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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of GCL New Energy Holdings Limited (the "**Company**" or "**GCL New Energy**") presents the unaudited condensed interim consolidated financial information ("**Interim Financial Information**") of the Company and its subsidiaries (together, the "**Group**" or "**GCL New Energy**") for the six months ended 30 June 2021.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2021	2020
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
Revenue	**1,918**	2,769
Profit attributable to owners of the Company	**53**	42
	RMB cents	*RMB cents*
	(Unaudited)	(Unaudited)
Earnings per share		
– Basic and diluted	**0.26**	0.22

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June **2021** *RMB'000* (Unaudited)	2020 *RMB'000* (Unaudited)
Revenue	2	**1,917,953**	2,768,696
Cost of sales		**(692,202)**	(892,331)
Gross profit		**1,225,751**	1,876,365
Other income	3	**104,304**	198,447
Administrative expenses			
– share-based payment expenses		**(8,084)**	–
– other administrative expenses		**(254,658)**	(188,585)
Other gains and losses, net	4	**35,480**	(351,652)
Share of profits of associates		**65,158**	62,718
Share of losses of joint ventures		**(287)**	(327)
Finance costs	5	**(947,844)**	(1,311,611)
Profit before tax		**219,820**	285,355
Income tax expense	6	**(41,885)**	(94,447)
Profit for the period	7	**177,935**	190,908
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**27,150**	9,406
Total comprehensive income for the period		**205,085**	200,314
Profit for the period attributable to:			
Owners of the Company		**52,826**	42,304
Non-controlling interests			
– Owners of perpetual notes		**99,550**	81,900
– Other non-controlling interests		**25,559**	66,704
		177,935	190,908
Total comprehensive income for the period attributable to:			
Owners of the Company		**79,976**	51,710
Non-controlling interests			
– Owners of perpetual notes		**99,550**	81,900
– Other non-controlling interests		**25,559**	66,704
		205,085	200,314
		RMB cents **(Unaudited)**	*RMB cents* (Unaudited)
Earnings per share			
– Basic and diluted	9	**0.26**	0.22

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	**30 June 2021** *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**11,240,992**	25,363,172
Right-of-use assets		**649,136**	1,257,603
Interests in associates		**1,291,232**	1,205,898
Interests in joint ventures		**2,848**	3,135
Amounts due from related companies		**40,529**	40,529
Deposits, prepayment and other non-current assets		**426,254**	1,061,080
Contract assets		**441,795**	1,227,979
Pledged bank and other deposits		**295,287**	493,455
Deferred tax assets		**77,338**	142,212
		14,465,411	30,795,063
CURRENT ASSETS			
Trade and other receivables	*10*	**6,935,430**	8,961,551
Other loan receivables	*11*	**–**	–
Amounts due from related companies		**321,676**	357,296
Tax recoverable		**1,583**	2,777
Pledged bank and other deposits		**263,759**	250,551
Bank balances and cash		**618,029**	1,143,481
		8,140,477	10,715,656
Assets classified as held for sale		**9,481,621**	3,525,749
		17,622,098	14,241,405
CURRENT LIABILITIES			
Other payables and deferred income		**2,398,542**	4,688,437
Amounts due to related companies		**115,527**	312,194
Tax payable		**10,624**	19,951
Loans from related companies	*12*	**16,811**	788,668
Bank and other borrowings	*13*	**5,254,273**	12,392,695
Senior notes	*14*	**466,998**	3,261,099
Lease liabilities		**63,304**	88,927
		8,326,079	21,551,971
Liabilities directly associated with assets classified as held for sale		**6,370,174**	1,919,568
		14,696,253	23,471,539
NET CURRENT ASSETS/(LIABILITIES)		**2,925,845**	(9,230,134)
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,391,256**	21,564,929

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Loans from related companies	*12*	**54,071**	119,840
Bank and other borrowings	*13*	**4,496,167**	11,611,827
Senior notes	*14*	**2,646,322**	–
Lease liabilities		**549,706**	898,759
Deferred income		**338,962**	349,062
Deferred tax liabilities		**35,237**	48,560
		8,120,465	13,028,048
NET ASSETS		**9,270,791**	8,536,881
CAPITAL AND RESERVES			
Share capital		**73,629**	66,674
Reserves		**5,802,284**	4,969,191
Equity attributable to owners of the Company		**5,875,913**	5,035,865
Equity attributable to non-controlling interests			
– owners of perpetual notes		**2,429,486**	2,329,936
– other non-controlling interests		**965,392**	1,171,080
TOTAL EQUITY		**9,270,791**	8,536,881

1A GENERAL INFORMATION

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

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

This Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated. This Interim Financial Information has been approved for issuance by the Board on 30 August 2021.

This Interim Financial Information has not been audited.

1B BASIS OF PREPARATION

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

As at 30 June 2021, the Group had entered into agreements which will involve capital commitments of approximately RMB98 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings.

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

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

As at 30 June 2021, the Group's (i) pledged bank and other deposits; and (ii) bank balances and cash (including pledged bank and other deposits and balances and cash classified as assets held for sale amounted to approximately of RMB370 million) amounted to approximately RMB1,547 million.

The financial resources available to the Group as at 30 June 2021 and up to the date of approval of these unaudited condensed interim consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements together with the repayment of borrowings. The Group is undergoing the process of negotiations with respective borrowers for extension or renewal of the defaulted bank and other borrowings and as of the date of these unaudited condensed interim consolidated financial statements, the Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings. The Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing power plant projects in exchange for cash proceeds.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2021. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures, that will be due in the coming twelve months from 30 June 2021, and the on-going covenants compliance upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

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

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

(b) Subsequent to the end of the reporting period, the Group had fully repaid the First Loan Repayment and had obtained a written consent from the bank (i) to grant a grace period to extend the repayment of the Second Loan Repayment up to 30 September 2021; and (ii) agree not to take any legal action against the Group in respect of its failure to repay the bank borrowing upon maturity date.

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

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

In prior periods, management services income was included under Other income. From 2021 onwards, management services income is presented under Revenue, to more appropriately reflect the nature of such income. The comparative figures have been restated to conform with the revised presentation. No restatement of prior period comparative figures was made as the amounts were immaterial to the consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from sales of electricity and provision of management services. Substantially, revenue arising from sales of electricity is derived from electricity sales to local grid companies in the People's Repulic of China (the "PRC") for the six months ended 30 June 2021 and 2020.

Revenue recognised during the periods are as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Recognised at a point in time:		
– Sales of electricity	**776,647**	1,081,073
– Tariff adjustments	**1,115,074**	1,650,067
Subtotal	**1,891,721**	2,731,140
Recognised over time:		
– Operation and management services for solar power plants	**26,232**	37,556
	1,917,953	2,768,696

For sales of electricity, the Group generally entered into power purchase agreements with local grid companies with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has been transferred, being at the point when electricity has generated and transmitted to the customers and the amount included RMB1,115,074,000 (six months ended 30 June 2020: RMB1,650,067,000) tariff adjustment recognised during the period. The Group generally grants credit period of approximately one month from the date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

The financial resource for the tariff adjustment is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund to the respective state grid companies and then the local grid companies will make settlement to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 *Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy*（可再生能源電價附加補助資金管理暫行辦法）. Caijian [2013] No. 390 Notice issued in July 2013 simplified the procedures of settlement of the tariff adjustment. National Energy Administration [2020] No. 79 Notice issued on 30 December 2020 further clarified the procedures of the settlement of the tariff adjustment.

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

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

Tariff adjustments for those solar power plants 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 Catalogue or when the relevant power plant is enlisted in the List since the release of the 2020 Measures.

Tariff adjustments for certain of the solar power plants are yet to obtain approval for registration in the List by the PRC government, the management considers that it contains a significant financing component over the relevant portion of the tariff adjustment until approval was obtained. For the six months ended 30 June 2021, the respective tariff adjustments were adjusted for this financing component based on an effective interest rate ranging from 2.36% to 3.03% per annum (six months ended 30 June 2020: 2.45% to 2.98% per annum) and adjustments were made in relation to the revision of expected timing of tariff collection. As such, Group's revenue was adjusted by approximately RMB18 million (six months ended 30 June 2020: RMB28 million) and interest income amounting to approximately RMB53 million (six months ended 30 June 2020: RMB161 million) (note 3) was recognised.

The Group's chief operating decision maker ("CODM"), being the executive directors of the Company, regularly reviews revenue by province; 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.

Management service fee income is recognised over time when the operation and management services for the solar power plants are provided by the Group's performance as the Group performs.

Geographical information

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

Information about the Group's revenue from external customers is presented based on the location of the operations and customers.

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC	**1,877,171**	2,729,300
Other countries	**40,782**	39,396
	1,917,953	2,768,696

In prior periods, management services income was included under Other income. From 2021 onwards, management services income is presented under Revenue. Comparative figures have been restated to conform with current interim period's presentation (note 1B).

3. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Consultancy income *(Note a)*	**24,697**	5,946
Government grants:		
– Incentive subsidies *(Note b)*	**3,656**	2,510
– Investment Tax Credit ("ITC")	**6,640**	7,222
– Others	**147**	1,804
Interest arising from contracts containing significant financing component	**53,052**	160,840
Interest income of financial assets at amortised cost:		
– Bank interest income	**8,761**	14,090
– Interest income from other loan receivables	**2,438**	1,060
Others	**4,913**	4,975
	104,304	198,447

Notes:

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

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

4. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Exchange gain (losses), net *(Note a)*	**22,808**	(75,615)
Impairment losses on property, plant and equipment *(Note b)*	**–**	(42,596)
Impairment loss on expected credit loss model, net of reversal	**–**	(5,398)
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**(235,327)**	(153,339)
Gain (loss) on disposal of solar power plant projects	**247,999**	(87,738)
Gain on early termination of a lease	**–**	7
Fair value change on other investment *(Note c)*	**–**	13,027
	35,480	(351,652)

Notes:

(a) Exchange losses mainly arose from the bank and other borrowings and the senior notes, all are denominated in United States dollars ("US$") which appreciated against RMB.

(b) The impairment loss arose from the termination of constructing certain in-progress solar power projects during the six months ended 30 June 2020. During the six months ended 30 June 2021, having considered the financial resources of the Group, and considered that the equipment costs related to certain solar power plants, which were still in their preliminary stage, would not generate future economic returns to the Group, the management determined to suspend these projects and the relevant equipment costs in these projects are fully impaired. No impairment on property, plant and equipment was provided for the current interim period.

(c) The Group invested RMB100,000,000 into an asset management plan managed by a financial institution in the PRC with maturity on 31 March 2021. The principal was not guaranteed by the financial institution and the expected return rate as stated in the contract is 7.5%. During the six months ended 30 June 2020, the Group entered into an asset transfer agreement with a financial institution to offset such investment with the other borrowings from it with a gain of RMB13,027,000 in the profit or loss.

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	**728,354**	1,101,679
Bonds and senior notes	**153,476**	124,677
Loans from related companies	**32,019**	65,141
Lease liabilities	**33,995**	33,552
Total borrowing costs	**947,844**	1,325,049
Less: amounts capitalised in the cost of qualifying assets	**–**	(13,438)
	947,844	1,311,611

There is no borrowing costs capitalised during the current interim period. Borrowing costs capitalised during the six months ended 30 June 2020 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 7.39% per annum to expenditure on qualifying assets.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT"):		
Current tax	**39,053**	84,993
PRC dividend withholding tax	**920**	7,158
Deferred tax	**1,912**	2,296
Total	**41,885**	94,447

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

No provision for taxation in Hong Kong Profits Tax, and the US Federal and state income tax were made as there is no assessable profit in Hong Kong and the US, respectively, for both reporting periods.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of:		
– Property, plant and equipment	**527,242**	708,227
– Right-of-use assets	**40,102**	46,076
Staff costs (including directors' remuneration but excluding share-based payments)		
– Salaries, wages and other benefits	**124,058**	123,537
– Retirement benefit scheme contributions *(Note)*	**15,842**	15,609
Share-based payment expenses (administrative expenses in nature)		
– Staff	**8,084**	–

Note: The retirement benefit scheme contributions have been following the local government's social insurance concession policy during the outbreak of COVID-19.

8. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2021, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2020: Nil).

9. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company and for the purpose of basic and diluted earnings per share	**52,826**	42,304

	Six months ended 30 June	
	2021	2020
	'000	*'000*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**20,631,726**	19,073,715

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

10. TRADE AND OTHER RECEIVABLES

	30 June 2021 *RMB'000* (Unaudited)	31 December 2020 *RMB'000* (Audited)
Trade receivables *(Note a)*	**3,131,837**	7,231,113
Prepayment and deposits	**188,701**	118,154
Other receivables		
– Amounts due from former subsidiaries *(Note b)*	**775,532**	359,351
– Consultancy services fee receivables	**13,559**	12,137
– Consideration receivable from disposal of subsidiaries	**2,205,978**	372,082
– Advance to non-controlling interest shareholder	**18,750**	18,750
– Receivables for modules procurement	**56,297**	63,376
– Refundable value-added tax	**175,715**	498,123
– Deposit for acquisition of additional interest in subsidiaries	**200,000**	–
– Others	**483,648**	603,052
	7,250,017	9,276,138
Less: Allowance for credit loss		
– Trade	**(10,000)**	(10,000)
– Non-trade	**(304,587)**	(304,587)
	6,935,430	8,961,551

Notes:

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

Trade receivables include bills received amounting to RMB8,236,000 (31 December 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 at the end of the reporting period:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unbilled *(Note)*	**3,023,524**	6,717,763
0–90 days	**66,528**	140,905
91–180 days	**1,906**	144,999
Over 180 days	**21,643**	64,048
	3,113,601	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 period.

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

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

As at 30 June 2021, included in these trade receivables are debtors with aggregate carrying amount of RMB28,537,000 (31 December 2020: RMB271,495,000) which are past due as at the end of the reporting period. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

(b) The amount represents amounts due from former subsidiaries of which the Group disposed of the entire interests during the six months ended 30 June 2021 and the year ended 31 December 2020. The amounts are non-trade in nature, unsecured, non-interest-bearing and have no fixed term of repayment.

11. OTHER LOAN RECEIVABLES

The Group, as lender, entered into loan agreements with certain independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar power plant projects in the PRC. As at 30 June 2021, the outstanding balance is RMB1,250,000 (31 December 2020: RMB1,250,000) has been fully impaired as the directors considered the balance is not recoverable. Interest was charged at the rate at 6% (31 December 2020: 6%) per annum.

12. LOANS FROM RELATED COMPANIES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loans from:		
– companies controlled by Mr. Zhu Yufeng and his family *(Note a)*	**70,882**	908,508
	70,882	908,508
Analysed as:		
Current	**16,811**	788,668
Non-current	**54,071**	119,840
	70,882	908,508

Notes:

(a) As at 30 June 2021, loans from 協鑫集團有限公司 GCL Group Limited*, 南京鑫能陽光產業投資基金企業(有限合夥) Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)* ("Nanjing Xinneng"), 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Limited* ("Jiangsu GCL Construction") and 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited* ("Jiangsu GCL Real Estate") in total amounted to RMB70,882,000 (31 December 2020: RMB908,508,000). These loans are unsecured, interest bearing ranging from 8% to 12% (31 December 2020: ranged at 8% to 12%) per annum and repayable from 2020 through 2021. On 23 March 2021, the Group has extended the loan amounted to RMB54,071,000 to 31 December 2022 at original interest rate. Approximately RMB16,811,000 (31 December 2020: RMB788,668,000) of the outstanding loans are repayable within twelve months from the end of the reporting period.

* *English names for identification purpose only*

13. BANK AND OTHER BORROWINGS

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Bank loans	**2,359,778**	7,664,067
Other loans	**7,390,662**	16,340,455
	9,750,440	24,004,522
Secured	**7,716,421**	22,163,914
Unsecured	**2,034,019**	1,840,608
	9,750,440	24,004,522
The carrying amount of bank loans that are repayable on demand due to inability to respect loan covenants#	**469,725**	2,228,241
The carrying amount of the remaining bank loans and other loans	**9,280,715**	21,776,281
	9,750,440	24,004,522
Less: Amounts due within one year or repayable on demand due to inability to respect loan covenants (shown under current liabilities)	**(5,254,273)**	(12,392,695)
Amounts due after one year	**4,496,167**	11,611,827

As at 30 June 2021 and 31 December 2020, 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, bank and other borrowings of the Group amounting to RMB1,328 million (31 December 2020: RMB4,541 million) is reclassified from non-current liabilities to current liabilities as at 30 June 2021. The management of the Group considers that the claims arising from the litigation will not have material impact to the Group.

Scheduled repayment terms for the bank loans that are repayable on demand due to the Group's inability to comply with the relevant loan covenants are as follow:

	30 June 2021 *RMB'000* (Unaudited)	31 December 2020 *RMB'000* (Audited)
Within one year	**30,462**	212,083
More than one year, but not exceeding two years	**250,273**	234,667
More than two years, but not exceeding five years	**43,280**	1,042,851
More than five years	**145,710**	738,640
	469,725	2,228,241

14. SENIOR NOTES

	30 June 2021 *RMB'000* (Unaudited)	31 December 2020 *RMB'000* (Audited)
Senior notes	**3,113,320**	3,261,099
Analysed as:		
Current	**466,998**	3,261,099
Non-current	**2,646,322**	–
	3,113,320	3,261,099

On 23 January 2018, the Group issued senior notes of US$500 million (the "2018 Senior Notes"), which was matured on 30 January 2021. During the period ended 30 June 2021, the restructuring of the 2018 Senior Notes (the "Restructuring") was implemented and completed under the Bermuda Scheme (i.e. the scheme of arrangement under Part VII of the Bermuda Companies Act 1981). On 16 June 2021, the Restructuring has become effective, i.e. the 2018 Senior Notes was cancelled and the New 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 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 Notes").

The principal amount of the New Notes amounted to US$511,638,814, which 15% of the principal amount will be payable on 30 January 2022, an additional 35% of the principal amount will be payable on 30 January 2023 and the remaining balance will be matured on 30 January 2024, bear interest at 10% per annum.

References are made to the announcements of the Company dated 12 May 2021 (i.e. the "Notice of scheme meeting"), 4 June 2021 (i.e. the "Notice of results of the scheme meeting") and 15 June 2021 (the "Notice of results of the Bermuda Court Sanction Hearing and the Scheme Effective Date") to the Scheme Creditors in connection with the proposed scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda between the Company and the Scheme Creditors (the "Scheme").

15. EVENTS AFTER REPORTING PERIOD

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

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

(b) On 6 July 2021, the Group entered into an agreement with Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)*（蘇民睿能無錫股權投資合夥企業(有限合夥)）to acquire approximately 5.835% equity interest in Suzhou GCL New Energy at a consideration of RMB1,219,000,000.

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

(d) On 21 July 2021, the Group entered in a series of sixteen share transfer agreements with Yixing Hechuang New Energy Co., Ltd.*（宜興和創新能源有限公司）to sell its equity interests in those sixteen subsidiaries at consideration in aggregate of RMB481,313,800 and repayment of corresponding interest in shareholder's loan as at the date of disposal.

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

(f) On 30 August 2021, the Group entered into share transfer agreements with Ningxia Hanguang New Energy Co., Ltd.*（寧夏含光新能源有限公司）, to sell its equity interests in certain subsidiaries at consideration in aggregate of RMB301,037,700 and repayment of corresponding interest in shareholder's loan as at the date of disposal.

16. COMPARATIVE FIGURES

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

* *English names for identification purpose only*

BUSINESS REVIEW

GCL New Energy continued to actively move towards the clear goal of lowering debt and sustaining a stable cash flow to fully promote the implementation of strategic asset-light transformation in the first half of 2021. For the six months ended 30 June 2021 (the "Period"), the Group accelerated the asset-light transformation, and accomplished the target of disposing approximately 2GW of solar power plant assets for the year in advance. After deducting the disposed and transferred assets, the total installed capacity of the Group's subsidiary solar power plants was approximately 3,041MW, and the total attributable installed capacity of associate solar power plants was approximately 517MW. As of the date of this announcement, the total installed capacity of the subsidiary solar power plants which have been contracted for disposal that have yet to complete, was approximately 1,842MW, and the total installed capacity of the Group's subsidiary solar power plants upon completion of these asset disposal transactions will be approximately 1,199MW. The disposal of approximately 2GW of solar power plants is expected to generate a cash inflow of over RMB4.9 billion, thus to effectively reduce its debt by over RMB10.3 billion. After successful realisation of the asset-light transformation, together with the completion of debt restructuring and share placement, the gearing ratio of the Group has once again restored to a healthier level of about 71%. GCL New Energy is well positioned to seize the opportunities arising from the best growth era for renewable energy sector during the period of the 14th Five-Year Plan for the National Economic and Social Development (the "14th Five-Year Plan").

Successfully accomplished the asset-light transformation

GCL New Energy has been resolutely pursuing the strategic asset-light transformation since 2018. During the Period, in addition to the solar power plant disposals, the Group formed strong alliances by introducing strategic investors with state-owned enterprises directly owned by the State Council (the "Central Enterprises") and other state-owned enterprises (the "State-owned Enterprises") background, including State Power Investment Corporation Limited*(國家電力投資集團有限公司), Shanghai Electric Power Company Limited*(上海電力股份有限公司), China Three Gorges Corporation*(中國長江三峽集團有限公司), China Huaneng Group Co., Ltd*(中國華能集團有限公司), China Development Bank New Energy Science and Technology Co., Ltd.*(國開新能源科技有限公司), China Nuclear Energy Development Limited*(中核能源發展有限公司), Beijing United Rongbang New Energy Technology Co., Ltd.*(北京聯合榮邦新能源科技有限公司) to speed up cash inflow, lower financing costs and effectively reduce the size of debts. With a view to take the leap into the future of GCL New Energy new development, the Group will continue to focus on the asset-light transformation in the second half of the year, and explore opportunities for solar power plant asset disposal and cooperation with Central Enterprises and State-owned Enterprises strategic investors.

* *English names for identification purpose only*

As the Group continued to provide operation and maintenance services for most of the disposed solar power plant projects, the Group was contracted to provide operation and maintenance services for additional 16 solar power plants with total installed capacity of approximately 719MW during the Period. As of 30 June 2021, the Group had entered into contract to provide operation and maintenance services for 56 solar power plants with total installed capacity of approximately 2,390MW to successfully accomplish market-oriented reform and asset-light transformation. In addition, the Group was committed to providing 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.

Driving towards the dual-carbon goals, the number of new solar power plants established domestically is expected to surge during the 14th Five-Year Plan period, promoting the higher demand for operation and maintenance services for solar power plants. Leveraging on its extensive experiences in operation and maintenance of solar power plants, scale advantage and huge data accumulation, the Group has extended its operation and maintenance business across the country and established a leading brand name. In February 2021, the Group was invited by the China Electricity Council to lead the development and officially publish 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 of solar power plants intelligent operation development, and was first in the country to be accredited the honourary title of "5A Solar Power Plants Operation and Maintenance Service Provider".

During the Period, the Group also made a significant breakthrough in debt restructuring. The Group's proposed restructuring plan of Bermuda Scheme was officially being put into effect on 16 June 2021 under the high percentage of support from the bondholders of US$500 million 7.1% senior notes due 2021 (the "Existing Notes"). 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 the autonomy and flexibility to make debt prepayment without extra costs. Meanwhile, in February 2021, the Group completed a top-up placing of 2 billion shares at HK$0.455 per share to various professional, institutional and other investors, with net proceeds of approximately HK$895 million. The success of debt restructuring and top-up placing reflected the support of bond investors and equity investors to the Group and their confidence in the Group's future development. The success of GCL New Energy asset-light transformation, coupled with the significant improvement in its liquidity, overall debt issue and financing pressure, the Group will ride on its more solid operation platform to proactively seek for opportunities to develop other clean energy businesses.

Exploring the development of Hydrogen Energy business

GCL New Energy believes that only with the persistence of innovation, reform and establishment of a dynamic growth model, it can break through the development bottleneck and seize the great development opportunities brought by the domestic energy transformation during the 14th Five-Year Plan period. On 28 July 2021, the Group announced that it has established the Hydrogen Energy business unit to proactively conduct the research on the development of Hydrogen Energy and related businesses by leveraging on its existing solar power generation platform and advantages in strong scientific research capabilities, intensive technologies and extensive experience.

Since the adoption of the Paris Agreement in 2015, major economies around the world have been actively promoting energy policies to reduce carbon emissions, and the PRC has also resolutely adopted effective energy policies, striving to accomplish the "carbon peak" and "carbon neutrality" goals by 2030 and 2060 respectively. In 2019, Hydrogen Energy was included into the Government Work Report of the State Council of China for the first time, and was included into the energy system management for the first time in the Energy Law (draft for comments) released in 2020. Hydrogen Energy was also among the six sectors featured in the "Foresight Planning for the Future of Industry" in the Outline of the 14th Five-Year Plan, and together with other cutting-edge technologies such as brain-inspired artificial intelligence, quantum information, genetic technology, future networks and deep-sea and aerospace development, was recognized as "organizing and implementing future industry incubation and acceleration plans as well as planning the layout of a number of future industries", making it one of the crucial strategic directions of domestic energy transformation in the PRC.

However, Hydrogen Energy has to be extracted from other compounds by a chemical process as no natural hydrogen deposit occurs on Earth. Hydrogen Energy is generally categorised into grey hydrogen, blue hydrogen and green hydrogen by the Hydrogen Energy industry according to various extraction method and carbon dioxide emission level. Grey hydrogen is produced through the combustion of fossil fuels, which generated the highest level of carbon dioxide emissions. Blue hydrogen is created from fossil sources with a low emission production method where carbon capture, utilize and store (CCUS) technology is used, laying out the transition pathways for the development of Hydrogen Energy. Green hydrogen is produced using renewable energy, which realizes green production and utilisation throughout the entire production processes. According to the White Paper on the PRC's Hydrogen Energy and Fuel Cell Industry ("White Paper 2020") issued by the China Hydrogen Energy Alliance, the PRC is the largest producer of Hydrogen Energy. However, as the main source of production is grey hydrogen, the Hydrogen Energy supply structure needs to gradually transit to clean hydrogen produced by renewable energy, in order to achieve high-quality, emission-free and zero-pollution energy for sustainable development.

Using water electrolysis process powered by renewable energy sources such as solar power to produce green hydrogen realizes green and clean life cycle of Hydrogen Energy and expands the use of renewable energy. With the cost of solar power generation drops substantially and the production scale expands, it is expected that green hydrogen will likely become an important supply of Hydrogen Energy. While high production costs is currently the major issue preventing the widespread use of Hydrogen Energy generated from renewable energy, the advantages of being an abundant resource, low in production cost and mature technologies, enabling blue hydrogen mainly generated from natural gas to play an important role as a "transitional clean energy" in the implementation of the "30•60" strategy. According to the International Energy Agency (IEA), natural gas accounts for over 70% of the global hydrogen production.

Even though the global and domestic Hydrogen Energy industries are currently in the early stage of critical technology development in the entire industrial chain and the exploration of business models, support from favourable government policies is setting the stage for the Hydrogen Energy industry to gradually enter the "scale operation – cost reduction – market expansion" sales-price cycle. According to the forecast by China Hydrogen Energy Alliance, domestic annual demand for hydrogen will account for approximately 5% and 20% of the end-user energy consumption by 2030 and 2060, respectively. Hydrogen Energy is growing as an important supporting energy for large-scale and deep carbon reduction in electricity, transportation, industry, construction and other sectors in the future, the development of Hydrogen Energy is embracing an unprecedented strategic opportunity.

Through its wealth of experiences in the renewable energy sector, GCL New Energy aims to seize the enormous demand for Hydrogen Energy to be released globally and domestically by conducting research on the feasibility of tapping into the Hydrogen Energy industry through the combination of "blue and green hydrogen" to create complementary effects, striving to capture the crucial strategic opportunity to invest in Hydrogen Energy sector in the coming ten years. The Group will prudently research on leveraging its existing solar power generation platform to produce greenhouse gas-free Hydrogen Energy by water electrolysis process. Meanwhile, taking into account of its future diversified layout in Hydrogen Energy, the Company has entered into a non-legally binding memorandum of understanding with POLY-GCL Petroleum Group Limited*（保利協鑫天然氣集團有限公司）, a connected person of the Company, to capitalize on its abundant overseas natural gas resources, which are ready for commercial development, processing into liquid ammonia and subsequently shipping to the PRC to produce hydrogen. The acquisition of abundant natural gas resources at a low price will become an unique and tremendous advantage for GCL New Energy in the development of blue hydrogen, allowing the Group to vastly expand production capacity, meet the huge market demand and develop GCL New Energy into a major international supplier and integrated service provider of "blue and green" Hydrogen Energy.

* *English name for identification purpose only*

In addition, with an aim to serving the Hydrogen Energy industry in depth and opening up the entire industrial chain of Hydrogen Energy, the Group entered into a strategic cooperation agreement with JIC Capital Management (Tianjin) Limited* (中建投資本管理(天津)有限公司) in relation to the cooperation for the establishment of a Hydrogen Energy industrial investment fund with a total fund size of approximately RMB10 billion for investing in the Hydrogen Energy business of the Company, and entered into a strategic cooperation memorandum with CCB International Asset Management Limited* (建銀國際資產管理有限公司) in relation to the cooperation for the establishment of a new energy industrial investment fund with a total fund size of not more than USD800 million for investing in the new energy related business and investment projects related to the achievement of carbon emission reduction and carbon neutrality.

OUTLOOK

Currently, GCL New Energy has entered the final stage of its strategic asset-light transformation development. Together with the improvement in cash flow and overall debt issues, the Group will proactively push forward the development of Hydrogen Energy business by persistently promoting innovation, proactively embracing changes and relying on the visionary planning of the management, with an aim to creating a sustainable "asset-light and highly profitable" clean energy enterprise and taking the role as a practitioner and promoter in "bringing green power to life". The Group will seize the significant development opportunities arising from the domestic energy transformation to generate greater returns for the society and the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the six months ended 30 June 2021, profit attributable to owners of the Company for the period was increased by 25%, from RMB42 million in the same period of last year to RMB53 million in the current period. The increase in profit for the period was mainly attributable to the combined effect of the following:

1. the grid connected capacity of subsidiaries was decreased from 5.5GW as at 30 June 2020 to 2.9GW as at 30 June 2021, representing a decrease of 47% in business scale. Our sales volume of electricity and the revenue from electricity generation of the Group were decreased proportionally by 28% and 31%, respectively. The drop in our business scale led to a decrease in gross profit by RMB650 million, from RMB1,876 million in the same period of last year to RMB1,226 million in the current period;

2. the decrease in other income of RMB94 million, mainly due to the decrease in interest arising from contracts containing significant financing component of RMB108 million;

3. the increase in administrative expenses by 39%, from RMB189 million to RMB263 million, mainly due to an increase in professional fees related to projects disposal;

4. the exchange gain of RMB23 million during the six months ended 30 June 2021, as compared to the exchange loss of RMB76 million for the six months ended 30 June 2020. The exchange gain is mainly caused by the depreciation of USD denominated indebtedness against RMB;

5. the gain on disposal of subsidiaries of RMB248 million for the six months ended 30 June 2021, as compared to a loss on disposal of subsidiaries of RMB88 million for the six months ended 30 June 2020;

6. the loss on measurement of assets classified as held for sale to fair value less cost to sell of approximately RMB235 million (2020: RMB153 million); and

7. the decrease in finance costs of RMB364 million, mainly due to the decrease in business scale.

BUSINESS REVIEW

Capacity and Electricity Generation

During the Period, the Group's asset-light transformation pace was accelerated. As at 30 June 2021, the total installed capacity of the Group's subsidiary power plants was approximately 3,041MW (31 December 2020: 4,964MW), and the total attributable installed capacity of associates was approximately 517MW (31 December 2020: 500MW). Details of capacity, electricity sales volume and revenue for the six months ended 30 June 2021 are set out below.

Subsidiaries by provinces	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity[1] *(MW)*	Grid-connected Capacity[1] *(MW)*	Electricity Sales Volume *(million kWh)*	Average Tariff (Net of Tax) *(RMB/ kWh)*	Revenue *(RMB million)*
Inner Mongolia	1	4	189	189	226	0.72	163
Qinghai	1	–	–	–	38	0.84	32
Ningxia	1	2	60	60	48	0.63	30
		6	**249**	**249**	**312**	**0.72**	**225**
Shaanxi	2	15	931	931	732	0.69	503
Yunnan	2	8	282	279	203	0.64	129
Qinghai	2	4	98	98	102	0.64	66
Jilin	2	4	51	51	40	0.74	30
Sichuan	2	1	50	50	51	0.88	45
Liaoning	2	3	60	47	31	0.69	21
Gansu	2	1	20	20	24	0.72	17
Xinjiang	2	–	–	–	16	0.80	13
		36	**1,492**	**1,476**	**1,199**	**0.69**	**824**
Jiangsu	3	34	425	410	239	0.84	201
Shandong	3	5	161	149	102	0.82	84
Henan	3	6	157	157	280	0.73	205
Guangdong	3	9	169	96	89	0.72	64
Hunan	3	5	102	101	40	0.83	33
Fujian	3	3	56	56	27	0.82	22
Guizhou	3	5	30	30	84	0.79	66
Others	3	11	66	55	188	0.78	148
		78	**1,166**	**1,054**	**1,049**	**0.78**	**823**
Subtotal		**120**	**2,907**	**2,779**	**2,560**	**0.73**	**1,872**
US		2	134	134	94	0.41	38
Total of Subsidiaries		**122**	**3,041**	**2,913**	**2,654**	**0.72**	**1,910**

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

(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 is contributed by the subsidiaries of State Grid. The State Grid is a State-owned enterprise in China, which possesses low default risk. Therefore, the Directors considered that the credit risk of trade receivables was minimal.

FINANCIAL REVIEW

Revenue and Gross Profit

For the six months ended 30 June 2021, the Group's revenue was mainly derived from (i) solar power electricity generation; and (ii) service fee income from the provision of the solar power plants operation and management services. The table below sets forth an analysis of the Group's revenue:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
– Sales of electricity and tariff adjustments	**1,891,721**	2,731,140
– Operation and management services for solar power plants	**26,232**	37,556
	1,917,953	2,768,696

The decrease in revenue was mainly attributable to the disposal of solar power plants during 2020 and 2021. The grid connected capacity was decreased from 5.5GW as at 30 June 2020 to 2.9GW as at 30 June 2021. The average tariff (net of tax) for the PRC was approximately RMB0.73/kWh (2020: RMB0.76/kWh).

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

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

Other Income

During the six months ended 30 June 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 RMB53 million (2020: RMB161 million), consultancy fee income of RMB25 million (2020: RMB6 million) and bank interest income of RMB9 million (2020: RMB14 million).

Administrative Expenses

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses increased by 39% to RMB263 million (2020: RMB189 million) for the six months ended 30 June 2021. The increase in administrative expenses was mainly due to an increase in professional fees related to projects disposal.

Other gains and losses, net

During the six months ended 30 June 2021, the net gain amounted to RMB35 million (2020: net loss of RMB352 million). The net loss for 2021 was mainly due to loss on measurement of assets classified as held to sale to fair value less cost to sell of RMB235 million (2020: RMB153 million). The gain on disposal of solar power plant projects of RMB248 million (2020: loss on disposal of RMB88 million), and exchange gain of RMB23 million (2020: exchange losses of RMB76 million), mainly arising from the depreciation of USD denominated indebtedness against the reporting currency in RMB.

Share of profits of associates

Share of profits of associates amounted to RMB65 million (2020: RMB63 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

	For the six months ended	
	30 June 2021	30 June 2020
	RMB million	*RMB million*
Total borrowing costs	**948**	1,325
Less: Interest expenses capitalized	–	(13)
	948	1,312

Total borrowing costs decreased by 28% as compared with same period of last year. The decrease was mainly due to the decrease in average borrowing balance as a result of the disposal of solar power plants. The interest-bearing debts has been decreased from RMB36,485 million as at 30 June 2020 to RMB18,101 million as at 30 June 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 7.4% in 2021.

Income Tax Expenses

Income tax expenses for the six months ended 30 June 2021 was RMB42 million (2020: RMB94 million). There is a decrease in income tax expenses because of the disposal of solar power plants during 2020 and 2021. Most of our solar power plants are exempted from the PRC income tax for three years starting from the first year when the solar power plants operate and generate taxable income, followed by a 50% reduction for the next three years.

Profit attributable to other non-controlling interests

Profit attributable to other non-controlling interests amounted to RMB26 million for the six months ended 30 June 2021 (2020: RMB67 million).

Interim Dividend

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

Property, Plant and Equipment

Property, plant and equipment was RMB11,241 million and RMB25,363 million as at 30 June 2021 and 31 December 2020, respectively. The decrease was mainly due to the disposal of solar power plants in 2020 and 2021.

Deposits, Prepayment and Other Non-current Assets

As at 30 June 2021, non-current portion for deposits, prepayments and other non-current assets was RMB426 million (31 December 2020: RMB1,061 million), which mainly included refundable value-added tax of approximately RMB416 million (31 December 2020: RMB981 million).

Contract assets

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

Contract assets decreased from RMB1,228 million as at 31 December 2020 to RMB442 million as at 30 June 2021, because numerous solar power plants were disposed and some solar power plants entered into the project list of subsidy for renewable energy power plants in 2021 (the "2021 Subsidy List") (also known as the 9th batch of Subsidy Catalogue) and transferred to trade receivables.

Trade and Other Receivables

As at 30 June 2021, trade and other receivables of RMB6,935 million (31 December 2020: RMB8,962 million) mainly included trade and bills receivables of RMB3,132 million (31 December 2020: RMB7,231 million), refundable value-added tax of RMB176 million (31 December 2020: RMB498 million) and consideration receivables from disposal of subsidiaries of RMB2,206 million (31 December 2020: RMB372 million).

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

Tariff receivables and contract assets	**Batch of subsidies**	**Installed Capacity as at 30 June 2021** *(MW)*	**30 June 2021** ***RMB million***	31 December 2020 *RMB million*
Tariff receivables				
– Current	Poverty alleviation project	**57**	**78**	4
– Current	7th batch or before	**393**	**561**	1,350
– Current	Subsidy list in 2020	**1,639**	**2,232**	5,458
– Current	Subsidy list in 2021	**294**	**106**	–
Sub-total		**2,383**	**2,977**	6,812
Contract assets				
– Non-current	Registering/To be registered	**524**	**442**	1,228
Total		**2,907**	**3,419**	8,040

Other Payables and Deferred Income

Other payables and deferred income decreased from RMB4,688 million as at 31 December 2020 to RMB2,399 million as at 30 June 2021. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction cost of RMB735 million (31 December 2020: RMB3,299 million) and advance payments received for disposal of subsidiaries of RMB984 million (31 December 2020: Nil).

Liquidity and Financial Resources

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

As at 30 June 2021, bank balances and cash of the Group were approximately RMB809 million (31 December 2020: RMB1,191 million), including bank balances and cash of RMB191 million, for projects classified as held for sale (31 December 2020: RMB48 million). For the six months ended 30 June 2021, the Group's primary source of funding included cash generated from its operating activities and proceeds from disposal of power plants.

Indebtedness and gearing ratio

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

The Group was in net current assets position of approximately RMB2,926 million as at 30 June 2021 (net current liabilities position as at 31 December 2020: RMB9,230 million). The Group has taken several measures to generate sufficient cash inflow to the Group, which is set out in note 1B to the consolidated financial statements.

As at 30 June 2021, the Group's total borrowings comprising bank and other borrowings and senior notes, loans from related companies and lease liabilities amounted to approximately RMB18,101 million (31 December 2020: RMB30,930 million). The amounts included bank and other borrowings and lease liabilities classified as liabilities directly associated with assets classified as held for sales of RMB4,554 million (31 December 2020: RMB1,768 million). For the remaining balance of approximately RMB13,547 million (31 December 2020: RMB29,162 million), RMB5,801 million (31 December 2020: RMB16,531 million) will be due in the coming twelve months from the end of the Reporting Period, including bank and other borrowings of approximately RMB1,328 million, which shall be due after twelve months from the end of the Reporting Period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities as a result of the triggering of the cross default clauses in several banks of the Group given the Group's involvement in several litigation cases in the PRC either as a defendant or a guarantor and the failure of repayment of certain of the Group's bank and other borrowings. Subsequent to the end of the reporting period, the Group has partly repaid the loan and obtained a grace period to extend the repayment deadline. Accordingly, these bank and other borrowings became repayable on demand as at 30 June 2021.

The financial resources available to the Group as at 30 June 2021 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements together with the repayment of borrowings. The Group is undergoing the process of negotiations with respective borrowers for extension or renewal of the defaulted bank and other borrowings and as of the date of these consolidated financial statements, the Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings. The Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing power plant projects in exchange for cash proceeds.

The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2021. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures, that will be due in the coming twelve months from 30 June 2021, and the on-going covenants compliance.

The Group monitors capital based on two gearing ratios. The first ratio is calculated as net debts divided by total equity and the second ratio is calculated as total liabilities divided by total assets. The gearing ratio as at 30 June 2021 and 31 December 2020 were calculated as follows:

	30 June 2021 *RMB million*	31 December 2020 *RMB million*
Non-current indebtedness		
Loans from related companies	**54**	120
Bank and other borrowings	**4,496**	11,612
Senior notes	**2,646**	–
Lease liabilities	**550**	899
	7,746	12,631
Current indebtedness		
Loans from related companies	**17**	789
Bank and other borrowings	**5,254**	12,392
Senior notes	**467**	3,261
Lease liabilities	**63**	89
	5,801	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	**586**	330
Bank and other borrowings – due after one year	**3,819**	1,383
Lease liabilities	**149**	52
	4,554	1,768
Total indebtedness	**18,101**	30,930
Less: Cash and cash equivalents		
– continuing operations	**(618)**	(1,143)
– projects classified as held for sale	**(191)**	(48)
Pledged bank and other deposits		
– continuing operations	**(559)**	(744)
– projects classified as held for sale	**(180)**	(44)
Net debts	**16,553**	28,951
Total equity	**9,271**	8,537
Net debts to total equity	**179%**	339%
Total liabilities	**22,817**	36,499
Total assets	**32,088**	45,036
Total liabilities to total assets	**71.1%**	81.0%

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

	30 June 2021 *RMB million*	31 December 2020 *RMB million*
Renminbi ("RMB")	**13,548**	26,054
Hong Kong dollars ("HK$")	**183**	181
United States dollars ("US$")	**4,370**	4,695
	18,101	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.

The Company has no other fund raising activities during the six months ended 30 June 2021.

Pledge of Assets

As at 30 June 2021, the following assets were pledged for bank and other facilities granted to the Group:

– property, plant and equipment of RMB11,182 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 RMB739 million (31 December 2020: RMB788 million);

– rights to collect the sales of electricity for certain subsidiaries. As at 30 June 2021, the trade receivables and contract assets of those subsidiaries amounted to RMB5,128 million (31 December 2020: RMB7,823 million); and

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

Besides, lease liabilities of RMB613 million (31 December 2020: RMB988 million) are recognized in respect of right-of-use assets amounting to RMB649 million (31 December 2020: RMB1,258 million) as at 30 June 2021.

Financial Guarantees provided to Related Companies and Third Parties

As at 30 June 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 RMB2,339 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 RMB2,932 million (31 December 2020: RMB1,385 million).

Capital and Other Commitments

As at 30 June 2021, the Group's capital commitments in respect of construction commitments related to solar power plants contracted for but not provided amounted to approximately RMB98 million (31 December 2020: RMB135 million).

Material disposals

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

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

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

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the Interim Financial Information, the following significant events took place after the end of the reporting period.

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

(b) On 6 July 2021, the Group entered into an agreement with Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)*（蘇民睿能無錫股權投資合夥企業(有限合夥)）to acquire approximately 5.835% equity interest in Suzhou GCL New Energy at a consideration of RMB1,219,000,000.

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

(d) On 21 July 2021, the Group entered in a series of sixteen share transfer agreements with Yixing Hechuang New Energy Co., Ltd.*（宜興和創新能源有限公司）to sell its equity interests in those sixteen subsidiaries at consideration in aggregate of RMB481,313,800 and repayment of corresponding interest in shareholder's loan as at the date of disposal.

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

(f) On 30 August 2021, the Group entered into share transfer agreements with Ningxia Hanguang New Energy Co., Ltd.*（寧夏含光新能源有限公司）, to sell its equity interests in certain subsidiaries at consideration in aggregate of RMB301,037,700 and repayment of corresponding interest in shareholder's loan as at the date of disposal.

* *English name for identification purpose only*

RISK FACTORS AND RISK MANAGEMENT

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

1. Policy risk

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

2. Grid curtailment risk

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

3. Risk associated with tariff

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

4. Risk related to high gearing ratio

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

5. Risk related to interest rate

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

6. Foreign currency risk

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

7. Risk related to disputes with joint venture partners

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

EMPLOYEE AND REMUNERATION POLICIES

We consider our employees to be our most important resource. As at 30 June 2021, the Group had approximately 958 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 include discretionary bonuses, with share options granted to eligible employees. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) for the six months ended 30 June 2021 was approximately RMB148 million (30 June 2020: RMB139 million).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2021, the Company completed a top-up placing and subscription of an aggregate of 2,000,000,000 shares of the Company ("**Share(s)**") (representing approximately 9.49% of the Company's issued share capital as enlarged by the transaction upon completion) at HK$0.455 per Share to various professional, institutional or other investors, with net proceeds of approximately HK$895 million. The net proceeds have been used for repayment of existing borrowings and for general corporate purposes. Further details can be referred to the Company's announcement dated 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 six months ended 30 June 2021.

CORPORATE GOVERNANCE PRACTICES

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2021, the Company complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for code provision A.2.1:

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

AUDIT COMMITTEE

The audit committee of the Company has reviewed, with the management of the Group, the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including a review of the Company's interim report and interim results for the six months ended 30 June 2021.

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 on 15 July 2021.

The Company's external auditor, Crowe (HK) CPA Limited, has conducted a review of the Interim Financial Information of the Group for the six months ended 30 June 2021 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

There is no disagreement raised by the Company's external auditors or the audit committee of the Company with the accounting treatment adopted by the Company.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following is an extract of the independent auditor's report on review of the Group's interim financial information for the six months period ended 30 June 2021 which has included material uncertainty related to going concern paragraph, but without qualification:

Conclusion

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

Material Uncertainty Related to Going Concern

We draw attention to note 1B to the unaudited consolidated interim financial statements, which indicates that (i) the Group has entered into agreements which will involve capital commitments of approximately RMB98 million to construct solar power plants and financial guarantee provided to the associates and third parties for their bank and other borrowings; (ii) the Group's involvement in several litigation cases either as a defendant or a guarantor relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain bank borrowings; and (iii) as at 30 June 2021, the Group had an outstanding bank borrowing of US$100 million (approximately RMB646 million) of which US$48 million (approximately RMB310 million) (the "**First Loan Repayment**") and US$52 million (approximately RMB336 million) (the "**Second Loan Repayment**") were repayable on 23 June 2021 and 20 August 2021 respectively. The Group failed to repay of the First Loan Repayment on 23 June 2021 and the Second Loan Repayment on 20 August 2021. Subsequent to the end of the reporting period, the Group has fully repaid the First Loan Repayment and has obtained written consent from the bank (i) to grant a grace period to extend the repayment of the Second Loan Repayment up to 30 September 2021; and (ii) not to take any legal action against the Group in respect of its failure to repay the bank borrowing upon maturity date.

The Group is undertaking a number of financing plans and other measures as described in note 1B to the unaudited condensed interim consolidated financial statements in order to ensure it is able to meet its financial commitments in the next twelve months. The directors of the Company are of the opinion that based on the assumptions that if these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. However, the likelihood of successful implementation of these financing plans and other measures, including the Group's ongoing compliance with their borrowing covenants, and along with other matters as set forth in note 1B to the unaudited condensed interim consolidated financial statements, indicate that a material uncertainty exists that may cast a significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

PUBLICATION OF 2021 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.gclnewenergy.com) and HKExnews (www.hkexnews.hk). The 2021 Interim Report containing all the information as required by the Listing Rules will be despatched to the shareholders and made available for review on the same websites in due course.

By order of the Board
GCL New Energy Holdings Limited
協鑫新能源控股有限公司
Zhu Yufeng
Chairman

Hong Kong, 30 August 2021

As at the date of this announcement, the Board comprises Mr. Zhu Yufeng (Chairman), Mr. Liu Genyu and Ms. Hu Xiaoyan as executive Directors; Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Fang Jiancai as non-executive Directors; and Mr. Xu Songda, Mr. Lee Conway Kong Wai, Mr. Wang Yanguo and Dr. Chen Ying as independent non-executive Directors.