the development concept of "Lucid waters and lush mountains are invaluable assets", GCL New Energy adheres to the principle of green and low-carbon sustainable development and, under the "Dual Carbon" target, grasps the opportunities and aims at the track to promote the sustainable development of resources and the environment.

Focus on Green Opportunities

Under China's goal of reaching carbon peak by 2030 and carbon neutrality by 2060, GCL New Energy is actively exploring clean energy development opportunities to meet the green energy needs of sustainable development of human society and effectively promote the strategic transformation of the energy structure.

Hydrogen energy is a type of secondary energy with rich sources, green and low-carbon and extensive applications, and is gradually becoming one of the important carriers for global energy transformation and development[2]. Under the background that achieving carbon neutrality has become the consensus of major countries and regions in the world, hydrogen energy is not only considered as an important solution to achieve the goal of energy decarbonization, but has become an important strategic choice for China to accelerate energy transformation and upgrading and cultivate new economic growth points.

Indicator	Hydrogen	Contrast
Gaseous density	0.089 kg/m^3 (0°C. 100 kPa)	1/10 of natural gas
Liquid density	70.79 kg/m^3 (-253°C. 100 kPa)	1/6 of natural gas
Boiling point	-252.76°C (100 kPa)	90°C lower than LNG
Unit calorific value	120.1 MJ/kg	3 times that of gasoline
Energy density	0.01 MJ/L	1/3 of natural gas
Combustion rate	346 cm/s	8 times that of methane
Combustion conditions	4% to 77% by volume in air	6 times higher than methane
Auto-ignition temperature	585°C	Gasoline only 220°C
Ignition energy	0.02 MJ	1/10 of methane

Hydrogen energy characteristics versus other fuels[3]

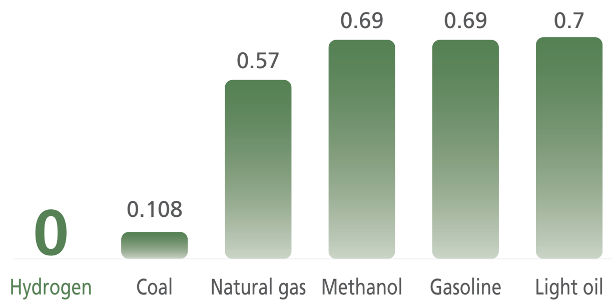
In the meantime, hydrogen energy is used with almost zero carbon emissions, which further demonstrates the importance of hydrogen energy in the transformation of the energy structure: it not only can replace a portion of traditional fossil energy as a fuel for direct use, but also can play a flexible role in energy conversion and storage through the fuel cell as an "energy mover", and it also can replace high carbon energy consumption in traditional processes during the industrial process[4]. As the cost of acquiring hydrogen energy continues to decrease, hydrogen energy will play an increasingly important role in the long-term process of achieving "carbon neutrality".

2 Reference source: Medium and Long-term Plan for the Development of Hydrogen Energy Industry (2021-2035), National Development and Reform Commission, National Energy Administration

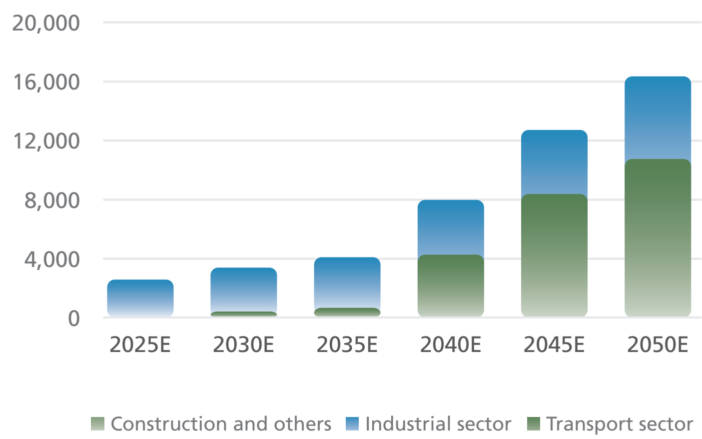
3 Reference source: The future of hydrogen, IEA

4 Reference source: Energy & Chemicals Industry Hydrogen Energy Report, CITIC Securities Research Institute

Comparison of hydrogen energy CO_2 emissions[5] (Unit: g/KJ)



Medium to long-term hydrogen energy demand forecast for China[6] (Unit: Ten thousand tonnes)



Hydrogen energy is providing a full spectrum of energy expression in a clean way, and its renewable, manageable and zero carbon emission characteristics can further couple electricity, heat, fuel and other energy sources together to build a connected modern energy network[7], promote interconnection between electricity and buildings, transportation and industry, continue to expand the decarbonization scenario in multiple fields, and drive the industry chain in multiple fields such as traditional industry, transportation and buildings upstream and downstream decarbonization and net emissions.

5 Reference source: Hydrogen Council, Hydrogen Industry Network

6 Reference source: China Hydrogen Energy Industry Development Report, China Electric Vehicle Council, Hydrogen Council

7 Reference source: Hydrogen Energy Industry Report Series, Guodian Securities Research Institute

Forward-looking Carbon Reduction Layout

The "14th Five-Year Plan" period is the "window period" of China's carbon peaking, the development period of hydrogen energy industry, the cultivation period of hydrogen energy market and the catch-up period of hydrogen energy technology. According to the statistics of the National Energy Administration, China has become the world's largest hydrogen production country, with huge potential in the supply of clean and low-carbon hydrogen energy, and the domestic hydrogen energy industry has shown a positive development trend. On the basis of continuous development in the field of green energy, GCL New Energy aims to meet the huge demand for hydrogen energy that will be released globally and domestically. Under the asset-light strategic transformation, GCL New Energy officially launched the hydrogen energy strategy to help reduce carbon emissions with hydrogen energy, proactively promote the integration of related clean energy businesses, empower the development of the entire chain of the hydrogen energy industry "production, storage, transportation and usage", respond to the strategic adjustment trend and demand of the global energy structure, implement the green development concept into the strategy, practice development, and strongly support the realization of the national "dual carbon" goal as soon as possible.

Hydrogen energy is an important part of China's future national energy system and an important carrier for achieving green and low-carbon transformation with energy-using terminals. Under the guidance of GCL New Energy's hydrogen energy strategy, we are taking actions to enter the hydrogen energy industry. While closely following the "Medium and Long-term Plan for the Development of Hydrogen Energy Industry (2021-2035)" issued by the National Development and Reform Commission and the National Energy Administration, we firmly grasp the goals of the national hydrogen energy industry development at all stages, and are committed to forming GCL New Energy's hydrogen energy big strategy, big pattern and big design, which are highly complementary and self-structured, in order to grasp the key strategic opportunities for hydrogen energy investment in the next decade, and combine the main application fields and market prospects of hydrogen energy to build the hydrogen energy business into GCL New Energy's high-quality competitiveness for sustainable development, and become a global leading integrated hydrogen energy operation service provider.

New zero-carbon industrial system paints a blueprint for hydrogen energy applications

On the way to build a "new zero-carbon industry and a new digital ecology", relying on the high-quality platform of GCL Group and in conjunction with large central enterprises, we will build a "Northern-frontier Green Corridor" and a zero-carbon industrial park in Baotou and Erdos, Inner Mongolia, focusing on the integrated industries of silicon materials, lithium materials, carbon materials, mobile energy, hydrogen energy and other wind-solar energy storage, power charging and hydrogen energy. The corridor and the industrial park will use the desert, the Gobi and the wilderness to build a high-efficiency and high-reliability large-scale wind-solar energy coupled with hydrogen energy preparation and application, to build a green transportation corridor through integrated energy stations, electric heavy trucks and hydrogen heavy trucks, and to transport hydrogen energy through the West-East natural gas transmission pipeline by mixing with hydrogen to realize hydrogen energy consumption, and to build a new zero-carbon industrial system integrating green electricity, green hydrogen and green industry.

We have set up a hydrogen energy division synchronously to actively study the development of hydrogen energy business and related industries on the advantageous platform of the existing solar power generation business, and continue to follow up the nested combination of hydrogen energy strategy with the stock business of solar and wind power development to help GCL New Energy develop towards the integration of "wind-solar power generation + hydrogen energy storage" — through the coupling of new energy and hydrogen energy, we can solve the problem of balancing clean energy treatment and load demand, while at the same time promote the diversified synergy of the Company's main business with the theme of deep decarbonization of energy. On the one hand, we have strategically invested in upstream and downstream equipment and technology companies in the industry chain, taking into account the demand for silicon production and hydrogen-doped combustion power generation at the level of GCL Group, with large-scale water electrolysis hydrogen production plants and small distributed comprehensive energy stations based on renewable energy power as the main construction elements, to significantly reduce the cost of power generation and improve the efficiency of solar utilization with the advantage of silicon technology and innovation, and to complete the production process of green power and green hydrogen. We will also use the multi-dimensional energy conversion system of "wind-solar-hydrogen-storage-cloud" to promote the high-quality development of the hydrogen energy industry, lead GCL New Energy to accelerate the expansion of its hydrogen energy territory, and strive to become a demonstration enterprise of standardized, orderly and high quality development of the hydrogen energy industry.

With the implementation of carbon reduction initiatives and the support of various favorable policies, the development of hydrogen energy is promising. By using a more dynamic growth model to achieve green development in the industry trend of carbon reduction, low-carbon and zero-carbon, and as a practitioner and promoter of "Bringing Green Power to Life", GCL New Energy will produce green hydrogen through solar to achieve carbon reduction at source, clean process and decarbonization at downstream industrial applications, and steadily promote the mature implementation of the comprehensive zero-carbon solution of clean energy "silicon-solar-hydrogen", so as to meet the growth of the new energy market during the "14th Five-Year Plan" in the best operating condition, respond to the concerns of our shareholders, investors, employees, customers, the industry and society with our industry-specific business actions, and actively assume the social, environmental and sustainable development responsibilities of the world's leading new energy enterprise to support the achievement of our dual-carbon goal.

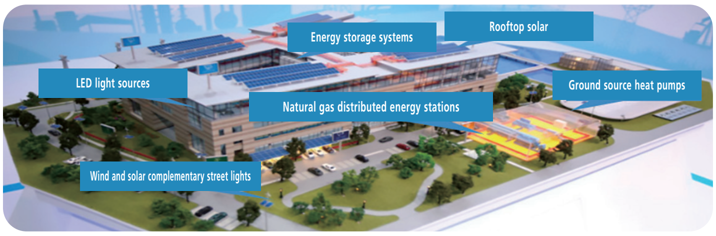
Contributing to Green Energy

As China proposed in 2020, the total installed capacity of wind power and solar power generation needs to reach more than 1.2 billion kW in 2030[8], during the "14th Five-Year Plan" period, the planned installed capacity of solar power is expected to reach 320 million kW, and by 2025, the total planned installed capacity of solar power in China will reach 560 million kW. Accelerating the construction of a new power system with new energy as the mainstay is an important responsibility and mission of the energy and power industry to serve carbon peak and carbon neutrality. GCL New Energy is deeply committed to the field of green energy, grasping the opportunity of the "dual carbon" target, striving to improve the level of consumption of new energy sources such as solar power generation and steadily promoting the sustainable development of the clean energy industry.

[8] Source: Speech by President Xi Jinping on "Building on Past Achievements and Embarking on a New Journey of Global Response to Climate Change", Xinhua News Agency

In 2021, GCL New Energy has 47 solar power plants with a total installed capacity of 1,051 MW. The average annual power generation capacity of solar power plants operated by GCL New Energy exceeds 3.87 billion kWh, **which is equivalent to planting 210,000 mu of forests by reducing carbon dioxide emissions by more than 3.86 million tonnes per year compared to thermal power generation**. At the same time, with low carbon, emission reduction and energy saving as our guidelines, we are continuously promoting the sustainable development of resources and the environment, realizing the coordination of multiple aspects of clean production, circular economy, ecological environment, resource utilization and sustainable development.

Integrated Green Energy Solutions for Smart Parks



GCL New Energy combines its mature experience in the development of solar power plants with digital technologies such as artificial intelligence, cloud computing, big data and blockchain, and innovatively conducts comprehensive analysis of energy consumption needs in terms of technology, economy, energy efficiency and environmental protection, and establishes a comprehensive low-carbon and high-efficiency green energy solution with new energy as the main source and the integrated and comprehensive use of various clean energy sources.

We specifically adopt leading technologies such as rooftop distributed, integrated solar storage and charging carport, micro-wind power generation and light storage street light, energy storage unit system, intelligent cooling and heating, etc., to help the low-carbon and zero-carbon development of the park, and apply the core technology of the "six-in-one" micro-energy network in a comprehensive way to meet the various green energy needs of the smart park, including solar, natural gas CCHP, wind energy, low-level thermal energy, LED and energy storage system, which effectively improving the efficiency of energy use in the region, so as to provide new energy integrated solutions with GCL New Energy's characteristics, rich scenarios, flexible customization and full life cycle for leading parks and even global customers.

In the new era of carbon reduction, the outlook for new energy continues to be positive, and GCL New Energy continues to move forward steadily based on the present and with foresight. Relying on the hydrogen energy strategy and the synergistic planning of the zero-carbon industry chain, we are anchoring on the clean energy track, driving development with technological innovation, accelerating the expansion of our business territory, contributing "hydrogen" power and GCL's strength to the development of the new energy industry, and acting as a "guide" for carbon neutrality.

Tackling Climate Change

As an important element of our risk management, GCL New Energy carried out the identification of climate change risks and opportunities during the Reporting Period so that we could better identify and mitigate the financial impact of climate change and formulate positive action plans around these changes. In accordance with the Task Force on Climate-related Financial Disclosure (TCFD) framework guidelines, we identified the relevance to our business operations based on our own business situation. During the Reporting Period, the Group systematically sorted and discussed a total of seven climate change risks and opportunities that have an impact on GCL New Energy.

Climate change risks		Risk description
Technology	Front-end costs of low carbon emission technology transformation	Various solar technology innovations and low carbon technology transformations increase R&D expenditure as well as upfront operating costs of the project.
Policy and Law	Existing requirements and legal policies	Existing laws, regulations and industry standards include the Environmental Protection Law of the People's Republic of China and the Energy Conservation Law of the People's Republic of China. Emerging regulations include carbon neutrality and carbon peak targets set by the government, which can result in negative impacts such as fines, warnings and loss of business if companies fail to comply with the updating laws and regulations.
Reputation	Growing stakeholder concern about negative feedback	As a solar power enterprise, our stakeholders have a high level of concern about green and low carbon, climate change issues and the possible impacts that may arise as a result. For example, investors expect the Company to adopt green operations in production and the government expects GCL New Energy to meet energy saving and emission reduction targets to eliminate environmental pollution. Stakeholders may require the enterprise to provide information on strategies, targets and performance in relation to climate change. Inadequate disclosure by the enterprise may affect its performance and revenue.
Markets	Changes in customer behavior	As the photovoltaic industry itself is an important participant in the environmental protection industry, customers are concerned about GCL New Energy in terms of environmental protection technology and achievements, and failure to meet customer expectations may result in lost orders and significant losses.

Climate change risks		Risk description
Entity risks	Acute risks	Increased impact of extreme weather events such as typhoons and floods: 1. the possibility of extreme weather (e.g. sandstorms) in the west causing the solar power plant to become inoperative; 2. the eastern region may threaten the safety of GCL New Energy employees due to extreme weather such as typhoons, affecting workforce management and the occupational health and safety of employees; 3. the possibility of damage to fixed assets under GCL New Energy due to extreme weather; 4. the insurance costs may increase due to extreme weather.
	Chronic risks	1. Rising average temperatures may lead to higher operating costs for enterprises, such as higher energy costs and a longer period for heat allowances paid to employees over the summer (if any). 2. Climate change may lead to longer or shorter sunshine hours in some areas, which may promote the popularity of solar power products if the sunshine hours increase, or may lead to a reduction in market share if the sunshine hours become shorter.

In view of the development risks and challenges brought about by climate change, GCL New Energy is also committed to identifying potential development opportunities in a comprehensive manner. In terms of production value, we are actively building an upstream and downstream industrial chain for low-carbon emission reduction to enhance our adaptability and operational resilience in the face of potential climate change risks; in terms of business layout, we continue to explore new technologies and their applications to contribute our own efforts to the transformation of the low-carbon economy, and take advantage of GCL New Energy's superior competitiveness in the new energy industry to lay out a forward-looking hydrogen energy development strategy during the window period of energy structure transformation; in terms of carbon emission management, we are actively exploring the application prospect of carbon capture and storage technologies and keeping an eye on the carbon trading market in real time, and through multi-level efforts and exploration, we will continue to contribute to the implementation of the "dual carbon" target.

Policy opportunities
High energy-consuming enterprises are influenced by policies such as the renewable energy quota system, and the demand for green electricity generated from renewable energy sources such as solar and wind power has increased, greatly facilitating the cooperation between GCL New Energy and high-quality downstream customers, including state-owned central enterprises.

Energy opportunities
We will vigorously develop the green hydrogen industry, gradually realize the development of the "hydrogen + solar power" double main business, and apply it to daily operations as green energy, reduce greenhouse gas emissions and expenditure on outsourced energy procurement, and enhance the energy structure of our customers' green value chain.

Market and product service opportunities
Customers are placing increasing demands on the sustainability of their business operations and our product features are aligned with their needs, which can make us more competitive with our peers, e.g. landing solar power projects such as desert solar power, agricultural complementary solar power projects and fishery complementary solar power projects to improve land use efficiency.

Continuous Carbon Reduction and Net Emission

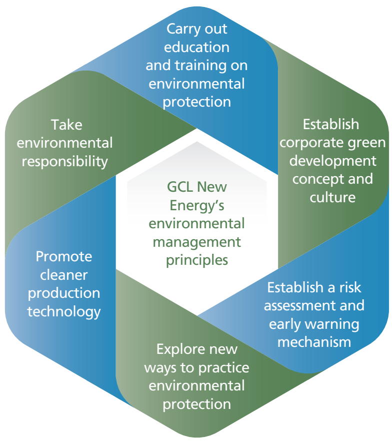
GCL New Energy actively fulfills its environmental responsibility and strives to maintain a green home under the development concept of "Bringing Green Power to Life". We have established a comprehensive environmental management system and combined with technological innovation to extend the green concept from project design to every aspect of management, operation and office, fully contributing to the sustainable development of society and continuously empowering the "dual carbon" goal.

Environmental Management

The Group strictly follows the related laws and regulations such as the Law of the People's Republic of China on Conserving Energy and the Environmental Protection Law of the People's Republic of China, and develops and follows internal management systems such as the EHS Management Standards and the Management Standards for Environmental Protection of Power Plants in conjunction with its own actual situation. In 2021, we updated the organization and core members of our EHS Management Committee to ensure that the internal division of labor in the EHS management of GCL New Energy was more reasonable and standardized. During the Reporting Period, GCL New Energy did not have any incidents in violation of applicable environmental protection laws and regulations and relevant regulatory requirements, nor did it receive any complaints against its environmental management-related work, and continued to deepen the implementation of green and environmental protection measures in its construction and operation work by carrying out environmental target management work, so as to create a green industrial ecosystem for the entire Group.

GCL New Energy Environmental Objectives			
Energy consumption objective	Water consumption objective	Waste objective	Greenhouse gas objective
Strengthening the promotion of green operation, green office and comprehensive use of resources to achieve negative growth in energy consumption intensity	Optimizing water resource management and establishing a water recycling management system to improve the efficiency of water reuse	Optimizing waste management levels and improving waste reuse capabilities to ensure 100% waste disposal compliance	Responding positively to the national" dual carbon" target to achieve negative growth in carbon emissions intensity

GCL New Energy Environment Management Principles



In addition, we regularly organize systematic statistics and analysis of energy and resource use and emissions of three wastes, and use specific quantitative indicators as reference standards for the Group to improve the efficiency of energy and resource use and reduce emissions, in an effort to reduce the negative impact of our operations, project construction and production on the ecological environment.

Green Operation

GCL New Energy regards green operation as one of the important links in achieving the goal of energy saving and emission reduction, and promotes the fulfillment of GCL New Energy's social responsibilities and obligations through scientific and technological innovation, always upholds the principles of "comprehensive planning, reasonable deployment, prevention first, combination of prevention and treatment, and comprehensive management", and constantly optimizes our environmental supervision system to ensure that environmental protection is put in place in the production process.

Environmental Supervision and Management System

Fast response

- Immediate measures shall be taken in case of emergency pollution incidents, while major pollution incidents or above shall be reported to the holding company in accordance with emergency management requirements.

Operation and management

- Subsidiaries should manage the entire process of technology supervision for environment protection, and incorporate it into our production and operation management efforts.

Clarified responsibilities

- EHS management departments and personnel of the holding company, subsidiaries and subordinate units are responsible for environmental supervision and management.

With the aim of protecting the environment and maintaining the ecological balance, we have successively landed solar power station projects of fishery complementary solar power, agricultural complementary solar power and forest complementary solar power, and explored the innovative model of ecological forestation for sand control in desert solar power stations, striving to achieve efficient use of resources and energy and a dynamic balance between resource extraction and net zero emission.

Fishery complementary solar power green solar power project

GCL New Energy uses mudflats and fish ponds for construction, setting photovoltaic modules in the space above the water surface of the fish ponds, so that one land can be used for two purposes: that is, the lower layer is used for aquaculture and the upper layer is used for solar power generation, greatly increasing the economic value of the land per unit area. The featured fishery complementary solar power project can provide new energy without increasing environmental pressure, and can also add new tourist attractions to the local area, with obvious social and environmental benefits.

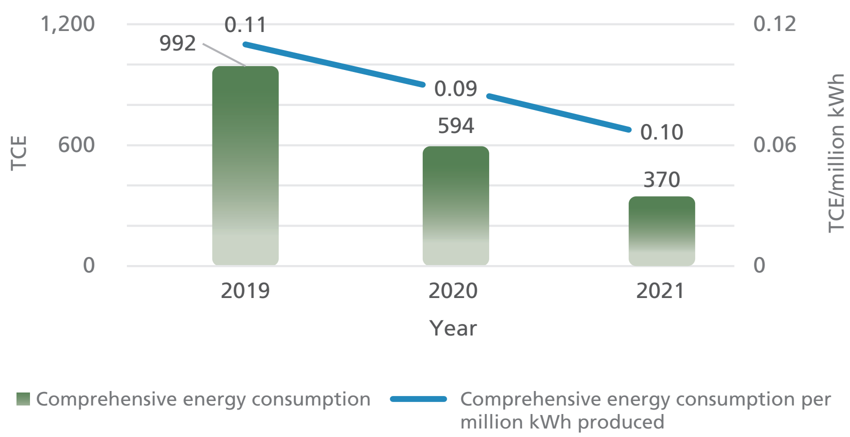
Resource Conservation

GCL New Energy's main business covers engineering construction and power plant operation. During the construction phase of a power plant, our energy source is mainly purchased electricity. GCL New Energy has adopted strict environmental protection measures to minimize the negative environmental impact caused by construction. During the operation of the power plant, we mainly use clean energy generated by the solar power plant as the main source of energy to promote the sustainable development of the solar power industry. In terms of water conservation, we strictly comply with the Water Law of the People's Republic of China and other laws and regulations in the places where the Company operates, and continuously promote the development of innovative technologies. We have adopted a reclaimed-water recycling system and self-developed intelligent operation and maintenance robots, which have greatly reduced water consumption and water waste in the operation process.

The major energy used by the Group were purchased electricity, diesel and gasoline. During the Reporting Period, the Group's energy and resource consumption was significantly reduced due to the large-scale sale of solar power plants and the downsizing of its business, as detailed below:

Energy and Resource Consumption					
Indicator		**Unit**	**2019**	**2020**	**2021**
Energy consumption	Purchased electricity	kWh	683,376	8,000	1,800
	Diesel consumption	TCE	718	464	293
	Gasoline consumption	TCE	256	129	76
	Comprehensive energy consumption	TCE	992	594	370
	Comprehensive energy consumption per million kWh produced	TCE/million kWh	0.11	0.09	0.10
Resource consumption	Water consumption	Tonnes	254,444	186,148	99,040
	Water consumption per million kWh produced	Tonnes/Million kWh	29	28	26

Comprehensive energy consumption trends from 2019-2021

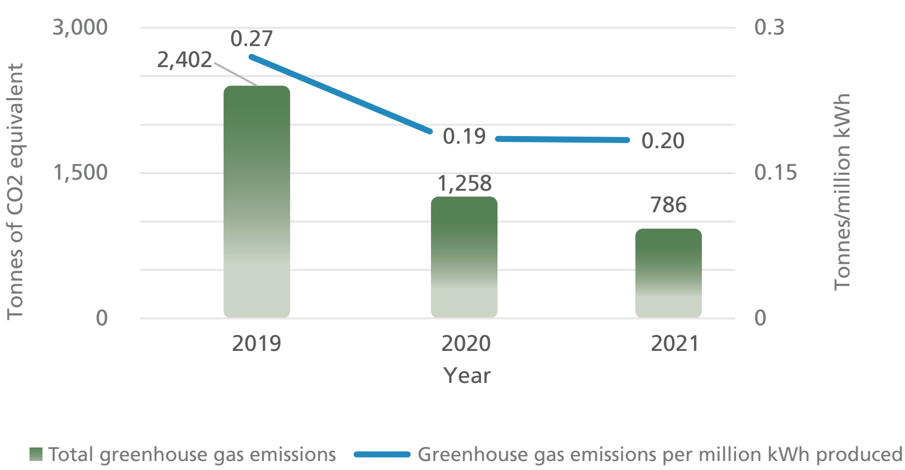


Emissions Reduction

The Group's greenhouse gases and exhaust pollutants are mainly derived from combustion emissions from construction vehicles during the construction phase. We continue to optimize our automated operations management and technological innovation capabilities to reduce emissions as much as possible. During the Reporting Period, the Group's greenhouse gas and exhaust emissions were significantly reduced as a result of the downsizing of the Group's business due to large-scale sale of solar power plants, and the emissions and related indicators are as follows:

Emissions					
Indicator		**Unit**	**2019**	**2020**	**2021**
Greenhouse gas emissions	Scope 1 Greenhouse gas	Tonnes of CO_2 equivalent	1,937	1,250	784
	Scope 2 Greenhouse gas	Tonnes of CO_2 equivalent	465	8	2
	Total greenhouse gas emissions	Tonnes of CO_2 equivalent	2,402	1,258	786
	Greenhouse gas emissions per million kWh produced	Tonnes/million kWh	0.27	0.19	0.20

Greenhouse gas emissions trends from 2019-2021



GCL New Energy strictly abides by the laws and regulations and disposal standards of the places where the Company operates to dispose of the waste and manages the disposal work in strict compliance. The Group's waste is mainly electronic waste such as waste battery panels and waste electrical appliances, construction waste and domestic waste. Among which, domestic waste is disposed of in a compliant manner by the garbage collection station near the power plants. During the Reporting Period, the Group generated less hazardous waste in the course of operation and construction. We generally adopted the method of centralized collection and storage and entrusted a third party solid waste treatment company to carry out harmless treatment in a timely manner for effective disposal of hazardous waste.

Waste Disposal				
Indicator	**Unit**	**2019**	**2020**	**2021**
Construction waste	Tonnes	320	20	4
Construction waste disposed per Million kWh produced	Tonnes/Million kWh	0.17	0.003	0.001

Environmental Contingency Plans

In addition to formulating a regular environmental management system and management process, the Group also attaches great importance to the prevention of environmental safety and the maintenance of biodiversity. With reference to the laws and regulations and the actual ecological environment of the places where we operate, we summarize our experience in disaster prevention and mitigation in previous years, analyze potential sudden environmental incidents and potential ecological threats, further improve the ecological and environmental special contingency plan and on-site disposal plan of GCL New Energy, and continuously enhance our ecological and environmental emergency protection capability, prevention capability and response capability by establishing an emergency linkage mechanism.

During the Reporting Period, the Group, in conjunction with special actions to build the emergency response capacity of solar power plants, fully considered the scope and extent of the impact of natural disasters such as typhoons, rainstorms and sandstorms, implemented a stockpile of emergency materials, organized training on special emergency plans and conducted emergency drills on a number of occasions, and maintained a frequency of more than 30 drills a year to ensure that staff were fully prepared to deal with contingencies in case of emergency.

Regular emergency drills for flood control

GCL New Energy regularly carried out emergency drills to prevent rain and flooding. The operating power plants of GCL Jiangling Power Plant and GCL Anfu Power Plant of the Central China Regional Company, GCL Yongcheng Power Plant of the Henan Regional Company and GCL Yuxi Zhongtai Power Plant of the Southwest Regional Company actively implemented emergency response under the unified arrangement of the Company, promptly checked and discharged water in various places and took various effective measures to ensure the safe and stable operation of power plant equipment.

Green Office

GCL New Energy has always put into practice the concept of "low-carbon and green office" and actively promotes the green office plan in the daily work of our staff. In the campus of the Group's headquarters energy center, we make full use of green energy to reduce office carbon emissions through six-in-one measures such as wind, solar, storage and charging to support the regional micro-grid, and continue to promote our green concept to employees in our Future Energy Pavilion, and implement the relevant requirements of a green office through the Staff Code of GCL New Energy to continue to promote it from the awareness level and guide employees to practice GCL New Energy's green office concept of energy conservation, emission reduction and low-carbon environment protection, and encourage every employee to set an example to promote the sustainable development of the Company.

Green Office Initiatives

Make the utmost of natural light to reduce the use of lighting.	Promote bringing your own water cup and reducing the use of disposable water cups.
Set the air conditioning temperature according to the season and avoid opening the air conditioning, doors and windows at the same time.	Promote good water use habits and enhance awareness of water conservation.
Shorten the time when computer monitors go to sleep and turn off the power when the computer is not used at all.	Strengthen the management of official vehicles, promote carpooling and encourage staff to use public transport.
Promote a paperless office, make the best use of things and reduce the waste of office supplies.	Advocate double-sided printing and make full use of paper resources.

Photovoltaic carports lead the way to green offices

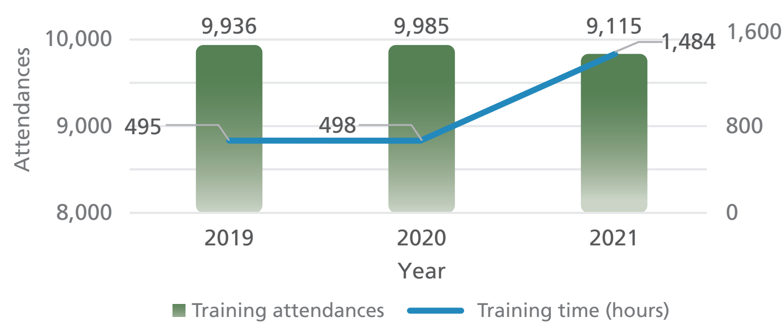
Photovoltaic carport

GCL New Energy advocates green commuting for its employees. We have pioneered the construction of our own photovoltaic parking sheds in our operating power plants and adopted the operation mode of "self-generation and use and grid-connection of surplus electricity" in order to reduce energy consumption and achieve the environmental goal of low-carbon and energy conservation while responding to the Company's philosophy of "saving expenses, reducing cost and increasing efficiency".

Environmental Protection Training

GCL New Energy attaches great importance to safety and environmental training and activities. Through the environmental protection training structure system comprising the holding company, regional companies and operating power plants, we carried out environmental protection training for all employees to continuously promote the Company's green development concept and raise employees' awareness of environmental protection. During the Reporting Period, we conducted a total of 1,484 hours of environmental protection training for a total of 9,115 participants, achieving 100% coverage of staff at GCL New Energy in environmental training.

Changes in environmental training attendance (attendances) and in training time (hours) in 2019-2021



COLLABORATING TO FORGE DREAMS AND LEADING WITH INNOVATION

GCL New Energy upholds the mission of green development and continues to provide clean, safe and efficient green and inclusive energy to society. Based on the new energy sector, we actively undertake social and environmental responsibilities, integrate the concept of sustainable development into the Group's development strategy, and bring green energy to thousands of households.

Innovation Empowerment

Intelligent Operations and Maintenance

With the accelerated transformation of the energy consumption structure to a clean and low-carbon direction, the photovoltaic industry is also moving from a high-speed growth stage to a high-quality development stage, and the concept of "PV+" provides unlimited imagination for the new energy society of the future. GCL New Energy actively participates in the national "PV Top Runner Program", adopts the regional intelligent operation mode and strives to build a leading image in the PV industry. We insist on feeding our commercial competitiveness with continuous technological progress, make good use of scientific operation means, highlight our advantages, grasp new opportunities for development in the transformation and upgrading, and promote intelligent operation and maintenance business moving into the fast lane.

GCL New Energy' intelligent cleaning robot facilitates intelligent operation and maintenance

Solar power plant O&M technology research results recognized by industry awards

Unlike the traditional management and operation and maintenance of solar power plants, GCL New Energy has built a solar power "cloud" platform with full intellectual property rights at the back end of the business of power plant operation and maintenance as an intelligent management system for stock assets. In the middle of the core business of operation and maintenance, with device coding and standardization of acquisition protocols as a basic framework, we have built an expandable "GCL Intelligent Maintenance" professional platform, integrating 17 business sub-systems and corresponding functional modules, including centralized control, dispatching, production and analysis, and invested in the application of various intelligent hardware and software technologies such as timely cleaning by intelligent robots, inspection by drones, hot spot detection and IV curve scanning, etc., and nested the three-level management system structure of "solar power plant — regional centre — management centre" pioneered by GCL New Energy, constructed three major systems of intelligent hardware on the side of solar power plants, real-time dynamic management of production on the side of regional centres and big data analysis of operation on the side of headquarters, created the new mode of customized and digitalized intelligent power plant operation and maintenance with "centralized monitoring, regional maintenance, unmanned and less manned on duty, intelligent and specialized operation and maintenance", continuously optimizing the comprehensive capacity of solar power plant operation and maintenance, and leading the innovation of the industry operation and maintenance mode with technological innovation.

Class 5A Solar Power Plant Operation and Maintenance Service Unit service certification

During the Reporting Period, we continued to build our new brand of GCL New Energy's "Industry + Technology" solar power plant operation and maintenance, not only continuing to provide follow-up operation and maintenance services for most of the sold solar power plant projects, but also carrying out professional, intelligent and refined solar power plant operation and maintenance model upgrades for our operation and maintenance customers across the country. Through GCL New Energy's mature and intelligent technical solutions, rich experience in safety production in the power industry and perfect management standards in the power industry, we strive to improve the level of refined comprehensive management and per capita efficiency of our customers' solar power plants, enhance the reliability and profitability of power plants throughout their full life cycle and reduce the overall cost of operation and maintenance.

At the same time, relying on GCL New Energy's years of mature management experience and advantageous supporting technologies in the industry, we strive to provide our operation and maintenance customers with value-added operation and maintenance services such as equipment pre-testing, equipment performance testing, secondary system maintenance, external line maintenance, power market trading, asset valuation and integrated energy services for wind, solar, storage and hydrogen, so as to continue to create value for our customers and promote mutual development. Suzhou GCL New Energy Operation and Technology Co., Ltd.*(蘇州協鑫新能源運營科技有限公司), a subsidiary of the Group, was not only awarded the first "Class 5A Solar Power Plant Operation and Maintenance Service Unit" in China, but also passed the four management system certifications of quality, occupational health and safety, environment and information security. During the Reporting Period, Suzhou GCL New Energy Operation and Technology Co., Ltd. *(蘇州協鑫新能源運營科技有限公司)was awarded the national high-tech enterprise certification, which will continue to strengthen GCL New Energy's brand value as a new leader in the field of intelligent operation and maintenance of solar power plants.

During the Reporting Period, the total installed capacity of solar power plants operated and maintained by the Group was approximately 3 GW, involving 69 solar power plants across China. With the support of GCL New Energy's digital intelligent operation and maintenance technology and green operation measures, a total of 1.36 million tonnes of standard coal was saved and 3.40 million tonnes of carbon dioxide was reduced.

Sincere Service

GCL New Energy is deeply integrated with the solar power industry by means of technologies such as big data, the Internet of Things, the Internet and artificial intelligence, and combined with our rich experience in the operation and maintenance of solar power plants, relying on our scale advantage, massive data accumulation and cutting-edge technologies, we are gradually transitioning to a "solar power cloud service provider" providing integrated operation and maintenance solutions under the refined business development concept of reducing costs and increasing efficiency by integrating GCL New Energy's technological advantages into integrated operation and maintenance solutions for solar power plants, and continue to improve the quality of our products and services.

In addition to providing high quality products and services to our customers, we are also open to hearing from our customers and constantly improving our customer service capabilities. We have opened up our national customer service hotline, online customer service, email and other feedback channels, and equipped our customer service team with professional technical skills and communication and coordination capabilities to respond to customers' needs and focus on their pain points in a timely manner, and provide efficient, smooth and timely solutions to our customers. During the Reporting Period, the Group did not receive any customer complaints regarding the quality and safety of its products and services.

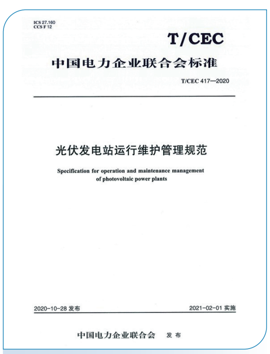
Data Security

We strictly comply with the Law of the People's Republic of China on the Protection of Personal Information, the Law of the People's Republic of China on Network Security and other policies, regulations and regulatory requirements, and attach great importance to the protection of customer information. We adopted graded management of the private information of customers and customer data assets in our possession and continued to strengthen the security and privacy protection of customer data through confidentiality measures such as permission restrictions and strict liability and punishment mechanisms. GCL New Energy also strengthened the information protection awareness and capability of its internal staff and provided all staff with training related to customer information security and privacy protection to minimize the information security risks originating from internal staff and safeguard customer data and privacy in all aspects. During the Reporting Period, GCL New Energy did not experience any major information security incidents such as leakage of customer privacy information.

Intellectual Property

In the process of continuously promoting product and technological innovation, enhancing economic efficiency and technological added value, we are also simultaneously enhancing the protection of our innovation achievements. The Group strictly complies with the laws and regulations of the Civil Code of the People's Republic of China and the Patent Law of the People's Republic of China, and has established a sound internal mechanism for the protection of intellectual property rights, and has clearly defined the Group's requirements for the protection and management of patents and copyrights. Under the continuous efforts of GCL New Energy, as of 31 December 2021, the Group had obtained a total of 96 patent certificates, 26 software copyrights and 18 certificates of work registration, and had published a number of papers publicly within the GCL Group and in relevant professional publications in the industry.

Innovating a new standard for intelligent operation and maintenance of digital solar power plants


T/CEC
中国电力企业联合会标准
T/CEC 417—2020
光伏发电站运行维护管理规范
Specification for operation and maintenance management of photovoltaic power plants
2020-10-28 发布
2021-02-01 实施
中国电力企业联合会 发布

TCEC 417-2020 Specification for Operation and Maintenance Management of Photovoltaic Power Plants

In February 2021, GCL New Energy was invited by the China Electricity Council to take the lead in compiling and formally publishing the TCEC 417-2020 Specification for Operation and Maintenance Management of Photovoltaic Power Plants, which further clarifies the requirements for the operation and maintenance of solar power plants and enterprise operation and maintenance capacity building, operation and maintenance process management and operation and maintenance management evaluation, and is used to guide the optimization of the operation and maintenance of solar power plants and the improvement of management capabilities.

Win-win Partnership

A stable and harmonious supply chain structure and a mutually beneficial and win-win industrial cooperation model are important prerequisites and foundations for GCL New Energy to achieve sustainable development. We integrate the concept of green responsibility into the management of our supply chain and the development of our partners, and with the synergy of the supply chain, we will work together with our partners to grow together and continue to promote the overall development of the new energy industry.

Responsible Supply

Through the Supplier Management Standards, GCL New Energy cooperates with the supply chain management department to strictly control the specific work of key aspects such as supplier inspection, admission, management and performance evaluation in a systematic management mode, and continuously focuses on the efforts of all suppliers in terms of environmental friendliness, resource conservation, labor rights and safety assurance, applying social responsibility requirements to all aspects of the Group's procurement management. We use ourselves as a hub to link up with many enterprises in the supply chain to integrate the development of green supply and responsible supply into the development and maintenance of the industry chain.

Supplier Social Responsibility Assessment Procedures

Exploratory Stage	Shortlisted Stage	Managing Stage	Performance Evaluation Stage
• Propose assessment requirements regarding environmental, quality, and safety performance.	• Suppliers are required to submit environment, occupational health and safety certificates and other relevant materials.	• Encourage suppliers to take practical actions in energy conservation, environmental protection, and public welfare. • Follow the rules and regulations of the Group and promote the "GCL Ten Prohibitions".	• Determine long-term strategic partnerships and the supplier exit procedure from multiple aspects.

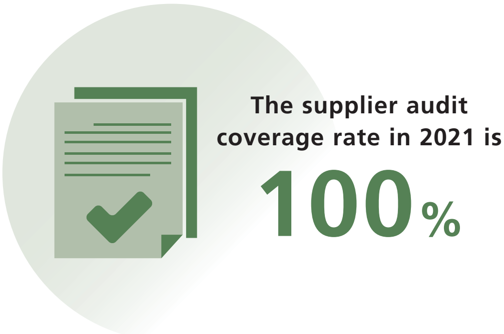
We give priority to the procurement of green products and actively promote the concept of resource-saving and environment-friendly products to our suppliers, continuously enhance their awareness and performance in sustainable development, guide them to pursue the coordinated development of economic, environmental and social benefits, and jointly create a sunny, responsible, green and harmonious supply chain system, so as to extend our sustainable development philosophy and social sustainability to all parts of the supply chain and actively explore low-carbon supply chain solutions.

100% of suppliers with ISO 14001 certification

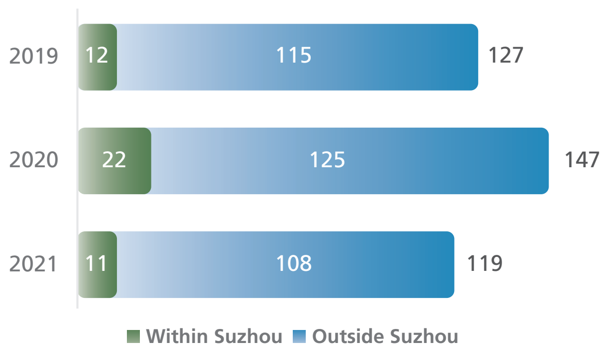
100% of suppliers with ISO 45001 certification

100% of suppliers with ISO 9001 certification

As of 31 December 2021, the Group had conducted and completed audits covering supplier qualifications, supply capability, products and social responsibility during the Reporting Period, with an effective audit coverage rate of 100%.



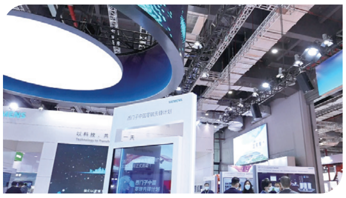
In the specific procurement process, on the one hand, we continue to promote the collective procurement model on the basis of preferential supplier selection, and select regional suppliers as far as possible based on the principle of proximity, in an effort to improve our overall procurement efficiency to reduce procurement costs and reduce procurement carbon emissions to contribute to sustainable development; on the other hand, we continue to support local enterprises and various small and medium-sized local suppliers in Jiangsu to enhance supply chain stability and regional industrial synergy and promote regional and local economic development. During the Reporting Period, the total number of our suppliers was 119, with the following specific distribution:



Ecological Construction

As a participant in the social value chain, we actively cooperate with partners from all walks of life and are committed to creating a harmonious and win-win new energy green ecosystem and promoting the sustainable development of the industry. On the one hand, GCL New Energy vigorously promotes the deepening of strategic partnerships with high-quality central enterprises and state-owned enterprises, including State Power Investment Group, Shanghai Electric Power and China Three Gorges Group, to accelerate the cash inflow of GCL New Energy, reduce financing costs and continue to effectively reduce the scale of debts. On the other hand, under the guidance of the hydrogen energy strategy, it has signed strategic cooperation agreements on green hydrogen with companies such as Guizhou Gas, Air Liquide and Nande Certification and Testing. In the future, GCL New Energy will move forward side by side with our partners on the main line of strategic development and continue to explore development opportunities.

Siemens at the 4th China International Import Expo, digital empowerment for "0+H2=∞"



In November 2021, the 4th China International Import Expo was held at the Shanghai National Convention and Exhibition Center. GCL New Energy made its debut in the technical equipment section of the Expo, and joined hands with its partner Siemens to present the application of digital intelligent industrialization in the energy sector under the theme of "Technology, Create Every Day".

The cooperation between GCL New Energy and Siemens will be based on the theme of "Green-Hydrogen Marriage" and will focus on the two themes of zero-carbon and intelligence to accelerate the industrialization of hydrogen energy, and further explore in-depth cooperation opportunities in the areas of hydrogen power electronics and hydrogen technology and talents.

In addition, GCL New Energy also actively seeks and participates in joint exchanges and learning opportunities with the China Electric Power Planning & Engineering Institute, China Renewable Energy Engineering Institute, the State Grid Economic Research Institute and other research institutions in the industry, and obtains and tracks the industry's forward-looking developments, macro policy directions and market trends in real time, and actively shares our research and exploration experience and strategic development ideas, while enthusiastically offering advice and suggestions to government and regulatory bodies such as the National Energy Administration and the Jiangsu Provincial Energy Bureau, providing first-hand information and innovative ideas to promote the development of the new energy industry.

GROWING UP TOGETHER FOR THE FUTURE

We adhere to the concept of "people-oriented" talent responsibility, fully protect the legitimate rights and interests of employees in recruitment, promotion, demission, working hours, remuneration and benefits, etc., strictly comply with the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China and other laws and regulations, and at the same time, we have formulated and published Staff Recruitment and Employment Management Standard, Remuneration Management Standard, Talent Echelon Construction Management Standard, Training Management Standard, Welfare Management Standard, Staff Performance Management Standard and other internal systems, striving to build a scientific training system and an efficient talent incentive mechanism, and to provide a healthy and safe working environment for our staff, so as to continuously promote the common growth and prosperity of our staff and the Company.

Diverse Talents

We continually assess the Group's performance on equal opportunities and diversity and strictly eliminate child labor and forced labor in our recruitment and employment processes, respecting differences in candidates' gender, age, race and cultural background, and opposing any form of discrimination and unequal competition. At the same time, we actively promote the cultivation of local talents, create local jobs in the locations of the Group and its subsidiaries, and support the development of the local economy. During the Reporting Period, GCL New Energy did not have any incidents of child labor or forced labor, and the labor contract signing rate and social insurance coverage rate reached 100%.

During the Reporting Period, we actively recruited talents according to the needs of the Company's strategic transformation, talent reserve and talent echelon construction to ensure the normal replenishment of hydrogen energy technology research and development, front-line operation and maintenance personnel as well as some middle and back office function personnel. In the meantime, the Group launched a targeted recruitment campaign for high-quality fresh graduates with master's and doctoral degrees from home and abroad to attract young blood to join GCL New Energy, match the future technological development direction of the Company and add backbone strength for the promotion of the hydrogen energy strategy.

Basic Talent Selection Criteria

- With high performance and value creation
- With great potential and being young
- With high loyalty and being professional

Capability Development Program for Cadres

- Young backbone cadres: GCL Hope (the post-90s generation), GCL Future (the post-80s generation)
- Leadership Programs for transformation of newly-selected cadres, talent training programs for expert professionals

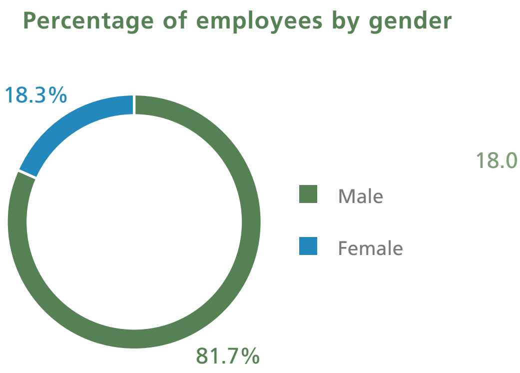
Diversified Training Model

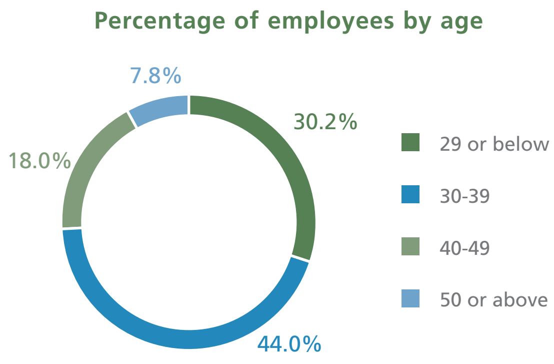
- Tutor teaching
- Job rotation and secondment — job practice
- action study — case analysis

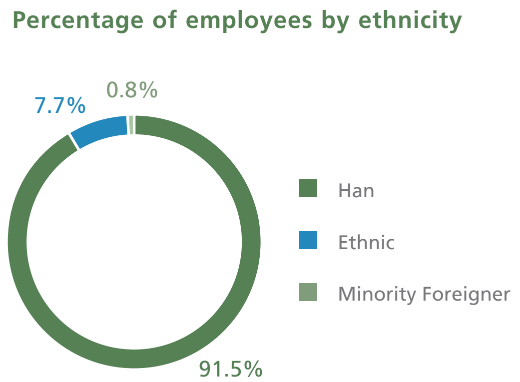
Training Guarantee Mechanism for Cadres

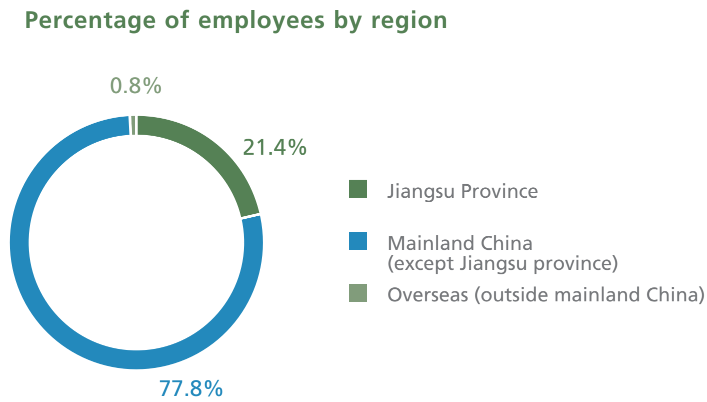
- Establish a multi-dimensional pool of top talents, open up the talent training and utilization channel of the Group
- Build a multi-channel career development path for cadres
- Set up the job rotation practice mechanism for cadres and mechanism for regular talent review

As of 31 December 2021, the Group had a total of approximately 896 employees in the PRC and overseas, all of whom are regular employees, with a breakdown of employees as follows:









Value-based Employment

We are committed to providing a competitive remuneration package and employee incentive system to our employees. The Group regularly ensures our competitive level of remuneration based on salary changes and other reference factors in various regions and industries, while achieving efficient human resources management digitally through our SAP system with comprehensive coverage of employee attendance, payroll and performance management modules.

GCL New Energy strictly complies with the relevant national or regional government regulations and has established a comprehensive internal welfare system. During the Reporting Period, we upgraded the existing employee benefits for our employees while paying the five social insurance and one housing fund for all employees, so as to effectively enhance the employees' sense of entitlement. During the Reporting Period, we increased the cost of medical check-ups and upgraded the packages of medical check-up items for our employees, so that they could enjoy better medical check-up services according to their needs and help them work healthily and happily.

Statutory benefits	• Five social insurances and one housing fund • Paid leave	
Corporate benefits	• Meal expenses and high temperature allowance • Festival allowance • Special day allowance • Communication allowance • Transportation allowance	• Rent allowance • Plateau allowance • Construction site allowance • Night shift allowance • Term of service allowance
Non-cash benefits	• Supplementary commercial insurance • Onboarding physical examination/annual regular physical examination	

GCL New Energy Talent Apartment

Employee Equity Incentive Plan

As an important part of the long-term incentive plan for employees, GCL New Energy granted share options to employees in 2021, and the share options granted was vested in four batches at a rate of 25% per year. During the Reporting Period, after taking into account the completion of employees' organizational goals and the results of individual annual performance evaluation, we granted approximately 370 million share options to employees, which will not only motivate the employees to organically integrate their career goals with the development strategy of the Company, but also help to achieve a win-win situation for both the employees and the Company.

Care for Female Employees

We strictly comply with legislation on the protection of gender rights and interests, including achieving equal pay for equal work for both male and female employees, granting adequate maternity leave to pregnant employees, and granting paternity leave to male employees. We reserve positions for employees on maternity/paternity leave, encourage them to return to work after their leave, and ensure that their career development and remuneration are not affected as a result.

Indicator	Gender	2021	Unit
Number of employees who took maternity/paternity leave	Male	2	ppl
	Female	18	ppl
Number/ratio of employees who returned to work after the end of their maternity/paternity leave	Male	2/100%	ppl/%
	Female	18/100%	ppl/%
Total number/retention rate of employees who return to work after the end of maternity/paternity leave and retain after 12 months	Male	2/100%	ppl/%
	Female	18/100%	ppl/%

Talent Development

We have formulated the Talent Echelon Construction Management Standards and the Training Management Standards internal training system to promote the standardization, rationalization and systematization of training work, clarify specific training management methods, processes, working guidelines and implementation standards, and help employees grow in all aspects. GCL New Energy has combined internal training platforms and external training resources to actively set up the "GCL Elite" and "GCL Future" corporate universities for employees to continuously help them acquire industry expertise and achieve their career development goals.

Trainees	Comprehensive Training System for Employees at All Levels	
Managerial staff	Leadership Talent Team Management improvement	GLP
Professional staff	Expert nurturing program	GEP
Employees at functional departments	Professional skills Self improvement Technical skills	GTP
Front-line operators	Training on module operation Special license Expertise improvement	GOP
New employees	New employee training GCL Star Program Induction training	GNP
All employees	Corporate culture training	GVP

On 8 May 2021, the first "GCL Heritage, GCL Technology" Young Artisan Skills Innovation Competition sponsored by GCL New Energy and co-organized by GCL University and GCL Central Research Institute was officially opened to promote practical exchanges among employees in the core business of new energy and the application of low-carbon environmental protection technology through the form of competition, and to continuously strengthen the good learning atmosphere within the Company with the theme of green, low-carbon and refined skills.

From 22 to 24 July 2021, the senior management of the GCL New Energy attended the corporate management course jointly developed by GCL University and Shanghai Jiaotong University in the Campus of Peking University. The course covered three core modules, namely "Project-based Management", "Capital Operation and Investment and Financing Management" and "Macroeconomic Situation", which not only provided the trainees with excellent learning opportunities, but also promoted the key staff to flexibly apply advanced management concepts and forward-looking strategic awareness in the development of the Company's green energy business.

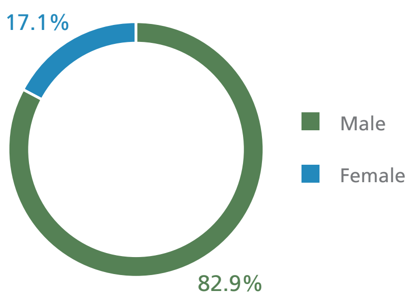
From 15 to 17 December 2021, the first enterprise class of "Youth Marxist Training Project" in Suzhou was held at GCL University. GCL New Energy's Youth League Committee actively responded and took the initiative to connect with the above training project. 52 trainees from central and provincial enterprises in Suzhou and enterprises in Suzhou, and non-public enterprises above designated size participated in the training, aiming to create a theoretical, industrial, learning and practical working atmosphere for young people.

Training on the "Jinji Lake Talent Program"

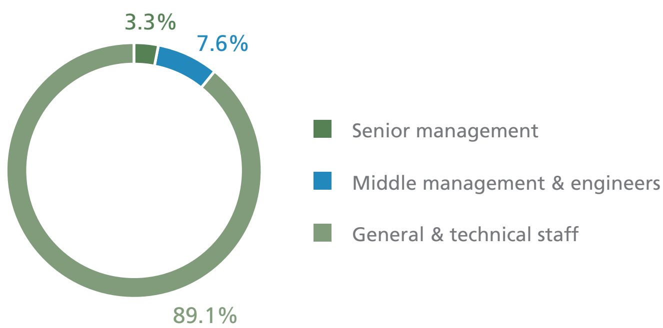
On 1 November 2021, GCL New Energy's Human Resources and Administration Center, together with Suzhou Park Digital Economy Association, invited experts from the Park and the Enterprise Service Center to conduct a training on "Opinions on Further Promoting the Implementation of the "Jinji Lake Talent Program". This training was a special training conducted by Suzhou Park after the integration and revision of the new " Jinji Lake Talent Program" this year, focusing on the analysis of the "Leaders to the Top" talent support program, the "Enterprise Selected Talent" talent support program, and the "Youth Park" talent support program related to enterprise development, as well as the relevant talent standards, in order to continuously strengthen GCL New Energy's human capital management capabilities and enable the Group to better empower the development and growth of diversified talents.

During the Reporting Period, the total number of training sessions for GCL New Energy employees reached 25,010, with a total of 23,810 training hours, and the average number of training hours per employee was 26.6 hours, representing a 100% training coverage rate.

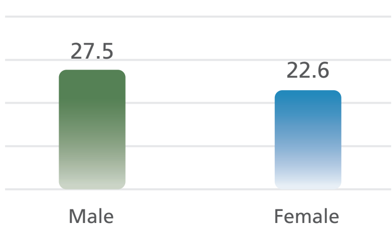
Proportion of employees trained by gender



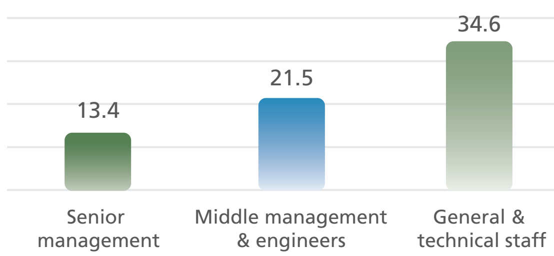
Proportion of employees trained by rank



Average training hours of employees trained by gender



Average training hours of employees trained by rank



Employee Care

The Group has always been committed to the important concept of "Synergy as one family" and is committed to helping employees achieve work-life balance. In 2021, the Group and its subsidiaries made numerous visits to the grassroots level and held seminars to understand the difficulties and needs of employees in their work and daily lives, and regularly held employee representative meetings and established a performance complaint mechanism in the "Employee Performance Assessment" to widely solicit and listen to the opinions and suggestions of employees, which were well received by the employees. At the same time, multi-level and multi-faceted collective activities were organized to enhance staff cohesion, enrich their spare time, strengthen inter-departmental interaction and communication, and enhance their identification and integration with the corporate culture.

During the Reporting Period, GCL New Energy carried out multi-dimensional corporate cultural activities. Through organizing Goddess Festival, sports competitions, birthday parties and other more than 30 staff activities in various forms, we continuously enriched the spare time of employees, promoted communication and learning among colleagues, created a positive, healthy, optimistic and upward cultural atmosphere and helped employees balance work and life. At the same time, we carried out family condolence activities for employees in difficulties, cared about and visited sick employees and families in difficulties, so that employees could really feel the warmth of GCL families.

The GCL Sunshine Charity Foundation established the "GCL Staff Care Special Fund" in January 2016, which is specifically used to help employees of the GCL Group who suffer from illnesses and disasters. Under the supervision of the GCL Group Fund Management Committee, the Foundation manages the donations in an open, transparent and scientific manner. Over the past five years since its establishment, the Foundation has helped more than 20 employees out of their difficulties, making them feel the warmth of the GCL family.







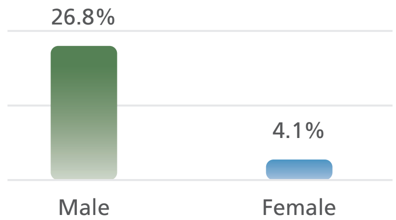


Dedicated care funds to support employees affected by disaster in Henan

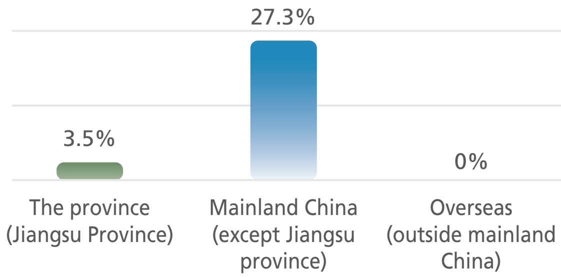
In 2021, the torrential rain in Henan touched the hearts of the people, and GCL New Energy and the employees in Henan were together in heart. After learning about the disaster situation and living and production needs of the employees of Henan Regional Company, we immediately earmarked RMB200,000 for employee care and sympathy funds to support the employees of Henan Regional Company in dealing with sudden natural disasters and the corresponding post-disaster reconstruction work.

As of 31 December 2021, the overall turnover rate of GCL New Energy employees was 30.9%, of which the breakdown by gender, age group and region is as follows:

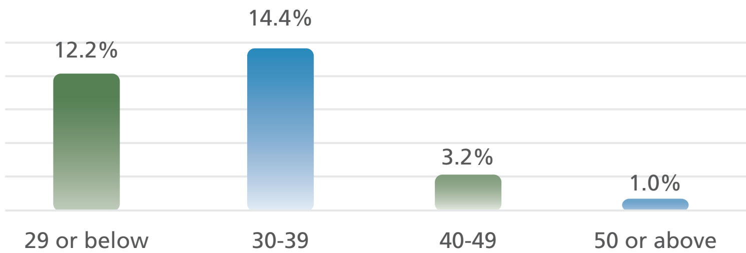
Employee Turnover Rate by Gender



Employee Turnover Rate by Region



Employee Turnover Rate by Age



Health and Safety

Implementing sound health and safety management for employees is one of the corporate cultures that GCL New Energy has always adhered to. 2021 saw us review our health and safety-related policies, set annual production safety targets, cultivate employees' safety awareness, improve production safety measures and other aspects of production safety work, and continue to create a zero-safety-accident working environment. GCL New Energy has formulated and strictly complied with the EHS Management Standards, EHS Emergency Management Standards, EHS Accident Investigation Management Standards and EHS Reward and Punishment Management Standards to continuously optimize the Group's EHS management level while continuously improving the Group's EHS structure.

EHS management objectives and achievement

- ✓ No fatal accidents
- ✓ No equipment malfunctions with general or higher liability
- ✓ No fire accidents
- ✓ No traffic accidents with shared or more liability
- ✓ No environmental pollution incidents
- ✓ No grid accidents caused by the unit
- ✓ No incidents that causes serious damage to the assets of the Company
- ✓ No occupational diseases

Project construction safety objectives and achievement

- ✓ Limit minor incident rate of injury accident to 0.3%
- ✓ No major injuries or more serious safety accidents
- ✓ No major equipment malfunctions
- ✓ No major traffic accidents
- ✓ No major fire accidents

GCL New Energy actively abides by the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Regulations on Occupational Health Review of Construction Projects and other relevant national occupational health policies, laws and regulations, to implement prevention and control and pre-emptive prevention of occupational diseases and create a safer production and working environment for employees in order to achieve the goal of health and safety management. During the Reporting Period, the coverage rate of medical check-ups for GCL New Energy employees and the coverage rate of occupational health records reached 100%.

Occupational Health Management Measures

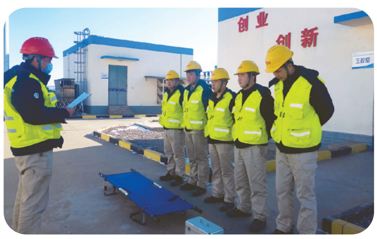
- Regular inspection and complete signs and labels of equipment and facilities
- Regular physical examination for employees
- Work-related injury insurances and social insurances
- Qualified supplies for employees
- Make a list of occupational hazards
- Implementation of regulations on occupational disease prevention and treatment
- Compliance with production safety standards

Staff Health Consultation and Chinese Medicine Physiotherapy Special Health Event

In order to improve the health protection level of our employees, and provide convenient, safe, high-quality and efficient medical and health services, GCL medical room-Health House was established in the energy center, aiming to benefit each staff with the Company's care and benefits. The medical room currently has one general physician for medical, surgical, gynaecological and paediatric related health diseases, and one health therapist. We care for the health of all employees of the Group. In 2021, GCL New Energy has specially invited health consultation experts from Shanghai University of Traditional Chinese Medicine to provide one-to-one health consultation and Chinese medicine physiotherapy services for our staff, so as to help GCL New Energy staff understand health care knowledge through systematic health knowledge and personalized health guidance from health experts, and promote our staff to achieve a balance between efficient work and healthy living.

In response to the various contingencies that may be faced in our business operations, GCL New Energy has been actively carrying out a series of safety operation practices based on strengthening health and safety management, improving production safety facilities in conjunction with regular production safety training drills, continuously helping our employees to establish a strong health and safety concept, ensuring that they are equipped with emergency response methods and enhancing their crisis response capability. In 2021, our safety and health training covered all our safety supervisors, production and operation staff and production safety personnel, with a total of 8,865 training completed by employees.

Special emergency drills of GCL New Energy in 2021



In addition, we take regular pandemic management measures to protect the health and safety of our employees and maintain stable business operations. The Pandemic Prevention and Emergency Management Centre set up at the Group's headquarters is responsible for the overall management of the Group's pandemic prevention work, co-ordination of internal and external resources, notification of pandemic prevention and control developments and pandemic warning, and other supporting pandemic prevention work. During the critical period of resumption of work and production as well as pandemic prevention and control, GCL New Energy relied on collective procurement resources to purchase and distribute waterless disinfectant, alcohol, disinfectant wipes, masks and other pandemic prevention materials to provide protection and well-being to employees who were at their posts.

Detailed prevention and control measures

- Dynamic notification and timely warning of pandemic prevention and control;
- Ongoing pandemic prevention science popularization and promotion;
- Regular replenishment and distribution of key pandemic prevention supplies;
- Nucleic acid testing arrangements and coordination of centralised vaccination;
- Strict reporting of staff travel.

Regular protection measures

- Closed management of production sites, code check entry, temperature measurement and registration and regular disinfection;
- Remote online office, recruitment and training support;
- Continuous testing of pandemic risks and local prevention and control policies;
- Employee travel and health information tracking.

As of 31 December 2021, GCL New Energy had not suffered any work-related injuries or work-related fatalities in the past three years. During the Reporting Period, the number of working days lost by GCL New Energy due to work-related injuries was nil.

Give Back to Society

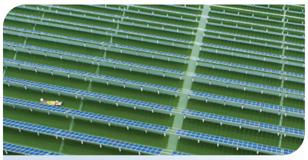
While striving to create economic value for shareholders, employees and society, GCL New Energy also actively fulfills its responsibility to give back to society and contribute to the community, committing itself to integrating project construction with the development of the local community, helping to revitalize the countryside and devoting itself to social welfare.

Photovoltaic Poverty Alleviation

GCL New Energy actively explores innovative measures, new ideas and new methods to alleviate poverty, extending from "photovoltaic poverty alleviation" to "skills poverty alleviation" and developing into "industrial poverty alleviation" and "concept poverty alleviation", conveying new agricultural technologies to local farmers, promoting the marketing of agricultural products, deep processing industries and the development of rural tourism industries, and realizing the integration of primary, secondary and tertiary industries in the countryside. GCL New Energy's project companies adhered to the guidelines of precise assistance, carried out peer-to-peer poverty alleviation work, established a new model of poverty alleviation in which the government, power plants and poverty-alleviating households work together and get rich together, and created a highlight project of poverty alleviation in which "the project provides land, the government buys shares and the poverty-alleviating households receive dividends".

GCL standard of green development of photovoltaic agriculture

Photovoltaic flexible supporting brackets



Fishery complementary solar power plant project

In the process of poverty alleviation, GCL New Energy has implemented the GCL standard of "three no-competitions and three no-damages": adopting flat single-axis tracking and refractive panels to compensate for light to solve the problem of "competition for sunlight"; adopting flexible supporting brackets and intelligent cleaning technology to solve the problem of "competition for land"; and raising the PV supporting brackets and widening the spacing between PV arrays to solve the problem of "competition for space". GCL New Energy will uphold the GCL standard for photovoltaic agriculture, and will further achieve the green and integrated development of the new energy industry and local agriculture while the Company develops sustainably.

Charity and Philanthropy

"GCL One Day Donation" activity

GCL New Energy, with responsibility in its blood, never forgets to give back to society through its corporate strength and takes practical actions to explain its responsibility. During the Reporting Period, we continued to invest in the charity fields such as environmental protection, school donation and disaster relief.

In response to the call of the Jiangsu Provincial Party Committee and government and Suzhou Municipal Party Committee and government to promote the overall strategy of common prosperity, we donated RMB 1 million to the poor areas in Guizhou through the Suzhou Chamber of Commerce in Hong Kong for the revitalization of the local countryside. At the same time, GCL New Energy joined hands with the GCL Group Sunshine Charity Foundation and the GCL New Energy Trade Union to carry out the "GCL One Day Donation" activity in conjunction with the Chinese Charity Day and called on our staff to contribute to charity, ultimately raising over RMB100,000 to support charitable causes. In 2021, the torrential rain in Henan Province touched people's hearts. GCL New Energy employees also actively contributed to disaster relief and material security through Tencent Public Welfare and other charity platforms, gathering a long river of love with a trickle of water.

APPENDIX

List of Significant Laws, Regulations and Internal Policies to Follow

LAWS
Company Law of the People's Republic of China
Trademark Law of the People's Republic of China
Patent Law of the People's Republic of China
General Principles of the Civil Law of the People's Republic of China
Law of the People's Republic of China on Conserving Energy
Environmental Protection Law of the People's Republic of China
Water Law of the People's Republic of China
Law of the People's Republic of China on Prevention and Control of Water Pollution
Law of the People's Republic of China on Environmental Impact Assessment
Environmental Protection Tax Law of the People's Republic of China
Production Safety Law of the People's Republic of China
Labor Law of the People's Republic of China
Labor Contract Law of the People's Republic of China
Law of the People's Republic of China on the Protection of Minors
Law of the People's Republic of China on the Prevention and Control of Occupational Diseases
Electric Power Law of the People's Republic of China
Renewable Energy Law of the People's Republic of China
Law Against Unfair Competition of the People's Republic of China
Personal Information Protection Act of the People's Republic of China
Cyber Security Act of the People's Republic of China
Criminal Law of the People's Republic of China

INTERNAL POLICIES
Anti-Corruption Regulation
Management Standards for Anti-Fraud and Whistleblowing
Project Investment Review Management Standards
GCL Ten Prohibitions
Standards for Supplier Management
Anti-Commercial Bribery Agreement
Welfare Management Standards
Staff Code
Management Standards on Staff Recruitment and Employment
Remuneration Management Standards
Management Standards for Talent Team Development
Training Management Standards
Employee Performance Management Standards
EHS Emergency Management Standards
EHS Accident Investigation Management Standards
EHS Reward and Punishment Management Standards
EHS Management Standards
Management Standards for Environmental Protection of Power Plants
Regulations on Human Resources Administration
Measures for Evaluation for Professional Titles and Recruitment of Engineers and Technicians (Trial)
Reliability Management Standards for Power Plant Equipment
Standards for Maintenance and Inspection of Power Plant Equipment
Procedures of Regular Operation for Solar Power Plants
Operational Safety Management Standards
Safety and Occupational Health Management System

REGULATIONS
Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Provisions on Construction Project Occupational Health Examination
Measures for Environmental Administrative Punishment of the People's Republic of China
Regulations on the Implementation of the Trademark Law of the People's Republic of China
Regulations on the Supervision of Electric Power of the People's Republic of China
Regulations on the Supply and Usage of Electric Power of the People's Republic of China
Measures for the Administration of Environmental Protection Standards of the People's Republic of China
Regulations of Environmental Protection Management of Construction Projects
Provisions on the Prohibition of Using Child Labor

HKEX ESG Reporting Guide Content Index

ESG Scope and General Disclosures and KPIs		Chapter
Environmental		
Aspect A1	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouses gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes. *Note:* Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Working together for dual carbon
KPI A1.1	The types of emissions and respective emissions data.	Working together for dual carbon
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Working together for dual carbon
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	During the Reporting Period, the Group produced little hazardous waste. Therefore, no disclosure is made
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Working together for dual carbon
KPI A1.5	Description of emissions target(s) set and the steps taken to achieve them.	Working together for dual carbon
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and the steps taken to achieve them.	Working together for dual carbon

ESG Scope and General Disclosures and KPIs		Chapter
Aspect A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. *Note:* Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Working together for dual carbon
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Working together for dual carbon
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Working together for dual carbon
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Working together for dual carbon
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Working together for dual carbon
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The business of the Group does not directly relate to packaging material
Aspect A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Working together for dual carbon
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Working together for dual carbon
Aspect A4	**Climate Change**	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Working together for dual carbon
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them.	Working together for dual carbon

ESG Scope and General Disclosures and KPIs		Chapter
Social		
Aspect B1	**Employment**	
General Disclosure	Information on: (a) the policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Growing up together for the future
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Growing up together for the future
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Growing up together for the future
Aspect B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Growing up together for the future
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Growing up together for the future
KPI B2.2	Lost days due to work injury.	Growing up together for the future
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Growing up together for the future

ESG Scope and General Disclosures and KPIs		Chapter
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employee's knowledge and skills for discharging duties at work. Description of training activities. *Note:* Training refers to vocational training. It may include internal and external courses paid for by the employer.	Growing up together for the future
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Growing up together for the future
KPI B3.2	The average training hours completed per employee by gender and employee category.	Growing up together for the future
Aspect B4	**Labour Standards**	
General Disclosure	Information on: (a) the policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Growing up together for the future
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Growing up together for the future
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Growing up together for the future
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Collaborating to forge dreams and leading with innovation
KPI B5.1	Number of suppliers by geographical region.	Collaborating to forge dreams and leading with innovation
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Collaborating to forge dreams and leading with innovation
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Collaborating to forge dreams and leading with innovation
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Collaborating to forge dreams and leading with innovation

ESG Scope and General Disclosures and KPIs		Chapter
Aspect B6	**Product Responsibility**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Collaborating to forge dreams and leading with innovation
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group does not involve any products sold or shipped subject to recalls for safety and health reasons at present
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Collaborating to forge dreams and leading with innovation
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Collaborating to forge dreams and leading with innovation
KPI B6.4	Description of quality assurance process and recall procedures.	Collaborating to forge dreams and leading with innovation
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	The business of the Group does not involve any consumer data

ESG Scope and General Disclosures and KPIs		Chapter
Aspect B7	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Collaborative work and sound governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Collaborative work and sound governance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Collaborative work and sound governance
KPI B7.3	Description of anti-corruption training provided to Directors and staff	Collaborative work and sound governance
Aspect B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Growing up together for the future
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Growing up together for the future
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Growing up together for the future

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. ZHU Yufeng *(Chairman and President)*
Mr. LIU Genyu *(Vice Chairman)*
Ms. HU Xiaoyan

Non-executive Directors

Ms. SUN Wei
Mr. YEUNG Man Chung, Charles
Mr. FANG Jiancai

Independent Non-executive Directors

Mr. XU Songda
Mr. LEE Conway Kong Wai
Mr. WANG Yanguo
Dr. CHEN Ying

BOARD COMMITTEES

Audit Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. XU Songda
Dr. CHEN Ying

Remuneration Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. ZHU Yufeng
Ms. SUN Wei
Mr. WANG Yanguo
Dr. CHEN Ying

Nomination Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. XU Songda
Mr. WANG Yanguo
Dr. CHEN Ying

Corporate Governance Committee

Mr. ZHU Yufeng *(Chairman)*
Ms. HU Xiaoyan
Mr. YEUNG Man Chung, Charles
Mr. XU Songda
Mr. LEE Conway Kong Wai

Risk Assessment Committee

Mr. ZHU Yufeng *(Chairman)*
Ms. HU Xiaoyan

COMPANY SECRETARY

Mr. HO Yuk Hay

AUTHORISED REPRESENTATIVES

Mr. YEUNG Man Chung, Charles
Mr. HO Yuk Hay

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

Crowe (HK) CPA Limited
Registered Public Interest Entity Auditors
9/F Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

Bank of China Limited
China Development Bank
Industrial and Commercial Bank of China Limited
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Share Registrar and Transfer Agent

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law

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

As to PRC law

Grandall Law Firm (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
The PRC

SHARE INFORMATION

Stock Code:	451
Board Lot Size:	2,000
Issued Shares:	21,073,715,441 shares

LINKS TO OFFICIAL WEBSITE/ WECHAT PLATFORM OF THE COMPANY

Website: www.gclnewenergy.com
WeChat ID: gclnewenergy

Glossary

"2019 Asset Management and Administrative Services Agreement"	the agreement dated 21 May 2019 between GCL New Energy, Inc. and GCL Solar Energy in relation to certain asset management and administrative services to be provided by GCL New Energy, Inc. to GCL Solar Energy
"2020 Lease Agreement"	the lease agreement between Suzhou GCL Operation and Suzhou GCL Industrial Applications Research dated 30 September 2020
"Adjusted Exercise Price"	adjusted exercise price due to rights issue
"Affiliate Company(ies)"	a controlling shareholder of the Company or a subsidiary or an associate of a controlling shareholder, as defined in the Share Option Scheme
"AGM"	the annual general meeting of the Company to be convened and held at Studio 2, Level 7, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Tuesday , 31 May 2022 at 10 a.m.
"associate(s)", "connected person(s)", "controlling shareholder(s)", and "substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Audit Committee"	the audit committee of the Company
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda (as amended from time to time)
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"Catalogue"	Renewable Energy Tariff Subsidy Catalogue
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China
"Company" or "GCL New Energy"	GCL New Energy Holdings Limited 協鑫新能源控股有限公司
"Company Secretary"	the company secretary of the Company
"Corporate Communications"	including but not limited to: (a) the directors' reports, annual accounts together with a copy of the auditors' reports and, where applicable, summary financial reports; (b) interim reports and, where applicable, summary interim reports; (c) notices of meetings; (d) listing documents; (e) circulars; and (f) proxy forms

"Corporate Governance Committee"	the corporate governance committee of the Company
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company from time to time
"First Premises"	the premises situated at 4th floor of headquarters building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC
"GCL Energy Technology"	GCL Energy Technology Co. Ltd. 協鑫能源科技股份有限公司, a company incorporated in the PRC with its shares listed on the Small & Medium Enterprises Board of the SZSE (stock code: 002015)
"GCL Technology"	GCL Technology Holdings Limited 協鑫科技控股有限公司 (formerly knowns as "GCL-Poly Energy Holdings Limited 保利協鑫能源控股有限公司"), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3800). As at the date of this annual report, the Company is a subsidiary of GCL Technology
"GCL-Poly (Suzhou)"	GCL-Poly (Suzhou) New Energy Co., Ltd.* 保利協鑫(蘇州)新能源有限公司
"GCL Solar Energy"	GCL Solar Energy Limited
"GCL System Integration"	GCL System Integration Technology Co., Ltd.* 協鑫集成科技股份有限公司, a company incorporated in the PRC with its shares listed on the Small & Medium Enterprises Board of the SZSE (stock code: 002506)
"Golden Concord"	Golden Concord Holdings Limited
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Internal Control Function"	the internal control function of the Group
"kWh"	kilowatt hour

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatts
"MWh"	megawatt hour
"NDRC"	National Development and Reform Commission
"Nomination Committee"	the nomination committee of the Company
"Non-exempt Continuing Connected Transactions"	all the continuing connected transactions stipulated in paragraph "Management Services Income" in the "Report of the Directors"
"PV"	photovoltaic
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the year ended 31 December 2021
"Risk Assessment Committee"	the risk assessment committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2014
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK0.0041\dot{6}$) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Solar Energy Business" or "continuing operations"	the sale of electricity, development, construction, operation and management of solar power plants
"SSE"	Shanghai Stock Exchange

"State Grid"	State Grid Corporation of China
"Stock Exchange" or "HKEX"	The Stock Exchange of Hong Kong Limited
"Suzhou GCL-Poly"	Suzhou GCL-Poly Solar Power Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司
"Suzhou GCL Industrial Applications Research"	Suzhou GCL Industrial Applications Research Co., Ltd.* 蘇州協鑫工業應用研究院有限公司
"Suzhou GCL Operation"	Suzhou GCL New Energy Operation and Technology Co., Ltd.* 蘇州協鑫新能源運營科技有限公司
"SZSE"	Shenzhen Stock Exchange
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States
"Zhu Family Trust"	a trust, under which Mr. Zhu Yufeng and his family are beneficiaries

* English name for identification only

GCL New Energy

Hong Kong

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

Tel: 852-2606 9200

Fax: 852-2462 7713

Suzhou

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

Tel: 86-512-6853 2158

Website: www.gclnewenergy.com


H2
CO2