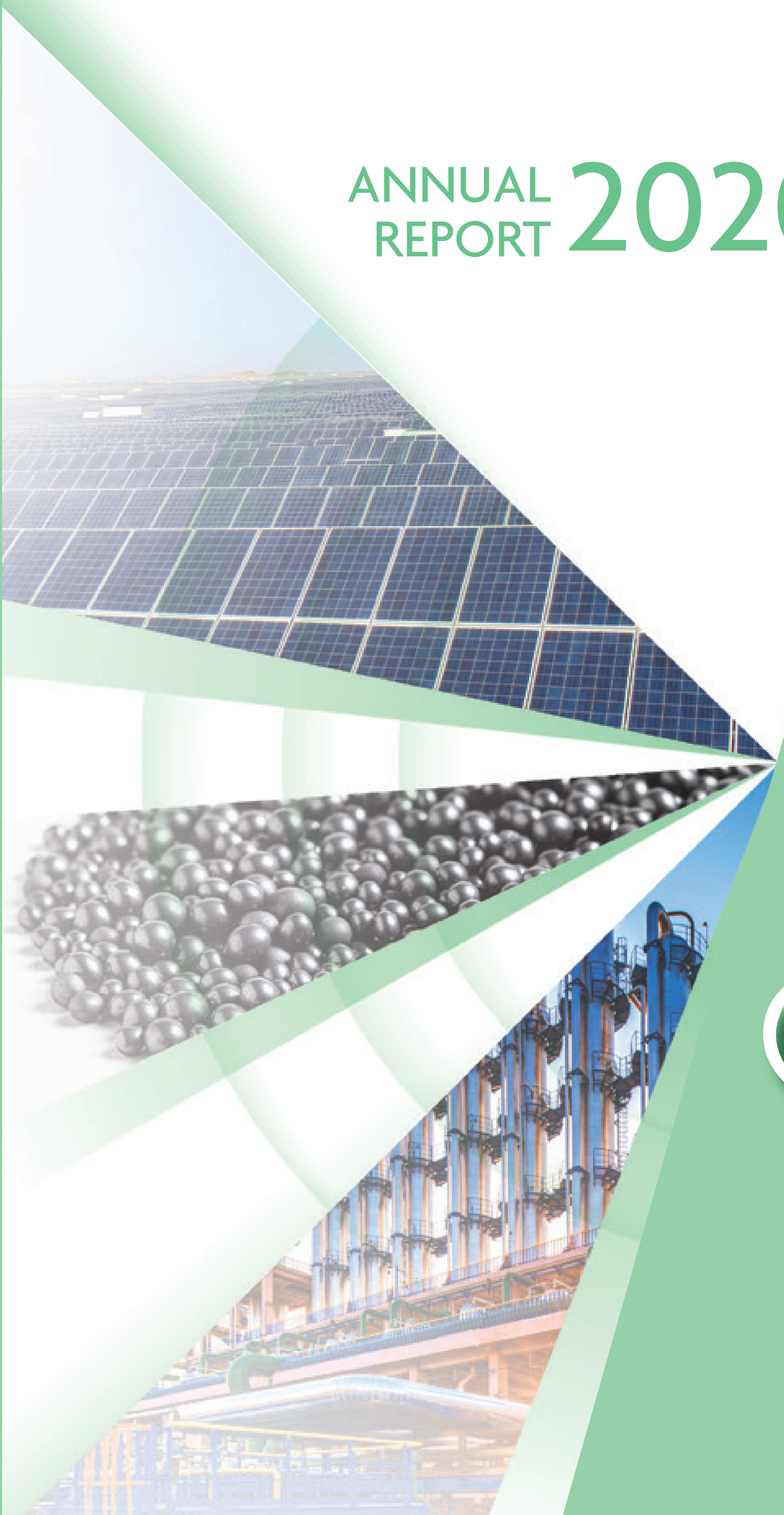
GCL-Poly Energy Holdings Limited
保利協鑫能源控股有限公司

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

ANNUAL REPORT 2020



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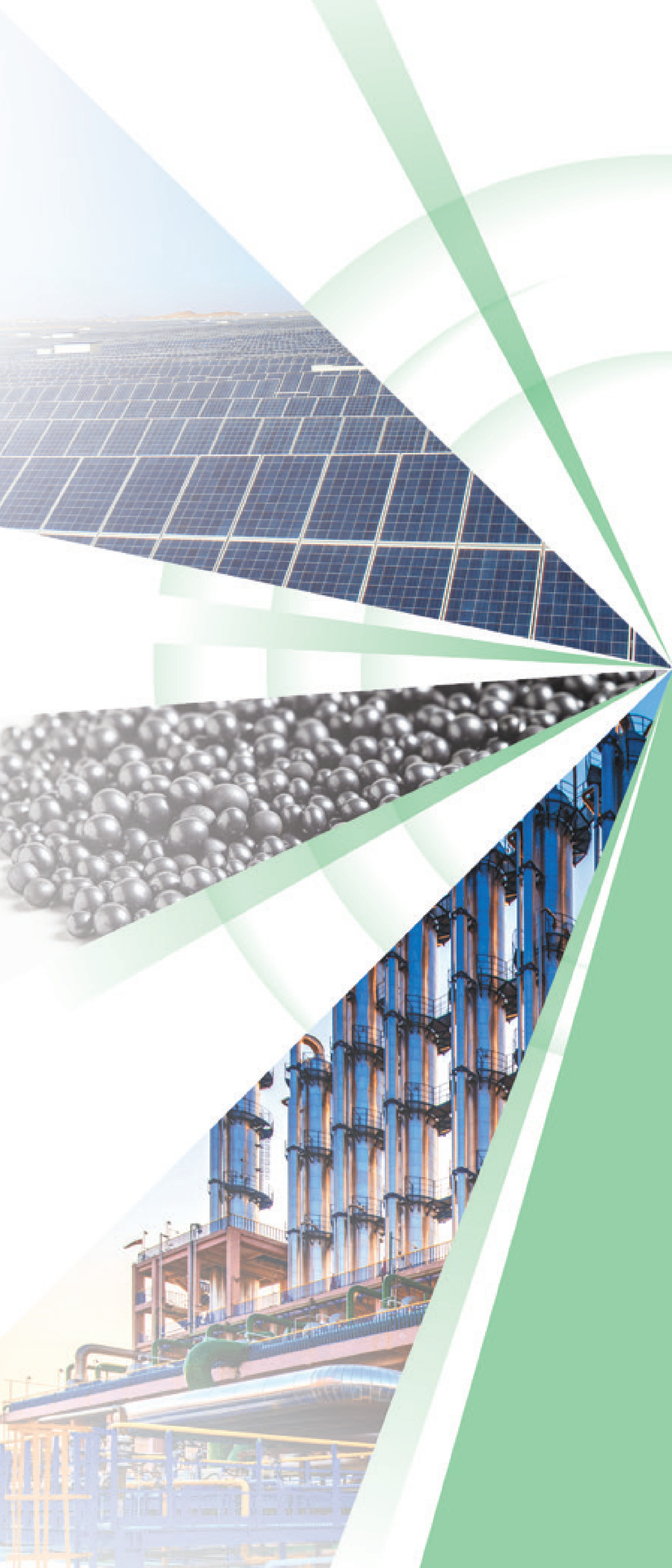
TO LIFE



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FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020 RMB'000**
Continuing operations					
Revenue	22,024,537	23,794,455	20,565,435	19,249,621	**14,620,736**
Profit (loss) before taxation	2,844,124	2,912,002	(510,795)	317,683	**(6,160,755)**
Income tax (expense) credit	(537,172)	(637,880)	52,361	(206,848)	**(110,496)**
Profit (loss) for the year from continuing operations	2,306,952	2,274,122	(458,434)	110,835	**(6,271,251)**
Discontinued operations					
Profit (loss) for the year from discontinued operations	(112,208)	77,112	—	—	**—**
Profit (loss) for the year	2,194,744	2,351,234	(458,434)	110,835	**(6,271,251)**
Profit (loss) for the year attributable to:					
Owners of the Company	2,029,412	1,974,398	(693,399)	(197,207)	**(5,667,864)**
Non-controlling interests	165,332	376,836	234,965	308,042	**(603,387)**
	2,194,744	2,351,234	(458,434)	110,835	**(6,271,251)**

	At 31 December				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020 RMB'000**
Total assets	87,019,313	107,279,898	112,493,764	100,436,959	**80,502,897**
Total liabilities	63,625,371	79,972,319	85,661,257	73,715,551	**60,111,692**
	23,393,942	27,307,579	26,832,507	26,721,408	**20,391,205**
Equity attributable to owners of the Company	20,820,816	22,775,217	21,865,556	22,250,159	**16,589,119**
Non-controlling interests	2,573,126	4,532,362	4,966,951	4,471,249	**3,802,086**
	23,393,942	27,307,579	26,832,507	26,721,408	**20,391,205**

PERFORMANCE HIGHLIGHTS

	For the year ended 31 December			
	2020 RMB'000	2019 RMB'000	Change RMB'000	% of change
Revenue				
Sales of wafer	**5,692,391**	8,787,186	(3,094,795)	(35.2%)
Sales of electricity	**5,395,710**	6,541,503	(1,145,793)	(17.5%)
Sales of polysilicon	**2,205,836**	2,324,761	(118,925)	(5.1%)
Processing fees	**830,495**	811,472	19,023	2.3%
Others (comprising the sales of ingots)	**496,304**	784,699	(288,395)	(36.8%)
	14,620,736	19,249,621	(4,628,885)	(24.0%)
Loss for the year attributable to owners of the Company	**(5,667,864)**	(197,207)	(5,470,657)	2,774.1%

	RMB Cents	RMB Cents	Change RMB Cents	% of change
Loss per share				
— Basic	**(28.06)**	(1.05)	(27.01)	2,572.4%
— Diluted	**(28.06)**	(1.05)	(27.01)	2,572.4%

	RMB million	RMB million	Change RMB million	% of change
Adjusted EBITDA*	**5,715**	7,293	(1,578)	(21.6%)

* Definition of adjusted EBITDA is disclosed in the "Management Discussion and Analysis" Section.

	As at 31 December			
	2020 RMB'000	2019 RMB'000	Change RMB'000	% of change
Extracts of consolidated statement of financial position				
Equity attributable to owners of the Company	**16,589,119**	22,250,159	(5,661,040)	(25.4%)
Total assets	**80,502,897**	100,436,959	(19,934,062)	(19.9%)
Bank balances and cash, pledged and restricted bank and other deposits*	**6,348,261**	8,515,445	(2,167,184)	(25.5%)
Indebtedness**	**44,117,000**	55,372,519	(11,255,519)	(20.3%)
Key financial ratios				
Current ratio	**0.62**	0.53	0.09	17.0%
Quick ratio	**0.60**	0.51	0.09	17.7%
Net debt to equity attributable to owners of the Company	**227.7%**	210.6%	0.2	8.1%

* Amount includes pledged deposit at related companies of Nil (2019: RMB38,000,000) and bank balances and cash, pledged bank deposits classified as assets held for sale of RMB92,000,000 (2019: Nil).

** Indebtedness includes loans from related companies, bank and other borrowings, lease liabilities/obligations under finance leases, notes and bonds payables.

OTHER FINANCIAL ANALYSIS

Profit or Loss Analysis (De-consolidation of GNE Group)

For illustrative purpose, if deconsolidating GCL New Energy Holdings Limited ("GNE") and its subsidiaries ("GNE Group"), the financial results of the Group, GNE Group and the Group (De-consolidated GNE Group) would be as follows:

	The Group (A) RMB million	GNE Group (B) RMB million	Deconsolidation adjustments (Note) (C) RMB million	The Group (De-consolidated GNE Group) (D)=(A)-(B)-(C) RMB million
Revenue	14,621	4,935	—	9,686
Cost of sales	(10,919)	(1,804)	34	(9,149)
Gross profit	3,702	3,131	34	537
Other income	692	219	(230)	703
Distribution and selling expenses	(94)	—	—	(94)
Administrative expenses	(1,814)	(522)	30	(1,322)
Finance costs	(3,155)	(2,450)	—	(705)
Impairment losses under expected credit loss model, net of reversal	(649)	(321)	—	(328)
Other expenses, gains and losses, net	(5,011)	(1,221)	—	(3,790)
Share of profits of associates	272	102	—	170
Share of losses of joint ventures	(104)	—	—	(104)
Loss before tax	(6,161)	(1,062)	(166)	(4,933)
Income tax expense	(110)	(156)	—	46
Loss for the year	(6,271)	(1,218)	(166)	(4,887)

Note: The deconsolidation adjustments mainly include allocation of corporate expenses of RMB45 million, elimination of interest of GNE Group's perpetual notes subscribed by the subsidiaries of the Group of RMB167 million, and elimination of inter-segment profit of RMB1 million.

	The Group (A) RMB million	GNE Group (B) RMB million	Deconsolidation adjustments (C) RMB million	Notes	The Group (De-consolidated GNE Group) (D)=(A)-(B)-(C) RMB million
Non-current assets					
Property, plant and equipment	36,706	25,363	(24)	1	11,367
Right-of-use assets	3,433	1,258	—		2,175
Interests in associates/joint ventures	7,613	1,209	—		6,404
Investment in perpetual notes of GNE Group	—	—	(1,800)	2	1,800
Investment in subsidiaries	—	—	(2,193)	3	2,193
Pledged and restricted bank and other deposits	682	493	—		189
Deposits, prepayments and other non-current assets and contract assets	2,941	2,289	—		652
Other non-current assets	1,647	183	—		1,464
Total non-current assets	53,022	30,795	(4,017)		26,244
Current assets					
Inventories	489	—	—		489
Trade and other receivables	16,488	8,962	—		7,526
Pledged and restricted bank and other deposits	3,865	251	—		3,614
Bank balances and cash	1,710	1,143	—		567
Other current assets	4,929	3,885	(623)	4	1,667
Total current assets	27,481	14,241	(623)		13,863
Current liabilities					
Trade and other payables	12,531	4,688	—		7,843
Loans from related companies	789	789	—		—
Bank and other borrowings — due within one year	22,885	12,393	—		10,492
Lease liabilities — due within one year	531	89	—		442
Notes and bonds payables — due within one year	3,313	3,261	—		52
Other current liabilities	4,600	2,252	(93)	4	2,441
Total current liabilities	44,649	23,472	(93)		21,270
Non-current liabilities					
Loans from related companies	120	120	—		—
Bank and other borrowings — due after one year	13,352	11,612	—		1,740
Lease liabilities — due after one year	1,359	899	—		460
Other non-current liabilities	632	397	—		235
Total non-current liabilities	15,463	13,028	—		2,435
Net current liabilities	(17,168)	(9,231)	(530)		(7,407)
Net assets	20,391	8,536	(4,547)		16,402

Notes:
1. Amount represent adjustment for disposal of subsidiaries to GNE Group, and related inter-segment profit.
2. Amounts represent the GNE's Group perpetual notes of RMB1,800,000,000 subscribed by the subsidiaries of the Group.
3. Amounts represent adjustment for investment costs in GNE Group.
4. Amounts represent the eliminations of intercompany balances.

COMPANY PROFILE

GCL-Poly Energy Holdings Limited is the world's largest polysilicon producer and leading wafer supplier globally. At the end of 2020, the annual production capacity of rod polysilicon of the Group's Xuzhou base reached 36,000 MT, and the annual production capacity of granular silicon was 6,000 MT. Production capacity is continuously increasing. The Group's annual wafer production capacity increased from 35 GW to 40 GW. Regarding the Group's new energy business, which is mainly operated through the subsidiary GCL New Energy, has a total installed capacity of approximately 5 GW at the end of 2020.

MAJOR EVENTS 2020

Jan

When the novel coronavirus pneumonia epidemic was spreading from 31 January to 2 February, Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司) and GCL High-tech Nano New Materials (Xuzhou) Co., Ltd. actively responded to the government's call and promptly activated the emergency response mechanism for production, prioritized the production and export of sodium hypochlorite (concentrated disinfectant) and urgently allocated 50 tonnes of sodium hypochlorite from our inventory and delivered to various districts in Xuzhou, Xinyi, Pizhou and other places in Jiangsu Province.

Mar

In March, the list of Industrial Internet Benchmarking Factories in the G60 Science and Technology Corridor of the Yangtze River Delta was published, and Suzhou GCL Photovoltaic Technology Co., Ltd.* (蘇州協鑫光伏科技有限公司) was the first on the list, representing GCL Group.

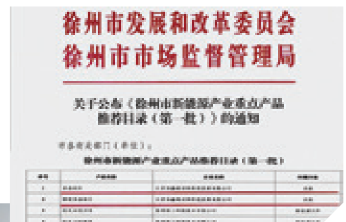
On 23 March, the "Preparation Method of High Sphericality Seed Crystals and Fluidized Bed Granular Silicon"《高球形度籽晶和流化床顆粒硅的製備方法》(ZL201380041563.9) issued by Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司) won the first Golden Award for Patent Project in Xuzhou City (徐州市專利項目獎金獎).

Apr

On 1 April, the Xuzhou Development and Reform Commission and the Municipal Market Supervision Administration jointly issued a notice, announcing the first batch of recommended catalogs of key products for the new energy industry in Xuzhou. The products of polysilicon wafer and quasi-mono wafer from Xuzhou Solar were both enlisted, and was also the only selected products among numerous photovoltaic enterprises in Xuzhou.

On 20 April, Xuzhou Solar held a commissioning ceremony of the seed crystal at the workshop of quasi-mono seed crystal project. More than 30 people attended the ceremony, including You Da, general manager, representatives of company management, representatives of equipment manufacturers and representatives of construction party. The commissioning ceremony was presided by Chen Shaoming, deputy general manager, with You Da activating the furnace activation button for putting the furnace into production.

In the morning on 28 April, Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司) and the Economic Investigation Detachment of Xuzhou Public Security Bureau held the unveiling ceremony of the "Public Security Service Station of Police and Enterprise (公安警企服務站)". Jiang Ziyan, the captain of the Economic Investigation Detachment and Li Zhaobin, deputy secretary of the Party Committee attended the unveiling ceremony.



May

In the morning on 28 May, Wang Yi, Secretary of the Henan Provincial Party Committee and Party Secretary of the Communist Youth League, and his party of 11 people visited Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司) to investigate and research team building work, and accompanied by Pan Wenqing, Deputy Secretary of Jiangsu Provincial Party Committee, and Pan Xiao, Secretary of Xuzhou Municipal Party Committee. Lan Tianshi, President of GCL Silicon Industry Group and general manager of Zhongneng Silicon Industry, and Zhang Shijia, Secretary of the Youth League Committee of GCL Group and China Energy Silicon Industry expressed their warm reception.

Jun

On 8 June, Wu Defa, Director of Market Supervision Administration of Xuzhou City visited the GCL-Poly Xuzhou base to investigate and research, under the company of Zhu Zhanjun, CEO of GCL-Poly.

Jul

At 21:20 on 16 July, No. 114 monocrystalline furnace at the monocrystalline workshop of Xuzhou Solar had finished its feeding, which marked the full commissioning of the monocrystalline reconstruction project of Xuzhou Solar.

Aug

On 7 August, the results of review selections of SNEC Top Ten Highlights (SNEC十大亮點) in 2020 were announced at the Shanghai Exhibition. The star product of Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司), the granular silicon ZN901A, highlighting high quality, low cost, good fluidity and other unique advantages had distinguished itself from a multitude of products, and was honoured the first place among the SNEC Top Ten Highlights and won the highest award of the exhibition — the Terawatt Diamond Award (太瓦級鑽石獎).

On 17 August, after receiving the notice from the State Intellectual Property Office, Henan GCL Photo voltaic Technology Co., Ltd.* (河南協鑫光伏科技有限公司) obtained the utility model patent certificate for two utility model patents, "a kind of silicon core cutting machine roller package rubber tooling (一種硅芯切割機羅拉包膠工裝)" and "a kind of silicon rod support tooling (一種硅棒支撐工裝)". There are also several patents under review.

On August 28, 2020, the 10th anniversary of Suzhou GCL Photovoltaic Technology Co., Ltd.* (蘇州協鑫光伏科技有限公司) in putting into operation and production.

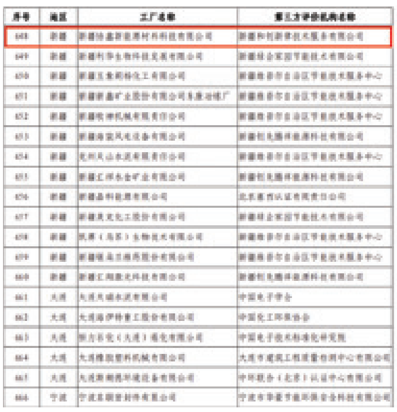
Sep

On 8 September, Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd., located in the Xuzhou Economic and Technological Development Zone, fluttered with colour flags. With the new granular silicon products jointly injected into the energy container by Zhou Tiegen, Secretary of Xuzhou Municipal Party Committee and Director of the Standing Committee of the Municipal People's Congress, Wang Jianfeng, Member of the Standing Committee of the Municipal Party Committee and Executive Deputy Mayor, Wang Qiang, Member of the Standing Committee of the Municipal Party Committee and Secretary-general, Li Shuxia, Secretary of the Party Working Committee of the Economic and Technological Development Zone, Zhu Gongshan, Chairman of the GCL Group, the world's largest capacity expansion project of 54,000 tonnes of particulate silicon of Jiangsu Zhongneng had officially commenced.

The cutting workshop of Henan GCL Photo voltaic Technology Co., Ltd.* (河南協鑫光伏科技有限公司) pulled out all stops to focus on production operation and quality improvement by agglomerating mental efforts and uniting as one. In 2020, the average comprehensive qualified rate of silicon core output reached 98.68%, 1.7% higher than that of 2019, and the comprehensive qualified rate reached a record high of 99.3% in September.

On September 30, according to the "Proposed List of Intelligent Workshops and Intelligent Factories in Henan Province in 2020 (2020年河南省智能車間智能工廠擬確定名單)" published by the Department of Industry and Information Technology of Henan Province, the crystal pulling workshop of Henan GCL Photovoltaic Technology Co., Ltd.* (河南協鑫光伏科技有限公司) was recognized the honorary title of Intelligent Workshop in Henan Province in 2020, and received the government award.

Oct



In October, the Ministry of Industry and Information Technology announced the list of 13 enterprises that met the ninth batch of "Specification Conditions for Photovoltaic Manufacturing Industry"《光伏製造行業規範條件》. Funing GCL Photovoltaic Technology Co., Ltd.* (阜寧協鑫光伏科技有限公司) was shortlisted and is the only enterprise in Yancheng that passed this certification. The certification is carried out in accordance with the "Certain Opinions of the State Council on Promoting the Healthy Development of the Photovoltaic Industry"《國務院關於促進光伏產業健康發展的若干意見》, "Specification Conditions for the Photovoltaic Manufacturing Industry (2018 Edition)"《光伏製造行業規範條件(2018年本)》 and "Interim Measures for the Administration of Regulatory Announcements in the Photovoltaic Manufacturing Industry"《光伏製造行業規範公告管理暫行辦法》. The list of certified enterprises is eventually produced after enterprise declaration, recommendation by the provincial competent department, expert review, on-site verification and other procedures.

On 18 October, the 10,000-tonne Worldwide Silane Fluidized Bed Granular Silicon Club welcomed a new member, the construction of the granular silicon project in Sichuan Leshan of GCL-Poly had officially commenced, which marked the official landing of the "one body and two wings (一體兩翼)" works of granular silicon project, the core black technology of GCL-Poly. It will help GCL-Poly to enter a new era of intelligent manufacturing of granular silicon products with "better technology research and development, more refined production processes, and lower manufacturing costs" and provide green energy for China's photovoltaic with parity grid.

In the early morning on 27 October, good news were received from the single crystal workshop of Jiangsu GCL Silicon Material Technology Development Co., Ltd. (江蘇協鑫硅材料有限公司): the company's first 12-inch single crystal silicon rod was successfully rolled off the assembly line after more than 20 hours of drawing. This is also the first large size single crystal silicon rod produced by GCL Group, which is also one of the few in the industry.

On 29 October, the Ministry of Industry and Information Technology of China announced the fifth batch of green manufacturing list. Xinjiang GCL New Energy Materials Technology Co., Ltd.* (新疆協鑫新能源材料科技有限公司) was successfully selected into the list of the "green factory", an affirmation of Xinjiang GCL's commitment to the concept of green development.

On 31 October, Ningxia GCL Monocrystalline Silicon Technology Development Co., Ltd.* (寧夏協鑫晶體科技發展有限公司) had replaced more than 50% of the original silicon of Siemens process with the granular silicon for the month, with a monthly consumption of over 200 tones, and is the world's largest manufacturing base for drawing single crystal rods with granular silicon.

MAJOR EVENTS 2020 (CONTINUED)

Nov

In November, Jiangsu Science and Technology Innovation Service Alliance, Bank of Jiangsu and other institutions jointly organized the selection event of the " Most Growing High-tech Enterprise" in Jiangsu Province in 2019 and announced the list of award-winning enterprises. Funing GCL Photovoltaic Technology Co., Ltd.* (阜寧協鑫光伏科技有限公司) was honorary entered the list of the Top 100 Most Growing High-tech Enterprise!

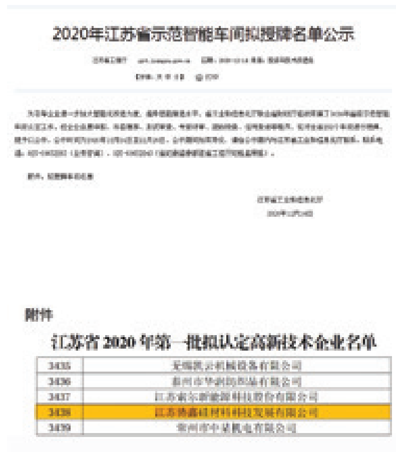
On November 16, 2020, the Provincial Quality Award Enterprise Symposium (全省質量獎企業座談會) was held at Nanjing Jinling Riverside Hotel. Zhongneng participated in this symposium as the winning unit of Jiangsu Quality Award (江蘇省質量獎).

Dec

In December 2020, 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), Jiangsu GCL Silicon Material Technology Development Co., Ltd.* (江蘇協鑫硅材料有限公司) successfully passed the first batch of enterprise certification in Jiangsu Province in 2020. This is also the Company in successfully passing the high-tech enterprise certification on three consecutive occasions since awarded the first recognition as a high-tech enterprise in 2012, and the certification is valid for three years.

On 14 December, we learned from the Provincial Department of Industry and Information Technology that Xuzhou Solar was awarded the first batch of five-star cloud companies in Jiangsu Province in 2020.

After the publicity on 20 December, the production workshop for polycrystalline product of Jiangsu GCL Silicon Material Technology Development Co., Ltd.* (江蘇協鑫硅材料有限公司), the production workshop for high-efficiency photovoltaic module of Funing GCL Photovoltaic Technology Co., Ltd.* (阜寧協鑫光伏科技有限公司), and the manufacturing workshop for new high-efficiency MBB photovoltaic module of Jurong GCL Integration Technology Co., Ltd.* (句容協鑫集成科技有限公司) were successfully selected as the provincial model intelligent workshop in 2020.



Dear Shareholders,

In 2020, as COVID-19 spread across the world, the global supply chains faced the most serious health and economic crisis in the past 30 years. Against the backdrop of stagnant or negative growth of the global economy and a more complicated and acute external environment, photovoltaic companies in China have resumed production operations in the fastest pace possible after the epidemic was under effective control, giving credit to their strong resilience and solid foundation forged in previous periods, achieved outstanding performance in many industries by "bucking up the trend", and delivered annual results beyond industry expectations.

Zhu Gongshan
Chairman

According to the statistics of the China Photovoltaic Industry Association, in 2020, the new PV installed capacity across the world was approximately 130 GW, representing a year-on-year increase of 13%. The new PV installed capacity in China was approximately 48.2 GW, representing a year-on-year increase of 60% as compared with 2019 which only had an installed capacity of 30.11 GW. The restorative growth of China's PV market has driven the development of the global PV industry. By the end of 2020, China has ranked first in the world in terms of total PV installed capacity, new PV installed capacity and polysilicon production for 6, 8 and 10 consecutive years, respectively.

As a listed enterprise that had been deeply involved in the photovoltaic industry for many years and had lived through multiple industry cycles, GCL-Poly has committed itself to business transformation. In the process of fast-evolving innovation and transformation of the industry, the Company is always ready to make new breakthroughs with full focus and firm belief and commitment through profound self-reflection. In particular, the FBR based granular silicon technology, which has been developed and researched by the Company over more than a decade, made a major technological breakthrough and completed a milestone achievement of 10,000 metric tonnes production capacity expansion in 2020, injecting a strong and unstoppable new vitality into GCL-Poly.

Business Review for 2020

During 2020, GCL-Poly produced a total of 42,189 MT of polysilicon. The decrease in production of rod silicon as compared with that of last year was mainly due to the deconsolidation of approximately 32,192 MT polysilicon, as a result of the disposal of 31.5% equity interest in Xinjiang GCL in the fourth quarter of 2019. GCL-Poly produced a total of 31,449 MW wafers. As at 31 December 2020, GCL-Poly recorded revenue of RMB14,621 million, representing a decrease of 24.0% as compared with the corresponding period in 2019; gross profit was approximately RMB3,702 million, representing a decrease of 20.9% as compared with the corresponding period in 2019. Loss attributable to shareholders of the Company amounted to approximately RMB5,668 million and basic loss per share was approximately RMB28.06 cents.

The grid connected capacity of GNE, a holding subsidiary of GCL-Poly, decreased from 5.6 GW in 2019 to 4.8 GW in 2020, representing a decrease of approximately 14% in GNE's business scale. GNE's electricity sales volume and revenue decreased proportionally by 14% and 18%, respectively. The drop in GNE's business scale led to a decrease in gross profit, from RMB3,954 million in 2019 to RMB3,131 million in 2020. As of 2020, the gross profit margin of GNE was 63.5%, as compared to 65.3% for the corresponding period in 2019.

Getting rid of the "burden" and riding on the trend while focusing on the principal business of silicon materials

In view of intricate international developments and opportunities arising from the rotation of industries, on one hand, GCL-Poly monitored the situation and made diligent efforts to enhance its inherent strengths in close tandem with market developments. We calmly faced our business weaknesses in the past, re-examined and recalibrated asset values, and provided impairment for the assets that drag on the future cash flow and profit of the Company, such that GCL-Poly was able to move towards an asset-light approach after recreation.

On the other hand, GCL-Poly continued to innovate, make radical changes where necessary and focus on strategies. We remained committed to achieving ongoing cost reduction and efficiency enhancement. On the basis of fully understanding the dynamic changes of the industry trends and competitive landscape, we gave precision play to our own strengths, and made cautious and bold strategic layouts. We strengthened our business foundation with a strong focus on our principal operations of silicone materials and the steady development of the granular silicon business to gradually increase our competitiveness.

In the meantime, the Company continued to deepen its cooperation with financial institutions and explore initiatives for collaborative financial innovation with the aim of further optimising its balance sheet and financing structure by fully leveraging the functions of the capital market, so that it will be well-positioned for the next cycle of business expansion with adaptive preparations and strategic plans for transformation in place.

Currently, the profitability of the Company continues to improve. It is expected that the Company will achieve better profitability in the whole year of 2021. We will quickly develop GCL-Poly into one of the leading enterprise in the industry that is healthy, stable, continuous innovation and sustainable operation.

Granular silicon achieving 10,000 metric tonnes production capacity with another breakthrough in technical indicators after a decade of hard work

GCL-Poly has been exploring the research and development of FBR based granular silicon technology for more than ten years. During the period, through numerous independent attempts, trials and practical operations and further complemented by the patent and technology team acquired from SunEdison in 2017, and after years of refined and internal scale exploration, the Company finally ushered in outstanding technological progress and realized long-cycle, high-quality, low-cost commercial mass production of granular silicon, and started to accelerate the pace of expansion in 2020.

In February 2021, the Company was pleased to announce that GCL-Poly has mastered various matured techniques and mass production technologies of granular silicon and has successfully increased the annual effective production capacity of granular silicon from 6,000 metric tonnes to 10,000 metric tonnes, and has officially reached the 10,000 metric tonnes capacity benchmark. Through managing the construction and operation of such project which reaches 10,000 metric tonnes capacity, GCL-Poly has possessed leading technical advantages and large-scale replication capability in project planning and construction, artificial intelligence operation of core equipment, digital control of product safety production and systematic verification of product quality.

In March 2021, the Company further announced that a new breakthrough was made in the indicators of granular silicon. Various quality indicators have reached the Siemens standard for dense materials, and some indicators are even better than those of dense materials. At the same time, through process improvement, the total metal contents, carbon contents, hydrogen contents and fine powder ratio have all been reduced to ideal levels without additional costs.

Market-oriented approach for making strategic layout of a 100,000 metric tonnes production capacity matrix, forming a "tripartite" of Jiangsu, Sichuan and Inner Mongolia

Given the continuous breakthroughs in various indicators of granular silicon technology, and positive empirical findings and feedback from downstream customers, and taking into full consideration of the end-market demand of the PV industry and the dynamic changes in silicon materials layout, GCL-Poly has strategically deployed a 100,000 metric tonnes production capacity matrix in advance, with implementation in several regions.

First of all, on the basis of the existing annual production capacity of 10,000 metric tonnes of granular silicon in Xuzhou Jiangsu Zhongneng, the Company plans to build a production capacity of 54,000 metric tonnes by using part of the Company's existing plants to increase capital and issue additional shares.

In February 2021, the Company published an announcement that the granular silicon production expansion plans have made major substantial progress in Sichuan and Inner Mongolia. Leshan Sumin, as the main entity of constructing the Sichuan Leshan granular silicon project (60,000 metric tonnes for phase one), has successfully introduced strategic investors and has received full support from the Leshan Municipal Government. At the same time, the Company has officially signed a letter of intent with Wuxi Shangji Automation Co., Ltd. for strategic cooperation, intending to jointly invest and construct a granular silicon project of 300,000 metric tonnes capacity in Inner Mongolia, with a total investment of RMB18 billion.

High recognition from downstream customers with multi-channel strategic cooperation

After nearly a year of wide range verification of downstream customers, the granular silicon products continued to receive improved customer recognition and market trust and its long-term production order coverage rate has been increasing. Major world-wide downstream manufacturers have fully passed the granular silicon pulling test and indicated that the granular silicon can better meet the requirements of monocrystal process improvement and green intelligent manufacturing.

The Company actively explored and deepened the strategic cooperation with downstream customers, and issued an announcement on 2 February 2021 that Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd., a wholly-owned subsidiary of GCL-Poly, entered into the long-term orders for silicone materials totaling no less than 441,400 metric tonnes with Tianjin Zhonghuan Semiconductor Co., Ltd. and its subsidiaries as well as LONGi Green Energy Technology Co., Ltd. and its subsidiaries respectively, to facilitate the stable sales of the Company's polysilicon products and promote the wide application and rapid increase in the market share of granular silicon products.

On 28 February 2021, the Company further announced the strategic cooperation plan for a project of 300,000 metric tonnes of granular silicon with downstream customer, Wuxi Shangji Automation Co., Ltd. This is the first in-depth strategic cooperation between GCL-Poly and downstream customers on the granular silicon project, which not only demonstrates the recognition of the quality and application of granular silicon by reputable downstream manufacturers of the industrial chain, but also effectively facilitates the rapid and extensive increase in market shares of granular silicon, which is important to the marketing of granular silicon.

Low-carbon silicon-based new materials, promoting carbon neutrality achievement

The green and environmental features and advantages of low cost, low energy consumption, low emission, long service life, high quality and high conversion rate of GCL-Poly's granular silicon have become a consensus in the industry. The entire process of granular silicon manufacturing is fully in line with the national strategic direction of "low carbon and emission reduction, energy saving and consumption reduction, green and intelligent manufacturing", and will become a new growth pole leading the PV industry to help China to achieve the goal of carbon neutrality.

According to the calculation of the Specification for Photovoltaic Manufacturing Industry in 2020, the comprehensive power consumption generated by the production of granular silicon per kilogram saves about two-thirds of electricity as compared with the traditional Siemens process. Each 10,000 tonnes of granular silicon produced will reduce carbon emissions by approximately 448,000 tonnes, representing an additional planting of 2.186 million trees per year, saving consumption of 166,400 tonnes of standard coal. When the production capacity of granular silicon is increased to 500,000 tonnes, carbon emissions will be reduced by approximately 22.40 million tonnes, representing an additional planting of 100 million trees per year, saving consumption of 8.32 million tonnes of standard coal.

Therefore, granular silicon products not only have an excellent cost-effective advantage in the affordable grid access era, but also meet the domestic and international policy requirements of carbon neutrality as well as low carbon emissions. Granular silicon products, with 10 years of scientific and technological research, will become the industry's major force leading China's PV industry to actively integrate into the carbon reduction matrix.

Optimising balance sheet structure to facilitate industry upgrade

In 2020, GNE, a subsidiary of the Group, took a big and stable leap on the road from scalable operation transformation to an asset-light management approach. As at 31 December 2020, GNE announced that the disposal of solar plants was close to 2 GW, with recoverable cash of approximately RMB6.8 billion, and has effectively reduced its debts by approximately RMB9.5 billion. And together with the net amount of approximately HK$895 million from the completion of its placing in the beginning of 2021, the liquidity will be significantly improved. In order to achieve a new leap-forward development in the future, in 2021, the Company will continue to tackle problems through transformation, stick to lean and healthy operation and move towards an asset-light approach, and accelerate the disposal of solar plants assets and cooperation with strategic investors such as central enterprises and state-owned enterprises by closely focusing on the goal of "restructuring, reducing debts and maintaining balance".

During the year, GNE not only moved towards an asset-light approach, but also achieved major breakthroughs in debt restructuring. The debt restructuring plan of US$500 million was passed with legal effect, which effectively improved the short-term cash liquidity of GNE, and won more time for the company to reduce debt, implement mixed reform and strategic transformation. At the same time, GNE completed a top-up placing of 2,000,000,000 shares to various professional, institutional or other investors in February 2021 at HK$0.455 per share. The net proceeds from the placing is approximately HK$895,000,000, which will be used to repay existing borrowings, and for general corporate use.

Outlook

Despite the difficulties encountered amidst the epidemic, the PV industry is expected to return to the normal course of development in no time given its unique positioning as a highly flexible operation with incessant supply of resources, and the positive trend of stability and growth for the global PV market should remain unchanged. According to statistics from the International Energy Agency, global electricity demand dropped by 2% in 2020. However, among the supply of global electricity, electricity generated by renewable energy increased by 7%, and electricity generated by PV increased by 20%. With the global economic recovery, global electricity demand is expected to increase by 3% (approximately 700TWh) in 2021. Renewable energy installed capacity is expected to increase by 10% over 2020, and new PV installed capacity will account for half, or approximately 54%, of the new energy installed capacity. At present, more and more countries and regions are adopting certain measures to deal with global climate change and jointly promote the "green recovery" of the world economy after the epidemic. Besides China, many other countries and economies, like Japan and South Korea, have also put forward their respective goals of achieving "carbon neutrality". The EU members agreed to raise their reduction target of greenhouse gas emission to 55% by 2030. The sustainable policy support and the competitiveness from falling electricity prices have brought the development of renewable energy to an unprecedented strategic height, and the growth rate of the global PV market will continue to accelerate.

According to the forecasts of China Photovoltaic Industry Association, the scale of the global PV market will continue to expand in 2021, and the total installed capacity will reach 150–170 GW, a new record high. BNEF, IHS and other institutions predict that the global PV installed capacity will exceed 150 GW in 2021. At the same time, there will be a time gap between the release of new capacity in silicon materials and silicon wafers between 2020 to 2021, which will keep the silicon material market in a relatively tight situation, and prices are expected to continue to go up. The production capacity of low-cost silicon materials will continue to maintain its advantages as a result of both increasing market concentration and localization rate of silicon materials, while the granular silicon, which has a lower cost advantage than Siemens silicon materials, will be more effective and unique. GCL-Poly will fully grasp this historic opportunity and window period, focus on its principal business of PV materials, and optimize and solidify granular silicon products by relying on its existing advantages, so as to facilitate the PV industry to enter the era of low-cost grid access as soon as possible, and help China to achieve the goal of carbon neutrality.

Finally, we would like to express our sincere gratitude to the Board of Directors, management team and all staff members of the Company for their hard work and dedication during 2020. We also are deeply grateful to our shareholders and business partners for their strong support.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

2020 was a year full of challenges, the COVID-19 pandemic has affected the entire world. The tension in the China-US relation, have adversely influenced the global economic landscape. Although the Group's solar material business rebounded from the second half of the year and there is good recognition of the quality and application of granular silicon, the Group is still at the stage of business transformation, and the Group was not able to retrieve its overall performance.

Results of the Group

For the year ended 31 December 2020, the revenue and gross profit of the Group were approximately RMB14,621 million and RMB3,702 million, respectively, representing a decrease of 24.0% and 20.9% respectively as compared with approximately RMB19,250 million and RMB4,678 million in the corresponding period in 2019.

The Group recorded a loss for the year and a loss attributable to the owners of the Company of approximately RMB6,271 million and RMB5,668 million in 2020 respectively, as compared to the profit for the year and the loss attributable to owners of the Company of approximately RMB111 million and RMB197 million in 2019 respectively.

The change was mainly due to the absence of the disposal of 31.5% equity interest in Xinjiang GCL which resulted in a disposal gain of approximately RMB4.4 billion and an increase in impairment provisions on assets, which were partially offset by the increase in the exchange gain caused by the depreciation of USD against RMB for USD denominated indebtedness during the year.

Placing of new shares

During the year, the Company placed 1,300,000,000 shares at a price of HK$0.203 per share. The net proceeds of the placing, after taking into account all related costs, fees, expenses and commission of the placing, were approximately HK$260 million (equivalent to approximately RMB239 million). The net proceeds have been used for repayment of existing borrowings and for general corporate purposes.

Segment Information

The Group are reported on the three operating segments as follows:

Solar material business	—	mainly manufactures and sales of polysilicon and wafer to companies operating in the solar industry.
Solar farm business	—	manages and operates solar farms located in the USA and the PRC. There solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE.
New energy business	—	represents the business operations of GNE, which is principally engaged in the development, construction, operation and management of solar farms.

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

	2020			2019		
	Revenue RMB million	Segment (loss) profit RMB million	Adjusted EBITDA[3] RMB million	Revenue RMB million	Segment (loss) profit RMB million	Adjusted EBITDA[3] RMB million
Solar material business	**9,225**	**(4,867)**	**1,063**	12,708	(419)	1,460
Solar farm business	**461**	**64**	**343**	490	116	431
Corporate/intersegment transactions[1]	**N/A**	**N/A**	**(19)**	N/A	N/A	24
Sub-total	**9,686**	**(4,803)**	**1,387**	13,198	(303)	1,915
New energy business[2]	**4,935**	**(1,262)**	**4,328**	6,052	570	5,378
Total	**14,621**	**(6,065)**	**5,715**	19,250	267	7,293

1. The corporate items that are not a reportable segment primarily included unallocated income, unallocated expenses and intersegment transactions.

2. The segment profit of the new energy business includes reported net loss of the GNE Group of approximately RMB1,218 million (2019: Profit of RMB605 million) and allocated corporate expenses of approximately RMB44 million (2019: RMB35 million).

3. Calculation of the adjusted EBITDA is detailed in the "Business Review" section in this report.

Business Structure

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

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

For illustrative purpose, if excluding the GNE Group and recognising the costs of investment in GNE and the perpetual notes receivable from GNE as non-current assets, the effect of de-consolidated the GNE Group as at 31 December 2020 would be as follows:

	The Group RMB million	The GNE Group RMB million	Deconsolidation adjustment (note) RMB million	The effect of de-consolidated the GNE Group RMB million
Total assets	80,503	45,036	(4,641)	40,108
Total liabilities	60,112	36,499	(93)	23,706
Bank balances and cash, pledged and restricted bank and other deposits	6,256	1,887	—	4,369
Bank balance and cash, pledged bank deposits classified as held for sale	92	92	—	—
Subtotal	6,348	1,979	—	4,369
Indebtedness				
Bank and other borrowings	36,237	24,004	—	12,233
Lease liabilities	1,890	988	—	902
Notes payables	3,313	3,261	—	52
Loans from related parties	909	909	—	—
Indebtedness for solar farm projects classified as held for sale	1,768	1,768	—	—
Subtotal	44,117	30,930	—	13,187
Net Indebtedness	37,769	28,951	—	8,818

Note:

Deconsolidation adjustments mainly included:

— The Group's cost of investment in GNE amounted to be RMB2,193,017,000.

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

— The transaction balances with the GNE Group and other eliminations.

Business Review

Solar material business

Production

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

Polysilicon

As at 31 December 2020, part of the annual production capacity of rod silicon of the Group's Xuzhou base will be switched to granular silicon, resulting in a decrease in production capacity of rod silicon from 70,000 MT to 36,000 MT for the year. As of 31 December 2020, production capacity of granular silicon was 10,000 MT. During the year ended 31 December 2020, the Group produced approximately 42,189 MT of polysilicon, representing a decrease of 33.6% as compared to 63,513 MT for the corresponding year in 2019. The decrease in production was mainly due to the deconsolidation of Xinjiang GCL as a result of the disposal of 31.5% of equity interest in the third quarter last year.

Wafer

As at 31 December 2020, as a result of an enhancement in cutting efficiency and the commissioning of specialised cutting machines, the Group's annual wafer production capacity increased from 35 GW to 40 GW. During the year ended 31 December 2020, the Group produced 31,449 MW of wafers in aggregate (including 16,588 MW of OEM wafers), representing a slight increase of approximately 1.1% from 31,094 MW (including 10,295 MW of OEM wafers) for the corresponding year in 2019, while the production volume of wafers (excluding OEM wafer) recorded a decrease of 28.5%, from 20,799 MW in corresponding year in 2019 to 14,861 MW for the year ended 31 December 2020.

Sales Volume and Revenue

During the year ended 31 December 2020, the Group sold 36,764 MT of polysilicon and 32,431 MW of wafers (including OEM wafer of 16,867 MW), representing a decrease of 7.7% and an increase of 1.4%, respectively, as compared with 39,846 MT of polysilicon and 31,969 MW of wafers (including OEM wafer of 11,151 MW) for the corresponding year in 2019, while sales volume of wafers (excluding OEM wafer) recorded a decrease of 25.2%.

The average selling prices (excluding tax) of rod silicon and wafer were approximately RMB60.7 (equivalent to US$8.82) per kilogram and RMB0.366 (equivalent to US$0.053) per W respectively for the year ended 31 December 2020. The corresponding average selling prices of rod silicon and wafer for the year ended 31 December 2019 were approximately RMB59.9 (equivalent to US$8.7) per kilogram and RMB0.422 (equivalent to US$0.061) per W respectively.

Revenue from external customers of the solar materials business amounted to approximately RMB9,225 million for the year ended 31 December 2020, representing a decrease of 27.4% from RMB12,708 million in 2019. It was mainly attributable to a decrease in sales volume of wafers (excluding OEM wafer).

Cost and Segment Gross Profit

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

During the year, gross profit margin for the solar material business was 3.3% for both years ended 31 December 2019 and 31 December 2020. As disclosed in the interim report as of 30 June 2020, a negative gross profit margin was recorded for the six months ended 30 June 2020. Due to the increase in the average selling price in polysilicon and wafer in the second half of the year and the overall reduction of production cost of rod silicon in 2020, a positive gross profit margin was recorded for the year ended 31 December 2020 as a whole.

Solar farm business

Overseas Solar Farms

As at 31 December 2020, the solar farm business includes 18 MW of solar farms in the USA. Besides, there were 150 MW solar farms in South Africa, which was partnered with CAD Fund and with the total effective ownership of 9.7% owned by the Group.

PRC Solar Farms

During the year, 5 out of 10 of the solar farms in the PRC were disposed, representing the total installed capacity and attributable installed capacity of approximately 220 MW and 156.3 MW respectively. As at 31 December 2020, there were 5 solar farms in the PRC, both installed capacity and attributable installed capacity of which were 133 MW. As at 31 December 2019, its installed capacity and attributable installed capacity were 353 MW and 289.3 MW, respectively.

Sales Volume and Revenue

For the year ended 31 December 2020, the electricity sales volume of the solar farm business overseas and in the PRC were 27,425 MWh and 464,578 MWh respectively (2019: 27,931 MWh and 488,869 MWh, respectively).

For the year ended 31 December 2020, revenue for the solar farm business was approximately RMB461 million (2019: RMB490 million).

New energy business

Reference is to made to the Company's announcement dated 21 May 2021, 28 May 2021 and 4 October 2021 in relation to the in relation to the exercise of security interests over the pledged shares in GNE. In May 2021, the Group was informed that the Pledged Shares for a loan agreement entered in 2019 were forfeited in 2020. Prior to this, the Group had not been notified of such purported forfeiture.

As a result of the purported forfeiture, as at 31 December 2020, approximately 57.75% of the total issued shares capital of GNE comprising 11,014,900,000 shares in GNE, were held by the Group.

On 5 January 2021, a sale of 638,298,000 GNE shares was completed as disclosed in the joint announcement of the Company and GNE dated 29 December 2020.

In February 2021, the placement of 2,000,000,000 new shares of the GNE Group was completed as disclosed in the joint announcement of the Company and GNE dated 10 February 2021.

As a result of the completion of the above, approximately 49.24% of the total issued share capital of GNE, comprising 10,376,602,000 shares in GNE were held by the Group.

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

As at 31 December 2020, the aggregated installed capacity of grid-connected solar farms of the GNE Group, including subsidiaries, joint ventures and associates decreased by 7.1% to 6,636 MW (31 December 2019: 7,145 MW). Details of capacity, electricity sales volume and revenue for the year ended 31 December 2020 are set out below.

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

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

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

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

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

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

Revenue

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

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

Gross Profit

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

Group's Outlook

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

Financial Review

Revenue

Revenue for the year ended 31 December 2020 amounted to approximately RMB14,621 million, representing a decrease of 24.0% as compared with approximately RMB19,250 million for the corresponding period in 2019. The decrease was mainly due to the drop in revenue in solar material business as a result of the decrease in sales volume of wafer and decrease in sales of the GNE Group due to disposal of solar power plants during 2020.

Gross Profit Margin

The Group's overall gross profit margin for the year ended 31 December 2020 was 25.3%, as compared with 24.3% for the corresponding period in 2019.

Gross profit margin for the solar material business was 3.3% for both years ended 31 December 2019 and 31 December 2020.

The gross profit margin for the solar farm business slightly decreased from 53.0% for the year ended 31 December 2019 to 51.1% for the year ended 31 December 2020.

The gross profit margin for the new energy business was 63.5% for the year ended 31 December 2020 and 65.3% for the corresponding period in 2019.

Distribution and Selling Expenses

Distribution and selling expenses decreased from approximately RMB126 million for the year ended 31 December 2019 to approximately RMB94 million for the year ended 31 December 2020.

Administrative Expenses

Administrative expenses amounted to approximately RMB1,814 million for the year ended 31 December 2020, representing a decrease of 11.6% from approximately RMB2,051 million for the corresponding period in 2019. The decrease was mainly due to the reduction of business scale of the GNE Group due to the disposal of subsidiaries in 2020 and other cost-cutting measures implemented by the Group during the year.

Finance Costs

Finance costs for the year ended 31 December 2020 were approximately RMB3,155 million, which decreased by 20.1% as compared to approximately RMB3,947 million for the corresponding period in 2019. The decrease was mainly related to the decrease of average bank and other borrowings balances from the Group and the GNE Group during the year.

Impairment losses under expected credit loss model, net of reversal

The Group recognized the amount of approximately RMB649 million of impairment loss under the expected credit loss model, net of reversal for the year ended 31 December 2020, which mainly included impairment of other receivables of approximately RMB461 million (including the impairment of proceeds from forfeiture of the Pledged Shares of approximately RMB57 million, impairment of other receivables of approximately RMB306 million of the GNE Group), impairment of consideration receivables of approximately RMB140 million, and impairment of trade receivables and contract assets of approximately RMB47 million.

Other Expenses, Gains and Losses, Net

For the year ended 31 December 2020, net losses of approximately RMB5,011 million in other expenses, gains and losses were recorded as compared to net gains of approximately RMB1,058 million for the year ended 31 December 2019.

The changes were mainly due to:

- Net losses on disposal and deemed disposal of subsidiaries, associates and solar farm projects amounted to approximately RMB417 million during the year ended 31 December 2020, as compared to net gains on disposal of subsidiaries, joint ventures and solar farm projects of approximately RMB4.47 billion for the year ended 31 December 2019. For the year ended 31 December 2019, a gain of approximately RMB4.4 billion was recorded on disposal of 31.5% equity interest in Xinjiang GCL.

- Increase in impairment loss on assets from approximately RMB2,610 million for the year ended 31 December 2019 to approximately RMB4,332 million for the year ended 31 December 2020. Please refer to note 6 for the details.

- Loss on remeasurement of assets classified as held for sale to fair value less costs to sell of approximately RMB208 million for the year ended 31 December 2020.

- There were partially offset by:

  - Exchange gains of approximately RMB373 million for the year ended 31 December 2020, as compared to exchange losses of approximately RMB127 million for the year ended 31 December 2019.

  - Decrease in research and development cost by RMB207 million.

Share of Profits of Associates

The Group's share of profits of associates for the year ended 31 December 2020 was approximately RMB272 million, mainly contributed by associates, Inner Mongolia Zhonghuan — GCL Solar Material Co., Ltd.* (內蒙古中環協鑫光伏材料有限公司) and associates of the GNE Group.

Share of Losses of Joint Ventures

The Group's share of losses of joint ventures for the year ended 31 December 2020 was approximately RMB104 million, mainly contributed by the share of loss from Jiangsu Xinhua Semiconductor Material Technology Co., Ltd.* (江蘇鑫華半導體材料科技有限公司), partially offset by the contribution of joint venture in South Africa.

Income Tax Expense

Income tax expense for the year ended 31 December 2020 was approximately RMB110 million as compared with approximately RMB207 million of income tax expense for the corresponding period in 2019. There is decrease in income tax expenses mainly because of the disposal of solar power plants of the GNE Group during 2020, partially offset by the income tax credit from solar material business recorded during the year.

Loss attributable to Owners of the Company

As a result of the above factors, loss attributable to owners of the Company amounted to approximately RMB5,668 million for the year ended 31 December 2020 as compared with a loss of approximately RMB197 million for the corresponding period in 2019.

* *English name for identification only*

Adjusted EBITDA and Adjusted EBITDA Margin

	2020 RMB million	2019 RMB million (Restated)
For the year ended 31 December:		
(Loss) profit for the year	**(6,271)**	111
Adjust: non-operating or non-recurring items:		
Impairment loss of property, plant and equipment, right-of-use assets and other intangible assets	**4,332**	2,610
Loss (gain) on fair value change of convertible bonds receivable and held for trading investments, net	**1**	(2)
Loss (gain) on disposal of subsidiaries, net	**81**	(4,406)
Loss on disposal and deemed disposal of associates	**117**	—
Loss (gain) on disposal of solar farm projects and joint ventures of the GNE Group, net	**218**	(62)
Gain on fair value change of other financial assets at fair value through profit or loss	**(40)**	(42)
(Gain) loss on fair value change of derivative financial instruments	**(111)**	107
Bargain purchase from business combination	**—**	(74)
Exchange (gains) losses, net	**(373)**	127
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**208**	—
Impairment losses under expected credit loss model, net of reversal (non-trade related)	**602**	140
Written off of deposits for acquisition of property, plant and equipment	**15**	—
Gain on early termination of lease	**(24)**	—
	(1,245)	(1,491)
Add:		
Finance costs	**3,155**	3,947
Income tax expense	**110**	207
Depreciation and amortisation	**3,695**	4,630
Adjusted EBITDA	**5,715**	7,293
Adjusted EBITDA Margin	**39.0%**	37.9%

Property, Plant and Equipment

Property, plant and equipment decreased from approximately RMB52,413 million as at 31 December 2019 to approximately RMB36,706 million as at 31 December 2020. The decrease in property, plant and equipment was mainly attributable to disposal of subsidiaries, depreciation and impairment made during the year.

Contract Assets

Contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the local state grid companies in the PRC in which the relevant on-grid solar 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 approximately RMB5,640 million as at 31 December 2019 to approximately RMB1,228 million as at 31 December 2020, because some solar power plants entered into the eighth batches of Subsidy Catalogue in 2020.

Interests in Associates

Interests in associates decreased from RMB7.5 billion as at 31 December 2019 to RMB7.0 billion as at 31 December 2020. The decrease was mainly due to the disposal of associates, but partially offset by share of profit of associates during the year.

Interests in associates as at 31 December 2020 mainly consists of below:

- The Group 38.5% equity interest in Xinjiang GCL of amount RMB3.1 billion;
- The Group 40.27% equity interest in Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP* (徐州中平協鑫產業升級股權投資基金(有限合夥)) of amount RMB1.3 billion;
- The Group 16.04% equity interest in Inner Mongolia Zhonghuan — GCL Solar Material Co., Ltd of amount RMB1.4 billion; and
- The GNE Group equity interest in interests in associates of amount RMB1.2 billion.

Trade and Other Receivables

Trade and other receivables increased from approximately RMB13,857 million as at 31 December 2019 to approximately RMB16,488 million as at 31 December 2020. The increase was mainly due to the reclassification from contract assets at the point, which the respective on-grid solar farm projects are registered in the Subsidy Catalogue.

Trade and Other Payables

Trade and other payables decreased from approximately RMB15,019 million as at 31 December 2019 to approximately RMB12,531 million as at 31 December 2020. The decrease was mainly due to a decrease in trade and construction payables during the period.

* *English name for identification only*

Balances with related companies

The related companies included associates and joint ventures of the Group and companies controlled by Mr. Zhu Gongshan and his family members which hold in aggregate approximately 30.13% (2019: 32.11%) of the Company's share capital as at 31 December 2020 and exercise significant influence over the Company.

Amounts due from related companies decreased from approximately RMB2,533 million as at 31 December 2019 to approximately RMB1,338 million as at 31 December 2020. The decrease was mainly due to repayment from those related companies during the year.

Amounts due to related companies increased from approximately RMB1,816 million as at 31 December 2019 to approximately RMB2,088 million as at 31 December 2020. The increase was mainly due to advances of balances from those related companies during the year.

Loans from related companies

Loan from related companies decreased from approximately RMB1,776 million as at 31 December 2019 to approximately RMB909 million as at 31 December 2020. The decrease was mainly due to repayment of loans during the year.

Liquidity and Financial Resources

As at 31 December 2020, the total assets of the Group were about RMB80.5 billion, of which the aggregate restricted and unrestricted cash and bank balances and other deposits amounted to approximately RMB6.3 billion.

For the year ended 31 December 2020, the Group's main source of funding was cash generated from operating activities.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB17,168 million as at 31 December 2020 and the Group had cash and cash equivalents of approximately RMB1,758 million (including bank balances and cash classified as assets held for sale of approximately RMB48 million) against the Group's total borrowings (comprising bank and other borrowings, lease liabilities, notes payables, loans from related companies) amounted to approximately RMB44,117 million. This amounts included loan from a related company, bank and other borrowings and lease liabilities classified as liabilities associated with assets held for sale totalling approximately RMB1,768 million. For the remaining balance of the Group's total borrowings, approximately RMB27,518 million will be due in the coming twelve months.

In order to improve liquidity, the Group continues to pay close attention in managing the Group's cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary. The Directors are of the opinion that, taking into account undrawn banking, renewal of existing banking facilities, the Group's cash flow projection for the coming year, and the successful implementation of measures of the GNE Group as described in Note 2 "Basis of Preparation" to the consolidated financial statements, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months. The Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

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

Indebtedness

Details of the Group's indebtedness are as follows:

	As at 31 December 2020 RMB million	As at 31 December 2019 RMB million
Current liabilities		
Bank and other borrowings — due within one year	22,885	26,977
Lease liabilities — due within one year	531	531
Notes payables — due within one year	3,313	422
Loans from related parties — due within one year	789	744
	27,518	28,674
Non-current liabilities		
Bank and other borrowings — due after one year	13,352	20,286
Lease liabilities — due after one year	1,359	1,911
Notes payables — due after one year	—	3,470
Loans from related parties — due after one year	120	1,032
	14,831	26,699
Indebtedness for solar power plants projects classified as held for sale		
Loan from a related company — due within one year	3	—
Bank and other borrowings — due within one year	330	—
Bank and other borrowings — due after one year	1,383	—
Lease liabilities	52	—
	1,768	—
Total indebtedness	44,117	55,373
Less: Pledged and restricted bank and other deposits and bank balances and cash (including bank balances and cash and pledged bank deposits classified as assets held for sale)	(6,348)	(8,515)
Net indebtedness	37,769	46,858

Below is a table showing the bank and other borrowings structure and maturity profile of the Group.

	2020 RMB million	2019 RMB million
Secured	**33,356**	40,668
Unsecured	**2,881**	6,595
	36,237	47,263
Maturity profile of bank and other borrowings		
On demand or within one year	**22,885**	26,977
After one year but within two years	**2,909**	3,383
After two years but within five years	**6,544**	10,766
After five years	**3,899**	6,137
Group's total bank and other borrowings	**36,237**	47,263

As at 31 December 2020, RMB bank and other borrowings carried floating interest rates with reference to the Benchmark Borrowing Rate of The People's Bank of China and the LPR (Loan Prime Rate). USD bank and other borrowings carried interest rates with reference to the London Interbank Offer Rate.

Key Financial Ratios of the Group

	As at 31 December 2020	As at 31 December 2019
Current ratio	**0.62**	0.53
Quick ratio	**0.60**	0.51
Net debt to equity attributable to owners of the Company	**227.7%**	210.6%

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

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 Group will follow rules set out by the government strictly, and will pay close attention to policy makers in order to foresee any disadvantageous movements.

Credit Risk

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

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

Grid curtailment risk

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

Risk associated with tariff

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

Risk related to high gearing ratio

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

Risk related to interest rate

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

Foreign currency risk

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

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

Risk related to disputes with joint venture partners

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

Pledge of or restrictions on assets

As at 31 December 2020, the following assets were pledged for certain bank and other borrowings, lease liabilities (2019: including loans from a related company) or restrictions on assets, issuance of bills, short-term letters of credit for trade and other payables granted to the Group and bank and other borrowings of an associate and a joint venture of the Group:

— Property, plant and equipment of RMB21.9 billion (31 December 2019: RMB29.0 billion)

— Right-of-use assets of approximately RMB0.8 billion (31 December 2019: RMB0.6 billion)

— Investment properties of approximately RMB0.06 billion (31 December 2019: RMB0.07 billion)

— Trade receivables and contract assets of approximately RMB10.6 billion (31 December 2019: RMB7.8 billion)

— Pledged and restricted bank and other deposits of approximately RMB4.6 billion (31 December 2019: RMB6.9 billion)

— Deposit paid to a related company of nil (31 December 2019: RMB0.04 billion)

In addition, lease liabilities of approximately RMB1.9 billion are recognised with related right-of-use assets of approximately RMB2.4 billion as at 31 December 2020 (31 December 2019: lease liabilities of approximately RMB2.4 billion are recognised with related right-of-use assets of approximately RMB3.4 billion).

Capital and other Commitments

As at 31 December 2020, the Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to approximately RMB501 million respectively (2019: RMB663 million) and other commitments to contribute share capital to investments of approximately RMB1,689 million (2019: RMB2,270 million).

Contingencies

Financial guarantees contracts

As at 31 December 2020 and 2019, the Company and certain of its subsidiaries guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to approximately RMB1,820 million and approximately RMB2,770 million, respectively.

As at 31 December 2020, the Group provided a total guarantee with maximum amount of approximately RMB4,064 million and RMB900 million (31 December 2019: RMB4,578 million and RMB900 million) to several banks and financial institutions in respect of banking and other facilities of Xinjiang GCL, an associate of the Group and Jiangsu Xinhua, a joint venture of the Group respectively.

As at 31 December 2020, the GNE Group provided guarantee to its associates for certain of their bank and other borrowings with maximum amount of RMB3,050 million (31 December 2019: RMB5,369 million), out of which a joint guarantee of Nil (31 December 2019: RMB520 million) was provided by the Group with the GNE Group to two associates of the GNE Group for their bank borrowings.

In addition to those financial guarantees provided to related parties as above, the Group also provided financial guarantees to certain third parties, former wholly-owned subsidiaries, for certain of their bank and other borrowings amounting to approximately RMB2,005 million (2019: RMB540 million) as at 31 December 2020.

Contingent liability

As at 31 December 2020 and 31 December 2019, the Group and the Company did not have any significant contingent liabilities.

Material Disposals

GCL-Poly Group

In December 2020, the Group has entered into share transfer agreements with Zhejiang Qixin Technology Limited* (浙江齊芯科技有限責任公司), for the disposal of approximately 6% equity interest in Sino IC Leasing Co., Ltd.* (芯鑫融資租賃有限責任公司), for an aggregate consideration of approximately RMB727.9 million. The disposals were completed in 2020.

During 2020, the Group has entered into some share transfer agreements with certain third parties to dispose solar power plants. The disposals are summarised as below:

Agreements date in 2020	Name of buyers	Percentage of disposed equity interest	Capacity (MW)	Consideration (RMB million)	Disposal status
November	Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司) and Jia Wei (Shanghai) Photovoltaic Power Co., Ltd.* (珈偉（上海）光伏電力有限公司)	51%	100	179	Completed in 2020
December	Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司)	80%	90	115	Completed in 2020
December	Hunan Xinhua Water Conservancy and Electric Power Co., Ltd.* (湖南新華水利電力有限公司)	51%	30	40	Completed in 2020
			220	**334**	

The GNE Group

During 2020, the GNE Group has entered into some share transfer agreements with certain third parties to dispose solar power plants. The disposals are summarised as below:

Agreements date in 2020	Name of buyers	Percentage of disposed equity interest	Capacity (MW)	Consideration (RMB million)	Disposal status
January	CNI (Nanjing) Energy Development Company Limited* (中核(南京)能源發展有限公司)	100%	40	77	Completed in 2020
January	Huaneng Gongrong No. 1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融一號(天津)股權投資基金合夥企業(有限合夥)) and Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華能工融二號(天津)股權投資基金合夥企業(有限合夥)) (collectively, the "Huaneng Funds") (i.e. Huaneng First Phase Disposals)	100%	294	851	Completed in 2020
June	China Development Bank New Energy Technology Co., Ltd.* (國開新能源科技有限公司)	75%	100	137	Completed in 2020
September	Huaneng Funds (i.e. Huaneng Second Phase Disposals)	100%	403	576	70MW completed in 2020
November	Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司) ("Xuzhou First Phase Disposals")	67%–100%	174	276	130MW completed in 2020
November	Huaneng Funds (i.e. Huaneng Third Phase Disposals)	51%–100%	430	667	To be completed in 2021
November	Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* (徐州國投環保能源有限公司) ("Xuzhou Second Phase Disposals")	50%–100%	217	313	To be completed in 2021
December	Beijing United Rongbang* (北京聯合榮邦新能源科技有限公司(京能))	100%	50	211	To be completed in 2021
December	State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司)	68%–100%	185	281	Completed in 2021
Total			**1,893**	**3,389**	

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

Events After Reporting Period

Other than those disclosed in note 51 of this annual report, the Group has no other significant event after the reporting period.

Employees

We consider our employees to be our most important resource. As at 31 December 2020, the Group had approximately 7,657 employees (31 December 2019: 10,730 employees), excluding the employee of the GNE Group, in Hong Kong, the PRC and USA 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 but are not limited to discretionary bonuses, with share options granted to eligible employee.

MAJOR INVESTOR RELATIONS ACTIVITIES

The Board and management of the Company believe that effective investor relations is instrumental in enhancing investors' understanding to the Company, improving the quality of corporate governance and creating shareholders' value. Last year, we, together with various investor relations intermediaries and securities brokers, organized a series of investor relations activities to promote the Company in the capital markets.

In 2020, in spite of the impact of COVID-19, we still maintained close communication with the capital market through online means. Throughout last year, we participated in over 250 investor relations activities including online non-deal and deal roadshows, investor seminars and one-on-one meetings, kept communication with more than 4,000 investors/organizations, so that the capital market keep abreast of the overall environment of solar industry and various active measures of the Company taken to respond to market changes, seize industry market opportunities, and actively develop various business operations;

Furthermore, we update the information on our website on a timely manner and participate in interactions among social networking platforms, and through various new methods, we communicate responsively with a number of investors on the latest business developments of the Company.

CORPORATE ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company actively promotes the balance of corporate economic growth, environmental protection and social contribution and sustainable development. The Company has been adhering to the philosophy of "Bringing Green Power to Life" with its mission to provide effective clean energy and continuously improve our living environment. By continuous reinforcing the environmental protection concept, the improvement of production efficiency and the development of energy-and-water-saving solutions, the Company is committed to achieving the aim of reducing resource consumption and waste generation.

The Company believes that, a bilateral, transparent and regular communication is conducive to maintaining harmonious relationship among parties, enhancing mutual trust and respect and laying a solid foundation for the Company's sustainable development. Therefore, the Company has committed to communicating with stakeholders in multi channels and attaching great importance to their views. Regular and ad-hoc communications with various stakeholders, including government authorities/regulatory bodies, shareholders/investors, customers, the staff, partners, community personnel/organizations/non-governmental organisation and media etc., were also held in an active manner to understand their concerns and regularly reviews the effectiveness of such efforts, so as to optimize the ways of communication and give a comprehensive reflection of the opinions from stakeholders.

The Company has always been in stringent compliance with national and local laws and regulations, including but not limited to the company laws, labor laws, occupation disease prevention laws, environmental protection laws and pollution prevention laws, etc. The Company always improves its level and performance in corporate governance, employee development and environmental management according to industry trends, stakeholders' expectations and its own operations. The Company has human resource department as well as environment and safety department in place and formulates related policies, procedures and goals to improve its team capabilities, optimize manufacturing processes, carry out real-time monitoring, and promote energy conservation and emission reduction.

The Company has devoted considerable resources into the upgrading and reforming of environmental protection, environment surveillance and management so as to enhance its environmental performance, including constantly improving the environmental management systems, formulating and updating the environmental policies, actively integrating the environmental objectives into life cycle and every parts of the production and operation of products, taking advantage of the technology to recover the emission and by-products generated during production in an effective manner, encouraging our staff to take joint action, strengthening supply chain management, as well as conducting environmental and social risks assessment on suppliers, with the aim of promoting the improvement on the level of environmental management of the industrial chain as a whole.

By adhering to the principle of people-oriented management, the Company strives to enhance staff's satisfaction with the Company and their happiness through practical rights protection, a diverse and equal working atmosphere, a scientific training system, a healthy and safe working environment, and considerate humanistic care.

The Company adheres to the operation concepts of equality, integrity, sharing and mutual benefits, and actively takes participation in various charity events. In 2020, facing the COVID-19 outbreak, while implementing the Company's internal epidemic prevention work and effectively ensuring the health and safety of employees, the Company responded to the needs of epidemic prevention and control as soon as possible and fully supported the front line work of epidemic prevention and control.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company has issued environmental, social and governance reports every year since 2013. For the Company's social responsibility strategy, as well as its performance and results achieved in products and services, R&D and innovation, environmental protection, employee development, monitoring safety, industry promotion, and social contribution in 2020, please refer to the "Environmental, Social and Governance Report" section of the Company's 2020 annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020

ABOUT THE REPORT

Overview

This report is the eighth Environmental, Social and Governance Report of GCL-Poly Energy Holdings Limited delivered to all stakeholders of the Company, focusing mainly on the Company's management, practice, and performance in environmental protection, society, and governance.

Scope of the Report

This report covers the period between 1 January 2020 and 31 December 2020.

Publication Cycle of the Report

Since 2013, GCL-Poly Energy Holdings Limited has been publishing its annual Environmental, Social and Governance report, with the last one being released in April 2020, along with the annual report.

Coverage and Boundary of the Report

The report covers GCL-Poly Energy Holdings Limited and its subsidiaries. For ease of reading, the report uses "GCL-Poly", "the Company" or "we" to represent GCL-Poly Energy Holdings Limited and its subsidiaries.

Basis of Preparation

The report has been prepared in accordance with Appendix 27 in the Listing Rules "Environmental, Social, and Governance Reporting Guide (December 2015)" issued by the Stock Exchange of Hong Kong Limited ("SEHK"). This report has also been prepared with reference to the conclusions to its consultation on the "Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules" published by the SEHK in December 2019.

Source of Information and Reliability Assurance

The information and data disclosed in this report originate from statistic reports and formal documents of GCL-Poly Energy Holdings Limited and have been validated by related departments. The Company adopts consistent disclosure approach for statistics to quantify key performance indices and ensure meaningful comparisons among them. The Company undertakes that the report does not contain any false representation or misleading statement and takes responsibility for the truthfulness, accuracy, and completeness of the contents of the report.

Language and Form of the Report

There are Traditional Chinese and English versions for this report, both electronic editions. For more details about the background, business development and sustainability vision of GCL-Poly, please visit our website (www.gcl-poly.com.hk).

Preparation Procedure of the Report

The report has been prepared following the formation of the working group, collection of information, confirmation of the framework, write-up of the report, artwork design and validation by related departments and the management.

Endorsement and Approval

Upon the endorsement of the management, this report was approved by the Board of Directors on 25 March 2021.

FULFILLING RESPONSIBILITY AND THE "GCL" MISSION

A sound corporate governance structure and policies are the foundation for a company's long-term and healthy development. As a photovoltaic ("PV") industry that has undergone technological progress, industrial upgrading, market evolution and layout reshaping, we will further practice the concept of sustainable development. We will build a green, honest and responsible enterprise from a high level perspective of corporate governance and embrace the new era of development with a stronger, healthier and more orderly new attitude.

ESG Governance

"Focus on green development, keep improving the environment we live in" is the mission of GCL-Poly. We promote sustainable development to the level of corporate strategy, gradually establish a top-level sustainable development governance design, combined with the business of the Company to practice the concept of corporate responsibility, focus on corporate progress while emphasizing on the fulfillment of corporate social responsibility, and committed to achieving the "GCL Dream" of "Strong GCL, Rich Employees and Society Praise".

The Company strictly abides by the relevant laws and regulations of Mainland China and Hong Kong, the Listing Rules of the Hong Kong Stock Exchange and the articles of association of the Company, and actively promotes and optimizes the management system and standard. The Company has established an ESG working group, which monitors closely the ESG performance and reports to the Board of Directors on the implementation of our ESG policy across the departments, so as to ensure that the Board of Directors can effectively supervise the sustainable development of the Company and open up the complete process from decision-making, communication to actual execution.

Materiality Analysis

We attach great importance to the identification and management of sustainable development issues. We maintain smooth communication with our stakeholders, comprehensively understand the views of all parties and feedback on the Company, and identify ESG issues with a material impact on the Company by taking into consideration our own conditions, the external environment, media analyses and peer comparisons. Such issues will provide the focus for the Company's ESG agenda. We seek continuous improvements in our ESG performance to meet the ever-changing requirements of stakeholders and provide an important reference for the Company's sustainable development management in the future.

During the reporting period, we set up different communication channels and the frequency of communication according to the characteristics and influence of different stakeholders, and communicated with 7 stakeholder groups identified:

Stakeholder Group	Concerns	Channels for communication/feedback	Frequency
Government Departments/ Regulators	• Business performance • Environmental compliance performance • Employee occupational health and safety • Community contribution and charity • Corporate governance and risk management • Business ethics and anti-corruption	• On-site visits • Meetings • Phone	• Irregular
Shareholders/ Investors	• Business performance • Corporate governance and risk management	• General meetings • Special general meetings • Investor's meetings • Result announcement presentations • Press releases/ announcements • On-site visits	• General meetings are held annually, and special general meetings are held where required by a material event • Other meetings are held from time to time as and when necessary

Stakeholder Group	Concerns	Channels for communication/feedback	Frequency
Customers	• Product quality management • Technological R&D and innovation • Customer service	• On-site visits • Meetings • Client appreciation and communication meetings	• Irregular
Employees	• Guarantee of employee rights and benefits • Employee occupational health and safety • Diversity and equal opportunities • Career development and training	• Regular meetings • Employee meetings • Performance reviews • Internal publications (GCL magazine, GCLer newspaper, GCL's WeChat Public Platform)	• Annual (performance review, employee meetings) • Quarterly (GCL magazine) • Monthly (GCLer newspaper)
Partners	• Technological R&D and innovation • Supply chain management • Sector synergy and innovation • Business performance • Product quality management	• On-site visits • Meetings • Suppliers' conferences • Industry exhibitions	• Irregular

Stakeholder Group	Concerns	Channels for communication/feedback	Frequency
Community individuals/groups/ NGOs	• Environmental compliance performance • Management of materials and water resources • Energy management and conservation • Discharge of sewage, exhaust gas and solid waste • Greenhouse gas emission • Community contribution and charity • Impact on community	• On-site visits • Meetings • Press releases/public reports	• Irregular
Media	• Business performance • Sector synergy and innovation • Community contribution and charity	• Press releases/ announcements • Meetings • Exhibitions • Luncheon meetings • Appreciation meetings • Interview invitations	• Irregular

During the reporting period, based on the results of the survey of stakeholders in 2020 and the focus on sustainable development of the industry, the Company analyzed and identified the issue of "epidemic control and response" as the new and highly important core issue of the Company under the influence of the epidemic in 2020. Meanwhile, the importance of the issue of "protection of employees' interests" increased. Based on this, we have drawn up an analysis table of the major issues for 2020, whereby 12 highly material issues identified therein have formed the key focus of this report, the details of which shall be disclosed herein.

Governance issues
1 Business performance
2 Corporate governance and risk management
3 Government support

Environmental issues
4 Materials and water resources management
5 Energy management and conservation
6 Environmental compliance performance
7 Sewage, exhaust and waste discharge management
8 GHG emission

Product and Services
9 Product quality control
10 Technology R&D and innovation
11 Customer services
12 Supply chain management
13 Business synergy and innovation

Labour issues
14 Protection of employees' interests
15 Occupational health and safety for employees
16 Diversity and equal opportunities
17 Career development and training

Social issues
18 Contribution to the community and charity
19 Impact of Business on the Community
20 Business ethics and anti-corruption
21 Contribution to ethnic unity
22 Epidemic control and response

Operational Compliance

• Risk Management and Internal Control

Facing strategic transformation and industrial adjustment, the Company continues to improve and strengthen the functions of risk identification, monitoring and prevention at the Board of Directors and management level, and has established a risk control system covering different levels of "Board of Directors — Senior Management — Management Center — Subsidiaries". The Company has strengthened the risk management capabilities by clarifying the organization, functions and responsibilities at all levels, in an effort to strive to transform risk into opportunities and provides a solid foundation for the sustainable development of GCL-Poly.

Risk measurement	Risk drilling	Risk warning	Risk management	Risk review
• Developing risk measurement indicators, focusing on core indicators, involving operating strategy, capital, compliance and other	• Realizing the information construction of the risk quantitative indicators system to drill the risk indicators layer by layer and cooperate with various departments to deeply explore risk factors	• Double warning mechanism featuring warnings and boundary alarm	• Visualizing the results through the risk quantification system, tracking the analysis of risk trend at any time, and supporting visualization with data to facilitate management decision-making	• Reflecting on the inadequacies in risk management to improve and perfect the risk management system, and ensure the continuous improvement of risk management capabilities and internal control management

After years of accumulation, we have formed a relatively matured system process and authorization and approval control with the overall supervision and inspection of information communication is smooth. We have established and implemented a monitoring system of "business unit risk self-inspection + quantitative self-inspection + qualitative evaluation of risk control functions", the results of which are included in the performance appraisal. In 2020, we completed the internal audit plan covering four aspects, namely risk orientation, corporate governance, escort reform and stringent control of value chain, which focused on management's issues of concern and different company forms, covered various businesses and high-risk areas. We will continue to optimize and enrich internal control and self-evaluation content, improve the internal control system of the Company, formulate defect-oriented rectification plans and tackle case by case, so as to form a strong support for the operation management, performance and legal compliance of the Company.

• Business Ethics and Anti-corruption

The Company strives to create an honest, trustworthy and upright business environment, strictly abides by the relevant anti-corruption laws and regulations where it operates, and regards integrity and honesty as the bottom-line requirement for employees. We have established an anti-fraudulent mechanism to strictly supervise and control key areas and key links related to anti-corruption and anti-bribery and compiled the "Management Standards for Anti-Fraud "to clearly define the types of fraud and norms of fraud handling to avoid management grey areas. During the reporting period, no corruption lawsuits were filed and concluded.

The Company has whistleblowing channels such as whistleblowing mailboxes and staff feedback channels. It adheres to the principle of "Whistleblowing is Confidential" and encourages staff to whistleblowing internal corruption and fraud. Any suspicious acts reported will be thoroughly investigated and no probable act of corruption will be let off. To ensure a "zero tolerance" attitude towards fraud, we will ensure that those who violate the regulations and disciplines will be dealt with accordingly, and those who violate the law will be transferred to law enforcement agencies.

In order to publicize and implement the corporate culture of integrity, the Company provides anti-corruption training for staff on the "GCL Sea of Knowledge" ("鑫知海") platform, which includes topics on the theory and practice of internal control, risk cases in audit findings and GCL-Poly internal control management, aiming to strengthen the building of a corruption-free culture, strengthen staff's awareness in honesty and integrity and enhance the concept of compliance management. During the reporting period, all staff participated in the study of Corporate Culture Manual, which involved the anticorruption, 138 had participated in full process training of internal control manual, and 40 employees had participated in corporate governance and risk training for middle and senior management.

HIGH-QUALITY INTELLIGENT MANUFACTURING OF "GCL" QUALITY

The Company always regards technological innovation and quality control as the core driving force for corporate growth. We continue to increase R&D investment, promote intelligent manufacturing, grasp and lead the development direction of high-efficiency PV material technology, and boost the technological upgrade of the PV industry. While stringently controlling product quality, continuously improving product quality and performance, we further improve customer service to enhance customer experience.

Quality is Priority

In strict accordance with law and regulations on product responsibility including the *Product Quality Law of the People's Republic of China, Standardisation Law of the People's Republic of China* and *Implementing Rules for the Manufacturing License for Industrial Products* and in compliance with internally formulated policies including the *GCL-Poly Corporate Standards System*, *Standard Development Rules*, *Silane Gas Standards* and the *Solar Grade Polysilicon*, the Company puts product quality in the first place and continuously enhances product quality and performance through the requirements for supplier's qualifications at the source of procurement, as well as the review of product quality standards and technical feasibility during the production process. During the reporting period, the Company did not experience any material product recalls owing to safety or health reasons. The return/replacement ratios were both less than 0.2% for quasi-multi wafer and quasi-mono wafer products.

Source control: review of supplier's qualification

During the procurement process, suppliers are required to provide relevant certificates to prove their product qualifications, such as quality management system certificate, environmental management system certificate and other standardisation system certificates, (permit for the manufacturing of pressure containers, PRC mandatory product certification, radiation safety permit and other specialised manufacturing certificates, as well as safety production licences, agency certificates, hazardous chemicals business licences and other permits. We supervise suppliers to update their certificates in a timely manner. We do not purchase products from those suppliers that do not meet the relevant quality requirements or are not endorsed by relevant certificates.

Production process: quality and technical review

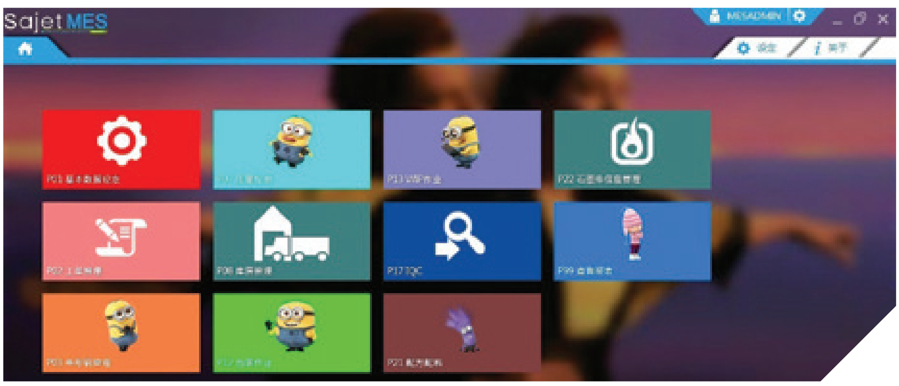
During the production process, we conduct feasibility assessment in respect of the quality requirements and technical features of product to ensure that they meet or exceed market and customer expectations. In 2020, we conducted post-use evaluation for some important raw and auxiliary materials to achieve quality assurance and cost reduction.

• Intelligent Manufacturing

In addition to process control, GCL-Poly is actively exploring steady improvements in product quality with the employment of intelligent information technology. Many of our subsidiaries have made strong efforts to advance intelligent manufacturing in active response to the trend of transformation through digitalisation.

Ningxia Monocrystalline: Official launch of MES intelligent manufacturing system

During the reporting period, the MES intelligent manufacturing system of Ningxia Monocrystalline was officially launched. The system manages and controls the three major production processes of material processing, crystal pulling and machine processing. It generates real-time daily, weekly and monthly data report through online reports and information board, and feeds back real time data information such as ingot output and production yield, so as to have the production status in control at any time, control production remotely and adjust production capacity according to specific situation. In terms of production process and quality control, the MES system processes and standardizes all production links from raw materials entering the factory to products leaving the storage. It automatically judges product grades in accordance with inspection standards, and strictly controls downgraded products and scrapped products, so as to reduce human error, improve efficiency and product competitiveness.



Xinjiang GCL: "5G+" assists comprehensive operations and integrated management

Xinjiang GCL cooperates with China Mobile to make full use of 5G+ industrial Internet, IoTs, networks, communications, multimedia and other modern technologies to connect and integrate with the projects developed by the integrated production information management system. From personnel positioning, high altitude observation, intelligent security management and other aspects, it realizes the "five-in-one" intelligent security enterprise integrated operation platform of the Company. The technical exchange of this project was conducted in October 2020, and the scheme exchange and determination were made with a number of intelligent security software developers. The signing of technical agreements is completed now.

Intelligent Security Enterprise Integrated Operation Platform

Product Innovation

As a world-class developer and manufacturer of high-efficiency PV materials, GCL-Poly built a comprehensive deliverable management regime and persisted in the enhancement of product quality and competitiveness through technological innovation.

- ### Management of Technological Innovation

  The Company encourages scientific research and innovation and have formulated GCL-Poly policies on technology management, including *Science and Technology Work Management Standards*, *Scientific Research Projects Management Standards*, *Technological Transformation Management Standards* and *Technological Achievements Incentive Management Measures* to conduct regulated management and effective incentives over the technology R&D, conversion and application of R&D achievements and the evaluation of R&D achievements.

We attach great importance to the protection of intellectual properties in the course of technology R&D. We observe strict compliance with pertinent laws and regulations including the *Patent Law of the People's Republic of China*, *Copyright Law of the People's Republic of China* and *Detailed Rules for the Implementation of the Patent Law of the People's Republic of China* and have formulated GCL-Poly policies such as the Intellectual Property Management Standards, *Trademark Management Standards*, *Patent Management Measures*, *Trade Secret Management Measures* and *Intellectual Property Incentive and Accountability Management Measures*. We have also developed effective intellectual property management processes in an active effort to implement standardised corporate intellectual property management. During the reporting period, the Company applied for a total of 85 patents and was granted 57 patents, among which 25 were applied for invention patents with 8 authorization completed, 60 were applied for utility model patents with 49 authorization completed, and the rest were at review stage. As of December 31, 2020, the Company had applied for 1,336 patents worldwide and granted 786 patents, representing year-on-year growth of 6.79% and 7.82%, respectively, as compared to 2019.

• Achievements in Innovative R&D

GCL-Poly persists in the strategy of producing both mono-wafers and multi-wafers. In terms of the production of silicon materials, we actively selected opportunities in expanding the new production capacity of fluidized bed reactor (FBR) and achieved major technological breakthroughs and realized commercial mass production. During the reporting period, the Company invested approximately RMB529 million in research and development.

Product upgrade and efficiency improvement

During the reporting period, we carried out the research on using FBR granular silicon to replace Siemens raw polycrystalline silicon in the production of czochralski monosilicon, thereby reducing the cost of main materials, increasing the volume of each barrel during feeding and improving production efficiency. The research reduces the contamination during the using of package for granular silicon and the dust emission when the granular are added. It reduces the silicon skipping and stabilizes the seeding survival rate.

Customer-centric

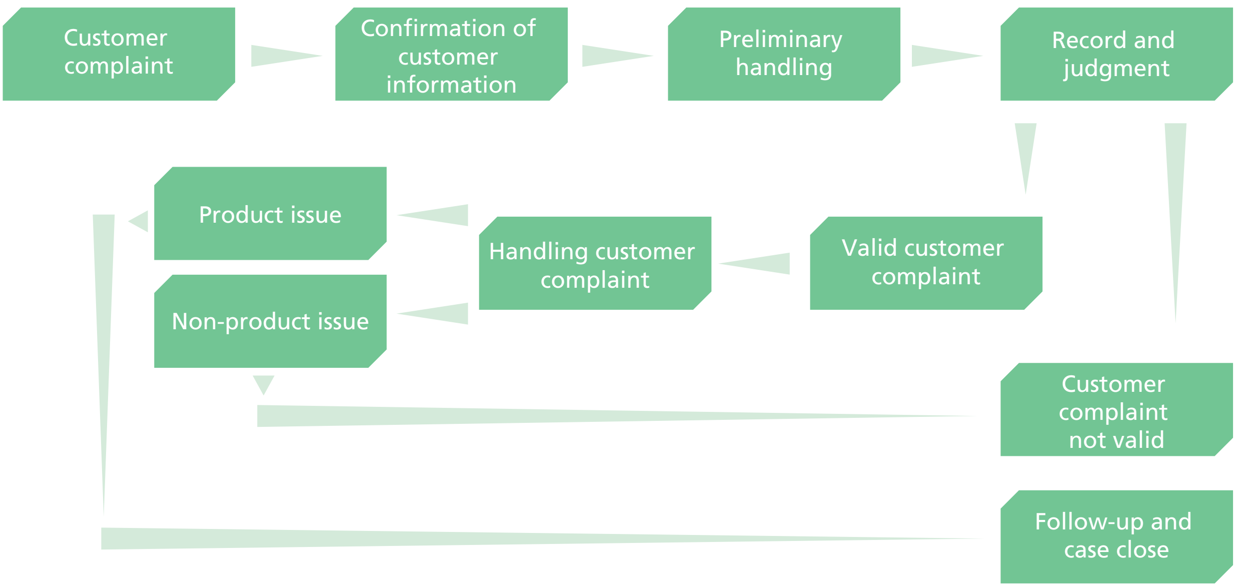
"Embracing customers" is the service objective of GCL-Poly. We strive to coordinate customer satisfaction with corporate development to enhance its product quality and customer service standard on an ongoing basis. We attach importance to customer feedback and complaints, and have developed a mechanism for tracking customer satisfaction in a bid to maximise value for customers through a diverse range of approaches and channels. At the same time, we focus on customer privacy protection and resolutely safeguard the interests of customers.

• Communication with Customers

We communicate with customers through on-site visits, mails, telephone calls, videos, customer appreciation meetings, invitation reviews, etc. During the epidemic, in order to avoid infection risk, we mainly use video or telephone communication to keep abreast of the changes in the production conditions of customers during the epidemic, so as to adjust the pace of shipments and provide epidemic prevention material assistance to overseas customers.

The Shanghai SNEC International Solar Energy Exhibition and GCL-Poly Customer Appreciation Dinner in 2020

To address customer demands and feedback that received during the reporting period, we conducted research in a professional and responsible manner, and confirmed and sorted out customer feedback and complaints in details. We held meetings with the relevant departments to analyze the reasons for customer complaints and clarify the responsible department to implement follow-up verification, so as to improve customer experience on an ongoing basis. During the reporting period, the Company received 62 counts of customer complaints with after-sales issues 100% solved.



Process for handling customer complaint

During the reporting period, we conducted a satisfaction survey on silicon wafer customers, including quality performance, timeliness of response to customer complaints, satisfaction of exception handling, project cooperation, product competitiveness, delivery schedule, packaging, pricing and other indicators. The customer satisfaction score was 93.1 points for the year.

- **Privacy Protection**

  While providing quality services and enhancing its customer service standards, the Company also stresses the importance of protecting customer privacy. No account of leakage of customer information was reported for the year.

Unified data submission

All after-sales data are submitted on the SAP Enterprise Controlling (EC) system to ensure caliber;

Confidential office information

To protect the confidentiality of our office computers, each computer at the Company is accessible by one specific personnel only and USB retrieval of information stored in the computers is disabled. Hence, people other than the relevant staff will not be able to access customer information;

Avoiding customer data leakage

Designations such as "Customer A/B/C" are used in place of the actual titles of customers to avoid the leakage of customer information;

Signing non-disclosure agreement

When core secrets are involved, a non-disclosure agreement (NDA) will be signed to bind the authority of both parties.

Security measures to protect customer privacy

PROTECTING GREEN "GCL" HOPE

Be Always mindful of its mission of "bringing green energy to life", GCL-Poly is committed to the practicing and implementing green development while reinforcing green energy. During the reporting period, with the support of management innovation, awareness enhancement and technological transformation, we comprehensively carried out green and low-carbon management in the production and operation process, and strived to build an environment-friendly and resource-saving enterprise.

Environmental Management

In strict compliance with the requirements under the *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on Environmental Impact Assessment* and other national laws and regulations, the Company has formulated and implemented a series of internal policies and systems such as the *Environmental Protection Regulation*, *Regulation on EHS of Projects*, *Regulation on Inspection and Hidden Danger Control*, *Provision of Emergency Management* and *6S Management Standard for Office Areas*, set up environment and security units to supervise and manage the full process of environmental problems emerging from the process of production and operation, and guided each subsidiary to establish and continue to improve its environmental management system by integrating its own operating conditions in accordance with the ISO14001 environmental management system standards. During the reporting period, we made further amendments to the *Environmental Protection Regulation* to comprehensively promote the steady improvement of the environmental management standards of the Company.

During the reporting period, Xinjiang GCL implemented a green enterprise action plan, and carried out environmental protection, occupational health monitoring and measurement plans to further strengthen environmental management, and was awarded the honorary title of "National Green Factory" for its outstanding environmental performance.

Environmental protection, occupational health monitoring and measurement plans of Xinjiang GCL

During the reporting period, Xinjiang GCL formulated and implemented environmental protection, occupational health monitoring and measurement plans. On the basis of enterprise internal supervisory monitoring, a third-party monitoring agency was entrusted to complete the discharge monitoring of the organized exhaust gas, unorganized exhaust gas, boundary noise, soil and solid waste, as well as the environmental monitoring of radiation standard in the workplace, and published the monitoring information online for public supervision.

Emergency Response

We has proactively built the environmental emergency response plan system in relation to emergency environment incidents through formulating the *Contingency Plan for Environmental Pollution Incident*, and formulated the *Contingency Plan for Radiological Incident* for incidents such as leakage and loss of radioactive sources. During the reporting period, we required all subsidiaries to refine and improve emergency response plans based on their actual conditions, and actively carried out emergency drills for emergency environment incidents such as chemical leakage, operation failure of sewage pump, deterioration of tap water quality and failure of dust removal facilities, so as to improve all employees' incident prevention and emergency response capabilities.

Increasing Awareness

We strive to increase employees' awareness of environmental protection, actively conveying the concept of green production, and create an environment-friendly environment with GCL-Poly's characteristics for all employees through diversified education, training and practical activities.

During the reporting period, we invested a total of RMB23,052,200 in environmental protection training and publicity activities, with topics covering EHS management systems and laws and regulations, identification of environmental factors and safety and health hazards, accident and emergency response, and environmental protection knowledge. In particular, we provided a total of 8,262 hours of environmental protection training for 8,305 employees, representing an increase of 6.8% as compared to that of 2019.

Environmental protection training by Xuzhou GCL Photovoltaic

During the reporting period, according to the latest policy requirements, Xuzhou GCL Photovoltaic refined the content of environmental protection training, and formulated training plans for different levels. The training program covered hazardous waste management, key points for environmental management of various departments, and interpretations of the latest environmental laws and regulations. At the same time, online appraisal was set up to reinforce the effectiveness of training. In 2020, Xuzhou GCL Photovoltaic conducted a total of 1,182 hours of environmental protection training for 591 employees,.

Environmental protection training by Xuzhou GCL Photovoltaic

Low-carbon Emission and Reduction in Discharge

The Group proactively responded to the national call for energy conservation and reduction in discharge, and strictly complied with the *Energy Law of the People's Republic of China, Energy Conservation Law of the People's Republic of China*, *Electric Power Law of the People's Republic of China, Law of the People's Republic of China on Promoting Clean Production*, *Renewable Energy Law of the People's Republic of China* and other pertinent laws and regulations, and implemented the *Decision of the State Council on Strengthening Energy Conservation*, *Notice of the State Council on Further Enhancing the Efforts to Phase out Outdated Production Capacities, Energy Conservation Measures and Electric Power Conservation Measures for Key Energy-Consuming Units* and other rules and regulations to formulate internal policies and systems such as the Manual of Energy Regulation and Regulations on Energy and Water Conservation to continue improving our own energy management standards.

During the reporting period, we continued to promote the implementation of various energy-saving projects, and enhanced energy efficiency by optimizing production processes and upgrading traditional equipment, thereby reducing carbon emissions during production and operation.

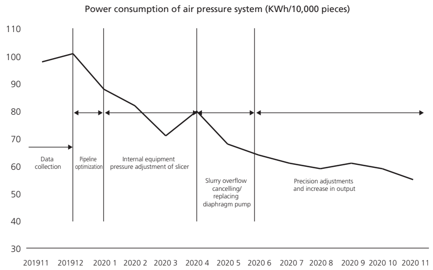
Recycling of Steam by GCL Nano

Externally purchased steam was used as a heating source in many parts of the silica device, and low-pressure steam by-products were produced, however, they cannot be used effectively. During the reporting period, GCL Nano carried out technical transformation of the tetrachloride vaporization and steam tracing area of silica device in response to this phenomenon, and realized 90% recycling effect of low-pressure steam by-product as a heating source, which greatly saved the steam consumption required in the production process.

Steam Recycling by GCL Nano

Overflow reconstruction of Jurong GCL Photovoltaic (句容光伏)

During the reporting period, Jurong GCL Photovoltaic (句容光伏) continued to analyze and find the reasons for the phenomenon that the electricity consumption of air compressors was higher than that in other companies. After data collection and demonstration, pipeline optimization, organization and coordination of manufacturing and equipment departments to jointly adjust and invest in the air compressor system, and invested RMB300,000 for system overflow reconstruction, the electricity consumption of air compressors was finally reduced by 43.8% year-on-year, which was equivalent to approximately RMB1.2 million.



Overflow reconstruction of Jurong GCL Photovoltaic (句容光伏)

Energy Saving and Consumption Reduction Project of Jiangsu Zhongneng

During the reporting period, Jiangsu Zhongneng continued to promote technological improvements in energy usage to reduce energy consumption for production.

Reduction of steam consumption	Reduction of natural gas consumption
• Through the optimization and transformation of loading transfer of coarse separation tower, reduction transfer of by-product steam and high boiling reactor, the pressure of the 2bar steam pipe network was stabilized and the unit consumption by steam was reduced. During the reporting period, the unit consumption by steam was reduced by 10t/t.si as compared to that of 2019.	• Through the improvement of the quality and management standard of silicon powder, achieved high and stable production of trichlorosilane (TCS), and reduced natural gas consumption, the unit consumption of natural gas by TCS was reduced by 4.893kg/kg as compared to that of 2019.

In addition, we actively promote and practice green office in our daily operations, and practice a sustainable lifestyle with our employees.

- Promote paperless office and give priority to online communication tools; promote double-sided printing when necessary
- Protect office equipment and minimize the waste of stationery

- Reasonably adjust the air-conditioning system according to actual temperature and needs to ensure that the energy-saving performance of the system is in best conditions

- Regularly inspect and repair water equipment to prevent water leaks

- Encourage green travel instead of private cars

Highlights of green office initiatives

Data on the Company's energy consumption and greenhouse gas emission[1] in 2020 was set out as follows:

Energy and GHG	Unit	2020
Coal	10,000-tonne	106.66
Natural gas	10,000-cubic meter	2,511.72
Diesel	Tonne	141.63
Purchased electricity	10,000 kWh	350,726.12
Purchased clean energy	10,000 kWh	200.50
Self-generating electricity	10,000 kWh	258,176.40
Steam	Tonne	1,502,565.71
Direct energy consumption	Tonne of standard coal	347,645.80
Indirect energy consumption	Tonne of standard coal	431,042.41
Comprehensive energy consumption[2]	Tonne of standard coal	778,688.21
Comprehensive energy consumption intensity per megawatt silicon wafer production	Tonne of standard coal/MW	24.76
Scope 1 greenhouse gas emissions	10,000-tonne CO_2 equivalent	227.16
Scope 2 greenhouse gas emissions	10,000-tonne CO_2 equivalent	237.39
Total greenhouse gas emissions[3]	10,000-tonne CO_2 equivalent	464.66
Total greenhouse gas emissions intensity per megawatt silicon wafer production	10,000-tonne CO_2 equivalent/ MW	0.0148

Resources Saving

Water Resources Management

The Group attaches great importance to water resources management, strictly abides by the *Water Law of the People's Republic of China* and other laws and regulations, and realizes scientific use of water resources by actively carrying out water recycling, water-saving equipment and technology upgrades and regular equipment maintenance, so as to reduce water consumption during production and operation. During the reporting period, through technological transformation and upgrading, the water consumption required for the production of 1kg product in Henan GCL Photovoltaic was reduced by 33.1% as compared to that of 2019, and awarded the honorary title of "Water-saving enterprise" at municipal level.

1 The data on energy consumption and GHG emission include data relating to the production processes of Jiangsu Zhongneng, Funing GCL Photovoltaic, Henan GCL, Suzhou GCL Photovoltaic, Wuxi Konca, Yangzhou GCL Photovoltaic, Xuzhou GCL Photovoltaic, Ningxia GCL Monocrystalline, Xuzhou GCL Solar, Xinjiang GCL, High-tech Nano and Jurong GCL Photovoltaic (句容光伏), but exclude data relating to the office area of GCL-Poly headquarters.

2 Direct energy types include coal, natural gas and diesel; indirect energy types include purchased electricity and steam. The volume of energy consumption has been calculated by reference to the national standards GB2589–2008T General Principles for the Calculation of Total Energy Consumption of the People's Republic of China.

3 The major sources of GHG (Scope I) include coal, natural gas and diesel; GHG (Scope II) relates to purchased electricity. The volume of GHG has been calculated by reference to *GHG Calculation Methods and Reporting Guide (trial) for Industrial Enterprises* published by the National Development and Reform Commission of the People's Republic of China.

Highlights of water saving projects

Funing GCL Photovoltaic:

- The drainage of washing machines and slicing machines is recycled to recycling pool for the degumming machines and cleaning rooms in the workshops, saving approximately 270,000 tonnes of water throughout the year
- The concentrated water produced by pure water system is recycled to water tank for the use by slicing machines, saving approximately 166,000 tonnes of water throughout the year
- The reclaimed water produced by sewage station after drainage treatment is used for slicing machines, saving approximately 65,000 tonnes of water throughout the year

Henan GCL Photovoltaic: Water for cutting purpose is recycled, saving approximately 12,000 tonnes/month of new water consumption, saving RMB64,800/month

Suzhou GCL Photovoltaic: The reclaimed water produced by sewage station after drainage treatment is used for slicing machines and degumming machines, saving approximately 230,000 tonnes of water throughout the year

Xinjiang GCL: Invested RMB4.7 million for the optimization and transformation project of the water system in living quarters and the high saline mother liquor treatment project of the sewage station to continuously improve the recycling rate of reclaimed water, optimize water use structure, realize the comprehensive utilization of all production wastewater and domestic sewage

Data on the Company's consumption of water resources in 2020 was set out as follows:

Water resources	Unit	2020
Tap water consumption	10,000-tonne	576.44
Surface water consumption	10,000-tonne	69.65
Other water sources[4]	10,000-tonne	577.33
Recycled water consumption	10,000-tonne	77,906.20
Total water consumption intensity per megawatt silicon wafer production	10,000-tonne/MW	0.0389

Materials Management

We advocate safe and environmentally-friendly materials management, and adopt stringent selection measures for ten kinds of materials that required in the production process, such as silicon powder, hydrogen, and steel wire. Based on the principles of "cost, environmental protection and best efficiency", we collect and verify the Raw and Auxiliary Material Safety Data Sheets (SDS) involved in relevant production, and utilize them in production after full verification by experiments.

Recycling hydrogen for reuse

During the reporting period, GCL Nano teamed up with Jiangsu Zhongneng to recycle the high-purity hydrogen generated during the polysilicon production process through technological transformation, and reused it as raw materials for silica production. After the transformation, the hydrogen volume recovered by Jiangsu Zhongneng accounted for approximately 60% of the total hydrogen used in silica raw materials, greatly saving production materials and reducing silica production costs.

Recycling hydrogen for reuse

4 The volume of other water sources includes reclaimed water purchased by Jiangsu Zhongneng and raw water and desalinated water purchased by Xinjiang GCL from external sources.

In addition, we continue to develop production technologies and optimize production processes to improve the comprehensive utilization standard of materials and achieve circulating economic benefits. We independently develop the GCL method in ultra-large-scale clean polysilicon production technology with international leading standard, and continue to expand the layout of this technology in our subsidiaries. As of 31 December 2020, Jiangsu Zhongneng and Xinjiang GCL had adopted this method for production, realizing 100% full materials recycling rate.

Green production technology of GCL methods

the gcl method includes five main sections: reducibility, rectification, tail gas recovery, reverse disproportionation and hydrochlorination, forming a closed production system with a complete material cycle. this system uses metallurgical-grade silicon powder as raw materials, and supplements with a small amount of hydrogen and trichlorosilane to produce polysilicon products continuously, and the entire system almost produces "three wastes" pollutants, thereby realizing a truly green and clean production.

Data on the Company's consumption of materials in 2020 was set out as follows:

Materials	Unit	2020
Packaging materials	Tonne	3,920.81

Discharge Compliance

In strict compliance with the *Air Pollution Prevention and Control Law of the People's Republic of China*, *Integrated Emission Standard of Air Pollutants, Emission Standard of Air Pollutants for Boilers, Water Pollution Prevention and Control Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other laws and regulations and requirements of relevant standards, the Company manages and disposes of wastewater, exhaust gas and solid waste in accordance with the Company's current discharge related regulations (including standards) to ensure the discharge compliance of various pollutants.

Exhaust Gas Management

Our exhaust gas pollutants mainly come from nitrogen oxides, sulphur oxides/sulfur dioxide and dust particles produced in the production process. We conduct exhaust gas management in strict accordance with the GCL-Poly internal policies such as the *Procedures for Controlling the Production Exhaust Emissions*, including the recycling of tail gas through exhaust gas absorption device, removing workshop dust by dust removal and purification devices such as dust removal bags, and collection of the ammonia and hydrogen sulphide gas discharged from the sewage station by the application of "sprayed, ionized and activated carbon" adsorption device and discharging after purification treatment, so as to reduce the pollution caused by exhaust gas pollutants to the atmospheric environment, and to ensure the occupational health and safety of frontline operators.

Data on the Company's major exhaust gas emission in 2020 was set out as follows:

Emission	Unit	2020
Nitrogen oxides	Tonne	36.14
Sulphur oxides/sulphur dioxide	Tonne	1.68
Dust	Tonne	12.83

Wastewater Discharge

Our wastewater discharge during the course of operation mainly includes production wastewater and domestic wastewater (including wastewater discharged from restaurants). We conduct management on discharge in strict compliance with the *Comprehensive Wastewater Discharge Standards (GB8978)* and the related takeover standards of the wastewater treatment plant, as well as the *Control Procedures of Wastewater Discharge*. During the reporting period, we continued to reduce wastewater discharge during the course production and operation and effectively reduced the environmental impact of wastewater discharge through the promotion of industrial wastewater treatment projects, implementation of the separation of rainwater and sewage, separation of clean water and sewage, and online monitoring of wastewater pollutants.

Optimization of sewage system of Xinjiang GCL

During the reporting period, through measures such as increasing reclaimed water recovery, optimization of domestic wastewater system and transformation of desalinated water treatment system, Xinjiang GCL discharged the treated clean water by domestic wastewater treatment system and the concentrated water of the reclaimed water tank to the sewage station in the production area for desalinated water treatment, so as to reduce the chemical oxygen demand (COD content) and turbidity in water. After the treatment by the full membrane method, produced water was supplied to the desalinated water station, and concentrated water was discharged to the high-saline system of the sewage station for reprocessing, thereby realizing 100% comprehensive utilization of production wastewater and domestic wastewater, without generating wastewater to pollute the surrounding environment.

Data on the Company's wastewater discharge in 2020 was set out as follows:

Water resources	Unit	2020
Wastewater discharge	10,000 tonnes	695.27

Waste Discharge

We define the classification of solid waste from source in accordance with *the Three Waste' Management Regulations* and *the Management and Control Procedures for Waste and Hazardous Waste* of GCL-Poly, regulate waste disposal methods and procedures, and reduce the production of general solid waste by increasing its utilization rate. We adhere to the principle of volume reduction and recycling to categorize collection and storage, build general solid waste storage yards in accordance with the requirements of "anti-seepage, anti-leaching, and anti-scattering", and entrust qualified third-party units to make comprehensive use of recyclable solid waste.

For hazardous wastes, we store them in temporary storage sites for hazardous wastes, entrust a qualified third-party unit to transfer them, conduct duplicated form management during transfer, and implement the sludge transfer confirmation systems, achieving the traceability of transfer of hazardous wastes. During the reporting period, Xuzhou GCL Photovoltaic built a new intelligent management system for hazardous waste to realize the monitoring of the entire process of collection, storage, transportation, utilization and disposal for hazardous waste.

Data on the Company's waste discharge in 2020 was set out as follows:

Waste	Unit	2020
Hazardous waste	Tonne	1,239.71
Hazardous waste intensity per megawatt silicon wafer production	Tonne/MW	0.0394
General waste	Tonne	38,959.17
Recyclable waste	Tonne	21,943.74
Non-hazardous waste	Tonne	60,9025.91
Non-hazardous waste intensity per megawatt silicon wafer production	Tonne/MW	1.9366

AGGLOMERATING "GCL" TALENT FORCE

The Company upholds the "people-oriented" philosophy, and is committed to attaining co-development and mutual success for staff and the Company. Through a diverse and equal employment policy, a scientific training system, an efficient talent incentive mechanism and a healthy and safe working environment, we strive to protect the basic rights and interests of all employees, and enhance employees' satisfaction and sense of happiness to the Company.

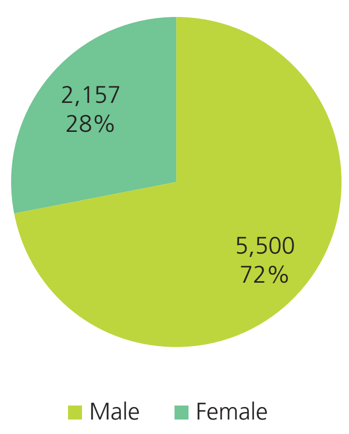
Employee Overview

Guided by the *Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Law of the People's Republic of China on the Protection of Rights and Interests of Women, Regulations on the Prohibition of Child Labour* and other pertinent laws and regulations, the Company formulated internal policies such as the *Recruitment Management Standards* and *Internal Recommendation Management Standards*. Employees of the Company choose their jobs according to their own preference, and signed labour contracts with subsidiaries in accordance with the law based on the principle of equality and voluntariness, and receive corresponding remuneration.

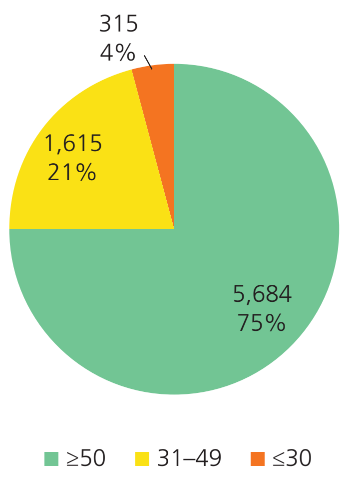
The Company is committed to fair and equal treatment of all job applicants and employees, with absolute no child labour or forced or coerced labour, and strictly prohibits any form of discrimination or vicious competition. We will respond to the aforesaid acts if occur within the Company by imposing disciplinary sanctions in accordance with pertinent regulations.

During the reporting period, the total number of employees in the Group was 7,657[5]. Our staff mix is illustrated as follows:

Number of Employees by Gender (Person)

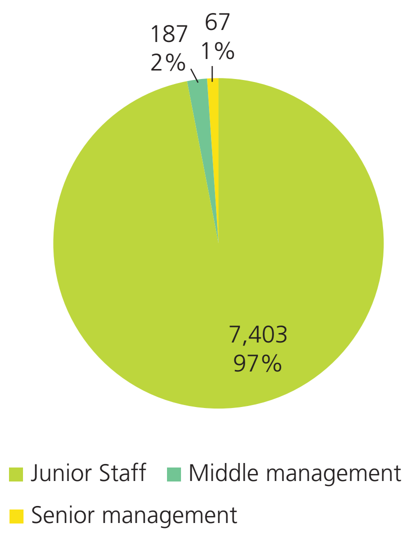


Number of Employees by Age Group (Person)

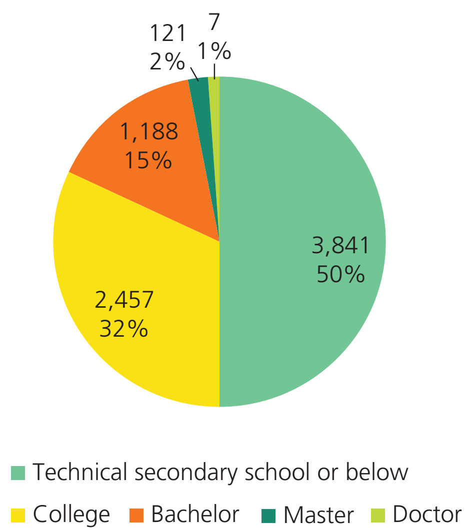


5 The total number of employees of the Group includes employees in mainland China, Hong Kong and the United States. The number of employees by age and education background does not include employees in Hong Kong.

Number of Staff by Position Levels (Person)



Number of Employees by Educational Background (Person)



In addition, GCL-Poly actively promotes the localisation process to ensure the basic stability of the staff. In terms of talent fostering for new projects, GCL-Poly adheres to the strategy of matured project training management and skilled backbone staff, and recruit reserve forces locally, and also local people or fresh graduates in the place where our projects are located for training to gradually increase staff localisation ratio. The localisation ratio of polysilicon project company of Xinjiang GCL is increasing year by year, and our plan is to achieve staff localisation ratio close to 100% by 2024. During the reporting period, GCL-Poly had 144 employees from ethnic minority groups, accounted for 1.6% of our total labour force.

The Company's staff turnover rate by age group for the reporting period is as follows: Aged 18–30: 35.69%; Aged 31–49: 62.57%; Aged 50 or above: 1.74%.

Compensation and Benefits

In strict compliance with the *Social Insurance Law of the People's Republic of China* and *Trade Union Law of the People's Republic of China*, and in accordance with GCL-Poly internal management systems such as the *Salary Management Standards for PV Enterprises, Benefits Management Standards, Employee Reward and Punishment Management Standards and Employee Attendance and Vacation Management Standards*, the Company has built a competitive remuneration system and an efficient staff incentive policy to attract and retain outstanding talents, and create welfare for employees.

- Communication allowance
- Meals allowance
- Transportation allowance
- Extreme weather allowance
- Marriage and maternity allowance
- Bereavement allowance
- Remote area allowance
- Holiday benefits

- Retirement insurance
- Medical insurance
- Work injury insurance
- Unemployment insurance
- Housing provident fund
- Commercial insurance
- Employers' liability insurance

- Statutory holidays
- Paternity leave

- Baby care room
- Breastfeeding leave and maternity leave
- Exemption from night shifts for female pregnant staff
- No-pay leaves for female staff in pregnancy

- Opening of ethnic eateries
- Holidays for ethnic minority festivals

GCL-Poly Employee Benefits in 2020

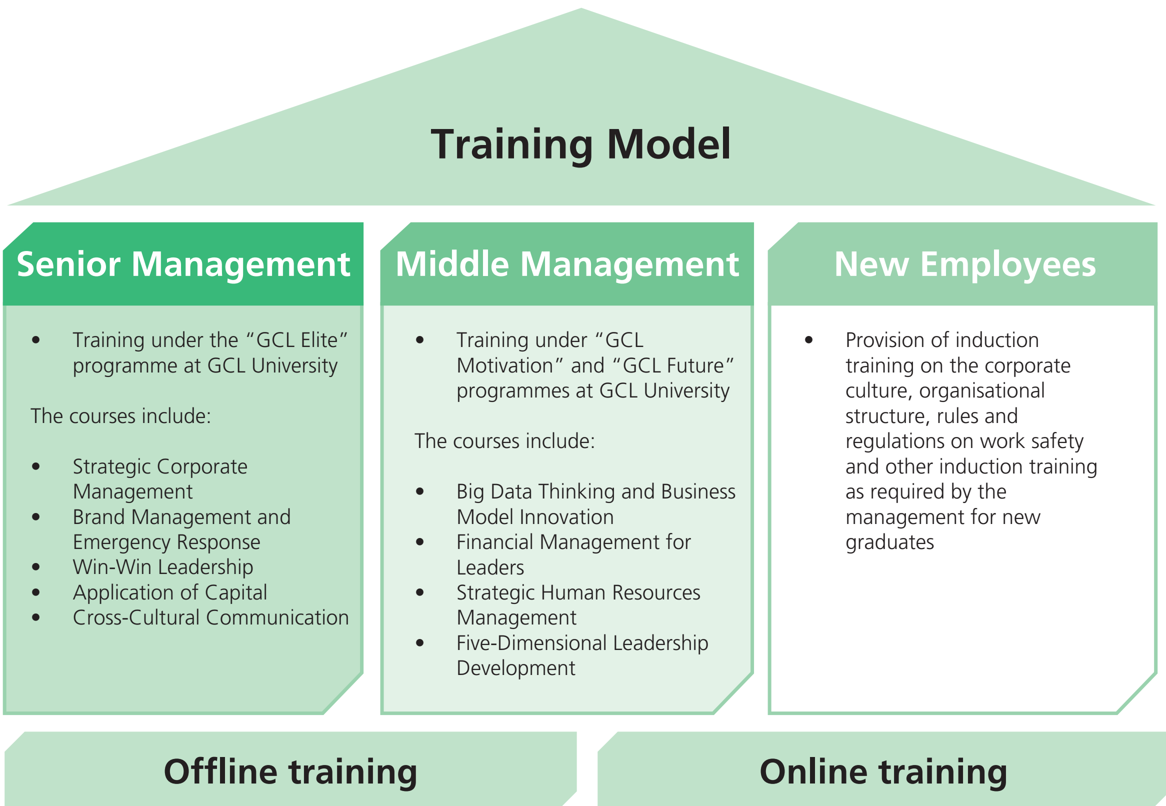
Training and Development

During the reporting period, in order to build a proactive, initiative and creative talent team, the Company revised the *GCL-Poly Performance Assessment Management Standards for Functional Personnel*, and proposed a more reasonable remuneration and incentive system and more stringent quarterly appraisal standards, so as to achieve the purpose of selecting high-quality talents for the Company.

The Company regards its staff as the most valuable assets of the Company. Through building a scientific and reasonable system for staff training and promotion, and establishing the GCL University, the Company builds a "learning-oriented" enterprise capable of sound and long-term development.

- **Staff Training**

The Company has worked in close tandem with the rapid development of the industry, based on the *GCL-Poly Training Management Standards*, focused on staff duties and development prospects, and developed and continued to improve the Company's internal training system to drive staff enhancement in management competence, specialised capabilities and professional aptitude, and identify potential and scope of creativity of each employee. During the reporting period, our internal and external target-specific training courses for staff at all grades was provided through both online and offline resources in a further broadening of staff access to learning and develop a diversified training system, so as to better meet the demands of our staff as well as the market.



GCL-Poly Model and Contents of Staff Training at All Levels in 2020

During the reporting period, each base proactively cooperated with local colleges and universities in accordance with our enterprise development direction and employee needs, and carried out various forms of training on "new apprenticeship" promotion and improvements in academic qualifications and skills.

"GCL Series" staff session training

In 2020, GCL-Poly organized a series of training activities such as "GCL Series" personnel echelon training and "offering classes to the grassroots level by university", and applied methods of "cloud training" and "live course" to meet the training requirements under the epidemic. All industrial bases strengthened the "mentorship" training system, focusing on the personnel training and empowerment of monosilicon project.

"GCL Series" staff session training

New method of "live course"

Yangzhou GCL: Carrying out "new apprenticeship" project

A total of 100 people applied for the "new apprenticeship" project organized by the wafer cutting base of Yangzhou GCL, Yangzhou Polytechnic Institute and Yangzhou Technician College, all of whom obtained skill certificates, ranking first in the city, and received government grants of RMB234,000.

"New apprenticeship" project

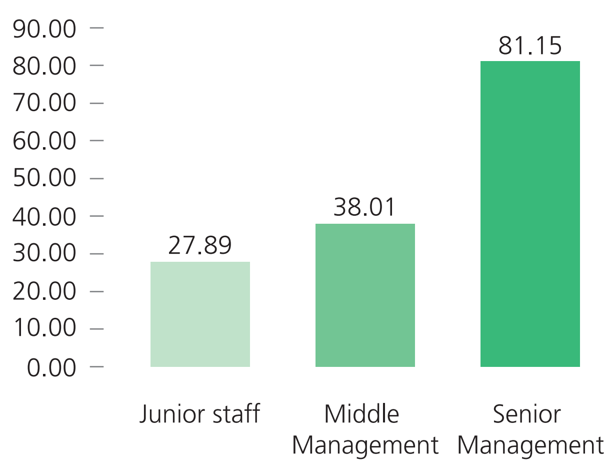
Xinjiang GCL: School-enterprise cooperation for talent cultivation

In view of the lack of technical talents in the Zhundong Economic Development Zone in Xinjiang and low overall professional skills of the personnel, the polysilicon project company of Xinjiang GCL proactively cooperated with Wucaiwan Training School (五彩灣培訓學校) to cultivate talents through school-enterprise cooperation.

School-enterprise cooperation for talent cultivation

The Company's staff training headcount for the reporting period was 73,272 and the average length of training time per employee was 49.01 hours.

Average training hours per employee by staff grade (hours)



Training information of GCL-Poly employees by staff grade in 2020

The percentage of the Company's staff training headcount by staff grade during the reporting period was as follows: junior staff 99.41%, middle management 0.48% and senior management 0.11%.

- ### Staff Promotion

GCL-Poly is committed to the cultivation of personnel for executive capacities and specialists for professional capacities, and defines the job nature from four aspects, including operational rank, professional rank, technical sequence and management rank, so as to plan a unique and challenging officer promotion channels for every staff, and build a three-dimensional talent development pathway to reserve talents for the future development of GCL-Poly.

During the reporting period, we selected 36 young staff with good performance to join the officer training programme of 2021, so as to ensure new entrants are well positioned for greater self-value build-up and also the Company as soon as possible.

Health and Safety

In accordance with the principles of "safe development with a people-oriented approach; safety as a priority concern and the emphasis on preventive actions; comprehensive governance and full coverage; delicacy management and ongoing improvement; and proactive and advanced actions for efficient outcomes", the Company conducts risk prevention drills and construction in an orderly manner, in a full effort to protect the safety and health of all staff.

- ### Production Safety Management System

The Company strictly abides by the *Production Safety Law of the People's Republic of China*, and promulgated the internal policy of the *GCL-Poly Responsibility System for Safety*, Occupational Health and Environment Management by taking actual conditions of its production operations into account. The basic purpose of such policy is "responsibility for each individual worker", including a three-tier safety management network comprising the corporate level, plant/department level and duty shift level, and regulating and breaking down the goals for safety production into responsibilities.

- ### Training and Drills in Safe Production

In order to enhance safety awareness and operational safety on the part of its staff, GCL-Poly has endeavoured in safety training and education for all employees, while all new employees are specifically required to receive a three-tier (corporate, functional/workshop and job position) education on environment and safety, and pass the relevant assessment prior to officially reporting to duty, so as to ensure absolutely safe at work.

In addition, in view of the safety hazard inspection, the Company has formulated a general emergency plan, a specific emergency plan and an on-site tackling plan, with regular emergency drill activities, prepared risk evaluation reports and emergency resource inspection reports, indoctrinating emergency reporting process and rescue methods to all staff.

During the reporting period, the Company conducted 3 emergency drills at the corporate level for 209 employees and 36 drills at the section level for 975 employees in strict accordance with the annual emergency drill plan. The shift teams reported the drill plan for next month at the end of each month, and conducted "one minute" drill activities on site handling plan as scheduled on a daily basis.

During the reporting period, the Company had no work-related injury, and lost 260 days due to work injury.

Rescue drill on suffocation

Emergency drill for leakage of chemicals

Evacuation and escape drill on Fire Safety Promotion Month

Fire fighting drill on Fire Safety Promotion Month

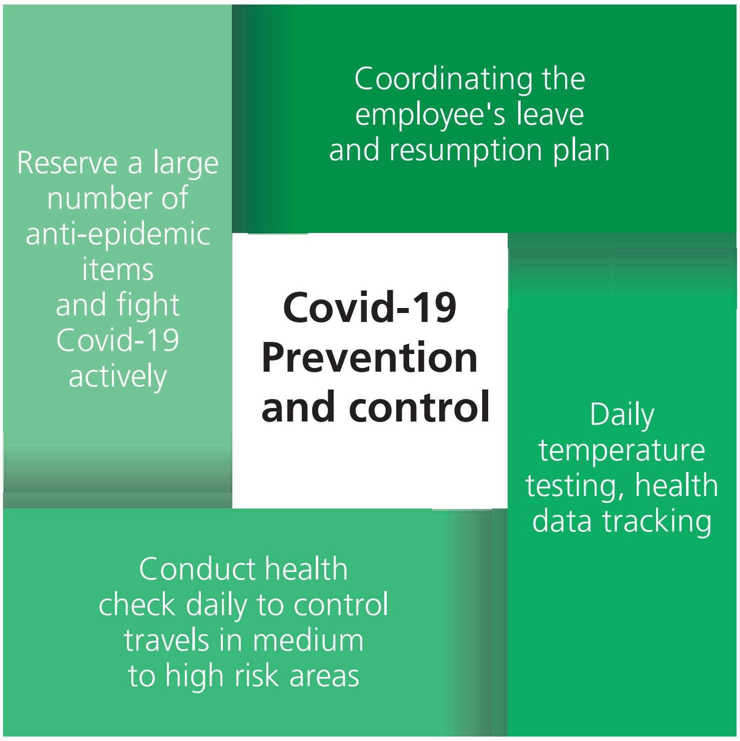
Emergency response drill for rectification device

Emergency drill for evacuation from shuttle bus

- ## Occupational Health of Staff

The Company strictly abides by *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, *Regulations on the Prevention and Control of Pneumoconiosis*, *Regulations on Labor Protection in Workplaces Where Toxic Substances Are Used, Measures for the Supervision and Administration of Occupational Health Surveillance at Entities hiring Employees* and other laws, regulations and standards, and lists specific implementation programmes in *Management System of Articles (Appliances) for Labor Protection*, *Regulations on Management of Work Subject to High Temperature and Heatstroke Prevention and Cooling*, *Regulations on Occupational Health Management of Radioactive Sources*, *Occupational Disease Prevention and Control Plans and Implementation Program*, *Responsibility System for Occupational Disease Prevention and Control*, *Occupational Disease Hazard Warning and Notification System*, *Occupational Disease Prevention and Control Publicity Education and Training System*, *Implementing Maintenance and Repair System for Protection Against Occupational Hazards*, *Management System for the Monitoring and Evaluation of Workplace Occupational Hazards* and other internal policies and systems of GCL-Poly. The Company is committed to safeguarding the occupational health of employees and ensuring the safety of the employees when working.

During the reporting period, in order to respond to the sudden COVID-19 outbreak and implement the requirements of national prevention and control and the first-level response of public health emergencies in Jiangsu Province, the General Management Department issued *the Notice on Strengthening the Prevention and Control of COVID-19 Outbreak of GCL-Poly* on 27 January, established an epidemic prevention and control leadership and working group, and formulated relevant measures.


Coordinating the
employee's leave
and resumption plan
Reserve a large
number of
anti-epidemic
items
and fight
Covid-19
actively
Covid-19
Prevention
and control
Daily
temperature
testing, health
data tracking
Conduct health
check daily to control
travels in medium
to high risk areas

Staff Care

The Company pays attention to humanistic care, actively builds a culture of "GCL Home ", earnestly listens and responds to the demand of every staff, carries out diversified staff activities, and makes our staff feel homely and warm.

- ### Communication with Staff

  GCL-Poly values the views and opinions of our staff, organizes employee representative exchange meetings regularly, conducts face-to-face communication with front-line young staff representatives, answers questions encountered by employees in work and life, and sets time limits in tackling relevant problems, which have strengthened the effective communication between our staff and the management and narrowed the distance between them.

Employee representative exchange meeting

  At the same time, in order to earn the trust and support of staff on the Company, we conduct regular staff satisfaction survey, take reasonable suggestions actively, rectify deficiencies, and optimize the management system continuously.

- ### Staff Activities

  The Company advocates the balance of work efficiency and personal life and encourages active participation in various staff activities.

During the reporting period, GCL-Poly held a series of activities such as "GCL Open Day", "GCL Family Day", and "GCL Culture" knowledge contests through developing a variety of cultural and sports activities and the theme of the 30th anniversary of the Group to improve staff satisfaction level.

Happy Concentric Circles: "Go to Zhongneng on Children's Day"

In order to build the "Happy Concentric Circles" project, Jiangsu Zhongneng Polysilicon Technology Development Co.,Ltd.* (江蘇中能硅業科技發展有限公司) organized the "Go to Zhongneng on Children's Day" event, and invited staff's families and children to the Company to celebrate the festival.

"Go to Zhongneng on Children's Day" Activity

GCL Culture: "GCL Culture Knowledge Contest"

In order to celebrate the 30th anniversary of the group, promote GCL culture, popularize GCL's historical development, operation management and basic knowledge of various business segments, and create an upsurge for all staff to learn "GCL Culture", the Group held the "GCL Culture Knowledge Contest". The GCL-Poly team won the first place in the contest with absolute margin.

"GCL Culture Knowledge Contest"

GCL Open Day: "Ushering in the GCL Second Generation"

On 24 October (being GCL Open Day), the Company organized 30 "GCL Second Generation" children to visit the factories where their parents work, and share the development achievements of GCL in the past 30 years.

GCL Open Day ushering in the "GCL Second Generation"

CREATING THE "GCL" VALUE WITH THE SOCIETY

We are committed to becoming a responsible and accountable corporate citizen, adhering to the business philosophy of equality, integrity, sharing and multi-win, emphasizing good corporate governance and ethical values, serving customers, caring for employees, and creating value for stakeholders and society. At the same time, we give back to the society with a grateful heart, and actively devote ourselves to various social welfare undertakings based on corporate resources and platform advantages to promote the harmonious development of the society.

Responsible Supply

Supply chain management is an important part of maintaining the normal operation of the entire enterprise. A sound supply chain management can effectively reduce production costs while greatly improving work efficiency. The Company attaches great importance to the standardized management of suppliers. Since its establishment, GCL-Poly has issued a series of internal policies such as the *Supplier Management Measures*, *Procurement Management Measures*, *Supply Chain Management System*, *Procurement Management System*, *Warehouse Management*, *Logistics Management* and *Materials Coding Management Standards*, providing an effective system guarantee for standardizing the procurement process and optimizing all links of the supply chain.

In order to increase the promotion of integrity and anti-corruption, we require suppliers to sign the *Supplier Anti-Commercial Bribery and Anti-fraud Undertaking* when bidding projects during the reporting period, and all procurement business must be inquired and compared through the GCL electronic procurement platform. For bidding projects over RMB500,000, they need to be carried out under the supervision of Jiangsu Weicheng and the supervision department to further increase the transparency of procurement and build a clean supply chain for enterprises.

• Admission and Assessment of Suppliers

GCL-Poly strives to create an open, transparent, highly efficient, traceable and healthy procurement system, establishes a centralized supplier management system of "one portal, one platform, and one set of mechanisms" to achieve dynamic management and control covering the entire supply chain management. We have established a supplier membership review system in accordance with the guidelines of the *Tendering and Bidding Law of the People's Republic of China*, *Criminal Law of the People's Republic of China*, and *Anti-unfair Competition Law of the People's Republic of China*. New members are classified according to three sources: Internal referral, self-registration, and government agencies, and required to accept specific review work. They can become qualified suppliers of GCL-Poly only after meeting the requirements of quality, cost, delivery, service, etc.

We continue to optimize the process. In the supplier admission approval process, the approval level has been streamlined from four to two, namely, functional department countersigning and responsible leader approval. Functional departments adopt the same level for simultaneous approval, which significantly improves approval efficiency. We distinguish according to factors such as the supplier's product quality, technological advancement, importance of use, and the supplier's ability to supply the target. We divide the supplier selection process into three different levels, and ensure the suppliers of the same target level during the bidding process are at the same level to ensure fairness of procurement.

Management assessment

In order to realize the two-way interaction between GCL-Poly and suppliers, the Company has built a comprehensive supplier management evaluation system, which includes: support for group guidance, score execution, partial concentration, partial decentralization, centralized management and other supply modes.

Procurement tender

In order to realize the digitization and transparency of procurement bidding, the Company allows suppliers to register themselves and enter the admission approval process, and at the same time complete functions such as self-registration and quotation, which enable the bidding information be presented in a more simple and clear way.

Information basis

In order to enable the Company's financial business highly integrated, GCL-Poly ensures the unification of basic data such as material codes and supplier codes, and sets up basic standards to improve the standardization and visualization of supply chain management.

GCL-Poly supplier portal management system

During the reporting period, GCL-Poly cooperated with a total of 1,453 suppliers, an increase of 14 compared to 2019, comprising 1,448 domestic PRC (People's Republic of China) suppliers and 5 overseas suppliers with 896 of them each supplying annual purchases with an amount of more than RMB200,000.

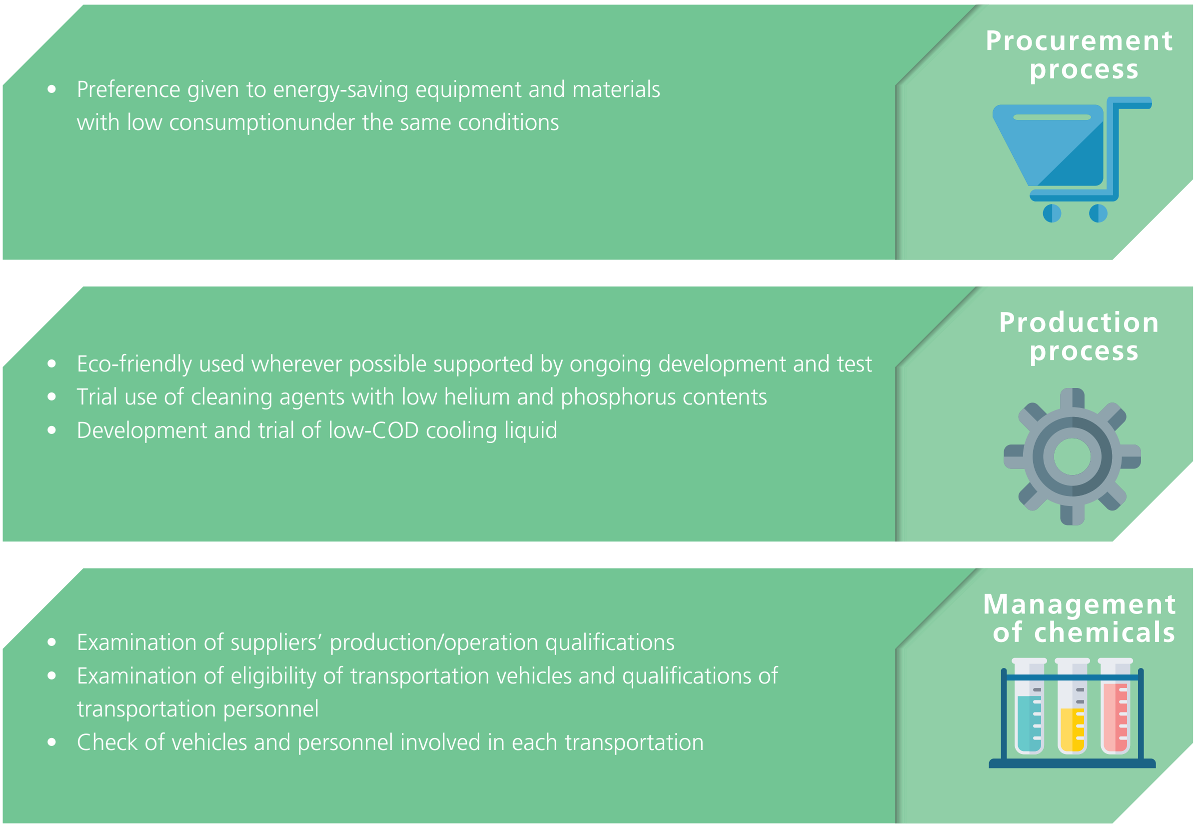
At the same time, we continue to improve and establish a comprehensive and multi-level supplier inspection mechanism, implement performance evaluation and strategic evaluation of different types of suppliers regularly, and classify suppliers based on the results of strategic evaluations to achieve dynamic evaluation, assist the superior and eliminate the inferior.

Admission inspection	Return visits	Off-site inspection
• During the period of access verification, the leading products provided by suppliers will be inspected in detail and an inspection report will be formed	• In order to grasp the supplier's operating status, solve the problems during the cooperation, and note the suggestions for future business development, the Group conducts return visits from time to time during the cooperation period	• Improve the efficiency of suppliers admission by conducting simple investigation or allowing direct admission for specific suppliers. The investigation measures include telephone consultation, data collection, website inquiry, etc.

GCL-Poly supplier inspection management

• Driving Fulfilment of Responsibility on the Part of Suppliers

We are committed to integrating the concepts and actions of green and sustainable development into the entire value chain and implementing them in the supplier selection and inspection process. During the reporting period, the Company adopted supplier EHS risk management and control, achieved 100% coverage of supplier environmental and social risk reviews, avoided the impact of supplier EHS risks on the sustainable development of operations and business, and continuously promoted suppliers to actively fulfill their responsibilities.



EHS risk control in relation to suppliers

Contribution to the Industry

As a global leading manufacturer of photovoltaic materials, GCL-Poly continues to provide the world with high-efficiency photovoltaic materials; and as the global leading new energy development and construction operator, GCL-Poly is a world leader in technology research and development, intelligent manufacturing, electric drill system integration and operation and maintenance management.

Under the Covid-19 situation, the Company gave full play to the industry's leading advantages, strengthened the coordination mechanism of regional integration in the industrial chain based on market-oriented strategy, inclined to enterprises in the Yangtze River Delta region in terms of raw material orders, and helped enterprises to apply for resumption of work to the territorial government and establish linkages in the coordinated supply of upstream and downstream materials, regional transportation systems, etc., to ensure the circulation of elements among enterprises and activate the entire industry chain. During the special period, as a typical case of carrying out the resumption of work and production of enterprises through cross-regional resources coordination, we were highlighted and reported by CCTV's "News Network" programme.

GCL-Poly has been actively involved in driving standardisation of the PV industry. During the reporting period, we hosted, directed or took part in the revision and formulation of 8 industry standards with 3 issued standards, including 2 national standards and 1 industry standard. We have helped to enhance the quality standards of the industry and won recognition for our outstanding contributions.

International standards

- Application guide for materials used in internal feed of monosilicon boiler
- Quality standards for trichlorosilane used on polysilicon

National standards

- Ingot polysilicon chunk for solar battery
- Polysilicon wafer for solar battery
- Ion chromatography for test of chloride ion contents in silicon

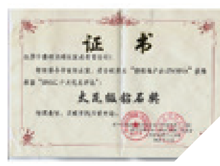
Group standards

- Carbonised silicon coating under vapor deposition; Graphite products and Ceramic ring for polysilicon production
- Test of silicon dust content in tail gas from granular silicon production
- Technical standards for assessment of green design products — polysilicon

Revision and formulation of industry standards (published) hosted, directed or participated in by GCL-Poly in 2020

Advanced Enterprise with Harmonious Labor Relations in Suzhou High-tech Zone (Huqiu District)

The winning team of the annual national "Cup of Safety and Health" competition



SNEC Top Ten Highlights No. 1 Terawatt Diamond Award

Industry awards received by GCL-Poly in 2020

Charity Initiatives for the Community

The Company incorporates the fulfillment of social responsibilities into the long-term strategic goals of the Company. According to the contents of the *White Paper on Corporate Citizenship of GCL-Poly* and *Guidelines for Corporate Citizenship Development of GCL-Poly*, the Company integrates basic social values, daily business practices and business policies to fulfill the obligations of a responsible and accountable corporate citizen.

During the reporting period, in order to promote the harmonious development of society, the Company carried out various public welfare undertakings and contributed its own strength by caring for disadvantaged groups and supporting education in poverty-stricken areas. At the same time, in order to implement the environmental protection principles of "low carbon, emission reduction, and energy saving" and realize the vision of "building a friendly enterprise", the Company actively advocates green concepts and carries out environmental protection activities.

"World Environment Day" charity environmental protection public welfare activities

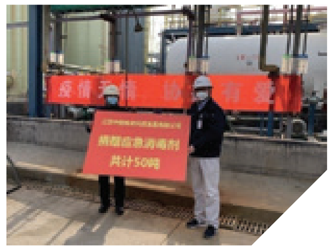
GCL-Poly always keeps in mind the environmental protection concept of green development, gives full play to the advantages of leading enterprises, and actively undertakes the obligation of beautifying the homeland and purifying the ecological environment, and organizes all employees to clean the surrounding environment of the factory area to enhance everyone's environmental awareness.

GCL-Poly organizes environmental protection activities

In 2020, GCL-Poly kept paying close attention to the unexpected Covid-19 outbreak. While implementing the Company's internal epidemic prevention work and effectively ensuring the health and safety of employees, we responded to the needs of epidemic prevention and control as soon as possible and fully supported the front line work of epidemic prevention and control.

Rushed to assist the front line of Covid-19 and donate concentrated disinfectants

After the outbreak of Covid-19, GCL Group scientifically dispatched, cared about employees, and rushed to assist the society. It successively donated 50 tons of concentrated disinfectants to the Xuzhou Epidemic Prevention and Control Headquarters (徐州市疫情防控指揮部) in Jiangsu Province.



Concentrated Disinfectants Donation Site

APPENDIX I: LIST OF LAWS AND REGULATIONS AND INTERNAL POLICIES

Major Applicable Laws and Regulations:

Product Quality Law of the People's Republic of China
Standardisation Law of the People's Republic of China
Detailed Rules for the Implementation of Production Licenses for Industrial Products
Patent Law of the People's Republic of China
Copyright Law of the People's Republic of China
Detailed Rules for the Implementation of the Patent Law of the People's Republic of China
Environmental Protection Law of the People's Republic of China
Law of the People's Republic of China on Environment Impact Assessment
Water Law of the People's Republic of China
Water Resources Protection Law of the People's Republic of China
Water Pollution Prevention and Control Law of the People's Republic of China
Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste
Air Pollution Prevention and Control Law of the People's Republic of China
Integrated Emission Standards of Air Pollutants
Emission Standard of Air Pollutants for Boiler
Energy Conservation Law of the People's Republic of China
Electric Power Law of the People's Republic of China
Law of the People's Republic of China on Promoting Clean Production
Renewable Energy Law of the People's Republic of China
Labour Law of the People's Republic of China
Labour Contract of the People's Republic of China
Law of the People's Republic of China on the Protection of Rights and Interest of Women
Regulations on the Prohibition of Child Labour
Social Insurance Law of the People's Republic of China
Trade Union Law of the People's Republic of China
Production Safety Law of the People's Republic of China
Law of the People's Republic of China on the Prevention and Control of Occupational Diseases

Major Applicable Internal Policies of the Company:

Standards for Anti-Fraud and Whistleblowing
Corporate Standards System
Standard Development Rules
Silane Gas Standards
Solar Grade Polysilicon
Science and Technology Work Management Standards
Scientific Research Projects Management Standards
Technological Upgrade Management Standards
Technological Achievements Incentive Management Measures
Intellectual Property Management Standards
Trademark Management Standards
Patent Management Measures
Trade Secret Management Measures
Intellectual Property Incentive and Accountability Management Measures
Patent Management Measures
Management Regulation for Three Wastes
6S Management Standard for Office Areas
Control Procedures of Wastewater Discharge
Control Procedures of Wastewater Discharge in the Plant
Regulation on Energy and Water Conservation
Comprehensive Wastewater Discharge Standard
Management and Control Procedures for Waste and Hazardous Waste
Procedures for Controlling Production Exhaust Emissions
Regulation on Energy and Water Conservation
Manual of Energy Regulation
Recruitment Management Standards
Internal Recommendation Management Standards
Salary Management Standards for PV Enterprises
Benefits Management Standards
Employee Reward and Punishment Management Standards
Employee Attendance and Vacation Management Standards
Performance Assessment Management Standards for Functional Personnel
Training Management Standards
Responsibility System for Safety, Occupational Health and Environment Management
Management System of Articles (Appliances) for Labor Protection
Regulations on Management of Work Subject to High Temperature and Heatstroke Prevention and Cooling
Regulations on Occupational Health Management of Radioactive Sources
Occupational Disease Prevention and Control Plan and Implementation Program
Responsibility System for Occupational Disease Prevention and Control
Occupational Disease Hazard Warning and Notification System
Occupational Disease Prevention and Control Publicity Education and Training System

Implementing Maintenance and Repair System for Protection Against Occupational Hazards
Management System for the Monitoring and Evaluation of Workplace Occupational Hazards
Supplier Management Measures
Procurement Management Measures
Supply Chain Management System
Procurement Management System
Warehouse Management
Logistics Management
Materials Coding Management Standards
White Paper on Corporate Citizenship of GCL-Poly
Guidelines for Corporate Citizenship Construction of GCL-Poly

APPENDIX 2: SEHK ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs Index		Index
A. 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 greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	PROTECTING GREEN "GCL" HOPE
KPI A1.1	The types of emissions and respective emissions data.	PROTECTING GREEN "GCL" HOPE — Discharge Compliance
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	PROTECTING GREEN "GCL" HOPE — Low-carbon Emission and Reduction in Discharge
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	PROTECTING GREEN "GCL" HOPE — Discharge Compliance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	PROTECTING GREEN "GCL" HOPE — Discharge Compliance
KPI A1.5	Description of measures to mitigate emissions and results achieved.	PROTECTING GREEN "GCL" HOPE — Low-carbon Emission and Reduction in Discharge PROTECTING GREEN "GCL" HOPE — Discharge Compliance
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	PROTECTING GREEN "GCL" HOPE — Discharge Compliance
Aspect A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	PROTECTING GREEN "GCL" HOPE — Low-carbon Emission and Reduction in Discharge PROTECTING GREEN "GCL" HOPE — Resources Saving

Subject Areas, Aspects, General Disclosures and KPIs Index		Index
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).	PROTECTING GREEN "GCL" HOPE — Low-carbon Emission and Reduction in Discharge
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	PROTECTING GREEN "GCL" HOPE — Resources Saving
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	PROTECTING GREEN "GCL" HOPE — Low-carbon Emission and Reduction in Discharge
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	PROTECTING GREEN "GCL" HOPE — Resources Saving
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	PROTECTING GREEN "GCL" HOPE — Resources Saving
Aspect A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	PROTECTING GREEN "GCL" HOPE
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	PROTECTING GREEN "GCL" HOPE
B. Society		
Employment and Labor Practices		
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.	AGGLOMERATING "GCL" TALENT FORCE — Compensation and Benefits

Subject Areas, Aspects, General Disclosures and KPIs Index		Index
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	AGGLOMERATING "GCL" TALENT FORCE — Employee Overview
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	AGGLOMERATING "GCL" TALENT FORCE — Employee Overview
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.	AGGLOMERATING "GCL" TALENT FORCE — Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	AGGLOMERATING "GCL" TALENT FORCE — Health and Safety
KPI B2.2	Lost days due to work injury.	AGGLOMERATING "GCL" TALENT FORCE — Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	AGGLOMERATING "GCL" TALENT FORCE — Health and Safety
Aspect B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	AGGLOMERATING "GCL" TALENT FORCE — Training and Development

Subject Areas, Aspects, General Disclosures and KPIs Index		Index
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	AGGLOMERATING "GCL" TALENT FORCE — Staff Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	AGGLOMERATING "GCL" TALENT FORCE — Training and Development
Aspect B4 Labor 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 labor.	AGGLOMERATING "GCL" TALENT FORCE — Employee Overview
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	AGGLOMERATING "GCL" TALENT FORCE — Employee Overview
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	AGGLOMERATING "GCL" TALENT FORCE — Employee Overview
Operating Practices		
Aspect B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	CREATING THE "GCL" VALUE WITH THE SOCIETY — Responsible Supply
KPI B5.1	Number of suppliers by geographical region.	CREATING THE "GCL" VALUE WITH THE SOCIETY — Responsible Supply
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	CREATING THE "GCL" VALUE WITH THE SOCIETY — Responsible Supply

Subject Areas, Aspects, General Disclosures and KPIs Index		Index
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.	HIGH-QUALITY INTELLIGENT MANUFACTURING OF "GCL" QUALITY
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	HIGH-QUALITY INTELLIGENT MANUFACTURING OF "GCL" QUALITY — Quality is Priority
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	HIGH-QUALITY INTELLIGENT MANUFACTURING OF "GCL" QUALITY — Customer-centric
KPI B6.3	Description of methods relating to observing and protecting intellectual property rights.	HIGH-QUALITY INTELLIGENT MANUFACTURING OF "GCL" QUALITY — Product Innovation
KPI B6.4	Description of quality assurance process and recall procedures.	HIGH-QUALITY INTELLIGENT MANUFACTURING OF "GCL" QUALITY — Quality is Priority
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	HIGH-QUALITY INTELLIGENT MANUFACTURING OF "GCL" QUALITY — Customer-centric
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.	FULFILLING RESPONSIBILITY AND THE "GCL" MISSION — Operational Compliance

Subject Areas, Aspects, General Disclosures and KPIs Index		Index
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.	FULFILLING RESPONSIBILITY AND THE "GCL" MISSION — Operational Compliance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	FULFILLING RESPONSIBILITY AND THE "GCL" MISSION — Operational Compliance
Community		
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.	CREATING THE "GCL" VALUE WITH THE SOCIETY — Charity Initiatives for the Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	CREATING THE "GCL" VALUE WITH THE SOCIETY — Charity Initiatives for the Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	CREATING THE "GCL" VALUE WITH THE SOCIETY — Charity Initiatives for the Community

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

ZHU Gongshan (Chairman), aged 63, is the founder of the Company. He has been an Executive Director and the Chairman of the Company since July 2006. Mr. Zhu is also a member of the Strategy and Investment Committee of the Company. Mr. Zhu and his family (including his son, Mr. Zhu Yufeng, who is also a Director of the Company) are the beneficiaries of a discretionary trust which was interested in about 25.42% issued share capital of the Company as at the date of this Report. Mr. Zhu Gongshan is currently a member of the 12th National Committee of the Chinese People's Political Consultative Conference (the "CPPCC"), a member of the 12th Jiangsu Province Committee of the CPPCC, the Chairman of Global Green Energy Industry Council, the chairman of Global Solar Council, the vice chairman of Global Innovation Centre, the vice president of the China Electricity Council. He concurrently serves as the executive chairman of ICC China Environment and Energy Committee, the vice chairman of China Overseas Chinese Entrepreneurs Association, the vice chairman of China Fortune Foundation Limited, the vice chairman of China Industrial Overseas Development & Planning Association, the vice president of Jiangsu Federation of Industry and Commerce, the honorary chairman of Jiangsu Residents Association in Hong Kong, an executive vice chairman of the Federation of HK Jiangsu Community Organisations. Mr. Zhu Gongshan has been given the "New China 70th New Energy Industry 10 Outstanding Contributors" award and the medals of "Chinese Enterprise Reform, Figure of Energy Revolution and Leading Energy Entrepreneur of 40 Years Reform and Opening". Mr. Zhu Gongshan graduated from Nanjing Electric Power College (南京電力專科學校) in July 1981 and obtained a diploma in electrical automation. Mr. Zhu Gongshan is also the director of GCL System Integration Technology Co., Ltd., a company with its shares listed on the Shenzhen Stock Exchange (Stock Code: 002506) and GCL Energy Technology Co. Ltd., a company with its shares listed on the Shenzhen Stock Exchange (Stock Code: 002015).

ZHU Zhanjun (CEO), aged 52, has been an Executive Director and Executive President of the Company since January 2015. He has been appointed as the Chief Executive Officer ("CEO") of the Company since April 2016. Mr. Zhu is a member of the Strategy and Investment Committee of the Company and also a director of several subsidiaries of the Company. He has vast experience in the polysilicon and wafer business. He joined the Company in 2004 as a plant manager of one power plants of the Company and became a general manager in 2006. He was transferred to Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業發展有限公司) ("Jiangsu Zhongneng"), a subsidiary of the Company which manufactures polysilicon, as Deputy Director- Infrastructure in 2008. Mr. Zhu was promoted as the General Manager of Jiangsu GCL Silicon Material Technology Development Co., Ltd. (江蘇協鑫硅材料科技發展有限公司) ("Jiangsu GCL"), a subsidiary of the Company in 2009 and was appointed as a vice president of the Company in 2013, overseeing the Company's ingot business and Jiangsu GCL's wafer business. Mr. Zhu is an engineer and obtained a Master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in 2013. Mr. Zhu is currently responsible for the overall operation and management of the Group.

ZHU Yufeng, aged 40, has been an Executive Director of the Company since September 2009 and is a member of the Remuneration Committee of the Company. Mr. Zhu is also a director of several subsidiaries of the Company. He graduated from George Brown College (Business Administration Faculty) in 2005. Mr. Zhu and his family (including his father, Mr. Zhu Gongshan, who is also a Director of the Company) are the beneficiaries of a discretionary trust which owns about 25.42% issued share capital of the Company as at the date of this Report. Mr. Zhu joined a subsidiary of the Company in 2006. He is responsible for human resources, administration and project tender of the Company. Mr. Zhu has been appointed as the vice chairman and president of Golden Concord Group since 3 June 2016 and 15 January 2019, respectively. Mr. Zhu is also the chairman and an executive director of GCL New Energy Holdings Limited ("GNE"), a subsidiary of the Company with its shares listed on the Hong Kong Stock Exchange Main Board (Stock Code: 451). Mr. Zhu is also the director of GCL Energy Technology Co. Ltd., a company with its shares listed on the Shenzhen Stock Exchange (Stock Code: 002015).

SUN Wei, aged 50, has been an Executive Director of the Company since September 2016. Prior to the appointment, Ms. Sun was an Executive Director of the Company for the periods from November 2006 to July 2007 and from October 2007 until January 2015, she has also served the Company as the Honorary Chairman of Finance and Strategy Function. She is also a director of several subsidiaries of the Company. Ms. Sun currently is responsible for the corporate finance, financial strategy and management of the Group. Ms. Sun is the non-executive director of GNE and the vice chairman of Golden Concord Holdings Limited, a company controlled by Mr. Zhu Gongshan. Ms. Sun has over 20 years' experience in corporate finance, financial strategy and management experience. Ms. Sun was awarded a Doctorate degree in Business Administration in 2005. Ms. Sun is also the director of GCL Energy Technology Co. Ltd., a company with its shares listed on the Shenzhen Stock Exchange (Stock Code: 002015).

YEUNG Man Chung, Charles (CFO and Company Secretary), aged 53, has been an Executive Director of the Company since September 2014. He is also a member of the Nomination Committee, Corporate Governance Committee and Strategy and Investment Committee of the Company. Mr. Yeung was appointed as the Chief Financial Officer ("CFO") of the Company on 30 April 2014 and Company Secretary of the Company on 20 March 2017. He is also a director of several subsidiaries of the Company. Prior to joining the Company in April 2014, he 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 he 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 a major in accounting and he is also a member of The Hong Kong Institute of Certified Public Accountants and The Australian Society of Certified Practising Accountants. Mr. Yeung has over 25 years of experience in accounting, auditing and financial management. Mr. Yeung is responsible for the financial control and reporting, corporate finance, tax and risk management of the Company and its subsidiaries. Mr. Yeung is also a non-executive director of GNE and the vice president of Golden Concord Group. Mr. Yeung is an independent non- executive director of Tree Holdings Limited, a company with its shares listed on the Hong Kong Stock Exchange GEM Board (Stock code: 8395) and a director of Millennial Lithium Corp., a company with its shares listed on the TSX Venture Exchange in Canada.

ZHENG Xiongjiu, aged 52, has been an Executive Director of the Company since April 2016. He was the general manager of the Company's two wafer plants in 2010. Since 2013, Mr. Zheng has managed the wafer business of five wafer plants including the two original wafer plants. In 2015, Mr. Zheng was promoted as senior vice president (solar business) of the Company. Mr. Zheng is also a director of several subsidiaries of the Company. He graduated from Xian Jiaotong University in 1991, major in mechanical engineering. Mr. Zheng obtained a Master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in 2016. Mr. Zheng is currently responsible for the daily operation and management of the five wafer plants of the Company, the principal business of which is production and sale of wafer.

Independent Non-Executive Directors

HO Chung Tai, Raymond *SBS, MBE, S.B.St.J., JP*, aged 82, has been an Independent Non-Executive Director of the Company since September 2007. He is the chairman of the Remuneration Committee, the Strategy and Investment Committee and the Corporate Governance Committee of the Company, and also a member of the Audit Committee and the Nomination Committee of the Company.

Dr. Ho has 58 years of experience in the fields of civil, structural, environmental and geotechnical engineering and direct project management of mega-size engineering projects including 48 years in Hong Kong and 10 years in the United Kingdom. As Project Director, he had direct management responsibility for the HK$3.0 billion (cost at the time) project of Electrification and Modernisation of Kowloon-Canton Railway (East Rail line) from the mid-70's till early 80's; and also as Project Director for all the government-funded infrastructure works for Shatin New Town and Tseung Kwan O New Town from early 1982 till the end of 1993, as well as professionally responsible experience in the construction of tunnels, bridges, flyovers, roads, dockyards, wharves, jetties, hospitals, hotels, incinerators, high-rise commercial/residential buildings, Ocean Park, slopes, reclamation, environmental studies and environmental protection projects.

Dr. Ho is currently the Honourary Chairman and past Chairman of Guangdong Daya Bay Nuclear Power Station and Ling Ao Nuclear Power Station Nuclear Safety Consultative Committee and former professional advisor to The Ombudsman of Hong Kong (Architecture, Engineering and Surveying). He also participates in the promotion of innovation and technology such as Graphene. Dr. Ho also is currently an independent non-executive director of the following listed companies in Hong Kong, namely, Deson Development International Holdings Limited, Chinlink International Holdings Limited, AP Rentals Holdings Limited, Fu Shek Financial Holdings Limited and Superland Group Holdings Limited.

YIP Tai Him, aged 51, has been an Independent Non-Executive Director of the Company since March 2009. He is the chairman of the Audit Committee and the Nomination Committee and is also a member of the Remuneration Committee, the Strategy and Investment Committee and the Corporate Governance Committee of the Company. Mr. Yip is a practising accountant in Hong Kong. He is also a member of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants in the United Kingdom. He has over 25 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of the following listed companies in Hong Kong, namely, Shentong Robot Education Group Company Limited, Redco Properties Group Limited, Zhongchang International Holdings Group Limited and Dongguan Rural Commercial Band Co., Ltd.

SHEN Wenzhong, aged 53, Dr. Shen has been an Independent Non-Executive Director of the Company since July 2015. He is a member of the Audit Committee and the Strategy and Investment Committee of the Company. Dr. Shen has been a Professor and PhD Supervisor in the School of Physics and Astronomy, Shanghai Jiao Tong University since 1999 as well as a Changjiang Chair Professor of Shanghai Jiao Tong University since 2000. He became the Director of the Solar Power Research Institute of Shanghai Jiao Tong University since 2007. Dr. Shen has participated in various science and technology research programmes in the PRC, published scientific papers in international journals and books on photovoltaic subjects. He graduated from the Shanghai Institute of Technical Physics, Chinese Academy of Sciences with a doctorate degree in 1995. During the period from 1996-1999, he joined Georgia State University in the U.S. as a postdoctoral fellow. Dr. Shen is currently an executive council member of China Renewable Energy Society, the honorable chairman of the Committee of Shanghai Solar Energy Society and the chief editor of an academic journal "Solar PV of China". He is an independent non-executive director of Shanghai Aerospace Automobile Electromechanical Co., Ltd. (上海航天汽車機電股份有限公司), a company with its shares listed on The Shanghai Stock Exchange, Jolywood (Suzhou) Sunwatt Co., Ltd. (蘇州中來光伏新材股份有限公司), a company with its shares listed on The Shenzhen Stock Exchange and Arctech Solar Holding Co., Ltd. (江蘇中信博新能源科技股份有限公司), a company with its share listed on the Shanghai Stock Exchange.

WONG Man Chung, Francis, aged 56, has been an Independent Non-Executive Director of the Company since April 2016. He is a member of the Audit Committee and the Strategy and Investment Committee of the Company. He is a Certified Public Accountant (Practising). Mr. Wong is a fellow member in respect of The Chartered Association of Certified Accountants, The Institute of Chartered Accountants in England and Wales, The Society of Chinese Accountants & Auditors and The Hong Kong Institute of Certified Public Accountants and a certified tax adviser of the Taxation Institute of Hong Kong. Previously, Mr. Wong has worked for KPMG, an international accounting firm for 6 years and the Compliance Department of Hong Kong Securities Clearing Company Limited for about 2 years. He has over 28 years of experience in auditing, taxation, corporate internal control & governance, acquisition & financial advisory, corporate restructuring & liquidation, family trust & wealth management. Mr. Wong is currently an independent non-executive director of China Oriental Group Company Limited, Digital China Holdings Limited, Wai Kee Holdings Limited, Integrated Waste Solutions Group Holdings Limited, Greenheart Group Limited, Hilong Holding Limited, Qeeka Home (Cayman) Inc., Shanghai Dongzheng Automotive Finance Co., Ltd. and Intellicentrics Global Holdings Ltd., the shares of all these companies are listed on the Main Board of the Stock Exchange of Hong Kong Limited. Mr. Wong holds a master's degree in management from Guangzhou Jinan University (廣州暨南大學), the PRC.

Senior Management

At the date of this report, the senior management of the Group comprises the above executive Directors, namely, Mr. Zhu Gongshan, Mr. Zhu Zhanjun, Mr. Zhu Yufeng, Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Mr. Zheng Xiongjiu.

CORPORATE GOVERNANCE REPORT

The Company is dedicated to achieve and maintain a high standard of corporate governance to maximize the Company's and the stakeholders' value, with continuous review and evaluation of the various systems and procedures are carried out to ensure their effectiveness. During 2020, the Company had organised an in-house Directors' training in corporate governance for the Directors and senior management of the Company. The Strategy and Investment Committee has reviewed and assessed its responsibility to cover evaluation of significant investment and disposal proposals. Other work done in relation to corporate governance during 2020 is delineated in this report.

The Company has complied with all the code provisions as stipulated in the Corporate Governance Code (the "Code") under Appendix 14 in the Listing Rules throughout the year ended 31 December 2020 save for the deviation from the following code provisions of the Code:

CG Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Zhu Gongshan, the Chairman of the Board, due to other business engagements, was unable to attend the annual general meeting of the Company held on 17 June 2020. Mr. Zhu Gongshan had invited Mr. Yeung Man Chung, Charles, an executive Director, Chief Financial Officer and Company Secretary of the Company to attend and act as the chairman of such meeting.

CG Code C.2 sets out responsibilities of the Board in the aspect of risk management and internal controls and in particular, CG Code C.2.3 states that, inter alia, the Board's annual review should consider significant control failings or weaknesses that have been identified during the period. In this regard, the Company has published announcements on 14 July 2021 and 25 October 2021 (the "Forensic Investigation Announcement") in relation to key findings of the Independent Forensic Investigation and a supplemental forensic investigation, which has identified concerns in the Company's internal controls system in certain areas for the year ended 31 December 2020.

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

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

The Board

Board Composition

As of 31 December 2020, there are eleven Board members comprising, seven Executive Directors and four INEDs, with professional background and/or extensive expertise and experience in the Group's business related industries.

Mr. Jiang Wenwu has resigned as an executive Directors of the Company with effect from 18 June 2021.

Biographical details of the Directors are set out under the section headed "Biographical details of Directors and Senior Management" of this annual report on pages 94 to 97.

Mr. Zhu Gongshan and Mr. Zhu Yufeng are members of the Zhu Family Trust which is a controlling shareholder of the Company. Mr. Zhu Yufeng is the son of Mr. Zhu Gongshan. Ms. Sun Wei is a vice chairman of Golden Concord Holdings Limited, a company controlled by Mr. Zhu Gongshan. Mr. Yeung Man Chung, Charles is the vice president of Golden Concord Group Limited, a company controlled by the Zhu Family Trust.

Save for the above and to the best knowledge of the Company, there is no financial, business, family or other material or relevant relationships among members of the Board and the substantial shareholders of the Company.

Each of the four INEDs has made a written confirmation to the Company of his independence with reference to the criteria and guidelines as set out in Rule 3.13 of the Listing Rules. Each Director has declared to the Company of his/her interests in any material contracts or other interest in the business of the Group or in any competing business with the Group. During the year ended 31 December 2020, the Company complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules which require the minimum number of INEDs and at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

Appropriate insurance to cover against liability of the Directors and officers of the Company has been arranged and renewed annually.

Board Process and Effectiveness

The Board is responsible for leading the Group's activities by determining strategic directions and business plan, exercising a number of reserved powers to oversee the operations and monitor the financial performance of the Group by determination of the annual budget, approving significant capital investment, ensuring the integrity of the Group's accounting and financial reporting system and to oversee management in the design, implementation and monitoring of the risk management and internal control systems of the Group.

The management is responsible to implement the Board's decision within the delegated authority, to make investment proposal, report their performance regularly to the Board and ensure by continuous monitoring that the Group's risk management and internal control systems are effective. Key features of Board process:

- at least four regular Board meetings will be held each year, with additional meetings to be held as and when required. All Directors will be informed of the tentative dates of the regular board meetings to be held at the beginning of each year. In 2020, there were four regular meetings and 20 non-regular meetings held by the Board;
- in respect of regular meetings, at least 14 days' notice is given to all Directors to give them an opportunity to attend. For all other meetings, reasonable notice is given;
- proposed agenda will be given to all Directors at least 14 days prior to the regular meetings to give them an opportunity to include matters in the agenda and the board papers were sent to all Directors at least 3 days before the meetings;
- all Directors are able to access to the advice and services of the Company Secretary, management and external professionals with a view to ensuring that board procedures, all applicable rules and regulations, are followed;
- minutes of all board meetings and committee meetings have been sent to all Directors for their comments and records respectively, within a reasonable time after the meetings are held; and
- a procedure has been adopted by the Company to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense.

Appointment and Re-election of Directors

The INEDs are appointed for a specific term of office for three years. All Directors, including the INEDs, are subject to retirement by rotation and eligible for re-election at annual general meetings in accordance with the Company's Articles of Association, provided that every Director shall be retired at least once every three years. At the annual general meeting held on 17 June 2020. Mr. Zhu Zhanjun, Ms. Sun Wei, Mr. Yeung Man Chung, Charles and Dr. Shen Wenzhong, had been retired and re-elected as Directors at such meeting.

Nomination of Director

Where vacancies arise at the Board or whenever any qualified professionals or individuals with relevant expertise and experience is likely to be invited to join the Board, the qualifications, experience and awards (if any) of the proposed candidate(s) will be put forward to the Nomination Committee for its consideration and decision whether to make recommendation to the Board. A nomination policy has been adopted by the Company.

Responsibilities of Directors

During the year, the Directors had performed their responsibilities by attending and participating in various committees meetings, board meetings and general meetings. In order to encourage the Director's active participation in the meetings, meeting materials will be and had been dispatched to the Directors in advance of the meetings (for all regular meetings, at least three days in advance) to allow them to have the chance to read and understand the issues to be discussed at the meetings. The Company will also circulate a monthly report to the Directors to keep them up-to-date of the status and position of the Group.

At the beginning of each year, the Directors are provided with the tentative schedule of regular meetings so that they can mark their calendar as early as possible to avoid conflict of meetings. There were 24 Board meetings held during the year, including 1 annual general meeting and 2 extraordinary general meetings. The attendance of such meetings is shown in the table below:

Members of the Board	Number of Board meetings attended/held	Number of general meetings attended/held
Executive Directors		
Zhu Gongshan *(Chairman)*	11/24	0/3
Zhu Zhanjun	21/24	3/3
Zhu Yufeng	14/24	3/3
Sun Wei	20/24	3/3
Yeung Man Chung, Charles	24/24	3/3
Jiang Wenwu	21/24	3/3
Zheng Xiongjiu	18/24	3/3
Independent Non-executive Directors		
Ho Chung Tai, Raymond	23/24	3/3
Yip Tai Him	22/24	3/3
Shen Wenzhong	24/24	3/3
Wong Man Chung, Francis	20/24	3/3

Directors' Induction and Continuous Professional Development

Upon the appointment of new Directors, a comprehensive directors' handbook, which sets out the Company's business and a summary of the applicable laws, rules and regulations and key governance issues, will be and had been provided to each newly appointed Directors. A training regarding the rules and regulations applicable to directors of listed companies to observe during their services on Board will also be provided to each of the newly appointed Directors. During the year, the Company had organised an in-house Directors' training for the Directors and the senior management of the Company to attend.

Ongoing updating the Directors and senior management of the Company on further developments and requirements of any applicable rules, regulations and laws or refreshing their knowledge and skills by providing briefings or arrangement of seminars had been adopted by the Company during the year. In addition, understanding the business and operations of the Group is also important for the Directors to discharge their responsibilities.

The Directors acknowledged the importance of updating their professional development and refreshing their knowledge and skills. The Company encouraged the Directors to participate in any seminar or forum organised by professional bodies, independent auditors, solicitors, chambers and business organisations as well as reading relevant articles. Below is a table in accordance with the records maintained by the Company indicating the Directors had received the following training in compliance with code provision A.6.5 of the Code during the year:

	Corporate Governance/ Updates on Laws, Rules & Regulations/ Accounting/Financial/Management or Other Professional Skills	
Directors	**Read Materials**	**Attend Seminars/ Briefings**
Executive Directors	√	√
Zhu Gongshan *(Chairman)*	√	√
Zhu Zhanjun *(CEO)*	√	√
Zhu Yufeng	√	√
Sun Wei	√	√
Yeung Man Chung, Charles	√	√
Jiang Wenwu	√	√
Zheng Xiongjiu	√	√
Independent Non-executive Directors		
Ho Chung Tai, Raymond	√	√
Yip Tai Him	√	√
Shen Wenzhong	√	√
Wong Man Chung, Francis	√	√

Chairman and Chief Executive Officer

Mr. Zhu Gongshan had been the Chairman of the Board since September 2009, and since 1 April 2016, Mr. Zhu Zhanjun was appointed as CEO of the Company. The primary responsibilities of the Chairman are to provide leadership to the Board in setting corporate goals of the Company, overseeing the performance and effectiveness of the Board, ensuring the compliance of rules and regulations and taking a lead to ensure that the Board acts in the best interest of the Company and shareholders as a whole. In particular, the Chairman should ensure that Board meetings are effectively conducted, including all Directors to receive timely, adequate, accurate, complete and reliable information. The Chairman also takes the primary responsibility for ensuring that good corporate governance practices and procedures are established.

The primary responsibilities of the Chief Executive Officer of the Company are to provide leadership for the management of the Company, taking a lead to implement the Company's business strategies and oversee the performance of the management in achieving corporate goals.

The Chairman will meet with the non-executive Directors to discuss with them of any issues concerning the Company, without the presence of the executive Directors. During the year, a meeting had been held among the Chairman and the INEDs.

Delegation by the Board

The Board delegates certain responsibilities to various committees which are discussed below. Each of these committees has its respective terms of reference, all of them are posted on the Stock Exchange's and the Company's websites.

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profits and cash flows of the Group in accordance with International Financial Reporting Standards, disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. In preparing the financial statements for the year ended 31 December 2020, the Directors have selected suitable accounting policies and applied them consistently; made judgements and estimates which are reasonable and have prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position, results of operations, cash flows and changes in equity of the Group. The Independent Auditor's Report relating to their reporting responsibilities on the financial statements of the Company is set out on pages 148 and 149 of this annual report.

Audit Committee

The Audit Committee comprises four INEDs, namely Mr. Yip Tai Him, Ir. Dr. Ho Chung Tai, Raymond, Dr. Shen Wenzhong and Mr. Wong Man Chung, Francis. Mr. Yip Tai Him, who is a practicing accountant in Hong Kong and a member of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants in the United Kingdom, possesses extensive accounting experience and serves as the chairman of the committee.

The terms of reference of the Audit Committee, which has been updated on 4 January 2016, setting out the operation, authorities and responsibilities of the committee is available on the websites of the Company and the Stock Exchange. The major responsibilities of the Audit Committee includes:

- monitoring integrity of the financial statements, annual report and interim report;
- monitoring and assessing the risk management and internal control systems (including the adequacy of resources, qualifications and experience of accounting and financial reporting staff);
- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;
- considering any major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- monitoring the independence of an external auditor;

- monitoring and assessing the performance of the external auditor, proposing to the Board the appointment or removal of the external auditor, and facilitating the communication between external auditor and internal audit function;
- reviewing any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control, management's response and the Board's timely response; and
- acting as key representative body for overseeing the Company's relations with the external auditor.

Four Audit Committee meetings were held in 2020 and the attendance is set out in the following table:

Members of Audit Committee	**Number of meetings attended/eligible to attend**
Yip Tai Him *(Chairman)*	4/4
Ho Chung Tai, Raymond	4/4
Shen Wenzhong	4/4
Wong Man Chung, Francis	4/4

The following work was performed by the Audit Committee during the year ended 31 December 2020 and up to the date of this report:

i. reviewed and approved the audit fees;
ii. assessed the independence of the external auditors;
iii. approved the scope of audit for the year ended 31 December 2020;
iv. reviewed the reports from the Auditor for the interim and year end;
v. reviewed the 2020 audited financial statements and the results announcement (including the unaudited financial statements and the results announcement for the 1st half of 2020 and 2021);
vi. reviewed the report on the continuing connected transactions for the financial year ended 31 December 2020 and six months ended 30 June 2021;
vii. reviewed the interim and year end internal audit reports and concluded that the Group has effective risk management and internal control systems and the qualifications and experience of the Company's accounting staff and resources for financial reporting function are adequate;
viii. reviewed the corporate governance review report (including the compliance status of provisions in relation to risk management and internal audit under Appendix 14 of the Listing Rules) prepared by Internal Controls Consultant and reported to the Board of its conclusion and recommendation;
ix. recommended the election of the proposed external auditors at the forthcoming annual general meeting; and
x. reviewed and approved certain non-audit services provided by the auditor.

The Audit Committee monitors the audit and non-audit services rendered to the Group by its external auditors and ensures that their engagement in other non-audit services will not impair their audit independence.

For the year ended 31 December 2020, the total remuneration paid to the Company's auditors is analysed as follows:

Nature of Service	Fees (RMB'000)
Audit services	
— 2020 Annual audit	20,081
Non-audit services	
— 2020 Interim review	4,441
— Others	10,978

Risk Management and Internal Controls

Assisted by the Corporate Governance Committee and the Audit Committee, the Board monitors the risk management and internal control systems of the Company and its subsidiaries on an ongoing basis. The risk management and internal control systems (the "Systems") implemented by the Board, management and relevant parties aims to manage rather than eliminate risks of failure to achieve the following objectives, and to only provide reasonable, but not absolute, assurance against material misstatement or loss:

- efficiency and effectiveness of operation
- reliability of financial reporting
- compliance with applicable laws and regulations
- effectiveness of risk management

Members of the Board and the management of the Company actively engage in the risks assessment of the Company and the review of its response measures and conduct discussion with respect to major issues.

The Company has an internal control department in place to be responsible for the implementation of risk management and internal control policies. In performing its responsibilities, the internal control department must organise and coordinate management to identify and assess the risks exposed to the Company for the Board's consideration and motivate the management to design, implement and manage a suitable internal control and risk management system to facilitate policies adopted by the Board. In addition to the internal control department, all employees are accountable for the risk management and internal control under each of their scope of responsibilities.

Systems Overview

Each business units of the Company adopts the risk management and internal control structure of the Company during the ordinary course of business. The risk management portion within the structure aims to provide clear and effective management procedures for each business units to identify and review risks and set risk priorities for the purpose of resource allocation and corresponding risk management. The management can also has an understanding of the significant risks exposed to the Company through such System and make and implement decisions accordingly, enabling its business to achieve a better performance. Further, the internal control portion within the structure aims to offer a clear guideline to each business units by clarifying the internal control objective of each key line of business and conducting regular review of the effectiveness of control activities adopted for the purpose of control.

Systems Structure and Communication Mechanism

The Board of the Company has established the Audit Committee, which is currently comprised of 4 independent non-executive directors. Members of the Audit Committee have extensive experiences in the industry and ensure their full independence. The Company has established and published the Terms of Reference for the Audit Committee, which expressly specifies the authorities and responsibilities of the Audit Committee, in accordance with the Listing Rules.

The Company has established risk control systems at different levels of the Board, senior management, management center and directly affiliated companies. The internal control department is responsible for the overall planning and arrangement of the internal control and risk management of the headquarters and directly affiliated companies. Some directly affiliated companies have specialized risk control positions in place, which are responsible for organizing and carrying out specific internal control and risk management work.

For the purpose of continuous monitoring of risk management and internal controls by the Board and management, the Company has established various communication channels, ensuring that information are communicated and implemented in a timely and accurate manner, and providing the Board with relevant confirmation from management:

- The internal control department collects risk information monthly. Each business unit shall complete a form regarding progress made in risk controls on a monthly basis and submit it to the internal control department for preparation of monthly risk report, and remind the management of such matters like significant risk warning; and
- The internal control department reports regularly to the management, the Audit Committee and the Board with respect to risk management and internal controls, ensuring the Board having known sufficient information for the fulfillment of continuous supervision responsibility.

Review Procedure for Systems Effectiveness

The Audit Committee of the Company, on behalf of the Board, makes a comprehensive assessment of the effectiveness of risk management and internal control system at least semi-annually. The Audit Committee has strictly implemented the supervision function of risk management and internal control during the year in the following specific procedures:

- to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective internal control and risk management systems; discussion shall include whether the resources of the Company in accounting and financial reporting functions, qualification and experience of employees, employee training and relevant budget is sufficient or not;
- to consider major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and research on management's response to these findings;
- to ensure coordination between the internal and external auditors, and also ensure the internal audit function entitles sufficient resource and proper place inside the Company, and review and supervise its effectiveness;
- to report to the Board in relation to matters regarding code provision C.3 of the Code.

It is the responsibility of the management of the Company to implement risk management and internal control systems on an on-going basis and report the implementation position at least semi-annually to the Audit Committee and the Board. Management has primarily conducted the following works in relation to risk management and internal control during the year:

- The Company has established a unified risk framework and complete risk pool, and carried out internal risk examination and risk assessments on a regular basis;
- The Company carried out activities in response to major risks, and has analyzed and formulated strategic, operational, financial, and technological responses to the recent changes in the policies of the PV industry in mainland China;
- The Company has carried out quantitative risk management regularly with the aim of optimising quantitative risk measurement indexes to support the risk assessment and risk monitoring procedures;
- The Company has commenced internal control assessment through quantitative self-inspection of business units, combined with the qualitative evaluation of the internal control department, continuously monitored the operation of the internal control system;
- The Company has established risk-oriented internal audit, effectively carried out the annual audit in accordance with the annual audit plan, and regularly communicated with, and reported to, the management and the Audit Committee about significant audit findings.

Significant Risks and Management Program

In the middle of the year and at the end of the year, the Company has identified risk updates, performed overall risk assessment, reviewed risk changes and selected significant risks which need constant attention. During the year, part of the measures adopted by the Group in relation to significant risks are set forth below:

- To cope with potential market competition in the photovoltaic industry, the Company continuously engaged in the strategic transformation of its products, focusing on the adjustment and optimization of the industry structure;
- To cope with the capital risk brought by factors such as the macro economy, relevant departments of the Company actively keep track of the latest policies, obtain financial assistance and closely monitor expenses; and
- To cope with the sales risks brought by market demand and fluctuations on the price of products, the Company continuously strengthen its measures on cost reduction in relation to the launch of new products to the market, optimize customer base, identify key customers and expand to overseas markets.

Inside Information Internal Control

An inside information committee has been set up since November 2012, which is currently comprises all executive Directors. The committee's principal function is to determine whether any confidential information arises from time to time is inside information or not. If the committee recognizes that the information constitutes inside information, it will report to the Board and recommend timely disclosure of such information pursuant to the relevant provisions under the Securities and Futures Ordinance and the Listing Rules. A monthly report of potential inside information, which if further develops, may become inside information will be provided to the committee for continuous monitoring. A policy of inside information has been provided to the senior managers of the Group. They are encouraged to report any incidence or information they believe as inside information when performing their duties to their senior managers or the committee directly.

Remuneration of Directors and Senior Management

Remuneration Committee

The Remuneration Committee comprises two INEDs and one executive Director, namely Ir. Dr. Ho Chung Tai, Raymond (chairman of the committee), Mr. Yip Tai Him and Mr. Zhu Yufeng. The Board resolved to adopt that the Remuneration Committee has the duty to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management. A copy of the terms of reference setting out the operation, authorities and responsibilities of the Remuneration Committee is available at the Company's and the Stock Exchange's websites.

The primary responsibilities of the Remuneration Committee include:

- determining, with delegated responsibility, the remuneration packages of individual executive Directors and senior management;
- making remuneration recommendations of non-executive Directors to the Board;
- recommending the remuneration policy and structure for all Directors and senior management to the Board for approval; and
- reviewing and approving the compensation arrangement to executive Directors and senior management for any loss or termination of officer appointment to ensure that it is consistent with contractual terms and is fair and not excessive.

A meeting was held by the Remuneration Committee during the year 2020 and the attendance is set out in the following table:

Members of Remuneration Committee	**Number of meetings attended/held**
Ho Chung Tai, Raymond *(Chairman)*	1/1
Yip Tai Him	1/1
Zhu Yufeng	1/1

The Remuneration Committee had performed the following work during the year ended 31 December 2020 and up to the date of this report:

i. reviewed and recommended the Board on the remuneration policy of the executive Directors and senior management of the Company;
ii. reviewed, considered and approved the remuneration package of the existing executive Directors; and
iii. approved the adjustment of remuneration of the executive Directors.

Other Committee

Strategy and Investment Committee

During the year, the Strategic and Investment Committee comprised seven members, four INEDs (Ir. Dr. Ho Chung Tai, Raymond (who is also the chairman of the committee), Mr. Yip Tai Him, Dr. Shen Wenzhong and Mr. Wong Man Chung, Francis) and three executive Directors (Mr. Zhu Gongshan, Mr. Zhu Zhanjun and Mr. Yeung Man Chung, Charles). A copy of the terms of reference setting out the operation, authorities and responsibilities of such committee is available at the Company's and the Stock Exchange's websites.

The primary responsibilities of the Strategy and Investment Committee include:

- reviewing long-term strategic development plans;
- reviewing the annual performance of the Company and assessing implementation and progress of the long term strategic development plans;
- reviewing and recommending to the Board on opportunities of upgrading the facilities, expansion, mergers and acquisitions;
- reviewing and recommending to the Board with regard to the political, social and economic development in the PRC affecting or potentially affecting the business activities of the Group;
- reviewing and monitoring the relationship of the Company with its key strategic joint-venture partners or the relationship building with these partners; and
- reviewing, evaluation and recommendation to the Board of any significant investment and disposal proposals.

During the year, the Strategy and Investment Committee (i) reported to the Board and reviewed the long-term strategic development plan of the Group; and (ii) reviewed certain investment proposals and reported to the Board of its conclusion at the Board meeting from time to time.

Nomination Committee

The Nomination Committee comprises two INEDs, namely Mr. Yip Tai Him (chairman of the committee) and Ir. Dr. Ho Chung Tai, Raymond, and an executive Director, namely Mr. Yeung Man Chung, Charles. A copy of the terms of reference setting out the operation, authorities and responsibilities of the Nomination Committee is available at the Company's and the Stock Exchange's websites.

The duties of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board, identifying and making recommendations to the Board on the selection of individual nominated for directorships, assessing the independence of INEDs, and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

A meeting was held by the Nomination Committee during the year 2020 and up to the date of this report, the attendance is set out in the following table:

Members of Nomination Committee	Number of meetings attended/held
Yip Tai Him	1/1
Ho Chung Tai, Raymond	1/1
Yeung Man Chung, Charles	1/1

During the meeting, the committee had reviewed, assessed or made recommendations to the Board (where suitable) on (i) the independence of the INEDs against the criteria and guidelines as set out in Rule 3.13 of the Listing Rules and concluded that all INEDs had complied with the criteria; (ii) the composition of the existing Board members with reference to their age, sex, experience, qualification and expertise against the business scope of the Company and (iii) succession plan.

Nomination policy

The Company adopted a nomination policy (the "Nomination Policy") and board diversity policy ("Board Diversity Policy") with effect from 1 January 2019. A summary of the Nomination Policy is set out as follows:

1. Selection Criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- Reputation for integrity
- Accomplishment and experience relevant in the principal activities of the group or photovoltaic and related industry
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

2. Nomination Procedures

1 The Secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

2 For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval.

3 Until the issue of the Members' circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

Board Diversity Policy

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. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

A summary of the board diversity policy is set out as follows:

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 annually.

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.

Corporate Governance Committee

The Corporate Governance Committee comprises two INEDs, namely Ir. Dr. Ho Chung Tai, Raymond (chairman of the committee), Mr. Yip Tai Him and an executive Director, namely Mr. Yeung Man Chung, Charles. A copy of the terms of reference setting out the operation, authorities and responsibilities of the Corporate Governance Committee is available at the Company's website.

The duties of the Corporate Governance Committee includes:

i. developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;
ii. reviewing and monitoring the training and continuous professional development of Directors and senior management;
iii. reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
iv. developing, reviewing and monitoring the code of conduct applicable to employees and Directors; and
v. reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report.

Two meetings were held by the committee during the year 2020 and up to the date of this report, the attendance is set out in the following table:

Members of Corporate Governance Committee	**Number of meetings attended/held**
Ho Chung Tai, Raymond	2/2
Yip Tai Him	2/2
Yeung Man Chung, Charles	2/2

The committee had reviewed and evaluated the effectiveness of (i) the performance of certain policies and practices adopted by the Company, including the whistle-blowing policy, the inside information policy and discloseable transaction policy and connected transaction policy; (ii) the Board committees, including the Audit Committee, Remuneration Committee, Nomination Committee and Strategy and Investment Committee; (iii) the policy in relation to the training and continuous professional development of Directors and senior management; (iv) the constitution, authority and responsibilities of the Strategy and Investment Committee which mainly deals with the investment proposals and make recommendations to the Board; and (v) the report on whistle-blowing policy. The committee concluded the adopted policies are effective.

Dividend Policy

The Company has adopted a dividend policy (the "Dividend Policy"). 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.

Any dividend declared by the Company shall be conducted in accordance with the Cayman Islands Companies Law, 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.

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.

Compliance with Model Code

The Board has adopted the model code with terms no less exacting than the required standard as set out in Appendix 10 of the Listing Rules as its own model code of conduct regarding Directors' securities transactions (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2020.

Investor Relations and Communication with Shareholders

The Board recognizes the importance of communication with shareholders and has adhered to its established communication policy. The general communication policy includes timely dispatch full and accurate information to shareholders and investment public by announcement, financial reports and circulars through the website of the Stock Exchange and the Company's website; maintain dialogue with shareholders by disclosing the way of communication to the Board and in relation to share registration matters, the contact of the share registrar in Hong Kong; and by convening the general meetings (if any) and annual general meeting. On 17 June 2020, the Company convened an annual general meeting. At the meeting, the Directors, members and/or chairman of the Board committees had attended and answer questions raised by the shareholders.

Directors and our Investor Relations team also communicated from time to time with analysts, fund managers, institutional shareholders and media while keeping the stringent standard of not disclosing inside information to any selective group. The Directors, executives together with our Investor Relations team held/participated in meetings, presentations and conference with them. Details of investor relations activities were further described under the section headed "Major Investor Relations Activities" of this report.

There is no change in the Company's Memorandum and Articles of Association during the year. A copy of the Memorandum and Articles of Association is available at the websites of the Stock Exchange and the Company.

Shareholders' Rights

Procedures for members to convene extraordinary general meeting ("EGM")

The following procedures are subject to the Company's Articles of Association and applicable legislation and regulation.

1. Pursuant to Article 58 of the Articles of Association of the Company, any one or more members of the Company 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 an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

2. The requisitionist(s) shall deposit his/their requisition together with the proposals to be considered at such meeting at the principal place of business of the Company at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time and for the attention of the Chairman of the Board and the Company Secretary.

3. If the requisition is in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the requirements under the Articles of Association to all the registered members. On the contrary, if the requisition is invalid, the members concerned will be advised of this outcome and accordingly, an EGM will not be convened as requested.

4. The notice period to be given to all the registered members for consideration of the proposal raised by the member(s) concerned at an EGM varies according to the nature of the proposal, as follows:

   — at least twenty-one (21) clear days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and

   — at least fourteen (14) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

Members who have enquiries about the above procedures may write to the Company Secretary at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time.

Procedures for a Member to Propose a Person for Election as a Director

The following procedures are subject to the Company's Articles of Association and applicable legislation and regulation.

1. If a member, who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s), wishes to propose a person (other than the member himself/herself) for election as a director at that meeting, he/she can deposit a written notice at the Company's principal office at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, or at any address notified by the Company from time to time for the attention of the Company Secretary of the Company.

2. In order for the Company to inform all members of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the member concerned and that person indicating his/her willingness to be elected.

3. The period for lodgment of such a written notice will commence on the day after the despatch of the notice of the general meeting and end no later than seven (7) clear days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting (twenty (20) business days in case of annual general meeting), the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the members at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting (twenty (20) business days in case of annual general meeting).

Members who have enquiries about the above procedures may write to the Company Secretary at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time.

Enquiries to the Board

No procedure set in the Articles of Association of the Company is available for any member to put forward an enquiry to the Board. A member may, of course, at any time write to the board of directors of the Company at the Company's principal office at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time. In relation to share registration matters in Hong Kong, a member shall contact the branch share registrar in Hong Kong, namely Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors" or the "Board") submit their report together with the audited consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2020.

Principal Activities

The principal activities of the Group during the year 2020 are principally engaged in the manufacturing and sale of polysilicon and wafers products, and developing, owning and operation of solar farms.

The particulars of the Group's principal subsidiaries, interests in associates and interests in joint ventures are set out in notes 19, 20 and 55 of the consolidated financial statements, respectively.

Business Review

The Group's revenue is derived principally from the sales of polysilicon, wafer and electricity, which is primarily conducted in the PRC. An analysis of the Group's performance for the year by operating segment is set out in note 6 to the consolidated financial statements.

A fair review of the Group's business, including the important events affecting the Group that have occurred since the end of 2020 and the likely future developments of the Group's business, is set out in the Chairman's Statement, CEO's Review of Operations and Outlook, and the Management Discussion and Analysis sections on pages 13 to 40 of this report. Potential risks and uncertainties were reviewed and assessed by the Board, which was set out in the Corporate Governance Report under the Risk Management and Internal Controls section on pages 105 to page 108. Details about the Group's financial risk management are set out in note 44b to the consolidated financial statements.

There was no incidence of non-compliance with the relevant laws and regulations in relation to the operations that have a significant impact on the Group's business.

A description of the Group's environmental policies and performance, compliance with relevant laws and regulations and relationships with major stakeholders are set out on pages 44 and 93 of this report, details of which will be included in the environmental, social and governance report to be published by the Company.

Results and Appropriations

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income from pages 150 to 152. The Directors do not recommend the payment of any final dividend for the year ended 31 December 2020 (2019: nil).

Financial Summary

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on pages 2 to 3.

Property, Plant and Equipment

Movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Share Capital

Details of movements in the issued share capital of the Company during the year are set out in note 40 to the consolidated financial statements.

Distributable Reserves

The distributable reserves of the Company as at 31 December 2020 amounted to RMB20,500.2 million (2019: RMB24,272.3 million).

Bank and Other Borrowings

Particulars of the Group's bank and other borrowings are set out in note 36 to the consolidated financial statements.

Donations

Donations by the Group for charitable and other purposes as at 31 December 2020 amounted to RMB180,780 (2019: RMB307,000).

Equity-linked Agreements

Save for the share option schemes, the share award scheme and the US subsidiary's equity incentive plan described below with details of movements set out in note 49 to the consolidated financial statements, no equity-linked agreements were entered into by the Group during the year ended 31 December 2020, or subsisted at the end of the year 2020.

Directors

The directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. Zhu Gongshan *(Chairman)*
Mr. Zhu Zhanjun *(Chief Executive Officer)*
Mr. Zhu Yufeng
Ms. Sun Wei
Mr. Yeung Man Chung, Charles *(Chief Financial Officer and Company Secretary)*
Mr. Jiang Wenwu *(resigned on 18 June 2021)*
Mr. Zheng Xiongjiu

Independent Non-executive Directors

Ir. Dr. Ho Chung Tai, Raymond
Mr. Yip Tai Him
Dr. Shen Wenzhong
Mr. Wong Man Chung, Francis

In accordance with Articles 87(1) and (2) of the Articles of Association of the Company, Mr. Zhu Gongshan, Mr. Zhu Yufeng, Mr. Wong Man Chung, Francis and Ir. Dr. Ho Chung Tai, Raymond will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company has assessed their independence and considers that all the independent non-executive directors are independent in accordance with guidelines set out in the Listing Rules.

Directors' Services Contracts

Each of the non-executive directors has entered into a service contract with the Company for a fixed term of three years and will be terminated by not less than three months' notice in writing served by either party on the other. Upon the expiry of the notice period, the appointment will be terminated.

No Director proposed for re-election at the forthcoming annual general meeting has entered into any service agreements with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interest in Contracts

Save as disclosed under the section headed "Connected Transactions and Continuing Connected Transactions" in this report of the Directors, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and which subsisted at the end of the year or at any time during the year.

Permitted Indemnity Provision

Subject to the applicable laws, every Directors, Company Secretary and other officers of the Company shall be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses incurred by him or her in the execution of his or her duties or in relation thereto pursuant to the Company's Articles of Associations, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. Such provisions were in force during the course of the financial year ended 31 December 2020 and remained in force as of the date of this report.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Company

As at 31 December 2020, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules:

(A) Long position in the shares and underlying shares of the Company:

	Number of ordinary shares held					
Name of Director/ chief executive	**Beneficiary of a trust**	**Corporate interests**	**Personal/ Family interests**	**Number of underlying Shares held**	**Total**	**Approximate percentage of issued share capital (note 3)**
Zhu Gongshan	6,370,388,156 (note 1)	—	—	—	6,370,388,156	30.13%
Zhu Zhanjun	—	—	3,400,000	2,719,359 (note 2)	6,119,359	0.03%
Zhu Yufeng	6,370,388,156 (note 1)	—	—	1,510,755 (note 2)	6,371,898,911	30.14%
Sun Wei	—	—	5,723,000	1,712,189 (note 2)	7,435,189	0.04%
Yeung Man Chung, Charles	—	—	—	1,700,000 (note 2)	1,700,000	0.01%
Jiang Wenwu	—	—	9,600,000	1,712,189 (note 2)	11,312,189	0.05%
Zheng Xiongjiu	—	—	250,000	2,517,924 (note 2)	2,767,924	0.01%
Ho Chung Tai, Raymond	—	—	—	1,007,170 (note 2)	1,007,170	0.01%
Yip Tai Him	—	—	—	1,007,170 (note 2)	1,007,170	0.01%

Notes:

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

(2) These are share options granted by the Company to the Directors, pursuant to the share option scheme adopted by the shareholders of the Company on 22 October 2007. Such granted share options can be exercised by the Directors at various intervals during the period from 15 March 2016 to 28 March 2026 at an exercise price of HK$1.160 or HK$1.324.

(3) The total number of ordinary shares of the Company in issue as at 31 December 2020 is 21,144,438,207.

(B) Long position in the shares and underlying shares of the Company's associated corporation, namely GCL New Energy Holdings Limited ("GNE"), in which the Company indirectly holds approximately 57.75% issued shares:

	Number of ordinary shares of GNE held					
Name of Director/ chief executive	Beneficiary of a trust	Corporate interests	Personal interests	Number of underlying shares held	Total	Approximate percentage of issued share capital of GNE (note 3)
Zhu Gongshan	1,905,978,301 (note 1)	—	—	—	1,905,978,301	9.99%
Zhu Yufeng	1,905,978,301 (note 1)	—	—	3,523,100 (note 2)	1,909,501,401	10.01%
Sun Wei	—	—	—	27,178,200 (note 2)	27,178,200	0.14%
Yeung Man Chung, Charles	—	—	—	15,099,000 (note 2)	15,099,000	0.08%

Notes:

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

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

3. The total number of ordinary shares of GNE in issue as at 31 December 2020 is 19,073,715,441.

Save as disclosed above, as at 31 December 2020, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register that was required to be kept under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Option Schemes

Share option scheme of the Company

The Company adopted a share option scheme (the "Share Option Scheme") on 22 October 2007 which became effective on 13 November 2007. The purpose of the Share Option Scheme is to motivate personnel to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such personnel who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives of the Company, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. The Share Option Scheme shall be valid and effective for a period of 10 years from 22 October 2007, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

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

During the year, no share options was granted, a total of 10,439,317 share options were lapsed, the outstanding share option under the Scheme Option Scheme as at 31 December 2020 is 123,717,973.

Details of the share options outstanding and movements under the Share Option Scheme of the Company during the year are as follows:

Name or category of participant	Date of grant (note)	Exercise period	Exercise Price per share (HK$)	Number of options: Outstanding as at 1.1.2020	Granted during the year	Lapsed or forfeited during the year	Cancelled during the year	Exercised during the year	Outstanding as at 31.12.2020
Directors/chief executive and their associates									
Zhu Yufeng	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,510,755	—	—	—	—	1,510,755
Sun Wei	19.2.2016	15.3.2016 to 18.2.2026	1.16	1,712,189	—	—	—	—	1,712,189
Zhu Zhanjun	29.3.2016	18.4.2016 to 28.3.2026	1.324	2,719,359	—	—	—	—	2,719,359
Yeung Man Chung, Charles	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,700,000	—	—	—	—	1,700,000
Jiang Wenwu	19.2.2016	15.3.2016 to 18.2.2026	1.16	1,712,189	—	—	—	—	1,712,189
Zheng Xiongjiu	19.2.2016	15.3.2016 to 18.2.2026	1.16	2,517,924	—	—	—	—	2,517,924
Yip Tai Him	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170
Ho Chung Tai, Raymond	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170
Zhu Qingsong (associate of Mr. Zhu Gongshan and an employee of the Group)	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170
Non-director employees (in aggregate)	12.1.2011	1.3.2011 to 11.1.2021	3.296	5,035,850	—	—	—	—	5,035,850
	15.7.2011	1.9.2011 to 14.7.2021	4.071	4,834,415	—	—	—	—	4,834,415
	5.7.2013	16.9.2013 to 4.7.2023	1.630	15,354,308	—	(1,274,071)	—	—	14,080,237
	24.3.2014	26.5.2014 to 23.3.2024	2.867	21,352,004	—	—	—	—	21,352,004
	19.2.2016	15.3.2016 to 18.2.2026	1.16	73,054,277	—	(9,165,246)	—	(3,389,000)	60,500,031
	29.3.2016	18.4.2016 to 28.3.2026	1.324	3,021,510	—	—	—	—	3,021,510
Total				**137,546,290**		**(10,439,317)**		**(3,389,000)**	**123,717,973**

Notes: The vesting period under the Share Option Scheme is 20% of the share options granted on the year of grant, the first, second, third and fourth anniversary of the date of grant, respectively. All share options granted will be fully vested on the fourth anniversary of the date of grant.

(A) Share option scheme of a subsidiary

GCL New Energy Holdings Limited ("GNE"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 451), in which the Company indirectly owned 57.75% issued shares as at 31 December 2020, is a subsidiary of the Company.

GNE adopted a share option scheme (the "GNE Share Option Scheme") on 15 October 2014 for the purpose to motivate personnel to optimise their future contributions to GNE and its subsidiaries ("GNE 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 GNE Group, and additionally in the case of executives of GNE, to enable GNE Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The GNE 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. The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of GNE in issue from time to time. Any offer of grant of options shall remain open for acceptance together with an acceptance remittance of HK$1.00 to be received by GNE shall not be more than 30 days from the date of offer. The exercise price of any options granted shall not be less than whichever is the highest of:

(a) the nominal value of the share of GNE;

(b) the closing price of a share of GNE as stated in the Stock Exchange's daily quotations sheet on the date of offer; and

(c) the average closing price of a share of GNE as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer.

During the year, no share options was granted, exercised nor cancelled under the GNE Share Option Scheme, and 65,630,320 share options were lapsed.

After the reporting period (i.e. 31 December 2020), GNE share options were third granted on 26 February 2021 to subscribe to 381,318,750 GNE shares and of which 370,516,250 GNE share options have been accepted by the grantees of GNE. For details, please refer to the announcement of GNE dated 26 February 2021.

Details of the outstanding and movements of share options under the GNE Share Option Scheme during the year are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise Price per share (HK$)	Number of options: Outstanding as at 1.1.2020	Granted during the year	Lapsed or forfeited during the year	Exercised during the year	Outstanding as at 31.12.2020
Directors/chief executive								
Zhu Yufeng	24.7.2015	24.7.2015 to 23.7.2025	0.606	3,523,100	—	—	—	3,523,100
Sun Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1798	24,158,400	—	—	—	24,158,400
	24.7.2015	24.7.2015 to 23.7.2025	0.606	3,019,800	—	—	—	3,019,800
Yeung Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1798	12,079,200	—	—	—	12,079,200
	24.7.2015	24.7.2015 to 23.7.2025	0.606	3,019,800	—	—	—	3,019,800
Directors of GNE and eligible persons of GNE	23.10.2014	24.11.2014 to 22.10.2024	1.1798	237,074,432	—	(20,132,000)	—	216,942,432
	24.7.2015	24.7.2015 to 23.7.2025	0.606	225,186,486	—	(45,498,320)	—	179,688,166
Total				**508,061,218**		**(65,630,320)**		**442,430,898**

Please refer to the 2020 annual report of GNE under the section "Report of Directors" with the heading "Share Option Schemes" for the details of the GNE Share Option Scheme and the movements of options granted thereunder during the year and after reporting period.

Share Award Scheme

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

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

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

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

US Subsidiary's Equity Incentive Plan

The Company's US subsidiary, GCL Solar Materials US II, LLC ("GCL US II"), has adopted an equity plan on 31 March 2017 ("Plan Date") pursuant to a resolution passed on the same date to grant non-voting Class B Units ("Class B Units") which will expire on the later of (i) the sixth anniversary of the Plan Date, or (ii) such date that all Class B Units outstanding are fully vested, settled, lapsed, forfeited or cancelled (as the case may be) (the "US Equity Incentive Plan"). The purpose of the US Equity Incentive Plan is to, through the grant of Class B Units to certain eligible persons, effectively attract, retain and incentivise the core employees and align their interests with the growth of GCL US II as a whole.

Under the US Equity Incentive Plan, the board of directors of GCL US II may grant Class B Units of GCL US II to eligible persons. The aggregate number of Class B Units granted shall not exceed 10% of the fully diluted equity of GCL US II.

The Class B Units granted will be vested in full in three years with one-third to be vested on each of the first, the second and the third anniversary of the Plan Date, respectively. No Class B Unit has been issued to Directors of the Company.

During the year, all Class B Units outstanding are fully vested, settled, lapsed, forfeited or cancelled, therefore, such US Equity Incentive Plan was terminated.

Further details of the US Equity Incentive Plan are set out in note 49 to the consolidated financial statements for the year ended 31 December 2020.

Interests and Short Positions of Substantial Shareholders

As at 31 December 2020, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO:

(i) Long position in the shares and underlying shares of the Company

Name	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company (Note 3)
Asia Pacific Energy Fund Limited	Interest in a controlled corporation (Note 1)	6,370,388,156	30.13%
Citigroup Inc.	Interest in a controlled corporation (Note 2)	1,331,330,145	6.29%

Notes:

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

2. According to the disclose of interest filing of Citigroup Inc. as at 20 December 2020, it had long position in 1,331,330,145 shares of the Company, out of which 762,442,126 shares were held through companies controlled by it, 568,720,019 shares were held through approved lending agent. The long position in 84,000 under unlisted derivative interest is cash settled.

   It had a short position of 732,971,444 shares of the Company through companies controlled by it. The short position in 2,189,000 under unlisted derivative interest is cash settled.

3. The total number of ordinary shares of the Company in issue as at 31 December 2020 is 21,144,438,207.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 31 December 2020, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

Director's Interest in Significant Contracts

Save as disclosed in the heading "Connected Transactions and Continuing Connected Transactions", there is no transaction, arrangement or contract of significance subsisting during or at the end of the year in which a director of the Company is or was materially interested, either directly or indirectly.

Connected Transactions & Continuing Connected Transactions

The INEDs of the Company, have reviewed and considered the report from internal auditors in respect of the internal audit procedures taken and findings on the continuing connected transactions, confirmed that the continuing connected transactions for the year ended 31 December 2020 and that they were entered into:

i. in the ordinary course of the business of the Group;

ii. on normal commercial terms or better; and

iii. in accordance with the relevant written agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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 of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagement 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 year ended 31 December 2020, the continuing connected transactions, which were entered into:

a. have received the approval of the Board;

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

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

d. have not exceeded the relevant announced cap amounts for the financial year ended 31 December 2020.

Details of the connected transactions and continuing connected transactions of the Company for the year ended 31 December 2020 that are subject to reporting and annual review requirements under the Listing Rules are as follows:

(A) Connected Transactions

The following is summary of transaction which was disclosed in the announcement of the Company during the year ended 31 December 2020:

Share Purchase Agreement with Hunan Xinhua Water Conservancy, Jia Wei (Shanghai) Photovoltaic and Jiangsu Zhenfa Holding (as the guarantor of Zhenfa New Energy)

Reference is made to the Company's announcement dated 20 November 2020 and the supplemental announcement dated 26 November 2020 in relation to the Share Purchase Agreement entered into between the Company (as the purchaser), Hunan Xinhua and Jia Wei Shanghai (as the sellers) and Jiangsu Zhenfa Holding (as the guarantor of Zhenfa New Energy). Pursuant to the Share Purchase Agreement, (i) Suzhou GCL-Poly (an indirect subsidiary of the Company) agreed to sell 51% equity interest in Ningxia Qingyang, (ii) Zhenfa New Energy agreed to sell 29% and 20% equity interest in Ningxia Qingyang (the "Target Company") to Hunan Xinhua and Jia Wei Shanghai, respectively and (iii) the Sellers agreed to grant the Put Options to the Purchasers.

As at 20 November 2020, the Target Company is owned as to 51% by Suzhou GCL-Poly and 49% by Zhengfa New Energy. The Sale Shares represent the entire equity interest in the Target Company, which 51% equity interest in the Target Company will be sold by Suzhou GCL-Poly to Hunan Xinhua, 29% equity interest in the Target Company will be sold by Zhengfa New Energy to Hunan Xinhua and 20% equity interest in the Target Company will be sold by Zhengfa New Energy to Jia Wei Shanghai pursuant to the Share Purchase Agreement.

To indemnify Hunan Xinhua against potential loss arising from any contingent liabilities or claims of the Target Company, the respective Seller agreed to provide certain share pledges and specific guarantees to Hunan Xinhua. Suzhou GCL-Poly agreed to provide Hunan Xinhua with the Sangri GCL (an indirect subsidiary of the Company) Share Pledge and a specific guarantee to indemnify Hunan Xinhua in relation to any undisclosed liabilities of the Target Company. Zhenfa New Energy agreed to use the Fourth Instalment as a specific guarantee to indemnify Hunan Xinhua in relation to any legacy issues related to the Operational Solar Power Plant of the Target Company (including but not limited to contingent guarantee or liability, litigation, administrative penalties, engineering defects and quality issues).

An announcement dated 20 November 2020 and a supplemental announcement dated 26 November 2020 setting out details of the above-mentioned transaction were issued by the Company.

The above-mentioned connected transaction was one-off transaction.

(B) Continuing Connected Transactions

Details of the continuing connected transactions of the Company for the year ended 31 December 2020 are as follows:

(1) Steam supply

The Group entered into the following agreements dated 30 June 2017:

Reference is made to the announcement of the Company dated 30 June 2017 in relation to (A) the supply of steam by Taicang Power to Taicang GCL; and (B) the supply of steam by Yangzhou Power to Yangzhou GCL after the expiry of the Existing Yangzhou Steam Supply Agreement on 9 June 2017.

Steam Supply Agreements

(A) Taicang GCL and Taicang Power entered into the Taicang Steam Supply Agreement dated 30 June 2017 in relation to the supply of steam by Taicang Power to Taicang GCL.

Steam is required by Taicang GCL for production of wafer products purpose.

On 30 June 2017, Zhu Family Trust holds 72% equity interests in Taicang Power therefore Taicang Power is an associate of Mr. Zhu and a connected person of the Company. Accordingly, the transaction contemplated under the Taicang Steam Supply Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The transaction amounts and the annual caps ending on 31 May 2020 under the Taicang Steam Supply Agreement was as follows:

Agreement	Transaction amount ending on 31 May 2020 (RMB)	Annual Cap ending on 31 May 2020 (RMB)
Taicang Steam Supply Agreement	0	2,443,000

(B) (i) Reference is also made to the announcement dated 25 April 2018, in relation to, among other things, the New Yangzhou Steam Supply Agreement and the Supplemental Agreement.

On 30 June 2017, Yangzhou GCL and Yangzhou Power entered into the New Yangzhou Steam Supply Agreement dated 30 June 2017 in relation to the supply of steam by Yangzhou Power to Yangzhou GCL after the expiry of the Existing Yangzhou Steam Supply Agreement on 9 June 2017.

On 25 April 2018, Yangzhou GCL and Yangzhou Power entered into the Supplemental Agreement to, among other things, revise the annual caps for the continuing connected transactions under the New Yangzhou Steam Supply Agreement from RMB3,740,000, RMB3,930,000 and RMB1,720,000 to RMB7,993,000, RMB10,719,000 and RMB5,309,000 for the year ending 31 December 2018, the year ending 31 December 2019 and the five months ending 31 May 2020 respectively.

Steam is required by Yangzhou GCL for production of wafer and black-silicon products purpose.

On 25 April 2018, Zhu Family Trust effectively holds 40.8% equity interests indirectly in Yangzhou Power, therefore Yangzhou Power is an associate of Mr. Zhu and a connected person of the Company. Accordingly, the transaction contemplated under the Supplemental Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The transaction amounts and the revised annual caps ending on 31 May 2020 under the New Yangzhou Steam Supply Agreement (as supplemented by the Supplemental Agreement) was as follows:

Agreement	**Transaction amount ending on 31 May 2020** (RMB)	**(Revised) Annual Cap ending on 31 May 2020** (RMB)
New Yangzhou Steam Supply Agreement (as supplemented by Supplemental Agreement)	2,430,073	5,309,000

Announcements of the Company dated 30 June 2017 and 25 April 2018 (for the Supplemental Agreement) setting out details of the above-mentioned transactions were issued.

(B) (ii) Reference is also made to the announcement dated 31 July 2020, in relation to:

Yangzhou GCL and Yangzhou Power entered into the Yangzhou Steam Supply Agreement ("2020 Yangzhou Steam Supply Agreement") dated 31 July 2020 in relation to the supply of steam by Yangzhou Power to Yangzhou GCL after the expiry of the Existing Yangzhou Steam Supply Agreement on 31 May 2020.

On 31 July 2020, Zhu Gongshan Family Trust effectively holds 40.8% equity interests in Yangzhou Power, therefore, Yangzhou Power is an associate of Mr. Zhu and a connected person of the Company. Accordingly, the transaction contemplated under the Supplemental Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The transaction amounts and the revised annual caps for the year ended 31 December 2020 under the New Yangzhou Steam Supply Agreement (as supplemented by the Supplemental Agreement) were as follows:

Agreement	**Transaction amount for the year ended 31 December 2020** (RMB)	**Annual Cap for the year ended 31 December 2020** (RMB)
2020 Yangzhou Steam Supply Agreement	2,809,649	3,573,115.2

An announcement dated 31 July 2020 setting out details of the above-mentioned transaction was issued by the Company.

(2) Staff Training Services

Reference is made to the announcement on 19 June 2017 in relation to the Staff Training Agreement dated 19 June 2017 relating to GCL-Poly Suzhou New Energy entered into the Staff Training Agreement with Suzhou Xin Zhi Hai.

Under the Staff Training Agreement, Suzhou Xin Zhi Hai provides customised training services for the employees of the Group from 16 June 2017 to 31 May 2020, including:

- standardised training module designed for the entire Group;
- customised training modules targeting specific employees;
- implementation and management of training programs; and
- development of a system to maintain employee training records.

Reference is also made to the announcement of GNE dated 25 May 2017, in which GNE Investment entered into an agreement with Suzhou Xin Zhi Hai, pursuant to which Suzhou Xin Zhi Hai provides customized training services to the employees of the GNE Group from 1 June 2017 to 31 May 2020 ("Previous Agreement") by subscription of the e-learning platform at a cost of RMB730 per employee annually. According to the disclosure of interest of filing, the interests of GNE held by Asia Pacific Energy Fund Limited was decreased below 10% and GNE will no longer be deemed as a connected person of the Company in August 2019.

Other than the subscription to the E-learning Platform, GCL-Poly Suzhou or GCL New Energy Investment can also coordinate with Suzhou Xin Zhi Hai to arrange for other customised training programs (協鑫大學培訓服務) at additional costs agreed between themselves. GCL-Poly Suzhou or GCL New Energy Investment shall pay the annual subscription fee for the e-learning platform in the first quarter every year. Fees of other training provided by Suzhou Xin Zhi Hai shall be paid under separate arrangements.

The Company believes that it is important to the success of the Group that its staff receives continued professional development and training.

On 19 June 2017, Suzhou Xin Zhi Hai is a subsidiary of Golden Concord, which owns approximately 34.27% of the issued shares in the Company. Further, Golden Concord is held by the Zhu Family Trust. Accordingly, Suzhou Xin Zhi Hai is a connected person of the Company. As a result, the entering into of the Staff Training Agreement with Suzhou Xin Zhi Hai constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The transaction amounts and the annual caps ending on 31 May 2020 under the Previous Agreement and the Staff Training Agreement were as follows:

Agreement	**Transaction amount ending on 31 May 2020** (RMB)	**Annual Cap ending on 31 May 2020** (RMB)
Staff Training Agreement	744,690	4,223,800

An announcement of the Company dated 19 June 2017 setting out details of the above-mentioned transactions was issued.

(3) Lease of property

(i) Reference is made to the announcement of the Company dated 31 December 2019 in relation to the lease agreements.

Suzhou GCL Research, entered into the following lease agreements as landlord, dated 31 December 2019:

1. GCL System Integration Technology as tenant in relation to the leasing of 5/F Headquarter for use as offices for a term of two months commencing from 1 January 2020 to 29 February 2020 (the "GCL System Integration Technology Lease Agreement");

2. GCL Energy Engineering as tenant in relation to the leasing of 3/F South Western Zone of Research Building for use as offices for a term of two months commencing from 1 January 2020 to 29 February 2020 (the "GCL Energy Engineering Lease Agreement");

3. GCL Energy Technology as tenant in relation to the leasing of 2/F South Western Zone of Research Building for use as offices for a term of twenty-one months commencing from 1 January 2020 to 30 September 2021 (the "GCL Energy Technology Lease Agreement"); and

4. GCL Construction Management as tenant in relation to the leasing of 3/F South Eastern Zone of Research Building for use as offices for a term of twenty-one months commencing from 1 January 2020 to 30 September 2021 (the "GCL Construction Management Lease Agreement").

5/F Headquarter and 2/F & 3/F Research Building are spare space in the property of the Group. The leasing of such spare space could bring additional rental income to the Group.

As at 31 December 2019, the Zhu Family Trust is the ultimate controlling shareholder and a connected person of the Company. GCL System Integration Technology and GCL Energy Engineering are both subsidiaries of GCL System Integration, which is in turn ultimately controlled by Mr. Zhu Yufeng and the Zhu Family Trust, under which Mr. Zhu and his family (including Mr. Zhu Yufeng) are beneficiaries. GCL Energy Technology and GCL Construction Management are both ultimately held and controlled by the Zhu Family Trust. Accordingly, each of GCL System Integration Technology, GCL Energy Engineering, GCL Energy Technology and GCL Construction Management are therefore connected persons of the Company and the transactions under the Lease Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The transaction amounts and the annual caps for the year ended 31 December 2020 under the GCL System Integration Technology Lease Agreement, GCL Energy Engineering Lease Agreement, GCL Energy Technology Lease Agreement and GCL Construction Management Lease Agreement were as follows:

Agreement	**Transaction amount for the year ended 31 December 2020** (RMB)	**Annual Cap for the year ended 31 December 2020** (RMB)
GCL System Integration Technology Lease Agreement (From 1 January 2020 to 29 February 2020)	1,227,450	1,227,450
GCL Energy Engineering Lease Agreement (From 1 January 2020 to 29 February 2020)	1,028,916	1,028,916
GCL Energy Technology Lease Agreement(Note)	323,199	1,211,996
GCL Construction Management Lease Agreement(Note)	2,560,974	3,841,461

Note: During the year, GCL Energy Technology Lease Agreement and GCL Construction Management Lease Agreement were terminated.

An announcement dated 31 December 2019 setting out details of the above-mentioned transaction was issued by the Company.

(ii) *Reference is made to the announcement of the Company dated 27 September 2019 in relation to the lease agreements.*

Suzhou GCL Research, entered into the following lease agreements as landlord, dated 27 September 2019:

The GCL Energy Technology Lease Agreement with GCL Energy Technology as tenant of 3/F Headquarter for use as offices for a term of two years commencing from 1 October 2019 to 30 September 2021.

The 3/F of Headquarter are spare space in the property of the Group. The leasing of such spare space could bring additional rental income to the Group.

On 27 September 2019, GCL Energy Technology is an indirect subsidiary of Golden Concord Group Limited, which is in turn ultimately held by Zhu Family Trust, and is therefore an associate of the Zhu Family Trust and a connected person of the Company. Accordingly, the transactions under the GCL Energy Technology Lease Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The transaction amounts and the annual caps for the year ended 31 December 2020 under the GCL Intelligent Energy Lease Agreement, the Jiangsu Jiarun Lease Agreement and GCL Energy Technology Lease Agreement were as follows:

Agreement	**Transaction amount for the year ended 31 December 2020** (RMB)	**Annual Cap for the year ended 31 December 2020** (RMB)
GCL Energy Technology Lease Agreement	15,284,070	18,284,670

An announcement dated 27 September 2019 setting out details of the above-mentioned transaction was issued by the Company.

Directors' Interests in Competing Business

The following Director is considered to have interest in the business which competes or is likely compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules:

Names of Director	Name of company in which the relevant Director has interest	Principal activities of the competing company	% interest in competing company
Mr. Zhu Yufeng	錫林郭勒中能硅業有限公司 Xilingol Zhongneng Silicon Co., Ltd.* (Dormant and inactive)	Intend to produce polysilicon ingot upon completion of construction	Mr. Zhu Yufeng, through companies controlled by him, holds 70% interest

Note: * English name for identification only

Deed of Non-competition

Pursuant to a restated non-competition deed dated 8 November 2015 (the "Restated NCD") entered into between the Company and Mr. Zhu Gongshan, Mr. Zhu Yufeng, Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited (collectively the "Covenantors") and approved by the independent shareholders of the Company on 26 November 2015, each of the Covenantors had undertaken to the Company that he/it would not participate or hold interests in or be engaged in or acquire or hold any business during the restricted period set out in the Restated NCD, which is involved in the business of the Group from time to time, including the production and selling of polysilicon and wafer products, the development, owning and operation of solar power plants in the PRC or overseas (the "Restricted Business"). Nevertheless, under the Restated NCD, each Covenantor had undertaken that if he/it or any of his/its affiliates is offered or becomes aware of any new investment or business opportunity which is in competition, directly or indirectly, or may lead to direct or indirect competition with the Group in connection with the Restricted Business, he/it must first procure that such opportunity be offered to the Company on no less favourable terms, and that such Covenantor would only be allowed to take up the opportunity himself/itself if the Company has declined it (the "Right of First Refusal Arrangement").

The Covenantors have provided confirmations to the Company that they have complied with the Restated NCD.

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 its shareholders. The remuneration policy of the executive Directors is reviewed by the Remuneration Committee of the Company.

The Group has adopted share option schemes as incentives to Directors, employees and eligible participants, details of the schemes are set out under the section headed "Option Schemes" in this report and in note 49 to the consolidated financial statements.

The Company has adopted a share award scheme on 16 January 2017. The purpose of such scheme is, through the grant of awards to certain eligible persons, to effectively attract, retain and incentivise core employees of the Group and align their interests and growth with the Group as a whole. Details of the scheme and the scheme rules are disclosed under an announcement of the Company dated 16 January 2017.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or relevant laws of the Cayman Islands which would oblige the Company offer new Shares on a pro rata basis to the existing shareholders.

Major Customers and Suppliers

In 2020, the Group's largest supplier accounted for approximately 31.43% of total purchases. The five largest suppliers accounted for 48.40% of the Group's total purchases, evidencing the purchasing department's commitment to ensuring that the Group is not dependent on any one supplier, and that our purchases are at fair market terms.

One of the five largest suppliers of the Company was Inner Mongolia Zhonghuan GCL Solar Material Co., Ltd. ("Inner Mongolia Zhonghuan"), which the Company total effective interest held was 16.04% for the year ended 31 December 2020. Mr. Zhu Gongshan and Mr. Zhu Yufeng with an interest in the Company are interested in Inner Mongolia Zhonghuan through such 16.04% interest of the Company.

During the year, the respective percentage of the revenue from sales of goods attributable to the Group's five largest customers combined was less than 30% of the total Group revenue.

Save as disclosed above, to the best knowledge of the Directors, there is no Directors or any of their associates or any shareholder who holds more than 5% of the ordinary shares of the Company has any interests in the suppliers or customers disclosed above.

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

On 16 June 2020, the Company and placing agent entered into the placing agreement to place out 1,300,000,000 placing shares at a placing price of HK$0.203 per placing share with an aggregate value of approximately HK$264 million to no fewer than six independent placees. The placing was completed on 24 June 2020. Upon completion, the placing shares represent approximately 6.15% of the Company's issued share capital as enlarged by the placing.

Other than disclosed above, during the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Related Party Transactions

Details of the related party transactions undertaken in normal course of business are set out in note 53 to the consolidated financial statements. All related party transactions constituted connected transactions/continuing connected transactions under the Listing Rules and that they have complied with the disclosure requirements in accordance with chapter 14A of the Listing Rules.

Public Float

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

Changes in Information on Directors

As at the date of this report, the changes in information required to be disclosed by the Directors of the Company pursuant to Rule 13.51(B) of the Listing Rules since the published of 2020 Interim Report are set out below:

Name of Director	Details of Change	Effective Date
Mr. Zhu Yufeng	Appointed as a director of GCL Energy Technology Co. Ltd., a company with its shares on the Shenzhen Stock Exchange in June 2019	June 2019
Mr. Zhu Gongshan	Appointed as a director of GCL Energy Technology Co. Ltd., a company with its shares on the Shenzhen Stock Exchange in February 2021	February 2021
Ms. Sun Wei	Appointed as a director of GCL Energy Technology Co. Ltd., a company with its shares on the Shenzhen Stock Exchange in February 2021	February 2021
Dr. Shen Wenzhong	Appointed as an independent non-executive director of Arctech Solar Holding Co. Ltd. in September 2017. The shares of Arctech Solar Holding Co. Ltd. was listed on The Shanghai Stock Exchange on 28 August 2020	28 August 2020
Mr. Yip Tai Him	Appointed as an independent non-executive director of Dongguan Rural Commercial Bank Co., Ltd. in March 2017. The shares of Dongguan Rural Commercial Bank Co., Ltd. was listed on the Hong Kong Stock Exchange on 28 September 2021	28 September 2021
	Becomes as a Chairman of Nomination and Remuneration Committee of Dongguan Rural Commercial Bank Co., Ltd.	28 September 2021

Auditor

Messrs. Deloitte Touche Tohmatsu tendered its resignation as the auditor of the Company with effect from 14 May 2021 and Crowe (HK) CPA Limited ("Crowe") was appointed as auditor of the Company with effect from 29 June 2021. The consolidated financial statements for the year ended 31 December 2020 have been audited by Crowe. Crowe will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of Crowe will be proposed at the forthcoming annual general meeting of the Company.

Events After Reporting Period

Details of the events after reporting period of the Group are set out in note 51 to the consolidated financial statements.

On behalf of the Board
Zhu Gongshan
Chairman

Hong Kong, 25 October 2021

Independent Auditor's Report

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

TO THE SHAREHOLDERS OF GCL-POLY ENERGY HOLDINGS LIMITED
保利協鑫能源控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 150 to 377, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB6,271 million during the year ended 31 December 2020 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB17,168 million, a portion of which is contributed by its non-wholly-owned subsidiary, GCL New Energy Holdings Limited, whose shares are listed on The Stock Exchange of Hong Kong Limited, and its subsidiaries (collectively referred to as "GNE Group"), and whose current liabilities exceeded its current assets by approximately RMB9,230 million, and the Group has entered into agreements which will involve capital commitments and provided financial guarantees to several banks and financial institutions in respect of the banking and other facilities of a joint venture, associates and third parties. In addition, as at 31 December 2020, the Company and GNE Group defaulted the repayment of several borrowings, and GNE Group was involved in several litigation cases, either as a defendant or a guarantor relating to claims by the relevant claimants, which exceeded the limit of litigation amounts stipulated in the financial covenants of certain bank borrowings, and which resulted in triggering the cross default clauses in the relevant loan agreements for certain of the Group's bank and other borrowings totalling approximately RMB6,512 million. In light of this, reclassification of long-term borrowings of approximately RMB4,541 million as current liabilities is required at 31 December 2020 under applicable accounting standard. Subsequent to the end of the reporting period, as disclosed in note 2 to the consolidated financial statements, the abovementioned litigations had not yet been subsequently settled and accordingly, the cross default clauses on the relevant borrowings were still not remediated.

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets	
We identified the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets of cash-generating units ("CGUs") within the solar material business segment as a key audit matter due to the risk that the property, plant and equipment, right-of-use assets and intangible assets of CGUs operating in the solar material business segment are vulnerable to market conditions. During the year ended 31 December 2020, the solar material business segment recognised a segment loss (before impairment loss on property, plant and equipment and right-of-use assets) of approximately RMB1,673 million mainly due to the lower than expected demand under continuing unfavourable market conditions in solar industry induced by the COVID-19 pandemic and the suspension of production of lower profit margin wafer products. With the impairment indicators identified, the carrying amounts of certain CGUs may be higher than the recoverable amounts which involve estimation uncertainty on key assumptions on revenue growth rates and discount rates of such recoverable amounts.	Our procedures in relation to the impairment assessment of property, plant and equipment and right-of-use assets of CGUs in the solar material business segment included: • Understanding of the key controls in respect of the impairment review process of property, plant and equipment, right-of-use assets and intangible assets of the Group; • Understanding on the management methodology and basis applied in calculating the recoverable amount;

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets (Continued)	
As at 31 December 2020, the carrying amount of the Group's property, plant and equipment, right-of-use assets and intangible assets of CGUs in the solar material business segment was approximately RMB10,135 million, RMB2,138 million and RMB213 million respectively. As disclosed in note 15 to the consolidated financial statements, during the year ended 31 December 2020, the Group recognised impairment losses of approximately RMB3,110 million and RMB84 million on property, plant and equipment and right-of-use assets, respectively of the relevant CGUs in the solar material business segment. When a review for impairment is conducted, the recoverable amount is determined based on higher of fair value less cost of disposal and value in use which relies on the management's assumptions and estimates of future income generation from the use of the relevant CGUs.	• Evaluating the management prepared recoverable amount calculations of the relevant CGUs by 1) checking the mathematical accuracy of the impairment models; 2) assessing key assumptions on revenue growth rates and discount rates applied in value in use calculations, if relevant; and 3) obtaining external valuation report for those CGUs and evaluating the methodology and key assumptions adopted; and

KEY AUDIT MATTERS (Continued)

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 solar farms 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 RMB3,223 million was recognised for the year ended 31 December 2020 in which the Group had submitted the applications for tariff adjustments of all on-grid solar farms and under government's approval process.

Our procedures in relation to the recognition of the Group's revenue on tariff adjustments on electricity sales included:

- Obtaining an understanding of key controls in connection with the recognition of tariff adjustments and assessing the operating effectiveness of key controls;

- Obtaining the relevant supporting documents, for example, power purchase agreements and an understanding of the policies and regulations set by the government authorities on tariff adjustments on sales of electricity in this industry to evaluate the appropriateness of management's judgement on recognising tariff adjustment on electricity sales;

- Obtaining legal opinion from the Group's PRC legal advisor in relation to the assessment that all of the Group's solar farms currently in operation had 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 People's Republic of China (the "PRC") government.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 judgement and maintain professional scepticism 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 the 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- 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 the 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.

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

Chan Wai Dune, Charles
Practising Certificate Number P00712

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Revenue	6	**14,620,736**	19,249,621
Cost of sales		**(10,918,475)**	(14,571,196)
Gross profit		**3,702,261**	4,678,425
Other income	7	**692,077**	818,746
Distribution and selling expenses		**(93,942)**	(126,338)
Administrative expenses		**(1,814,180)**	(2,051,326)
Finance costs	8	**(3,155,293)**	(3,946,920)
Impairment losses under expected credit loss model, net of reversal	9A	**(649,147)**	(462,741)
Other expenses, gains and losses, net	9B	**(5,010,542)**	1,058,183
Share of profits of associates	19	**271,564**	401,019
Share of losses of joint ventures	20	**(103,553)**	(51,365)
(Loss) profit before tax		**(6,160,755)**	317,683
Income tax expense	10	**(110,496)**	(206,848)
(Loss) profit for the year	11	**(6,271,251)**	110,835
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		**(20,784)**	(49,691)

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(69,855)**	36,139
Cumulative loss reclassified to profit or loss on sale of investments in debt instruments measured at fair value through other comprehensive income upon disposal	**—**	3,540
	(69,855)	39,679
Other comprehensive expense for the year	**(90,639)**	(10,012)
Total comprehensive (expense) income for the year	**(6,361,890)**	100,823
(Loss) profit for the year attributable to:		
Owners of the Company	**(5,667,864)**	(197,207)
Non-controlling interests	**(603,387)**	308,042
	(6,271,251)	110,835
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	**(5,742,520)**	(213,514)
Non-controlling interests	**(619,370)**	314,337
	(6,361,890)	100,823

Consolidated Statement of Profit or Loss and Other Comprehensive Income (CONTINUED)

For the year ended 31 December 2020

	NOTE	**2020** **RMB cents**	2019 RMB cents
Loss per share	14		
— Basic		**(28.06)**	(1.05)
— Diluted		**(28.06)**	(1.05)

Consolidated Statement of Financial Position

At 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**36,706,248**	52,412,895
Right-of-use assets	16	**3,432,600**	4,529,359
Investment properties	17	**61,149**	65,804
Other intangible assets	18	**213,338**	247,723
Interests in associates	19	**7,039,026**	7,539,323
Interests in joint ventures	20	**574,158**	706,200
Other financial assets at fair value through profit or loss	21	**321,267**	357,542
Equity instruments at fair value through other comprehensive income	21	**21,073**	41,857
Convertible bonds receivable	22	**—**	101,097
Deferred tax assets	23	**289,814**	291,711
Deposits, prepayments and other non-current assets	25	**1,712,971**	2,396,446
Contract assets	26	**1,227,979**	5,639,898
Amounts due from related companies — non-trade related	27	**740,531**	826,951
Pledged and restricted bank and other deposits	29	**682,105**	1,132,156
		53,022,259	76,288,962
CURRENT ASSETS			
Inventories	24	**488,629**	751,188
Trade and other receivables	25	**16,487,802**	13,857,141
Amounts due from related companies — trade related	27	**210,750**	231,987
Amounts due from related companies — non-trade related	27	**386,565**	1,474,146
Other financial assets at fair value through profit or loss	21	**800,763**	477,256
Held for trading investments	28	**3,447**	4,339
Tax recoverable		**2,777**	6,651
Pledged and restricted bank and other deposits	29	**3,864,571**	5,797,270
Bank balances and cash	29	**1,709,585**	1,548,019
		23,954,889	24,147,997
Assets classified as held for sale	30	**3,525,749**	—
		27,480,638	24,147,997

At 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
CURRENT LIABILITIES			
Trade and other payables	31	**12,530,712**	15,018,649
Amounts due to related companies — trade related	32	**214,298**	1,261,381
Amounts due to related companies — non-trade related	32	**1,873,859**	554,927
Loans from related companies	33	**788,668**	743,922
Contract liabilities	34	**357,461**	224,939
Bank and other borrowings — due within one year	36	**22,884,812**	26,976,972
Lease liabilities — due within one year	37	**531,258**	530,655
Notes payables — due within one year	38	**3,312,863**	422,175
Derivative financial instruments	39	**60,561**	133,400
Deferred income		**40,136**	41,885
Tax payables		**134,483**	144,922
		42,729,111	46,053,827
Liabilities associated with assets classified as held for sale	30	**1,919,568**	—
		44,648,679	46,053,827
NET CURRENT LIABILITIES		**(17,168,041)**	(21,905,830)
TOTAL ASSETS LESS CURRENT LIABILITIES		**35,854,218**	54,383,132
NON-CURRENT LIABILITIES			
Contract liabilities	34	**—**	147,740
Loans from related companies	33	**119,840**	1,031,639
Bank and other borrowings — due after one year	36	**13,351,853**	20,285,750
Lease liabilities — due after one year	37	**1,358,881**	1,910,864
Notes payables — due after one year	38	**—**	3,470,542
Deferred income		**518,448**	628,441
Deferred tax liabilities	23	**113,991**	186,748
		15,463,013	27,661,724
NET ASSETS		**20,391,205**	26,721,408

At 31 December 2020

	NOTE	2020 RMB'000	2019 RMB'000
CAPITAL AND RESERVES			
Share capital	40	**1,862,725**	1,742,850
Reserves		**14,726,394**	20,507,309
Equity attributable to owners of the Company		**16,589,119**	22,250,159
Non-controlling interests		**3,802,086**	4,471,249
TOTAL EQUITY		**20,391,205**	26,721,408

The consolidated financial statements on pages 150 to 377 were approved and authorised for issue by the board of directors on 25 October 2021 and are signed on its behalf by:

Zhu Gongshan	**Yeung Man Chung, Charles**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company														
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 (Note i)	Capital redemption reserve RMB'000	Investments revaluation reserve RMB'000	Other reserve RMB'000 (Note ii)	Capital reserve RMB'000 (Note iii)	Statutory reserve funds RMB'000 (Note iv)	Special reserves RMB'000 (Note v)	Share options reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2019	1,610,009	9,802,168	(236,629)	22,202	(38,212)	(619,157)	67,251	3,328,374	(2,074,777)	171,642	(24,007)	9,856,692	21,865,556	4,966,951	26,832,507
Exchange differences arising from translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	—	—	29,844	—	29,844	6,295	36,139
Cumulative loss reclassified to profit or loss on sales of investments in debt instruments measured at fair value through other comprehensive income ("FVTOCI") upon disposal	—	—	—	—	3,540	—	—	—	—	—	—	—	3,540	—	3,540
Fair value loss on investments in equity instruments at FVTOCI	—	—	—	—	(49,691)	—	—	—	—	—	—	—	(49,691)	—	(49,691)
(Loss) profit for the year	—	—	—	—	—	—	—	—	—	—	—	(197,207)	(197,207)	308,042	110,835
Total comprehensive (expense) income for the year	—	—	—	—	(46,151)	—	—	—	—	—	29,844	(197,207)	(213,514)	314,337	100,823
Recognition of share-based payment expenses in respect of share options (note 49)	—	—	—	—	—	—	—	—	—	1,735	—	—	1,735	1,787	3,522
Exercise of share options	9	60	—	—	—	—	—	—	—	(18)	—	—	51	—	51
Forfeitures of share options	—	—	—	—	—	—	—	—	—	(14,394)	—	24,520	10,126	(10,126)	—
Issue of new shares (note 40)	132,832	464,912	—	—	—	—	—	—	—	—	—	—	597,744	—	597,744
Transaction costs attributable to the issue of new shares	—	(9,953)	—	—	—	—	—	—	—	—	—	—	(9,953)	—	(9,953)
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	66,000	66,000
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(383,839)	(383,839)
Acquisition of additional interests in existing subsidiaries	—	—	—	—	—	—	—	—	5,399	—	—	—	5,399	(89,645)	(84,246)
Disposal of partial interest in a subsidiary	—	—	—	—	—	—	—	—	(5,879)	—	—	—	(5,879)	76,679	70,800
Deemed disposal of partial interest in a subsidiary	—	—	—	—	—	—	—	(1,174)	—	—	—	68	(1,106)	29,819	28,713
Disposal of subsidiaries (note 42)	—	—	—	—	—	—	—	(87,715)	—	—	—	87,715	—	(500,714)	(500,714)
Transfer to reserves	—	—	—	—	—	—	—	728,275	—	—	—	(728,275)	—	—	—
At 31 December 2019	1,742,850	10,257,187	(236,629)	22,202	(84,363)	(619,157)	67,251	3,967,760	(2,075,257)	158,965	5,837	9,043,513	22,250,159	4,471,249	26,721,408

	Attributable to owners of the Company														
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 (Note i)	Capital redemption reserve RMB'000	Investments revaluation reserve RMB'000	Other reserve RMB'000 (Note ii)	Capital reserve RMB'000 (Note iii)	Statutory reserve funds RMB'000 (Note iv)	Special reserves RMB'000 (Note v)	Share options reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Exchange differences arising from translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	—	—	(53,872)	—	(53,872)	(15,983)	(69,855)
Fair value loss on investments in equity instruments at FVTOCI	—	—	—	—	(20,784)	—	—	—	—	—	—	—	(20,784)	—	(20,784)
Loss for the year	—	—	—	—	—	—	—	—	—	—	—	(5,667,864)	(5,667,864)	(603,387)	(6,271,251)
Total comprehensive expense for the year	—	—	—	—	(20,784)	—	—	—	—	—	(53,872)	(5,667,864)	(5,742,520)	(619,370)	(6,361,890)
Exercise of share options	288	7,937	—	—	—	—	—	—	—	(4,888)	—	—	3,337	—	3,337
Forfeitures of share options	—	—	—	—	—	—	—	—	—	(8,396)	—	21,279	12,883	(12,883)	—
Issue of new shares (note 40)	119,587	123,174	—	—	—	—	—	—	—	—	—	—	242,761	—	242,761
Transaction costs attributable to the issue of new shares	—	(3,954)	—	—	—	—	—	—	—	—	—	—	(3,954)	—	(3,954)
Contributions into capital of a subsidiary by new investors (note 42(v))	—	—	—	—	—	—	—	—	32,420	—	—	—	32,420	38,580	71,000
Disposal of partial interest in a subsidiary through the Transfer (as defined in note 42(v))	—	—	—	—	—	—	—	—	10,315	—	—	—	10,315	9,685	20,000
Recognition of derivative financial instruments (note 39)	—	—	—	—	—	(22,585)	—	—	—	—	—	—	(22,585)	(15,976)	(38,561)
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(52,644)	(52,644)
Disposal of subsidiaries (note 42)	—	—	—	—	—	—	—	(107,699)	11,844	—	—	107,699	11,844	(301,904)	(290,060)
Transfer to reserves	—	—	—	—	—	—	—	292,475	—	—	—	(292,475)	—	—	—
Deemed disposal of partial interest in subsidiary (note 42(iv))	—	—	—	—	—	(265,850)	—	(88,479)	129,413	—	4,248	15,127	(205,541)	285,349	79,808
At 31 December 2020	1,862,725	10,384,344	(236,629)	22,202	(105,147)	(907,592)	67,251	4,064,057	(1,891,265)	145,681	(43,787)	3,227,279	16,589,119	3,802,086	20,391,205

Notes:

(i) In 2018, the Company paid in total of RMB66,532,000 to a trustee ("Trustee") to purchase 100,000,000 shares of the Company in the market pursuant to the Share Award Scheme (the "Scheme") established on 16 January 2017 ("Adoption Date") by the board of directors of the Company (the "Directors"). As at 31 December 2020, all the shares were held by the Trustee. More details are set out in note 49a(II).

(ii) Other reserve represents the equity (other than share capital) attributable to owners of the Company prior to the reverse acquisition, including share premium, capital reserve, contribution from a shareholder, other reserve, share options reserve, revaluation reserve and deficit. As the Company was accounted for as reverse acquisition by GCL Solar Energy Technology Holdings Inc. ("GCL Solar Energy") in 2009, such reserves attributable to owners of the Company were reclassified to other reserve upon the completion of the reverse acquisition.

Upon disposal of the non-solar power business in 2015, portion of the amount was realised and transferred to the share premium, share options reserve and accumulated profits of the Group.

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

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

(iv) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to transfer 5% — 10% (2019: 5% — 10%) of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the reserve funds (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000 (Restated)
OPERATING ACTIVITIES			
(Loss) profit for the year		**(6,271,251)**	110,835
Adjustments for:			
Income tax expense		**110,496**	206,848
Finance costs		**3,155,293**	3,946,920
Interest income		**(225,871)**	(284,242)
Unrealised exchange (gain) losses, net		**(428,521)**	127,404
Depreciation of property, plant and equipment		**3,267,293**	4,180,281
Depreciation of right-of-use assets		**390,487**	343,768
Depreciation of investment properties		**4,656**	4,656
Amortisation of other intangible assets		**32,986**	101,711
Amortisation of deferred income		**(57,425)**	(85,381)
Loss (gain) on disposal of property, plant and equipment	9B	**56,900**	(55,173)
Loss on disposal of right-of-use assets	9B	**—**	2,583
Share of losses of joint ventures		**103,553**	51,365
Share of profits of associates		**(271,564)**	(401,019)
Bargain purchase from business combination	9B	**—**	(73,858)
Loss (gain) on disposal of solar farm projects, net	9B	**218,004**	(26,926)
Loss (gain) on disposal of subsidiaries, net	9B	**81,477**	(4,405,876)
Gain on disposal of joint ventures	9B	**—**	(35,263)
Loss on disposal and deemed disposal of associates	9B	**117,258**	—
Share-based payment expenses		**—**	9,412
Loss on fair value change of held for trading investments	9B	**656**	28,053
Gain on fair value change of financial assets at fair value through profit or loss ("FVTPL")	9B	**(39,677)**	(42,300)
Gain on disposal of debt instruments at FVTOCI		**—**	(393)
(Gain) loss on fair value change of derivative financial instruments	9B	**(111,400)**	107,389

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000 (Restated)
OPERATING ACTIVITIES			
Loss (gain) on fair value change of convertible bonds receivable	9B	**403**	(29,820)
Impairment loss on financial assets under expected credit loss ("ECL") model, net of reversal		**649,147**	462,741
Write-down of (reversal of) inventories	24	**7,286**	(3,712)
Impairment loss on property, plant and equipment	9B	**4,248,251**	2,130,780
Impairment loss on right-of-use assets	9B	**84,086**	—
Impairment loss on other intangible assets	9B	**—**	479,091
Written off of deposits for acquisitions of property, plant and equipment	9B	**14,720**	—
Loss on measurement of assets classified as held for sale to fair value less costs to sell	9B	**207,836**	—
Gain on early termination of leases	9B	**(23,571)**	(7)
Operating cash flows before movements in working capital		**5,321,508**	6,849,867
Decrease in inventories		**220,461**	230,580
Increase in trade and other receivables		**(8,279,619)**	(4,673,260)
Decrease in amounts due from related companies		**21,237**	97,415
Increase in trade and other payables		**1,110,423**	2,132,248
(Decrease) increase in amounts due to related companies		**(1,047,083)**	1,146,139
Decrease (increase) in contract assets		**4,504,445**	(2,169,795)
(Decrease) increase in contract liabilities		**(10,232)**	32,751
Increase in deposits, prepayments and other non-current assets		**(70,822)**	(185,561)
Decrease in held for trading investments		**—**	77,287
Cash generated from operations		**1,770,318**	3,537,671
Income taxes paid		**(180,992)**	(35,658)
NET CASH FROM OPERATING ACTIVITIES		**1,589,326**	3,502,013

	NOTES	2020 RMB'000	2019 RMB'000 (Restated)
INVESTING ACTIVITIES			
Interest received		**209,053**	193,078
Proceeds from disposal of property, plant and equipment		**86,884**	216,853
Proceeds from disposal of right-of-use assets		**1,287**	641
Payments for construction and purchase of property, plant and equipment		**(2,099,669)**	(5,032,653)
Payments for right-of-use assets		**(23,188)**	(14,302)
Payments for deposits of leases		**(35,377)**	(7,804)
Investments in associates		**(31,648)**	(1,350,000)
Investments in joint ventures		**(23,300)**	(89,222)
Dividends received from joint ventures		**54,360**	47,519
Dividends received from associates		**7,592**	4,542
Redemption of convertible bond		**96,364**	—
Proceeds from disposal of joint ventures		**—**	53,780
Proceeds from disposal of an associate		**333,212**	—
Addition of other financial assets at FVTPL		**(357,136)**	(267,000)
Proceeds from disposal of debt instruments at FVTOCI		**—**	68,142
Addition of other intangible assets		**—**	(27,218)
Proceeds from disposal of other intangible assets		**1,399**	—
Withdrawal of pledged and restricted bank and other deposits		**7,258,411**	6,601,426
Placement of pledged and restricted bank and other deposits		**(4,909,050)**	(8,138,906)
Advances to related companies		**(6,348)**	(959,658)
Repayment from related companies		**532,239**	382,408
Repayment from a borrower of other loan receivables		**12,790**	6,000
Deposit received from disposal of a subsidiary		**79,000**	—
Settlement of consideration payables for acquisition of subsidiaries with solar farm projects		**(1,000)**	(110,298)
Settlement of consideration receivables from disposal of subsidiaries with solar farm projects		**168,696**	206,992
Net cash inflow from acquisition of subsidiaries	41	**—**	29,669
Net cash inflow from disposal of subsidiaries	42	**1,382,066**	2,514,686
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**2,736,637**	(5,671,325)

For the year ended 31 December 2020

	NOTE	2020 RMB'000	2019 RMB'000 (Restated)
FINANCING ACTIVITIES			
Interest paid		**(2,509,880)**	(3,026,229)
New bank and other borrowings raised		**13,806,856**	20,004,213
Repayment of bank and other borrowings		**(15,989,275)**	(16,808,950)
Repayment of lease liabilities		**(424,265)**	(252,220)
Proceeds from re-sell of notes issued	38	**76,742**	736,233
Repayment of notes payables	38	**(450,919)**	(1,585,000)
Repurchase of notes issued	38	**—**	(469,325)
Proceeds of loans from related companies		**344,811**	925,803
Repayment to loans from related companies		**(544,242)**	(508,693)
Advances from related companies		**1,222,866**	87,427
Repayment to related companies		**(28,168)**	(60,194)
Contribution from non-controlling interests		**—**	94,713
Proceeds from disposal of partial interest in a subsidiary	42(v)	**20,000**	—
Contribution into capital of a subsidiary by new investors	42(v)	**71,000**	—
Dividends paid to non-controlling interests		**(45,000)**	(126,157)
Proceeds from exercise of share options		**3,337**	51
Proceeds from issue of new shares		**242,761**	597,744
Transaction costs attributable to issue of new shares		**(3,954)**	(9,953)
Proceeds from issue of convertible bonds to a non-controlling shareholder of subsidiary		**49,000**	—
NET CASH USED IN FINANCING ACTIVITIES		**(4,158,330)**	(400,537)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**167,633**	(2,569,849)
CASH AND CASH EQUIVALENTS AT 1 JANUARY, represented by			
— Bank balances and cash		**1,548,019**	4,075,791
— Bank balances and cash classified as held for sale		**—**	44,873
		1,548,019	4,120,664

	2020 RMB'000	2019 RMB'000
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF BANK BALANCES AND CASH HELD IN FOREIGN CURRENCIES	**41,951**	(2,796)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by		
— Bank balances and cash	**1,709,585**	1,548,019
— Bank balances and cash classified as held for sale	**48,018**	—
	1,757,603	1,548,019

1. GENERAL INFORMATION

GCL-Poly Energy Holdings Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands on 12 July 2006 under the Companies Law, Cap 22 of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 November 2007. The address of the registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is at Units 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively referred to as the "Group"), associates and joint ventures are principally engaged in (1) the manufacturing of polysilicon and wafers for the solar industry; and (2) the sales of electricity, development, investment, management and operation of solar projects.

The functional and presentation currency of the Company is Renminbi ("RMB").

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group has incurred a net loss of approximately RMB6,271 million for the year ended 31 December 2020, and as of that date, the Group's current liabilities exceeded its current assets by approximately RMB17,168 million, a portion of which is contributed by its non-wholly-owned subsidiary, GCL New Energy Holdings Limited ("GNE"), whose shares are listed on the Stock Exchange, and its subsidiaries (collectively referred to as "GNE Group"), and whose current liabilities exceeded its current assets by approximately RMB9,230 million. The Group had cash and cash equivalents of approximately RMB1,758 million (including bank balances and cash classified as assets held for sale of approximately RMB48 million) against the Group's total borrowings (comprising loans from related companies, bank and other borrowings, lease liabilities and notes payables) amounting to approximately RMB44,116 million. The amounts included loans from a related company, bank and other borrowings and lease liabilities classified as liabilities associated with assets held for sale totalling approximately RMB1,768 million. For the remaining balance of the Group's total borrowings under current liabilities, approximately RMB27,518 million will be due in the coming twelve months from the end of the reporting period. In addition, the Group has entered into agreements which will involve capital commitments and provided financial guarantee to several banks and financial institutions in respect of banking and other facilities of a joint venture, associates and third parties as at 31 December 2020.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2020, the Company and GNE Group defaulted the repayment of several borrowings; and GNE Group was involved in several litigation cases, either as a defendant or a guarantor relating to claims by the relevant claimants, which exceeded the limit of litigation amounts stipulated in the financial covenants of certain bank borrowings, and which resulted in triggering the cross default clauses in the loan agreements for several bank and other borrowings of the Group totalling approximately RMB6,512 million, approximately RMB4,541 million of which is repayable after one year in accordance with the original repayment terms. In light of this, reclassification of long-term borrowings of approximately RMB4,541 million as current liabilities is required at 31 December 2020 under applicable accounting standard. Subsequent to the end of the reporting period, the Company and GNE Group had fully settled its defaulted borrowings. However, the abovementioned litigations have not yet been subsequently settled and accordingly, the cross default clauses on the relevant borrowings are still not remediated.

As at 31 December 2020, the Company and certain subsidiaries of the Company guaranteed bank and other borrowings of GNE Group amounting to approximately RMB1,820 million. In addition, as at 31 December 2020, GNE Group has entered into agreements which will involve capital commitments of approximately RMB135 million to construct solar farms, and provided financial guarantees of approximately RMB4,435 million to its associates and certain third parties for their bank and other borrowings. The Directors have noted the going concern status of GNE Group in preparing these consolidated financial statements.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2020, GNE Group's total borrowings comprising bank and other borrowings, lease liabilities, bonds payables and loans from related companies amounted to approximately RMB30,930 million. The amounts included bank and other borrowings, loan from a related company and lease liabilities classified as liabilities associated with assets held for sale totalling approximately RMB1,768 million. For the remaining balance of approximately RMB29,162 million, approximately RMB16,531 million will be due in the coming twelve months from the end of the reporting period, including bank and other borrowings of approximately RMB4,541 million, which shall be due after twelve months from the end of the reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but were reclassified to current liabilities as a result of the triggering of the cross default clauses in several bank borrowings as mentioned above. GNE Group's pledged and restricted bank and other deposits and bank balances and cash amounted to approximately RMB788 million (including pledged bank and other deposits classified as assets held for sale of approximately RMB44 million) and RMB1,191 million (including bank balances and cash classified as assets held for sale of approximately RMB48 million) as at 31 December 2020, respectively. The financial resources available to GNE Group as at 31 December 2020 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements together with the repayment of borrowings. GNE Group is undergoing the process of negotiations with the respective lenders for the extension or renewal of the bank and other borrowings as of the date of these consolidated financial statements, and GNE Group has not received any request from any lenders to accelerate the repayments of bank and other borrowings. GNE Group is actively pursuing additional financing including, but not limited to, equity financing from the issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing solar farm projects in exchange for cash proceeds.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In addition, the Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. Subsequent to the end of the reporting period, the Group successfully issued 3,900,000,000 shares with net cash proceeds of approximately HK$4,148 million (equivalent to RMB3,491 million). In order to further improve liquidity, the Group continues to pay close attention in managing the Group's cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates and raise additional banking facilities as and when required by the Group's operating cash needs.

The Directors have also noted the measures being undertaken by GNE Group to improve their liquidity position, which include:

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

As disclosed in note 51(d), GNE successfully issued 2,000 million shares with net cash proceeds of approximately HK$895 million (equivalent to RMB753 million).

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

As disclosed in note 51(c), on 1 February 2021, GNE Group announced that the failure of repayment of the senior notes with a total principal amount of US$500 million constituted an event of default under the terms of indenture. On 9 February 2021, GNE Group announced that holders of the senior notes of approximately US$459 million, representing 91.85% of the outstanding aggregate principal amount of the senior notes, had validly submitted their respective executed irrevocable accession deeds for exchanging the senior notes for new notes with an extended maturity and terms as stipulated in the amended and restated restructuring support agreement (the "RSA"). The RSA became effective on 16 June 2021.

(iii) Financing through divesting of certain solar farms

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

(a) During the year ended 31 December 2020, GNE Group disposed of 21 subsidiaries at an aggregate consideration of RMB1,894 million, as disclosed in note 42(i).

(b) Subsequent to the end of the reporting period, during the six months ended 30 June 2021, the GNE Group disposed of 47 subsidiaries at an aggregate consideration of RMB2,762 million.

(c) Subsequent to the six months ended 30 June 2021 and up to the date of approval of these consolidated financial statements, the GNE Group disposed of 22 subsidiaries at an aggregate consideration of RMB2,218 million; the GNE Group has also entered into agreement to dispose other 25 subsidiaries at an aggregate consideration of RMB1,047 million, which were not completed at the date of approval of these consolidated financial statements.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Notwithstanding the above, significant uncertainties exist as to whether the Group as a whole and GNE Group can achieve the plans and measures described above to generate adequate cash inflow as scheduled. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these consolidated financial statements for issuance is dependent on the Group's ability to generate adequate operating cash flows and financing cash flows through successful renewal of its bank borrowings upon expiries, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements, successful securing of the financing from banks with repayment terms beyond twelve months from the date of approval of these consolidated financial statements for issuance, and other short-term or long-term financing, as well as the successful implementation of measures of GNE Group as described above. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their realisable values, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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

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

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

Amendments to International Accounting Standard ("IAS") 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

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

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

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

The application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform* 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.

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

The Group has applied the Amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The Group has reassessed its accounting policies relating to the presentation of the consolidated statement of financial position. Accordingly, trade and non-trade related amounts due from (to) related companies are separately presented in the consolidated statement of financial position, with consequential reclassification adjustments to comparatives for the year ended 31 December 2019.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Proceeds received from discounting bills which did not qualify for derecognition previously included under operating activities of approximately RMB3,706 million have been reclassified and presented as cash inflows under financing activities for the year ended 31 December 2019, which resulted in a decrease in net cash from operating activities for the year ended 31 December 2019 by approximately RMB3,706 million, and increase in net cash from financing activities for the year ended 31 December 2019 by approximately RMB3,706 million; and

- The effects on settlement of the relevant receivables and related borrowings on maturity of the discounted bills with aggregate amounts of approximately RMB3,065 million have been disclosed as non-cash transactions for the year ended 31 December 2019.

  For the year ended 31 December 2020, the net cash from operating activities would have been increased by approximately RMB2,940 million and the net cash used in financing activities would have been increased by RMB2,940 million, if the Group has not changed the accounting policies.

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

The effect of discounting bills on the Group's cash flows and disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes have been presented in note 50.

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

New and amendments to IFRS Standards in issue but not yet effective

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

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

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

Except for the new and amendments to IFRS Standards mentioned below, the Directors anticipate that the application of all other new and amendments to IFRS Standards will have no material impact on the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS STANDARDS”) (Continued)

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 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);

- 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 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.

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

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

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

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

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2 (Continued)

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

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

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

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

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

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

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

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

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

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

Based on the Group's outstanding liabilities as at 31 December 2020 and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in a reclassification of the Group's liabilities.

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

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

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

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

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.

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

Amendments to IAS 8 Definition of Accounting Estimates

The amendments to 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 the additional clarifications.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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*, leasing transactions that are accounted for in accordance with IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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

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

The principal accounting policies are set out below.

Basis of consolidation or asset acquisitions

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation or asset acquisitions (Continued)

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 in line with the Group's accounting policies.

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

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

Changes in the Group's interests in existing subsidiaries

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations

Operation 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 equivalents, deferred tax assets, and goodwill resulting from the effect 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.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Asset acquisitions (Continued)

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Acquisition of a subsidiary not constituting a business

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.

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 associates 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 period in which the investment is acquired.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the 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.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

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

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

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

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

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Variable consideration

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Variable consideration (Continued)

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

Existence of significant financing component

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

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

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Allocation of consideration to components of a contract (Continued)

The Group applies practical expedient not to separate non-lease components 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 asset includes:

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

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

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

When the group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options the carrying amount of the relevant right-of-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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

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 lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

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.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value.

Sale and leaseback transactions

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

The Group as a seller-lessee

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

If a sale and leaseback transaction results in a finance lease, any excess of sale proceeds over the carrying amount is not immediately recognised as income by the Group. Instead, it is deferred and amortised over the lease term. If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, no adjustment is necessary unless there has been an impairment in value, in which case the carrying amount is reduced to the assets' recoverable amount.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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 (that is, 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 period 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 period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government 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 Scheme are recognised as an expense when employees have rendered service 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 benefits are recognised as an expense unless another IFRS 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

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.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions 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. 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 accumulated profits.

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. The fair value of the cash-settled share-based payments is determined without taking into consideration all non-market vesting conditions.

At the end of each reporting period until the liability is settled, and at the date of settlement, the liability is remeasured to fair value. For cash-settled share-based payments that are already vested, any changes in fair value are recognised in profit or loss for the year. For cash-settled share based payments which are still subject to non-market vesting conditions, the effects of vesting and non-vesting conditions are accounted on the same basis as equity-settled share-based payments.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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/loss 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 differences 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 assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the 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 differences 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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.

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 *Income Taxes* 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 they relate 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.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administration purposes (other than properties under construction as described below). Property, plant and equipment 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 that is accounted for as an operating lease 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.

Depreciation is recognised so as to write off the cost of assets other than properties under construction 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 sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attribution expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets — research and development expenditure (Continued)

- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives 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).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

The recoverable amount of property, plant and equipment, right-of-use assets and intangible 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)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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 that 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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs 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 costs 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 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.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(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 subsequently measured at FVTOCI. 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) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, but will be transferred to accumulated profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) 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 expenses, 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 ECL on financial assets (including trade and other receivables, amounts due from related companies, pledged and restricted bank and other deposits and bank balances), financial guarantee contracts and contract assets which are subject to impairment 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, amounts due from related companies (trade related) and contract assets, including those with significant financing component.

For all other instruments, the Group measures the loss allowance equals to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, 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 a 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.

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)

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 external (if available) or 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 debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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)

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 that 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 that 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;

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

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 for 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.

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 less, 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, amounts due from related companies (trade related) 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 measured 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets (Continued)

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

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.

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.

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortised cost

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

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

Financial guarantee contracts

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

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

Derecognition of financial liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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 underlying 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 represent subsidy received and receivable from the government authorities in respect of the Group's solar power generation business.

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

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

Critical judgements in applying accounting policies (Continued)

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

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

Tariff adjustments of RMB3,223 million (2019: RMB3,957 million) were included in the sales of electricity for the year ended 31 December 2020 as disclosed in note 6, of which the relevant tariff adjustments were recognised only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future on the basis that all of the Group's operating solar farms 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 farms, and taking into account the legal opinion as advised by the Group's legal advisor, who considered that all of the Group's solar farms currently in operation had met the requirements and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff subsidy when 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 solar farms are able to be enlisted in the List subsequent to the year ended 31 December 2020 and the accrued revenue on tariff subsidy are fully recoverable.

During the year ended 31 December 2020, the Group recognised revenue of approximately RMB552 million (2019: RMB2,589 million) in respect of tariff adjustments recognised as revenue relating to solar farms not yet registered in the List (2019: Catalogue).

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.

Useful lives and estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, 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. Furthermore, the growth rates and discount rates in the cash flow projections are subject to greater uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets and solar industry, including potential disruptions in the Group's solar material business segment.

The Group has made substantial investments in property, plant and equipment. The machineries and equipment are vulnerable to changes in market conditions and vulnerable to changes in government policies. Due to the lower than expected demand under continuing unfavourable market conditions in the solar industry induced by the COVID-19 pandemic and suspension of lower profit margin wafer products, the solar material business segment recognised a segment loss of approximately RMB4,867 million during the current year.

During the year ended 31 December 2020, for GNE group, due to the fact that consideration in relation to the disposals is lower than the carrying amount of net assets of certain subsidiaries, the implementation of Circular 426, which shortens the entitlement period of tariff adjustments granted to solar plants from 25 years to 20 years which is effective from October 2020 as well as after taking into consideration of the GNE Group's financial resources, impairment loss on property, plant and equipment is recognised during the current year.

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

Key sources of estimation uncertainty (Continued)

Useful lives and estimated impairment of property, plant and equipment and right-of-use assets (Continued)

With the impairment indicators identified, the carrying amounts of the relevant CGUs may be higher than the recoverable amount which involved estimation uncertainty on assumptions of such recoverable amount.

Additionally, the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment and right-of-use assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The management will increase the depreciation charge where useful lives are expected to be shorter than previously estimated. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation expense in future periods.

As at 31 December 2020, the carrying amount of property, plant and equipment and right-of-use assets, was approximately RMB36,706 million and RMB3,433 million (2019: RMB52,413 million and RMB4,529 million) respectively. During the year ended 31 December 2020, the Group recognised impairment on property, plant and equipment and right-of-use assets, amounting to approximately RMB4,248 million (2019: RMB2,131 million) and RMB84 million (2019: nil) respectively (see note 15).

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 2020, the carrying amounts due from related companies (non-trade related) were approximately RMB1,127 million (2019: RMB2,301 million).

The information about the ECL and the Group's amounts due from related companies (non-trade related) are disclosed in notes 44 and 27, respectively.

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

Key sources of estimation uncertainty (Continued)

Provision of ECL for trade receivables, amounts due from related companies (trade related) and contract assets

Trade receivables, amounts due from related companies (trade related) and contract assets with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables, amounts due from related companies (trade related) and contract assets which are not assessed individually using a provision matrix. The provision rates are based on internal credit ratings as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable, supportable and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables, amounts due from related companies (trade related) and contract assets are disclosed in notes 44, 25, 27 and 26, respectively.

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

For the tariff adjustment yet to obtain approval for registration in the List (2019: Catalogue) by the PRC government at the end of the reporting period, the Group considered that there is a significant financing component in 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 the timing of collection of the tariff adjustments with reference to historical pattern and experience for application and approval for registration in the List (2019: Catalogue). The Group has adjusted the respective tariff adjustments 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 the revision of the expected collection period of the tariff adjustments which will be reflected as an increase or a reduction in financing component adjustment for the period in which such a revision takes place.

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

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

Key sources of estimation uncertainty (Continued)

Fair value measurement of financial instruments

Certain of the Group's financial assets and financial liabilities as described in note 45 are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See note 45 for further disclosures.

6. REVENUE AND SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, being collectively the chief operating decision maker ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods delivered or services provided, except for the business operations of GNE, which is assessed by the CODM as a separate operating segment.

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

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

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

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

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

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

Year ended 31 December 2020

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000 (Note)	Total RMB'000
Segment revenue				
Revenue from external customers	9,225,026	460,521	4,935,189	14,620,736
Segment (loss) profit	(4,866,776)	64,372	(1,262,882)	(6,065,286)
Elimination of inter-segment profit				(166,822)
Unallocated income				75,563
Unallocated expenses				(141,761)
Loss on fair value change of convertible bonds receivable (note 22)				(403)
Gain on fair value change of financial assets at FVTPL				26,650
Loss on fair value change of held for trading investments (note 9B)				(656)
Loss on disposal of an associate				(10,745)
Share of profit of an associate				13,317
Share of losses of joint ventures				(1,108)
Loss for the year				(6,271,251)

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Year ended 31 December 2019

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000 (Note)	Total RMB'000
Segment revenue				
Revenue from external customers	12,708,118	489,516	6,051,987	19,249,621
Segment (loss) profit	(418,799)	116,028	569,649	266,878
Elimination of inter-segment profit				(162,000)
Unallocated income				58,203
Unallocated expenses				(117,005)
Gain on fair value change of convertible bonds receivable (note 22)				29,820
Gain on fair value change of financial assets at FVTPL				31,367
Loss on fair value change of held for trading investments (note 9B)				(28,053)
Share of profit of an associate				21,154
Share of profits of joint ventures				10,471
Profit for the year				110,835

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment (loss) profit represents the (loss) profit of each respective segment excluding unallocated income, unallocated expenses, change in fair value of convertible bonds receivable, change in fair value of certain financial assets at FVTPL, change in fair value of held for trading investments and shares of profits (losses) of interests in certain associates and joint ventures. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2020 RMB'000	2019 RMB'000
Segment assets		
Solar material business	**32,273,414**	41,155,374
Solar farm business	**2,015,984**	3,541,357
New energy business	**44,990,518**	54,343,458
Total segment assets	**79,279,916**	99,040,189
Other financial assets as at FVTPL	**452,937**	427,543
Equity instruments at FVTOCI	**21,073**	41,857
Held for trading investments	**3,447**	4,339
Convertible bonds receivable	**—**	101,097
Interests in associates	**—**	384,611
Interests in joint ventures	**196,932**	198,594
Unallocated bank balances and cash	**91,916**	138,275
Unallocated corporate assets	**456,676**	100,454
Consolidated assets	**80,502,897**	100,436,959
Segment liabilities		
Solar material business	**22,719,454**	27,477,455
Solar farm business	**800,954**	1,915,576
New energy business	**36,406,103**	44,094,269
Total segment liabilities	**59,926,511**	73,487,300
Unallocated corporate liabilities	**185,181**	228,251
Consolidated liabilities	**60,111,692**	73,715,551

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

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

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

6. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (included in the segment profit or loss or segment assets or regularly provided to the CODM)

Year ended 31 December 2020

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000	Unallocated RMB'000	Elimination of inter-segment profit RMB'000	Total RMB'000
Amount included in the measure of segment profit or loss or segment assets:						
Interests in joint ventures	274,169	99,922	3,135	196,932	—	574,158
Interests in associates	5,833,128	—	1,205,898	—	—	7,039,026
Share of (losses) profits of joint ventures	(133,170)	31,218	(493)	(1,108)	—	(103,553)
Share of profits of associates	155,852	—	102,395	13,317	—	271,564
Addition to property, plant and equipment, and right-of-use assets	345,795	59,791	159,980	—	—	565,566
Depreciation of property, plant and equipment	(1,742,197)	(161,556)	(1,363,384)	(156)	—	(3,267,293)
Depreciation of right-of-use assets	(269,676)	(2,533)	(95,998)	(22,280)	—	(390,487)
Depreciation of investment properties	(4,656)	—	—	—	—	(4,656)
Amortisation of other intangible assets	(32,986)	—	—	—	—	(32,986)
Finance costs	(594,012)	(101,008)	(2,450,370)	(18,455)	8,552	(3,155,293)
Bank and other interest income	128,719	5,198	22,882	524	(8,552)	148,771
Interest arising from contracts containing significant financing components	—	—	77,100	—	—	77,100
Gain on fair value change of financial instruments	111,400	—	13,027	25,591	—	150,018
Loss on disposal of property, plant and equipment	(56,815)	(85)	—	—	—	(56,900)
Loss on measurement of assets classified as held for sale to fair value less cost to sell	—	—	(207,836)	—	—	(207,836)
Write-down of inventories, net	(7,286)	—	—	—	—	(7,286)
Impairment losses under ECL model, net of reversal	(270,577)	—	(321,235)	(57,335)	—	(649,147)
Impairment loss on property, plant and equipment	(3,110,400)	—	(1,137,851)	—	—	(4,248,251)
Impairment loss on right-of-use assets	(84,086)	—	—	—	—	(84,086)
(Loss) gain on disposal of subsidiaries	(84,225)	2,748	—	—	—	(81,477)
Loss on disposal of solar farm projects, net	—	—	(218,004)	—	—	(218,004)
Loss on disposal and deemed disposal of associates	(50,614)	(55,899)	—	(10,745)	—	(117,258)
Research and development expenses	(529,045)	—	—	—	—	(529,045)
Income tax credit (expense)	62,832	(16,966)	(156,362)	—	—	(110,496)

6. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (included in the segment profit or loss or segment assets or regularly provided to the CODM) (Continued)

Year ended 31 December 2019

	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000	Unallocated RMB'000	Elimination of inter-segment profit RMB'000	Total RMB'000
Amount included in the measure of segment profit or loss or segment assets:						
Interests in joint ventures	407,342	96,636	3,628	198,594	—	706,200
Interests in associates	6,141,428	—	1,013,284	384,611	—	7,539,323
Share of (losses) profits of joint ventures	(108,242)	22,015	24,391	10,471	—	(51,365)
Share of profits of associates	330,769	—	49,096	21,154	—	401,019
Addition to property, plant and equipment, right-of-use assets and other intangible assets						
— arising from acquisition of subsidiaries	—	—	1,036,096	—	—	1,036,096
— other additions	740,460	232	528,897	—	—	1,269,589
Depreciation of property, plant and equipment	(2,389,646)	(148,456)	(1,642,170)	(9)	—	(4,180,281)
Depreciation of right-of-use assets	(212,871)	(20,551)	(91,901)	(18,445)	—	(343,768)
Depreciation of investment properties	(4,656)	—	—	—	—	(4,656)
Amortisation of other intangible assets	(101,711)	—	—	—	—	(101,711)
Finance costs	(948,668)	(113,277)	(2,881,752)	(53,208)	49,985	(3,946,920)
Bank and other interest income	147,767	1,573	24,383	42,286	(49,985)	166,024
Interest arising from contracts containing significant financing components	—	—	118,218	—	—	118,218
(Loss) gain on fair value change of financial instruments	(96,456)	—	—	33,134	—	(63,322)
Gain on disposal of property, plant and equipment	12,167	—	43,006	—	—	55,173
Reversal of write-down of inventories, net	3,712	—	—	—	—	3,712
Impairment losses under ECL model, net of reversal	(462,741)	—	—	—	—	(462,741)
Impairment loss on property, plant and equipment	(2,073,545)	—	(57,235)	—	—	(2,130,780)
Impairment loss on other intangible assets	(479,091)	—	—	—	—	(479,091)
Gain on disposal of subsidiaries	4,405,876	—	—	—	—	4,405,876
Gain on disposal of solar farm projects, net	—	—	26,926	—	—	26,926
Gain on disposal of joint ventures	—	—	35,263	—	—	35,263
Research and development expenses	(736,522)	—	—	—	—	(736,522)
Income tax expense	(5,984)	(23,024)	(177,563)	(277)	—	(206,848)

6. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue

(i) Disaggregation of revenue from contracts with customers

Year ended 31 December 2020

Segments	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000	Total RMB'000
Types of goods or services				
Sales of wafer	5,692,391	—	—	5,692,391
Sales of electricity	—	460,521	4,935,189	5,395,710
Sales of polysilicon	2,205,836	—	—	2,205,836
Processing fees	830,495	—	—	830,495
Others (comprising the sales of ingots)	496,304	—	—	496,304
Total	9,225,026	460,521	4,935,189	14,620,736
Geographic markets				
The PRC	8,510,017	423,725	4,849,482	13,783,224
Others	715,009	36,796	85,707	837,512
Total	9,225,026	460,521	4,935,189	14,620,736
Timing of revenue recognition				
A point in time	8,394,531	460,521	4,935,189	13,790,241
Over time	830,495	—	—	830,495
Total	9,225,026	460,521	4,935,189	14,620,736

6. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

(i) Disaggregation of revenue from contracts with customers (Continued)

Year ended 31 December 2019

Segments	Solar material business RMB'000	Solar farm business RMB'000	New energy business RMB'000	Total RMB'000
Types of goods or services				
Sales of wafer	8,787,186	—	—	8,787,186
Sales of electricity	—	489,516	6,051,987	6,541,503
Sales of polysilicon	2,324,761	—	—	2,324,761
Processing fees	811,472	—	—	811,472
Others (comprising the sales of ingots)	784,699	—	—	784,699
Total	12,708,118	489,516	6,051,987	19,249,621
Geographic markets				
The PRC	11,510,152	453,165	5,959,721	17,923,038
Others	1,197,966	36,351	92,266	1,326,583
Total	12,708,118	489,516	6,051,987	19,249,621
Timing of revenue recognition				
A point in time	11,896,646	489,516	6,051,987	18,438,149
Over time	811,472	—	—	811,472
Total	12,708,118	489,516	6,051,987	19,249,621

6. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

(ii) Performance obligations from contracts with customers

Revenue from the manufactures and sales of polysilicon and wafer are recognised at a point in time upon goods are delivered and titles have passed. The Group generally grants credit period of approximately one month to customers from the invoice date. For those customers with continuous business relationships, the Group generally would enter into supply framework contracts and receive certain percentage of deposits as advance payments from these customers. Advances from customers are recognised as revenue upon orders are fulfilled. Sales agreements typically do not contain product warranties except for return and replacement of defective products within 30 days from delivery.

Processing income are recognised over time and measured based on output method upon sawing and cutting services are rendered to customers. The Group generally grants credit period of approximately one month to customers from the invoice date.

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

For sales of electricity, the Group generally entered into power purchase agreements with local grid companies with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when electricity is transmitted, being at the point when electricity has generated and transmitted to the customer. The amount recognised as revenue during the year included approximately RMB3,223,064,000 (2019: RMB3,957,235,000) tariff adjustments. Except for trade receivables and contract assets relating to tariff adjustment, the Group generally grants credit period of approximately one month to customers from the date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies.

The financial resource for settlement of the tariff adjustment is the national renewable energy fund that is 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 farm 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.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

(ii) Performance obligations from contracts with customers (Continued)

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020] No. 4)* (《關於促進非水可再生能源發電健康發展的若干意見》) (財建[2020]4號) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020] No. 5)* (《財政部國家發展改革委國家能源局關於印發〈可再生能源電價附加資金管理辦法〉的通知》) (財建[2020]5號) (the "2020 Measures") were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government will not announce new additions to the existing Catalogue and 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 farm projects. All solar farms already registered in the Catalogue will be enlisted in the List automatically. For those on-grid solar farm projects which have already started operation but yet to register into the previous Catalogue and now, the List, these on-grid solar farm 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.

For those tariff adjustments that are subject to approval for registration in the List (2019: Catalogue) by the PRC government at the end of reporting period, the relevant revenue from these tariff adjustments is considered variable considerations, 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 solar farms have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar farms. Contract assets are transferred to trade receivables when the relevant solar farm obtains the approval for registration in the Catalogue or when the relevant solar farm is enlisted in the List since the release of the 2020 Measures.

* English name for identification only

6. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

(ii) Performance obligations from contracts with customers (Continued)

Since certain of the tariff adjustments were yet to obtain approval for registration in the List (2019: Catalogue) from the PRC government, the management considered that it contained a significant financing component in the relevant portion of the tariff adjustments until settlement. For the year ended 31 December 2020, the respective tariff adjustments were adjusted for this financing component based on an effective interest rate ranging from 1.99% to 2.36% (2019: 2.55% to 3.01%) per annum and the adjustments in relation to the revision of the expected timing of tariff collection. As such, the Group's revenue was adjusted by approximately RMB212 million (2019: RMB151 million) and interest income amounting to approximately RMB77 million (2019: RMB118 million) (note 7) was recognised.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

For contracts on sales of polysilicon and wafer products, the Group will complete the performance obligations in accordance with the relevant terms as stipulated in the supply contracts.

For contracts on sales of electricity, 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 equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's revenue from external customers by customer's location and information about its non-current assets by location of the assets are detailed below:

	Revenue from external customers		Non-current assets*	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
The PRC	**13,783,224**	17,923,038	**49,068,549**	71,597,208
Taiwan	**179,162**	179,438	**—**	—
Thailand	**76,691**	206,301	**—**	—
Korea	**7,070**	119,630	**—**	—
India	**265,326**	402,494	**—**	—
Vietnam	**42,876**	21,386	**—**	—
The USA	**138,190**	119,740	**1,565,026**	1,708,723
Canada	**67,800**	199,072	**—**	—
Japan	**52,437**	57,200	**77**	371
South Africa	**—**	—	**99,963**	96,693
Others	**7,960**	21,322	**109,180**	41,858
	14,620,736	19,249,621	**50,842,795**	73,444,853

* Non-current assets excluded deferred tax assets and financial instruments.

Information about major customers

There were no customer contributing over 10% of total sales of the Group for both years.

7. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Government grants (note 35)	**120,274**	175,374
Interest income		
— bank and other interest income	**148,771**	165,631
— debt instruments at FVTOCI	**—**	393
Interest arising from contracts containing significant financing component	**77,100**	118,218
Sales of scrap materials	**180,260**	113,699
Management and consultancy fee income	**63,653**	88,936
Rental income	**34,407**	24,106
Forfeitures of deposits from customers	**9,612**	72,613
Compensation income (Note)	**50,325**	6,615
Others	**7,675**	53,161
	692,077	818,746

Note: Amount mainly represents the insurance claims received as compensation for the suspension of operation of a production plant in the solar material business segment resulting from a power outage and other damages to property, plant and equipment of the new energy business segment incidental to a typhoon. The relevant production plant had resumed its operation subsequent to the power outage.

8. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest on financial liabilities at amortised cost		
— bank and other borrowings	**2,598,909**	3,224,570
— notes payables	**313,494**	329,054
— loans from related companies	**150,920**	274,922
Interest on lease liabilities	**111,747**	167,374
Total borrowing costs	**3,175,070**	3,995,920
Less: interest capitalised	**(19,777)**	(49,000)
	3,155,293	3,946,920

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

9A. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2020 RMB'000	2019 RMB'000
Impairment losses recognised (reversed), net in respect of		
— trade receivables — goods and services	**41,759**	47,598
— other receivables	**460,740**	(39)
— other loan receivables	**1,250**	—
— consideration receivables	**140,000**	140,000
— amounts due from related companies (trade related)	**—**	275,182
— contract assets	**5,398**	—
	649,147	462,741

Details of impairment assessment are set out in note 44.

9B. OTHER EXPENSES, GAINS AND LOSSES, NET

	2020 RMB'000	2019 RMB'000
Research and development costs	**529,045**	736,522
Exchange (gains) losses, net	**(373,446)**	126,622
Loss (gain) on fair value change of convertible bonds receivable (note 22)	**403**	(29,820)
Gain on fair value change of other financial assets at FVTPL	**(39,677)**	(42,300)
Loss on fair value change of held for trading investments	**656**	28,053
(Gain) loss on fair value change of derivative financial instruments (note 39)	**(111,400)**	107,389
Impairment loss on property, plant and equipment (note 15)	**4,248,251**	2,130,780
Impairment loss on right-of-use assets	**84,086**	—
Impairment loss on other intangible assets (note 18)	**—**	479,091
Written off of deposits for acquisitions of property, plant and equipment	**14,720**	—
Loss (gain) on disposal of property, plant and equipment	**56,900**	(55,173)
Bargain purchase from business combination (note 41)	**—**	(73,858)
Loss on disposal and deemed disposal of associates (note 19)	**117,258**	—
Gain on disposal of joint ventures (note 20)	**—**	(35,263)
Loss (gain) on disposal of subsidiaries, net (note 42)	**81,477**	(4,405,876)
Loss (gain) on disposal of solar farm projects, net (note 42)	**218,004**	(26,926)
Loss on disposal of right-of-use assets	**—**	2,583
Loss on measurement of assets classified as held for sale to fair value less costs to sell (Note)	**207,836**	—
Gain on early termination of leases	**(23,571)**	(7)
	5,010,542	(1,058,183)

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

(i) As disclosed in note 42(i)(a), GNE 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 were not completed as at 30 June 2020. Loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB80,548,000 was recognised in profit or loss during the year ended 31 December 2020.

(ii) As disclosed in note 42(i)(f), GNE Group entered into a share transfer agreement with CDB New Energy (as defined in note 19) to dispose of its 75% equity interest in Jinhu (as defined in note 19) which had not yet been completed as at 30 June 2020. Loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to RMB72,791,000 was recognised in profit or loss during the year ended 31 December 2020.

(iii) As disclosed in note 30, loss on measurement of assets in disposal groups classified as held for sale to fair value less cost to sell amounting to RMB54,497,000 was recognised during the year ended 31 December 2020.

10. INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
PRC Enterprise Income Tax ("EIT")		
Current tax	**172,886**	168,699
Overprovision in prior years	**(2,214)**	(46,130)
PRC dividend withholding tax	**14,578**	49,495
	185,250	172,064
USA Federal and State Income Tax		
Current tax	**216**	21
Underprovision in prior years	**5**	2
	221	23
Hong Kong Profits Tax		
Current tax	**—**	277
Deferred tax (note 23)	**(74,975)**	34,484
	110,496	206,848

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

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

10. INCOME TAX EXPENSE (Continued)

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

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

Federal and State taxes in the USA were calculated at 21% and 8.84%, respectively, for both years.

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 the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million is taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

The Group's subsidiaries, associates and joint ventures that are tax residents in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC tax resident immediate holding companies registered in Hong Kong and the British Virgin Islands ("BVI"), respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Net reversal of deferred taxation of approximately RMB61,847,000 (2019: RMB11,289,000) in respect of withholding tax on undistributed profits was credited to profit or loss during the current year.

10. INCOME TAX EXPENSE (Continued)

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

	2020	2019
	RMB'000	RMB'000
(Loss) profit before tax	**(6,160,755)**	317,683
Tax at PRC EIT rate of 25% (Note)	**(1,540,189)**	79,421
Tax effect of expenses not deductible for tax purpose	**311,281**	313,435
Tax effect of income not taxable for tax purpose	**(299,874)**	(285,515)
Tax effect of share of profits of associates	**(66,230)**	(100,255)
Tax effect of share of losses of joint ventures	**27,602**	12,841
Tax effect of deductible temporary difference not recognised	**1,179,165**	405,384
Tax effect of tax losses not recognised	**790,505**	503,157
Utilisation of tax losses previously not recognised	**(11,339)**	(158,220)
Effect of tax exemption and tax concessions granted to certain subsidiaries in the PRC	**(230,970)**	(555,410)
Effect of different tax rates of group companies operating in jurisdictions other than the PRC	**23**	(68)
Withholding tax on undistributed profits	**(61,847)**	(11,289)
PRC dividend withholding tax	**14,578**	49,495
Overprovision in prior years, net	**(2,209)**	(46,128)
Income tax expense for the year	**110,496**	206,848

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

11. (LOSS) PROFIT FOR THE YEAR

	2020 RMB'000	2019 RMB'000
(Loss) profit for the year has been arrived at after charging (crediting) the following items:		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**1,148,237**	1,684,210
Retirement benefits scheme contributions	**39,137**	90,414
Share-based payment expenses	**—**	9,412
Total staff costs	**1,187,374**	1,784,036
Less: amounts included in inventories	**(487,070)**	(929,814)
	700,304	854,222
Depreciation of property, plant and equipment	**3,237,172**	4,235,163
Depreciation of right-of-use assets	**390,487**	343,768
Depreciation of investment properties	**4,656**	4,656
Amortisation of other intangible assets	**32,986**	101,711
Total depreciation and amortisation	**3,665,301**	4,685,298
Less: amounts absorbed in opening and closing inventories, net	**30,121**	(54,882)
	3,695,422*	4,630,416
Auditors' remuneration	**20,081**	13,833

* The amounts absorbed in inventories sold, including opening inventories approximately RMB1,588,796,000 (2019: approximately RMB2,311,411,000).

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

12. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Particulars of the emoluments of the Directors, the Chief Executive and the five highest paid employees are as follows:

(a) Directors' and Chief Executive's emoluments

Directors' and Chief Executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

Year ended 31 December 2020

Name of Director	Directors' fee RMB'000	Salaries and other benefits RMB'000	Performance-related bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
Executive Directors (Note 2)						
Mr. ZHU Gongshan	—	6,759	4,000	—	—	10,759
Mr. ZHU Zhanjun	—	4,254	3,000	202	—	7,456
Mr. ZHU Yufeng	—	5,338	3,000	82	—	8,420
Ms. SUN Wei	—	4,891	3,957	205	—	9,053
Mr. YEUNG Man Chung, Charles	—	4,891	4,570	123	—	9,584
Mr. JIANG Wenwu	—	1,894	—	102	—	1,996
Mr. ZHENG Xiongjiu	—	2,622	—	78	—	2,700
Independent Non-executive Directors (Note 3)						
Dr. HO Raymond Chung Tai	448	—	—	—	—	448
Mr. YIP Tai Him	354	—	—	—	—	354
Dr. SHEN Wenzhong	208	—	—	—	—	208
Mr. WONG Man Chung, Francis	249	—	—	—	—	249
	1,259	30,649	18,527	792	—	51,227

12. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(a) Directors' and Chief Executive's emoluments (Continued)

Year ended 31 December 2019

Name of Director	Directors' fee RMB'000	Salaries and other benefits RMB'000	Performance-related bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
Executive Directors (Note 2)						
Mr. ZHU Gongshan	—	6,692	2,113	—	—	8,805
Mr. ZHU Zhanjun	—	4,651	1,504	257	48	6,460
Mr. ZHU Yufeng	—	5,281	1,370	81	58	6,790
Ms. SUN Wei	—	4,843	1,769	203	57	6,872
Mr. YEUNG Man Chung, Charles	—	4,843	1,873	196	89	7,001
Mr. JIANG Wenwu	—	3,253	1,181	188	34	4,656
Mr. ZHENG Xiongjiu	—	2,607	1,181	157	50	3,995
Mr. JI Jun (Note 1)	—	102	—	4	12	118
Independent Non-executive Directors (Note 3)						
Ir. Dr. HO Raymond Chung Tai	679	—	—	—	18	697
Mr. YIP Tai Him	498	—	—	—	18	516
Dr. SHEN Wenzhong	272	—	—	—	—	272
Mr. WONG Man Chung, Francis	272	—	—	—	—	272
	1,721	32,272	10,991	1,086	384	46,454

12. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(a) Directors' and Chief Executive's emoluments (Continued)

Note 1: Mr. JI Jun resigned as an executive director on 1 February 2019.

Note 2: The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Note 3: 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 performance of the Group or its subsidiaries for the year.

Mr. Zhu Zhanjun is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

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

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

(b) Five highest paid employees

The five highest paid employees of the Group during the year included five directors (2019: five directors), details of whose remuneration are set out in (a) above.

(c) Compensation of key management personnel

The remuneration of senior management personnel, comprising Directors' and Chief Executive's remuneration during the year was as follows:

	2020 **RMB'000**	2019 RMB'000
Short-term benefits	**50,435**	44,984
Post-employment benefits	**792**	1,086
Share-based payments	**—**	384
	51,227	46,454

The remuneration of the Directors and other key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

13. DIVIDEND

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

14. LOSS PER SHARE

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

	2020 RMB'000	2019 RMB'000
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(5,667,864)**	(197,207)

	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**20,196,570**	18,822,564

For the years ended 31 December 2020 and 2019, the weighted average number of ordinary shares for the purpose of calculation of basic loss per share had been adjusted for the effect of the 322,998,888 ordinary shares purchased by the Trustee from the market pursuant to the Scheme.

Diluted loss per share for the years ended 31 December 2020 and 2019 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.

Diluted loss per share for the year ended 31 December 2020 did not assume the exercise of share options granted by GNE, since any exercise would result in decrease in loss per share in current year (2019: the exercise price was higher than the average share price).

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Aircraft RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2019	8,370,638	74,170,881	—	953,631	214,532	7,839,701	91,549,383
Additions	24,523	405,864	—	60,563	4,428	591,620	1,086,998
Acquired on acquisition of subsidiaries	24,693	975,102	—	182	386	—	1,000,363
Transfer	2,404,031	3,986,499	—	34,130	19,718	(6,444,378)	—
Disposal	(36,023)	(350,967)	—	(36,804)	(10,605)	—	(434,399)
Disposed on disposal of subsidiaries	(2,428,839)	(10,550,595)	—	(22,490)	(48,339)	(82,427)	(13,132,690)
Effect of foreign currency exchange difference	17	4,730	—	9	—	5	4,761
At 31 December 2019	8,359,040	68,641,514	—	989,221	180,120	1,904,521	80,074,416
Additions	13,512	182,347	—	2,792	2,260	275,150	476,061
Transfer	162,087	447,024	—	724	563	(610,398)	—
Transfer from right-of-use assets	—	257,287	176,135	—	—	—	433,422
Transfer to assets held for sale (note 30)	(91,771)	(3,233,652)	—	(2,874)	(1,630)	(3,417)	(3,333,344)
Disposal	(68,381)	(207,371)	—	(53,503)	(19,635)	(11,589)	(360,479)
Disposed on disposal of subsidiaries	(431,433)	(6,976,809)	—	(77,491)	(17,798)	(110,663)	(7,614,194)
Effect of foreign currency exchange difference	(14)	(134,688)	—	(25)	—	(3,881)	(138,608)
At 31 December 2020	7,943,040	58,975,652	176,135	858,844	143,880	1,439,723	69,537,274
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2019	2,085,780	19,651,116	—	318,652	103,233	422,587	22,581,368
Depreciation expense	397,936	3,606,352	—	202,173	28,702	—	4,235,163
Eliminated on disposals of assets	(10,858)	(226,434)	—	(27,789)	(7,638)	—	(272,719)
Eliminated on disposals of subsidiaries	(41,888)	(954,122)	—	(7,632)	(10,446)	—	(1,014,088)
Impairment losses recognised in profit and loss	58,330	2,072,041	—	381	28	—	2,130,780
Effect of foreign currency exchange difference	18	993	—	6	—	—	1,017
At 31 December 2019	2,489,318	24,149,946	—	485,791	113,879	422,587	27,661,521
Depreciation expense	395,101	2,716,776	14,337	93,558	17,400	—	3,237,172
Eliminated on disposals of assets	(23,202)	(57,487)	—	(42,282)	(16,107)	—	(139,078)
Eliminated on disposals of subsidiaries	(85,698)	(1,464,228)	—	(32,119)	(6,620)	—	(1,588,665)
Transfer to assets held for sale (note 30)	(15,689)	(547,932)	—	(1,523)	(1,405)	—	(566,549)
Impairment losses recognised in profit and loss	1,699	3,761,390	—	14,619	—	470,543	4,248,251
Effect of foreign currency exchange difference	(14)	(21,607)	—	(5)	—	—	(21,626)
At 31 December 2020	2,761,515	28,536,858	14,337	518,039	107,147	893,130	32,831,026
CARRYING AMOUNTS							
At 31 December 2020	5,181,525	30,438,794	161,798	340,805	36,733	546,593	36,706,248
At 31 December 2019	5,869,722	44,491,568	—	503,430	66,241	1,481,934	52,412,895

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 at the following rates per annum:

Buildings	Over the shorter of lease terms or 2%–5%
Plant and machinery	4%–25% or % calculated based on license period
Aircraft	$6^{2}/_{3}$%
Office equipment	20%–33%
Motor vehicles	20%–30%

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

Impairment loss on solar material business segment

Year ended 31 December 2020

During the year ended 31 December 2020, the solar material business segment recognised a segment loss (before impairment loss on property, plant and equipment and right-of-use assets) of approximately RMB1,673 million mainly due to the lower than expected demand under continuing unfavourable market conditions in the solar industry induced by the COVID-19 pandemic and the suspension of production of lower profit margin wafer products. With the impairment indicators identified, the Directors conducted a review of the recoverable amounts of several CGUs of the solar material business segment to which the property, plant and equipment and right-of-use assets belonged as at 31 December 2020.

The recoverable amounts of the relevant CGUs were either determined based on the higher of value in use calculations or fair value less costs to sell by the Directors with reference to the valuation reports of an independent valuer on the production plants in relation to the production of polysilicon and wafer of the solar material business segment as at 31 December 2020.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment loss on solar material business segment (Continued)

Year ended 31 December 2020 (Continued)

The value in use calculation uses cash flow projections covering the useful lives of those property, plant and equipment, right-of-use assets and other intangible assets in relation to the production of polysilicon and wafer products based on financial budgets approved by management, including the replacement of assets with shorter useful lives within the relevant CGUs (including an allocation of corporate assets). Key assumptions for the value in use calculations relating to the estimation of cash inflows/outflows included discount rates and revenue growth rates. Such estimation was based on past performance and management's expectations for the market. The revenue growth rates and discount rates were reassessed as at 31 December 2020 taking into consideration higher degree of estimation uncertainties in the current year due to the uncertainty on how the COVID-19 pandemic might progress and evolve and volatility in financial markets and solar industry, including the potential disruptions of the Group's solar material business operation. As a result, an impairment loss of approximately RMB3,110,400,000 and RMB84,086,000 was recognised on property, plant and equipment and right-of-use assets during the year ended 31 December 2020, respectively (2019: approximately RMB1,571,069,000 and RMB479,091,000 was recognised on property, plant and equipment and other intangible assets respectively). The fair value less costs to sell of the CGUs was lower than the value in use. The impairment amount was allocated to each category of property, plant and equipment and right-of-use assets such that the carrying amount of each category of asset was not reduced below the highest of its fair value less cost of disposal, its value in use and zero.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment loss on solar material business segment (Continued)

Year ended 31 December 2019

During the year ended 31 December 2019, due to the continuing unfavourable market conditions, the polysilicon and wafer faced a stronger than expected price pressure and the solar material business segment recognised a segment loss in 2019. With the impairment indicators identified, the Directors conducted a review of the recoverable amounts of several CGUs in the solar material business segment to which the property, plant and equipment and intangible assets belonged to as at 31 December 2019. The Group determined recoverable amounts based on fair value less costs to sell and recognised an impairment loss of approximately RMB1,571,069,000 and RMB479,091,000 on property, plant and equipment and intangible assets, respectively.

In addition, two wafer plants of the Group suspended their operations and operations of some of the machineries and equipment of the polysilicon production were also suspended. Management conducted a review of the relevant machineries and equipment and determined that a number of these assets are no longer to be used in the future. The Group considered their recoverable amount based on fair value less disposal cost and recognised an impairment loss of approximately RMB502,476,000.

Impairment loss on new energy business segment

Year ended 31 December 2020

(i) As disclosed in note 42(i)(c), GNE Group entered into five share transfer agreements with Xuzhou State Investment (as defined in note 19) for the disposal of its equity interest in five subsidiaries. The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng (all as defined in note 19) were completed during the year ended 31 December 2020.

Upon the date of share transfer agreements, the management of GNE conducted a review of the recoverable amount of each of the two subsidiaries that the disposals were not completed as at 31 December 2020, being the CGU to which the assets belong when it was not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when a reasonable and consistent basis can be established.

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

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment loss on new energy business segment (Continued)

Year ended 31 December 2020 (Continued)

(ii) As disclosed in note 51(g), GNE Group entered into a series of five share transfer agreements with Xuzhou State Investment (as defined in note 19) to sell its equity interests in five subsidiaries.

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

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

(iii) As disclosed in note 51(k), GNE Group entered into a series of fourteen share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to sell its equity interests in fourteen subsidiaries.

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

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

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment loss on new energy business segment (Continued)

Year ended 31 December 2020 (Continued)

(iv) As disclosed in note 51(h), GNE Group entered into a share transfer agreement with Beijing United Rongbang (as defined in note 30(c)) to sell its equity interest in 烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Ltd.* ("Wulate Houqi Yuanhai").

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

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

(v) As disclosed in note 42(i)(a), GNE 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. The disposals of all six subsidiaries were not completed as at 31 December 2020 and the underlying net assets were classified as assets held for sale.

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

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

* English name for identification only

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment loss on new energy business segment (Continued)

Year ended 31 December 2020 (Continued)

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

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

Based on the result of the assessment, the management of GNE Group determined that the recoverable amount of certain CGUs were lower than their carrying amounts. The impairment amount was allocated to the power generation and equipment of each of CGUs as the management of GNE considered that such assets were the major assets of the relevant CGUs and the carrying amounts of other category of property, plant and equipment and right-of-use assets were immaterial. An impairment of RMB125,251,000 was recognised in profit or loss during the year ended 31 December 2020.

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 and the power generation and equipment was recognised in profit or loss, respectively, after taking into consideration of the financial resources of GNE Group as well as the equipment costs related to certain in-progress solar farms, which were still in their preliminary stage, the management of GNE was of the opinion that those in-progress solar projects would not generate future economic returns to GNE Group.

Year ended 31 December 2019

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

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Plant and machinery RMB'000	Aircraft RMB'000	Properties RMB'000	Rooftops RMB'000	Others RMB'000	Total RMB'000
As at 31 December 2020							
Carrying amount	2,047,045	1,056,789	—	141,661	123,983	63,122	3,432,600
As at 31 December 2019							
Carrying amount	2,396,703	1,583,103	186,376	203,673	126,438	33,066	4,529,359
For the year ended 31 December 2020							
Depreciation charge	94,269	184,941	10,241	63,749	5,930	31,357	390,487
Eliminated on disposals of subsidiaries	(146,296)	—	—	—	—	—	(146,296)
Transfer to property, plant and equipment	—	(257,287)	(176,135)	—	—	—	(433,422)
Transfer to assets held for sale (note 30)	(52,916)	—	—	—	—	(22,135)	(75,051)
Impairment loss recognised in profit or loss	—	(84,086)	—	—	—	—	(84,086)
For the year ended 31 December 2019							
Depreciation charge	101,542	131,669	23,456	59,033	6,071	21,997	343,768
Eliminated on disposals of subsidiaries	(397,748)	—	—	—	(4,730)	(32,500)	(434,978)

	2020 RMB'000	2019 RMB'000
Expenses relating to short-term leases	6,178	8,967
Expenses relating to leases with lease term ending within 12 months from the date of initial application	—	19,841
Total cash outflow for leases	567,035	438,095
Additions to right-of-use assets (including those arising from acquisition of subsidiaries)	89,505	191,106
Early termination of a lease	24,870	161
Effect of foreign currency exchange differences	16,288	2,906

For both years, the Group leased lands, plant and machinery, aircraft, properties, rooftops and other equipment for its operations. Lease contracts were entered into for fixed terms ranging from 2 to 50 years, and contained extension options as described below. Lease terms were negotiated on an individual basis and contained a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applied the definition of a contract and determined the period for which each contract was enforceable.

16. RIGHT-OF-USE ASSETS (Continued)

In addition, the Group owns several leasehold lands where its manufacturing facilities, solar farms and office buildings are primarily located. 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 a total carrying amount of approximately RMB95,374,000 (equivalent to approximately HK$113,325,000) (2019: RMB105,402,000) (equivalent to approximately HK$125,240,000) in which the Group is in the process of obtaining. Lump sum payments were made upfront to acquire these property interests.

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

The Group has extension options in a number of leases for the leasehold lands and properties. 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 whether it was reasonably certain to exercise the extension options. The Group was reasonably certain to exercise the extension options in leases for the leasehold lands and was not reasonably certain whether to exercise the extension options in leases for the properties. As at 31 December 2020, lease liabilities with the exercise of extension options of approximately RMB616,990,000 (2019: RMB766,505,000) were recognised. The potential exposures to these future lease payments for extension options in which the Group was not reasonably certain to exercise are summarised below:

	Lease liabilities recognised as at 31 December 2020 RMB'000	**Potential future lease payments not included in lease liabilities (undiscounted) 31 December 2020 RMB'000**	Lease liabilities recognised as at 31 December 2019 RMB'000	Potential future lease payments not included in lease liabilities (undiscounted) 31 December 2019 RMB'000
Properties — the PRC	**123,266**	**225,000**	159,676	225,000

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 both years, there was no such triggering event.

Details of the lease maturity analysis of lease liabilities are set out in notes 37 and 44b.

16. RIGHT-OF-USE ASSETS (Continued)

Sale and leaseback transactions — seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. The transfer of legal title to the solar farms, plant and equipment does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the solar farms, plant and equipment. During the year ended 31 December 2020, the Group raised RMB398,505,000 (2019: RMB2,389,424,000) borrowings in respect of such sale and leaseback arrangements. More details are set out in note 36.

17. INVESTMENT PROPERTIES

	RMB'000
COST	
As at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	103,279
ACCUMULATED DEPRECIATION	
As at 1 January 2019	32,819
Provided for the year	4,656
As at 31 December 2019	37,475
Provided for the year	4,656
As at 31 December 2020	42,131
CARRYING AMOUNTS	
As at 31 December 2020	61,148
As at 31 December 2019	65,804

The investment properties are depreciated on a straight-line basis over the shorter of the lease terms of the leasehold land or 5% per annum.

The fair value of the Group's investment properties at 31 December 2020 and 2019 was approximately RMB61,451,000 and RMB65,142,000, respectively. The fair value was determined by the Directors with reference to recent market evidence of transaction prices for similar properties in similar locations and conditions.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

18. OTHER INTANGIBLE ASSETS

	Technical know-how RMB'000
COST	
At 1 January 2019	1,043,196
Addition	27,218
At 31 December 2019	1,070,414
Disposal	(1,999)
At 31 December 2020	1,068,415
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 January 2019	241,889
Amortisation expense	101,711
Impairment loss recognised	479,091
At 31 December 2019	822,691
Amortisation expense	32,986
Eliminated on disposal	(600)
At 31 December 2020	855,077
CARRYING AMOUNTS	
At 31 December 2020	213,338
At 31 December 2019	247,723

Technical know-how are mainly acquired by solar material business from third parties in relation to technical know-how of hydrochlorination production techniques and hydrochlorination recycling system, trichlorosilane fluidised bed reactor technics, Continuous Czochralski monosilicon technics, perovskite solar cells technics and technical know-how on production of polysilicon and wafer products.

Technical know-how have definite useful lives and are amortised on a straight-line basis over 10 years.

During the year ended 31 December 2019, an impairment loss on other intangible assets of RMB479,091,000 (2020: nil) was recognised (see note 15 for details).

19. INTERESTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Cost of investments in associates	**6,353,369**	6,987,689
Share of post-acquisition profit, net of dividends received	**685,657**	551,634
	7,039,026	7,539,323

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 activities
		2020	2019	**2020**	2019	
內蒙古中環協鑫光伏材料有限公司 Inner Mongolia Zhonghuan-GCL Solar Material Co., Ltd.* ("Mongolia Zhonghuan-GCL") (Note a)	PRC	**16.04%**	17.17%	**16.04%**	17.17%	Production of silicon rods
芯鑫融資租賃有限責任公司 Xinxin Finance Leasing Company Limited* ("Xinxin") (Note b)	PRC	**—**	5.97%	**—**	5.97%	Finance leasing
浙江瑞翌新材料科技股份有限公司 Zhejiang Ruiyi New Material Technology Co., Ltd.* ("Zhejiang Ruiyi") (Note c)	PRC	**—**	22.17%	**—**	22.17%	Production and sale of diamond-wire
徐州中平協鑫產業升級股權投資基金（有限合夥） Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP* ("Zhongping GCL") (Note d)	PRC	**40.27%**	40.27%	**25%**	25%	Investment and asset management
新疆協鑫新能源材料科技有限公司 Xinjiang GCL New Energy Materials Technology Co., Limited* ("Xinjiang GCL") (Note e)	PRC	**38.50%**	38.50%	**38.50%**	38.50%	Production and sale of polysilicon

19. 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 activities
		2020	2019	2020	2019	
喀什博思光伏科技有限公司 Kashgar Solbright Technology Co., Ltd.* ("Kashgar Solbright") (Note f)	PRC	11.55%	12.46%	11.55%	12.46%	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") (Note f)	PRC	11.55%	12.46%	11.55%	12.46%	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* ("Huaqiao") (Note f)	PRC	17.33%	18.68%	17.33%	18.68%	Provision of consultancy services on solar power plant
林州市新創太陽能有限公司 Linzhou City Xinchuang Solar Company Limited* ("Linzhou Xinchuang") (Note g)	PRC	11.55%	12.46%	11.55%	12.46%	Operation of solar power plants in the PRC
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co., Ltd.* ("Ruzhou") (Note h)	PRC	25.99%	28.03%	25.99%	28.03%	Operation of solar power plants in the PRC
新安縣協鑫光伏電力有限公司 Xinan County GCL Solar Power Co., Ltd.* ("Xinan") (Note h)	PRC	25.99%	28.03%	25.99%	28.03%	Operation of solar power plants in the PRC
江陵縣協鑫光伏電力有限公司 Jiangling County GCL Solar Power Co., Ltd.* ("Jiangling") (Note h)	PRC	25.99%	28.03%	25.99%	28.03%	Operation of solar power plants in the PRC
山西協鑫新能源科技有限公司 Shanxi GCL New Energy Technologies Co., Ltd.* ("Shanxi GNE") (Note i)	PRC	17.33%	18.68%	17.33%	18.68%	Operation of solar power plants in the PRC
汾西縣協鑫光伏電力有限公司 Fenxi County GCL Photovoltaic Co., Ltd.* ("Fenxi GCL") (Note i)	PRC	17.33%	18.68%	17.33%	18.68%	Operation of solar power plants in the PRC
芮城縣協鑫光伏電力有限公司 Ruicheng County GCL Photovoltaic Co., Ltd.* ("Ruicheng GCL") (Note i)	PRC	17.33%	18.68%	17.33%	18.68%	Operation of solar power plants in the PRC

19. 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 activities
		2020	2019	**2020**	2019	
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.* ("Yu County Jinyang") (Note i)	PRC	**17.33%**	18.68%	**17.33%**	18.68%	Operation of solar power plants in the PRC
盂縣協鑫光伏電力有限公司 Yu County GCL Photovoltaic Co., Ltd.* ("Yu County GCL") (Note i)	PRC	**17.33%**	18.68%	**17.33%**	18.68%	Operation of solar power plants in the PRC
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping County Photovoltaic Development Co., Ltd.* ("Hanneng Guangping") (Note i)	PRC	**17.33%**	18.68%	**17.33%**	18.68%	Operation of solar power plants in the PRC
河北協鑫新能源有限公司 Hebei GCL New Energy Co., Ltd.* ("Hebei GNE") (Note i)	PRC	**17.33%**	18.68%	**17.33%**	18.68%	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 j)	PRC	**5.78%**	N/A	**5.78%**	N/A	Operation of solar power plants in the PRC
淮北鑫能光伏電力有限公司 Huaibei Xinneng Solar Power Co., Ltd.* ("Huaibei Xinneng") (Note j)	PRC	**5.78%**	N/A	**5.78%**	N/A	Operation of solar power plants in the PRC
金湖正輝太陽能電力有限公司 Jinhu Zhenghui Photovoltaic Co., Ltd.* ("Jinhu") (Note k)	PRC	**14.44%**	N/A	**14.44%**	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 l)	PRC	**23.10%**	N/A	**23.10%**	N/A	Inactive

* English name for identification only

19. INTERESTS IN ASSOCIATES (Continued)

Notes:

(a) In November 2017, Mongolia Zhonghuan-GCL was established with certain independent third parties in which the Group injected RMB900,000,000 as capital for a 30% equity interest.

In December 2019, one of the existing shareholders and other investors further injected RMB2,500,000,000 in total into Mongolia Zhonghuan-GCL to increase its registered capital, which resulted in diluting the Group's equity interest in Mongolia Zhonghuan-GCL from 30% to 17.17%.

In March 2020, one of the existing shareholders of Mongolia Zhonghuan-GCL further injected RMB480,000,000 in total into Mongolia Zhonghuan-GCL to increase its registered capital, which resulted in further diluting the Group's equity interest in Mongolia Zhonghuan-GCL by approximately 1%. Since the Group is given the right to appoint two out of seven directors on the board of Mongolia Zhonghuan-GCL, the Directors considered that the Group can exercise significant influence over Mongolia Zhonghuan-GCL and it is therefore continued to be classified as an associate of the Group. The deemed disposal resulted in the Group recognising a loss of approximately RMB49,408,000 in profit or loss during the year ended 31 December 2020.

(b) In December 2020, the Group entered into an agreement with an independent third party to dispose of its entire 5.97% equity interest in Xinxin at a consideration of approximately RMB727,879,000, resulting in a loss of approximately RMB11,951,000 which was recognised in profit or loss during the year ended 31 December 2020. As at 31 December 2020, the consideration receivables amounted to approximately RMB391,206,000.

(c) In December 2020, the Group entered into an agreement with an independent third party to dispose of its entire 22.17% equity interest in Zhejiang Ruiyi at a consideration of approximately RMB3,686,000 to be received. This resulted in a loss of approximately RMB55,899,000 recognised in profit or loss during the year ended 31 December 2020.

(d) In 2019, the Group entered into a partnership agreement with six independent investors for a 40.27% equity interest in Zhongping GCL for a consideration of RMB1,350,000,000 which was fully injected. Pursuant to the partnership agreement of Zhongping GCL, two-third of the votes of the investment committee is required to direct its activities. The Group is entitled to two out of eight voting rights in the investment committee. The Directors consider that the Group can exercise significant influence over Zhongping GCL and it is therefore classified as an associate of the Group.

(e) On 26 June 2019, the Group entered into an agreement with Zhongping GCL, an associate of the Group, to dispose of 31.5% out of its 70% equity interest in Xinjiang GCL for a consideration of approximately RMB2,490,850,000. Resolution for the disposal was duly passed by the shareholders of the Company at an extraordinary general meeting on 9 September 2019. The Group still retained significant influence over Xinjiang GCL upon completion of the disposal. Following the completion of such disposal, the Group's equity interest in Xinjiang GCL was 38.5% which is accounted for using the equity method.

(f) As at 31 December 2020, GNE, a 57.75%-owned subsidiary of the Group (2019: a 62.28%-owned subsidiary of the Group), holds 20%, 20% and 30% equity interest in Kashgar Solbright, Huarong and Huaqiao, respectively. Accordingly, as at 31 December 2020, the Group indirectly holds 11.55% (2019: 12.46%), 11.55% (2019: 12.46%) and 17.33% (2019: 18.68%) equity interest in Kashgar Solbright, Huarong and Huaqiao, respectively.

19. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(g) On 15 February 2019, as disclosed in note 42(ii)(a), GNE Group disposed of 80% equity interest in Linzhou Xinchuang to 中廣核太陽能開發有限公司 CGN Solar Energy Development Co., Ltd.* ("CGN Solar"), an independent third party and retains significant influence on Linzhou Xinchuang upon completion of the disposal. Accordingly, the remaining 20% equity interest in Linzhou Xinchuang is accounted for as an investment in an associate by GNE Group and as at 31 December 2020, the Group indirectly holds 11.55% equity interest in Linzhou Xinchuang (2019: 12.46%).

(h) On 28 March 2019, as disclosed in note 42(ii)(c), GNE Group announced that it had entered into share transfer agreements with 五凌電力有限公司 Wuling Power Corporation Ltd.* ("Wuling Power"), a subsidiary of 中國電力國際發展有限公司 China Power International Development Limited*, for the disposal of 55% equity interest in Ruzhou, Jiangling and Xinan. Since GNE Group retains 45% equity interest in aggregate in Ruzhou, Jiangling and Xinan and has significant influence, these companies are accounted for as investments in associates by GNE Group and as at 31 December 2020, the Group indirectly holds 25.99% equity interest in Ruzhou, Jiangling and Xinan (2019: 28.03%).

(i) On 22 May 2019, as disclosed in note 42(ii)(h), GNE Group entered into a series of seven share transfer agreements with 上海榕耀新能源有限公司 Shanghai Rongyao New Energy Co., Ltd* ("Shanghai Rongyao"), an independent third party, in which GNE Group disposed of 70% of its equity interest in Shanxi GNE, Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Hanneng Guangping and Hebei GNE. Since GNE Group retains 30% equity interest in aggregate in these companies and has significant influence, these companies are accounted for as investments in associates by GNE Group and as at 31 December 2020, the Group indirectly holds 17.33% equity interest in these companies (2019: 18.68%).

(j) On 16 November 2020, as disclosed in note 42(i)(c), GNE Group announced that it has entered into a series of five share transfer agreements with 徐州國投環保能源有限公司 Xuzhou State Investment & Environmental Protection Energy Co., Ltd.* ("Xuzhou State Investment"), an independent third party, for the disposal of 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, 合肥建南電力有限公司 Hefei Jiannan Power Limited* ("Hefei Jiannan") and 合肥久陽新能源有限公司 Hefei Jiuying GCL New Energy Company Limited* ("Hefei Jiuyang") and 67% equity interest in 碭山鑫能光伏電力有限公司 Dangshan Xinneng Photovoltaic Power Company Limited* ("Dangshan Xinneng"). GNE Group has the right to appoint one out of five directors to Suzhou GCL Solar Power and Huaibei Xinneng and therefore GNE Group retains significant influence on Suzhou GCL Solar Power and Huaibei Xinneng upon completion of the disposal. Accordingly, the remaining 10% equity interest in Suzhou GCL Solar Power and Huaibei Xinneng are accounted for as investments in associates by GNE Group and the Group indirectly holds 5.78% equity interest in these companies.

19. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(k) In July 2020, as disclosed in note 42(i)(f), GNE Group disposed of 75% equity interest in Jinhu, a wholly-owned subsidiary, to 國際新能源科技有限公司 CDB New Energy Technology Co., Ltd.* ("CDB New Energy"), an independent third party and retains significant influence on Jinhu upon completion of disposal. Accordingly, the remaining 25% equity interest in Jinhu is accounted for as an associate by GNE Group and the Group indirectly holds 14.44% equity interest in Jinhu.

(l) On 21 August 2020, as disclosed in note 42(i)(g), GNE Group disposed of a total of 60% equity interest in Xinao, a wholly-owned subsidiary 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, and GNE Group retains significant influence on Xinao upon completion of the disposal. Accordingly, the remaining 40% equity interest in Xinao is accounted for as investment in an associate by GNE Group and the Group indirectly holds 23.10% equity interest in Xinao.

* English name for identification only

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

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates, Xinjiang GCL, Mongolia Zhonghuan-GCL and Zhongping GCL, is set out below.

Xinjiang GCL

	2020 **RMB'000**	2019 RMB'000
Current assets	**3,697,274**	3,130,569
Non-current assets	**4,969,780**	5,062,209
Current liabilities	**(3,478,451)**	(5,389,312)
Non-current liabilities	**(3,502,834)**	(1,129,131)

19. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of material associates (Continued)

Xinjiang GCL (Continued)

	2020 **RMB'000**	9 September 2019 to 31 December 2019 RMB'000
Revenue	**2,179,433**	813,744
Profit for the year/period	**11,434**	44,275

Reconciliation of the above summarised financial information to the carrying amount of the interest in Xinjiang GCL recognised in the consolidated financial statements is set out below:

	2020 **RMB'000**	2019 RMB'000
Net assets of Xinjiang GCL	**1,685,769**	1,674,335
Proportion of the Group's ownership interest in Xinjiang GCL	**38.50%**	38.50%
The Group's share of net assets of Xinjiang GCL	**649,021**	644,619
Goodwill	**2,416,798**	2,416,798
Carrying amount of the Group's interest in Xinjiang GCL	**3,065,819**	3,061,417

19. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of material associates (Continued)

Mongolia Zhonghuan-GCL

	2020 RMB'000	2019 RMB'000
Current assets	**4,235,175**	5,047,476
Non-current assets	**10,289,664**	5,321,017
Current liabilities	**(4,461,225)**	(1,762,782)
Non-current liabilities	**(1,508,908)**	(894,872)

	2020 RMB'000	2019 RMB'000
Revenue	**11,605,411**	8,544,169
Profit for the year	**787,264**	1,007,267

Reconciliation of the above summarised financial information to the carrying amount of the interest in Mongolia Zhonghuan-GCL recognised in the consolidated financial statements is set out below:

	2020 RMB'000	2019 RMB'000
Net assets of Mongolia Zhonghuan-GCL	**8,554,706**	7,710,839
Proportion of the Group's ownership interest in Mongolia Zhonghuan-GCL	**16.04%**	17.17%
Carrying amount of the Group's interest in Mongolia Zhonghuan-GCL	**1,372,175**	1,323,951

19. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of material associates (Continued)

Zhongping GCL

	2020 RMB'000	2019 RMB'000
Current assets	199,426	366,359
Non-current assets	3,145,830	2,993,988

	2020 RMB'000	12 April 2019 to 31 December 2019 RMB'000
(Loss) profit for the year/period	(14,720)	7,977

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhongping GCL recognised in the consolidated financial statements is set below:

	2020 RMB'000	2019 RMB'000
Net assets of Zhongping GCL	3,345,256	3,360,347
Proportion of the Group's ownership interest in Zhongping GCL	40.27%	40.27%
Carrying amount of the Group's interest in Zhongping GCL	1,347,135	1,353,212

Aggregate information of associates that are not individually material

	2020 RMB'000	2019 RMB'000
The Group's share of profits	127,603	78,580

20. INTERESTS IN JOINT VENTURES

Details of the Group's investments in joint ventures are as follows:

	2020 RMB'000	2019 RMB'000
Cost of unlisted investment in joint ventures	**814,203**	929,975
Share of post-acquisition loss and OCI, net of dividends received	**(240,045)**	(223,775)
	574,158	706,200

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 activities
		2020	2019	**2020**	2019	
SA Equity Holdco S.a.r.l ("SA Equity") (Note a)	Luxembourg/ South Africa	**51%**	51%	**51%**	51%	Investment holding of photovoltaic power generation projects in South Africa
江蘇鑫華半導體材料科技有限公司 Jiangsu Xinhua Semiconductor Material Technology Co., Ltd.* ("Jiangsu Xinhua") (Note b)	PRC	**50.98%**	50.98%	**50.98%**	50.98%	Production and trading of semiconductor polysilicon

20. INTERESTS IN JOINT VENTURES (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 activities
		2020	2019	**2020**	2019	
蘇州協鑫景世豐股權投資管理有限公司Suzhou GCL Jingshifeng Investment Management Co., Ltd.* ("Jingshifeng") (Note c)	PRC	**53%**	53%	**53%**	53%	Investment and asset management
江蘇疌泉景世豐投資基金(有限合夥) Jiangsu Jiequan Jingshifeng Investment Fund (Limited Partnership)* ("Jiequan Jingshifeng") (Note d)	PRC	**58.80%**	50%	**58.80%**	50%	Investment and asset management
MIT GCL Investment Limited	Cayman Islands	**50%**	50%	**50%**	50%	Investment holding
GHC Investment Management Limited	Cayman Islands	**50%**	50%	**50%**	50%	Investment holding
啟創環球有限公司Qichuang Global Limited* ("Qichuang") (Note e)	BVI/Japan	**28.88%**	31.14%	**28.88%**	31.14%	Inactive
北京京糧協鑫科技有限公司Beijing Jing Liang Xie Xin GCL Technology Limited* ("Jingliang") (Note e)	PRC	**28.30%**	30.52%	**28.30%**	30.52%	Provision of consultancy services on solar power plant

* English name for identification only

20. INTERESTS IN JOINT VENTURES (Continued)

Notes:

(a) At 31 December 2020 and 2019, the Group held a 51% equity interest in SA Equity which is an investment holding company holding a 76% equity interest in each of Solar Reserve GCL Soutdrift PV1 Proprietary Limited and Solar Reserve GCL Humansrus PV1 Proprietary Limited that together indirectly holds a 150MW photovoltaic power plant in South Africa.

Pursuant to the subscription agreement entered into by the Group and the other shareholder, the relevant activities of SA Equity require unanimous consent of the parties sharing control. As a result, SA Equity is accounted for as a joint venture of the Group.

(b) In April 2016, the Group entered into a joint venture investment agreement ("Investment Agreement") with an independent investor ("JV Partner"), pursuant to which the Group invested 50.98% equity interest in Jiangsu Xinhua at a consideration of RMB520,000,000 in the form of property, plant and equipment which approximated the fair values of the relevant assets at the date of transfer. According to the Investment Agreement, the relevant activities require unanimous consent of the parties sharing control. The Directors consider that the Group can only exercise joint control over Jiangsu Xinhua and it is therefore classified as a joint venture of the Group.

Pursuant to the Investment Agreement, the JV Partner has the right to request the Group to repurchase its 49.02% equity interest at a premium if Jiangsu Xinhua failed to fulfil certain conditions. As this put option is a derivative financial instrument within the scope of IFRS 9, the Group measured it at fair value and recognised a gain on fair value change of derivative financial instruments of approximately RMB111,400,000 (2019: a loss of RMB107,389,000) to profit or loss for the year ended 31 December 2020. Further details are set out in note 39.

(c) In 2017, the Group entered into an agreement with certain independent third parties pursuant to which the Group invested 53% equity interest and the independent third parties invested 42% and 5% in Jingshifeng at a consideration of RMB5,300,000, RMB4,200,000 and RMB500,000, respectively. According to the agreement, two-thirds of the votes are required to direct the relevant activities of Jingshifeng. The Directors consider that the Group can only exercise joint control over Jingshifeng and it is therefore classified as a joint venture of the Group.

(d) In August 2017, the Group entered into a partnership agreement with certain independent investors pursuant to which the Group committed to contribute RMB300,000,000 to the partnership for 50% equity interest and injected funds amounting to RMB90,000,000 as at 31 December 2017. In November 2020, the Group further injected approximately RMB23,300,000 whereas the other investors injected approximately RMB700,000 into Jiequan Jingshifeng for the increase of its registered capital, resulting in the change in the equity interest in Jiequan Jingshifeng to 58.80%. Pursuant to the partnership agreement of Jiequan Jingshifeng, two-thirds of the votes are required to direct the relevant activities. The Directors consider that the Group can only exercise joint control over Jiequan Jingshifeng and the investment is therefore classified as a joint venture of the Group.

(e) At 31 December 2020, GNE, a 57.75%-owned subsidiary of the Group (2019: 62.28%-owned subsidiary of the Group) holds 50% and 49% equity interest in Qichuang and Jingliang, respectively. Therefore, as at 31 December 2020, the Group indirectly held 28.88% (2019: 31.14%) and 28.30% (2019: 30.52%) equity interest in Qichuang and Jingliang, respectively.

* English name for identification only

20. INTERESTS IN JOINT VENTURES (Continued)

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

Summarised financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture, Jiangsu Xinhua, is set out below.

Jiangsu Xinhua

	2020 RMB'000	2019 RMB'000
Current assets	**558,961**	396,601
Non-current assets	**1,434,937**	1,575,083
Current liabilities	**(746,338)**	(356,716)
Non-current liabilities	**(723,207)**	(815,949)

The above amounts of assets and liabilities include the following:

	2020 RMB'000	2019 RMB'000
Cash and cash equivalents	**241,989**	23,834
Non-current financial liabilities (excluding trade and other payables and provisions)	**(661,872)**	(770,042)

	2020 RMB'000	2019 RMB'000
Revenue	**119,301**	74,203
Loss for the year	**(249,464)**	(212,325)

20. INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of material joint venture (Continued)

Jiangsu Xinhua (Continued)

The above loss for the year includes the following:

	2020 RMB'000	2019 RMB'000
Depreciation and amortisation	**(91,363)**	(93,719)
Interest income	**3,958**	5,476
Interest expense	**(52,097)**	(42,053)
Income tax expense	**(96)**	(24,276)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiangsu Xinhua recognised in the consolidated financial statements is set out below:

	2020 RMB'000	2019 RMB'000
Net assets of Jiangsu Xinhua	**524,353**	799,019
Proportion of the Group's ownership interest in Jiangsu Xinhua	**50.98%**	50.98%
Carrying amount of the Group's interest in Jiangsu Xinhua	**267,315**	407,340

Aggregate information of joint ventures that are not individually material

	2020 RMB'000	2019 RMB'000
The Group's share of profits	**29,618**	56,878
The Group's share of OCI	**—**	478
The Group's share of total comprehensive income	**29,618**	57,356

21. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 RMB'000	2019 RMB'000
Current assets		
Other financial assets at FVTPL:		
Unlisted investments (Note a)	**800,763**	477,256
Non-current assets		
Other financial assets at FVTPL:		
Unlisted investments (Note b)	**241,310**	213,221
Asset management plans (Note c)	—	100,000
Unlisted equity investments (Note d)	**79,957**	44,321
	321,267	357,542
Equity instruments at FVTOCI:		
Listed equity investments (Note e)	**21,073**	41,857

Notes:

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

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

21. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

Notes: (Continued)

(c) As at 31 December 2019, GNE Group invested RMB100,000,000 into an asset management plan managed by a financial institution in the PRC with maturity on 31 March 2021. Since the maturity date of the relevant investment was more than twelve months from the end of the reporting period, the relevant investment was presented as non-current as of 31 December 2019. The principal was not guaranteed by the relevant financial institution and the expected return rate as stated in the contract is 7.50%. During the year ended 31 December 2020, GNE Group entered into an asset transfer agreement with a financial institution to transfer these investments as consideration for the settlement of its other borrowings from the financial institution amounting to approximately RMB113,027,000 and a gain of approximately RMB13,027,000 from the disposal such investment, was recognised in profit or loss.

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

During the year ended 31 December 2020, the Company disposed of 80% equity interest in Funing Xinneng, Ningxia Hengyang and Baoying Xingneng (as defined in note 42(iii)), all wholly-owned subsidiaries, and retained the remaining 20% equity interest in these companies. 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 2020.

(e) The amount mainly represents the listed equity investments in Lamtex Holdings Limited ("Lamtex"), whose shares are listed on the Stock Exchange, and Millennial Lithium Corp. ("Millennial"), whose shares are listed on TSX Venture Exchange.

Since 3 August 2020 and up to the date of approval of these consolidated financial statements for issuance, trading of Lamtax's shares on the Stock Exchange has been suspended. In addition, Lamtax received a winding up petition due to its insolvency position and inability to pay its debt. The Directors consider the fair value of the investment in Lamtax approaches zero based on its latest financial position.

In 2018, the Group subscribed for 1,822,514 units in the capital of Millennial for Canadian dollars 6,379,000 (equivalent to RMB31,860,000), with each unit comprising of one common share in Millennial and one half of one warrant, each warrant entitling the holder to purchase one common share in Millennial at a specific price within a specific period which expired in March 2020.

These investments are not held for trading; instead, they are held for long-term strategic purpose. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

22. CONVERTIBLE BONDS RECEIVABLE

The Directors have classified the convertible bonds receivable subscribed in 2018 as financial assets at FVTPL on initial recognition. The fair values of the convertible bonds receivable at initial recognition and as at 31 December 2019 were determined with reference to the valuations prepared by an independent professionally qualified valuer, DTZ Cushman & Wakefield Limited, based on the Binomial Lattice Model. The convertible bonds were fully redeemed on 14 July 2020.

The reconciliation of the change in fair value of the convertible bonds receivable is as follows:

	RMB'000
As at 1 January 2019	76,001
Receipt of interests	(4,724)
Change in fair value credited to profit or loss (note 9B)	29,820
As at 31 December 2019	101,097
Receipt of interests	(4,330)
Change in fair value charged to profit or loss (note 9B)	(403)
Redemption of convertible bonds	(96,364)
As at 31 December 2020	—

Note: Exchange gain of the convertible bonds receivable of approximately RMB2,115,000 (2019: RMB1,648,000) together with change in fair value was recognised in profit or loss during the year ended 31 December 2020.

During the year ended 31 December 2018, the Group subscribed for the convertible bonds issued by Asia Energy Logistics Group Limited ("Asia Energy"), whose shares are listed on the Stock Exchange, with a principal amount of HK$100,000,000 (equivalent to RMB80,334,000). The convertible bonds carried interest at 5.5% per annum payable semi-annually and matured on 2 March 2021.

22. CONVERTIBLE BONDS RECEIVABLE (Continued)

On 17 September 2019, the Group and Asia Energy entered into a deed of amendment agreement to amend the conversion price to HK$0.375 per share, to adjust the number of conversion shares issuable by Asia Energy upon full exercise of the conversion right attached to the convertible bonds to 266,666,666 conversion shares and to allow the convertible bonds be freely transferrable in whole or in part to any third party which is not a connected person of Asia Energy. The amendment was effective on 20 November 2019. The Directors considered that the fair value change of the convertible bonds receivable resulting from the modification was insignificant.

The following key assumptions were applied:

	31 December 2019	20 November 2019
Discount rate	**28.40%**	27.51%
Share price (per share)	**HK$0.40**	HK$0.34
Conversion price (per share)	**HK$0.375**	HK$0.375
Risk free interest rate	**1.77%**	1.81%
Time to maturity	**1.17 years**	1.28 years
Expected volatility	**36.40%**	39.26%
Expected dividend yield	**0%**	0%

23. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2020 RMB'000	2019 RMB'000
Deferred tax assets	**289,814**	291,711
Deferred tax liabilities	**(113,991)**	(186,748)
	175,823	104,963

23. DEFERRED TAXATION (Continued)

The following are the deferred tax assets (liabilities) recognised and movements thereon during the year:

	Property, plant and equipment RMB'000	Withholding tax on undistributed profits RMB'000	Unrealised profits on inventories RMB'000	Fair value uplift of interest in an associate RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	265,507	(134,641)	91,039	—	(41,321)	180,584
Credit (charge) to profit or loss	362,769	11,289	(41,050)	(357,326)	(10,166)	(34,484)
Acquisition of solar farm projects (note 41)	(12,165)	—	—	—	—	(12,165)
Disposal of solar farm projects	(36,867)	—	—	—	7,895	(28,972)
At 31 December 2019	579,244	(123,352)	49,989	(357,326)	(43,592)	104,963
Credit (charge) to profit or loss	58,454	61,851	(48,677)	—	3,347	74,975
Disposal of solar farm projects	(15,409)	—	—	—	11,294	(4,115)
At 31 December 2020	622,289	(61,501)	1,312	(357,326)	(28,951)	175,823

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 accumulated profits of the PRC subsidiaries of GNE Group amounting to approximately RMB2,340,768,000 (2019: RMB2,345,155,000) as GNE 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 year ended 31 December 2020, withholding tax of approximately RMB14,578,000 (2019: RMB49,495,000) was charged to profit or loss for the dividends declared and paid by the PRC subsidiaries of GNE Group amounted to RMB291,560,000 (2019: RMB989,880,000).

At the end of the reporting period, the Group had unused tax losses of approximately RMB6,446,001,000 (2019: RMB3,964,971,000) available for offset against future profits. No deferred tax asset had been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB6,237,810,000 (2019: RMB1,977,181,000) will expire from 2021 to 2025 (2019: 2020 to 2024) and other losses may be carried forward indefinitely.

23. DEFERRED TAXATION (Continued)

At the end of the reporting period, the Group had deductible temporary differences mainly in respect of impairment of certain assets in aggregate of approximately RMB8,904,662,000 (2019: RMB3,923,177,000). A deferred tax asset had been recognised in respect of approximately RMB2,085,853,000 (2019: RMB1,977,181,000) of such deductible temporary differences. No deferred tax asset had been recognised in relation to the remaining deductible temporary differences of approximately RMB6,818,809,000 (2019: RMB1,945,996,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

24. INVENTORIES

	2020 **RMB'000**	2019 RMB'000
Raw materials	**174,462**	185,036
Work in progress	**107,510**	111,605
Semi-finished goods (Note)	**175,736**	206,114
Finished goods	**30,170**	247,631
Solar modules	**751**	802
	488,629	751,188

Note: Semi-finished goods mainly represented polysilicon.

During the year ended 31 December 2020, cost of inventories of approximately RMB8,923,618,000 (2019: RMB12,277,366,000) recognised as cost of sales included write-down of inventories, net of approximately RMB7,286,000 because the cost of certain inventories were higher than their net realisable values. During the year ended 31 December 2019, cost of inventories recognised as cost of sales included reversal of write-down of inventories, net of approximately RMB3,712,000 which arose due to the utilisation of certain inventories previously written off.

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

Deposits, prepayments and other non-current assets

	2020 RMB'000	2019 RMB'000
Deposits for acquisitions of property, plant and equipment (Note c)	**527,212**	530,525
Consideration receivables (note 42)	**124,679**	92,795
Refundable value-added tax	**981,075**	1,716,249
Others	**80,005**	56,877
	1,712,971	2,396,446

Trade and other receivables

	2020 RMB'000	2019 RMB'000
Trade receivables (Note a)	**13,504,618**	10,993,839
Other receivables:		
— Refundable value-added tax	**621,048**	860,714
— Consideration receivables	**1,349,641**	672,909
— Receivables for modules procurement	**63,376**	287,044
— Other loan receivables (Note b)	**—**	14,250
— Prepayments	**252,671**	518,566
— Others	**1,547,138**	822,692
	17,338,492	14,170,014
Less: allowance for credit losses (Trade)	**(109,936)**	(102,669)
Less: allowance for credit losses (Non-Trade)	**(740,754)**	(210,204)
	16,487,802	13,857,141

25. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/ TRADE AND OTHER RECEIVABLES (Continued)

Trade and other receivables (Continued)

At 1 January 2019, trade receivables from contract with customers amounted to approximately RMB9,964,781,000.

Notes:

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

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

	2020 RMB'000	2019 RMB'000
Within 3 months	259,570	559,711
3 to 6 months	42,536	29,048
Over 6 months	129,557	76,740
	431,663	665,499

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

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

	2020 RMB'000	2019 RMB'000
Unbilled (Note)	6,717,763	2,524,359
Within 3 months	197,194	280,503
3 to 6 months	177,946	147,892
Over 6 months	282,419	504,380
	7,375,322	3,457,134

Note: Amount represents unbilled basic tariff receivables for solar farms operated by the Group, and tariff adjustment receivables of those solar farms already registered in the List (2019: Catalogue). The Directors expect the unbilled tariff adjustments would be generally billed and settled within one year from the end of the reporting period.

25. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/ TRADE AND OTHER RECEIVABLES (Continued)

Trade and other receivables (Continued)

Notes: (Continued)

(a) (Continued)

Note: (Continued)

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

	2020 RMB'000	2019 RMB'000
0–90 days	**948,875**	504,582
91–180 days	**283,537**	401,488
181–365 days	**1,051,020**	677,679
Over 365 days	**4,434,331**	940,610
	6,717,763	2,524,359

As at 31 December 2020, total bills received amounting to approximately RMB5,587,697,000 (2019: RMB6,768,537,000) were held by the Group for future settlement of trade receivables, of which certain bills were further discounted/endorsed by the Group. The Group continued to recognise their full carrying amount at the end of the reporting period and details are disclosed in note 46. All bills received by the Group were with a maturity period of less than one year.

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

As at 31 December 2020, included in the Group's trade receivables balance (excluding sales of electricity and bills held by the Group for future settlement) were debtors with aggregate carrying amount of approximately RMB221,300,000 (2019: RMB237,483,000) which were past due as at the reporting date. Out of the past due balances, approximately RMB149,345,000 (2019: RMB86,687,000) had been past due 121 days or more but was not considered as in default as part of such receivables was either supported by letters of credit issued by banks or offset by advances from customers or substantially settled subsequent to the end of the reporting period.

As at 31 December 2020, included in these trade receivables arising from sales of electricity were debtors with aggregate carrying amount of RMB558,786,000 (2019: RMB749,643,000) which was past due as at the end of the reporting date. These trade receivables related to a number of customers representing the local grid companies in the PRC, for whom there was no recent history of default. The Group did not hold any collaterals over these balances.

25. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/ TRADE AND OTHER RECEIVABLES (Continued)

Trade and other receivables (Continued)

Notes: (Continued)

(b) GNE Group, as lender, entered into loan agreements with independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar farm projects in the PRC. As at 31 December 2019, the outstanding loan balance was approximately RMB14,250,000. The loans were receivable within twelve months from 31 December 2019 and carried interest at 6% per annum.

During the year ended 31 December 2020, RMB13,000,000 was received from one of the Borrowers and the remaining RMB1,250,000 was fully impaired as the directors of GNE considered the balance was not recoverable

(c) As at 31 December 2020, an amount of RMB510 million was included in the deposits for acquisition of property, plant and equipment of which approximately RMB495.28 million was received subsequently in April 2021. Approximately RMB14.72 million was recognised as expense in the consolidated statement of profit or loss and other comprehensive income for the year.

On 9 April 2021, the former auditor of the Company, issued a letter (the "Auditor Letter") addressing the Audit Committee bringing to its attention that during the performance of the audit of the 2020 Annual Results, the former auditor encountered an issue relating to a prepayment in the amount of RMB510 million made by a subsidiary of the Company, 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* ("Jiangsu Zhongneng") for the purposes of an engineering, procurement and construction project ("EPC Contract"). On 28 April 2021, the Company established a special audit issue committee of Directors comprising the Independent Non-Executive Directors (the "Special Committee") to undertake an independent investigation to assess the outstanding issues under the Auditor Letter. On 7 May 2021, the Company and the Special Committee engaged Mazars Certified Public Accountants LLP (the "Forensic Accountant") to conduct a forensic investigation addressing various concerns raised by the former auditor in the Auditor Letter. The forensic investigation and supplemental forensic investigation were completed in July 2021 and September 2021 respectively and the Forensic Accountant's findings adequately address the concerns in relation to the EPC Contract raised by the former auditor in the Auditor Letter.

Based on reports from the Forensic Accountant, the directors concluded that the various concerns in relation to the EPC Contract raised by the former auditor in the Auditor Letter did not have any material impact and the related balances and expenses have been properly reflected on the consolidated financial statements for the year ended 31 December 2020.

* English name for identification only

Details of impairment assessment of the trade and other receivables are set out in note 44.

26. CONTRACT ASSETS

	2020 RMB'000	2019 RMB'000
Sales of electricity	**1,227,979**	5,639,898

At 1 January 2019, contract assets amounted to approximately RMB4,236,405,000.

The contract assets primarily related to the portion of tariff adjustments for electricity sold to grid companies in the PRC by the Group's on-grid solar farms which were still pending registration to the List (2019: Catalogue) at the end of reporting period. Tariff adjustments were recognised as revenue upon the sale of electricity as disclosed in note 6. Pursuant to the 2020 Measures, for those on-grid solar farms yet to be registered on the List (2019: Catalogue), they are required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar farms that are enlisted in the List. The contract assets are transferred to trade receivables when the Group's respective on-grid solar farms are enlisted in the List. The Group considered the settlement terms contained a significant financing component, and had adjusted the respective tariff adjustments for the financing component based on an 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 was adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties by approximately RMB212 million for the year ended 31 December 2020 (2019: RMB151 million) for this financing component and in relation to a revision of the expected timing of receipt of tariff adjustments in the contract assets.

Contract assets are reclassified to trade receivables at the point the respective on-grid solar farm projects are enlisted on the List. The balances as at 31 December 2020 and 2019 were classified as non-current as they were expected to be received after twelve months from the reporting date.

Details of the impairment assessment are set out in note 44.

27. AMOUNTS DUE FROM RELATED COMPANIES

The related companies included associates and joint ventures of the Group and companies controlled by Mr. Zhu Gongshan, the chairman of the Group, and his family members which hold in aggregate approximately 30% (2019: 32%) of the Company's share capital as at 31 December 2020 and exercise significant influence over the Company.

	2020 RMB'000	2019 RMB'000
Amounts due from related companies		
— Trade related (Note a)	**431,814**	411,143
— Non-trade related (Note b)	**8,639**	19,686
	440,453	430,829
Amounts due from associates		
— Trade related (Note a)	**59,778**	101,719
— Non-trade related (Note c)	**1,110,515**	2,273,114
	1,170,293	2,374,833
Amounts due from joint ventures		
— Trade related (Note a)	**738**	705
— Non-trade related (Note b)	**7,942**	8,297
	8,680	9,002
	1,619,426	2,814,664
Less: allowance for credit losses	**(281,580)**	(281,580)
	1,337,846	2,533,084
Analysed for reporting purposes as:		
— Current assets	**597,315**	1,706,133
— Non-current assets	**740,531**	826,951
	1,337,846	2,533,084
— Trade related	**210,750**	231,987
— Non-trade related	**1,127,096**	2,301,097
	1,337,846	2,533,084

27. AMOUNTS DUE FROM RELATED COMPANIES (Continued)

Notes:

(a) The amounts are unsecured, non-interest-bearing and the credit period is normally within 30 days (2019: 30 days).

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

The maximum amount outstanding during 2020 is approximately RMB19,686,000 (2019: RMB145,579,000) for non-trade related amounts due from companies in which Mr. Zhu Gongshan and his family have control.

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

	2020	2019
	RMB'000	RMB'000
Within 3 months	**66,648**	103,108
3 to 6 months	**6,052**	17,306
More than 6 months	**138,050**	111,573
	210,750	231,987

(c) The amounts are unsecured, non-interest-bearing and with no fixed term of repayment, except for (i) deposits of approximately RMB38,000,000 pledged for the loans from Xinxin with repayment terms of 3 to 8 years as at 31 December 2019 and were therefore classified as non-current assets. During the year ended 31 December 2020, the Group disposed of its entire equity interest in Xinxin as set out in note 19. RMB8,000,000 was offset against the loan from Xinxin and the remaining balance of RMB30,000,000 was reclassified as restricted deposits as at 31 December 2020; (ii) loans to Xinjiang GCL of approximately RMB743,635,000 (2019: RMB1,243,469,000) which were unsecured, bearing interest at fixed rates of 5.22% to 5.655% (2019: 5.22% to 5.655%) per annum, of which an amount of RMB700,000,000 was agreed to be repaid after one year and was therefore classified as non-current assets. The remaining balance of the loans to Xinjiang GCL was with no fixed term of repayment and was therefore classified as current assets; and (iii) an amount of approximately RMB40,529,000 (2019: RMB88,951,000) which, in the opinion of the directors of GNE, was expected to be received after twelve months from the end of the reporting period and was classified as non-current assets.

The Directors closely monitors the credit quality of amounts due from related companies and consider those accounts, which are neither past due nor impaired, are of a good credit quality in view of the good historical repayment records of such parties. Except for the amounts due from related companies with gross carrying amount of approximately RMB393,886,000 (2019: RMB402,274,000) which was credit-impaired because there was a default of payment from the counterparty, and therefore, an impairment loss of approximately RMB275,182,000 was recognised for the year ended 31 December 2019.

Details of impairment assessment of amounts due from related companies are set out in note 44.

28. HELD FOR TRADING INVESTMENTS

	2020 RMB'000	2019 RMB'000
Listed securities:		
— Equity securities listed in Hong Kong	**3,447**	4,339

29. PLEDGED AND RESTRICTED BANK AND OTHER DEPOSITS AND BANK BALANCES

Bank balances

Bank balances carry interest at floating rates which range from 0.01% to 1.5% (2019: 0.01% to 2%) per annum or fixed rates which range from 0.3% to 2.75% (2019: 0.35% to 2.75%) per annum.

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. Deposits amounting to approximately RMB291,420,000 (2019: RMB914,774,000) were pledged to secure the Group's short-term borrowings and lease liabilities in the PRC and the USA, which were due within one year and were therefore classified as current assets. The remaining deposits amounting to approximately RMB669,055,000 (2019: RMB1,059,716,000) were pledged to secure long-term borrowings granted to the Group and lease liabilities which were due after one year, and were therefore classified as non-current assets.

Pledged bank deposits carried fixed interest rates ranging from 0.40% to 4.18% (2019: 0.30% to 5.23%) per annum.

As at 31 December 2020, pledged other deposits of approximately RMB428,725,000 (2019: RMB644,168,000) were non-interest-bearing.

Restricted bank deposits

The deposits carried interest at floating rates from 0.35% to 2.22% (2019: 0.35%) per annum or fixed rates ranging from 0.30% to 3.55% (2019: 0.35% to 3.99%) per annum and will be released upon the settlement or discharge of the relevant letters of credit and guarantee.

Restricted bank deposits amounting to approximately RMB3,573,150,000 (2019: RMB4,882,496,000) were utilized to secure bills and short-term letters of credit for trade and other payables, and were therefore classified as current assets. The remaining deposits amounting to approximately RMB13,050,000 (2019: RMB72,440,000) were utilized to secure lease liabilities and other payables which were due after one year, and were therefore classified as non-current assets.

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

Disposal groups classified as held for sale

(a) On 29 September 2020, GNE Group entered into six share transfer agreements with 華能工融一號(天津)股權投資基金合夥企業有限公司 Huaneng Gongrong No. 1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 1 Fund") and 華能工融二號(天津)股權投資基金合夥企業有限公司 Huaneng Gongrong No. 2 (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* ("Hua Neng No. 2 Fund") to dispose of its 100% equity interest in six wholly-owned subsidiaries, namely 湖北省麻城金伏太陽能電力有限公司 Hubei Macheng Photovoltaic Power Company Limited* ("Hubei Macheng"), 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"), 汝陽協鑫新能源有限公司 Ruyang GCL New Energy Limited* ("Ruyang GCL"), 包頭市中利騰暉光伏發電有限公司 Baotou Zhonglitenghui Photovoltaic Power Company Limited* ("Baotou Zhonglitenghui") and 寧夏中衛協鑫光伏電力有限公司 Ningxia Zhongwei Photovoltaic Power Company Limited* ("Ningxia Zhongwei") at an aggregate consideration of RMB576,001,000 and the repayment of interest in shareholder's loan as at the date of disposals (the "Disposal Date A"). The subsidiaries operate solar farm projects with an aggregate capacity of 403MW in Henan, the PRC (the "Project A").

As at 31 December 2020, the disposal of Batou Zhonglitenghui, Ruyang GCL, Hubei Macheng and Ningxia Zhongwei had not been completed and the subsidiaries' net assets were presented as disposal groups held for sale. The disposals of Huixian City and Qixian GCL were completed and disclosed in note 42(i)(b).

GNE Group granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which GNE Group agreed that if the Project A failed 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 was disrupted for more than six months due to the reasons stipulated in the share transfer agreements, GNE Group shall repurchase the entire equity interest in the Project A from Hua Neng No. 1 Fund and Hua Neng No. 2 Fund at a repurchase price which is the higher of (1) equity value of the Project A assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the share transfer agreements, together with any outstanding shareholder's loan advanced to the Project A by Hua Neng No. 1 Fund and Hua Neng No. 2 Fund. As the Project A had already registered in the Catalogue/List and eligibility for the receipt of tariff adjustment receivables was assured, in the opinion of the directors of GNE, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after the Disposal Date A and therefore, the possibility regarding the occurrence of the specified events as stipulated in the share transfer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at 31 December 2020 was considered as insignificant.

* English name for identification only

30. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

(b) On 16 November 2020, GNE Group entered into five share transfer agreements with Xuzhou State Investment to dispose of its 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan and 合肥久陽新能源有限公司 Hefei Jiuyang GCL New Energy Company Limited ("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. GNE Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB276,437,000 to RMB269,267,000 during the year ended 31 December 2020. The subsidiaries operate solar farm projects with an aggregate capacity of 174MW in Anhui, the PRC.

As at 31 December 2020, the disposals of Hefei Jiannan and Hefei Jiuyang were not completed and the subsidiaries' net assets were classified as disposal groups held for sale. The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng were completed and disclosed in note 42(i)(c).

(c) On 4 December 2020, GNE Group entered into a share transfer agreement with北京聯合榮邦新能源科技有限公司 Beijing United Rongbang New Energy Technology Co., Ltd.* ("Beijing United Rongbang"), an independent third party, to dispose of all of its 99.2% in Zhenglanqi State Power Photovoltaic Company Limited* ("Zhenglanqi") for an aggregate consideration of RMB209,600,000 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 was received and recognised as other payables as at 31 December 2020. Zhenglanqi has a solar farm project with installed capacity of approximately 50MW in Inner Mongolia, the PRC. The disposal had not been completed as at 31 December 2020 and the subsidiaries' net assets were classified as held for sales.

(d) On 14 December 2019, the GNE Group entered into an agreement with Shanghai Lujing and Shaanxi Shenmu Guoxiang Green Ecology Co., Ltd. ("Shenmu Guoxiang"). Pursuant to the agreement, Shanghai Lujing and Shenmu Guoxiang agreed to transfer their equity interests (i.e. 20%) in Shenmu Jingdeng to the GNE Group and the GNE Group agreed to transfer its controlling right (i.e. 80% equity interest) in Shenmu Guotai to Shanghai Lujing. The transaction was not completed as at 31 December 2020.

As at 31 December 2020, the assets and liabilities attributable to Baotou Zhonglitenghui, Ruyang GCL, Hubei Macheng, Ningxia Zhongwei, Hefei Jiannan, Hefei Jiuyang, Zhenglanqi and Shenmu Guotai were classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

* English name for identification only

30. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

As at 31 December 2020, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment (note 15)	2,613,456
Right-of-use assets (note 16)	75,051
Other non-current assets	81,784
Trade and other receivables	718,055
Pledged bank deposits	43,882
Bank balances and cash	48,018
	3,580,246
Less: Loss on measurement of assets classified as held for sale to fair value less costs to sell (note 9B)	(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 associated with assets classified as held for sale	(1,919,568)
Net assets of solar farm projects classified as held for sale	1,606,181
Intragroup balances	(820,206)
Net assets of solar farm projects	785,975

Note: The loan from a related company is unsecured, non-interest-bearing and repayable on demand.

30. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal groups classified as held for sale (Continued)

The following is an aged analysis of trade receivables presented, based on the invoice date at 31 December 2020, which approximated the respective revenue recognition date:

	RMB'000
Unbilled (Note)	703,332
0–90 days	5,795
	709,127

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

	RMB'000
0–90 days	98,008
91–180 days	79,308
181–365 days	151,429
Over 365 days	374,587
	703,332

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

30. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Disposal group classified as held for sale (Continued)

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

The carrying amounts of the above other borrowings are repayable:

	RMB'000
Within one year	—
More than one year, but not exceeding two years	27,151
More than two years, but not exceeding five years	123,299
More than five years	47,150
Other borrowings — due after one year	197,600

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

Lease liabilities payable:

	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

31. TRADE AND OTHER PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables (Note a)	**5,885,594**	6,856,052
Construction payables (Note a)	**3,968,270**	5,631,628
Payables to vendors of solar farms	**66,320**	92,873
Other payables	**1,381,183**	949,779
Convertible bonds to a non-controlling shareholders of subsidiary	**49,000**	—
Salaries and bonus payable	**348,964**	281,052
Dividend payables to non-controlling shareholders of subsidiaries	**237,381**	236,453
Other tax payables	**83,642**	139,441
Interest payables	**217,802**	395,339
Advance from engineering, procurement and construction ("EPC") contractors (Note b)	**80,244**	123,030
Accruals	**212,312**	313,002
	12,530,712	15,018,649

Notes:

(a) Included in the trade payables and construction payables are (i) RMB2,281,285,000 (2019: RMB2,596,413,000) and RMB338,496,000 (2019: RMB780,505,000), respectively, against which the Group issued bills to the relevant creditors for settlement and (ii) an aggregate amount of approximately RMB2,869,460,000 (2019: RMB3,210,854,000) being bills received endorsed to creditors with recourse. All these bills were with a maturity period of less than one year.

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

The credit period for trade payables is within 3 to 6 months (2019: 3 to 6 months).

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

	2020 RMB'000	2019 RMB'000
Within 3 months	**1,461,865**	2,005,385
3 to 6 months	**1,912,708**	2,046,535
More than 6 months	**229,736**	207,719
	3,604,309	4,259,639

32. AMOUNTS DUE TO RELATED COMPANIES

The related companies included associates and joint ventures of the Group and companies controlled by Mr. Zhu Gongshan, the chairman of the Group, and his family members which held in aggregate approximately 30% (2019: 32%) of the Company's share capital as at 31 December 2020 and exercise significant influence over the Company.

	2020 RMB'000	2019 RMB'000
Amounts due to related companies		
— Trade related (Note a)	**13,893**	7,638
— Non-trade related (Note b)	**229,616**	137,824
	243,509	145,462
Amounts due to associates		
— Trade related (Note a)	**157,001**	1,174,645
— Non-trade related (Note b)	**1,610,088**	417,103
	1,767,089	1,591,748
Amount due to a joint venture		
— Trade related (Note a)	**43,404**	79,098
— Non-trade related (Note b)	**34,155**	—
	77,559	79,098
	2,088,157	1,816,308
Analysed for reporting purposes as:		
— Trade related	**214,298**	1,261,381
— Non-trade related	**1,873,859**	554,927
	2,088,157	1,816,308

32. AMOUNTS DUE TO RELATED COMPANIES (Continued)

Notes:

(a) The amounts are unsecured, non-interest-bearing and the credit period is normally within 30 days (2019: 30 days).

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

	2020 RMB'000	2019 RMB'000
Within 3 months	137,517	1,151,455
3 to 6 months	37,976	38,711
More than 6 months	38,805	71,215
	214,298	1,261,381

(b) The amounts are unsecured, non-interest-bearing and have no fixed terms of repayment.

33. LOANS FROM RELATED COMPANIES

	2020 RMB'000	2019 RMB'000
Loans from:		
— an associate (Note a)	—	601,918
— companies controlled by Mr. Zhu Gongshan and his family (Note b)	908,508	1,173,643
	908,508	1,775,561
Analysed for reporting purposes as:		
— Current liabilities	788,668	743,922
— Non-current liabilities	119,840	1,031,639
	908,508	1,775,561

33. LOANS FROM RELATED COMPANIES (Continued)

Notes:

(a) As at 31 December 2019, the amounts represented the advances from Xinxin arising from several financing arrangements. Advances of approximately RMB146,679,000 were secured, interest-bearing and repayable within one year, and were therefore classified as current liabilities. The remaining advances of approximately RMB455,239,000 were secured and interest-bearing with repayment terms of 3 to 8 years, and were therefore classified as non-current liabilities. The Balance of approximately RMB392,507,000 was secured by cash deposits of approximately RMB38,000,000 and carried interest ranging from 6% to 8.58% per annum. The remaining balance of approximately RMB209,411,000 was secured by certain property, plant and equipment held by the Group and carried interest at 7.81% per annum.

During the year ended 31 December 2020, the Group disposed of its entire equity interest in Xinxin as set out in note 19 and such advances were therefore reclassified as other loans and included in banks and other borrowings as at 31 December 2020.

(b) 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)*, 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Limited*, 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited* 協鑫光伏系統有限公司, 新疆國信煤電能源有限公司 and 阜寧協鑫房地產開發有限公司 Funing Property Development Limited* in total amounted to approximately RMB908,508,000 (2019: RMB1,173,643,000). Except for the loan from 協鑫光伏系統有限公司 which was non-interest-bearing, these loans were unsecured, bearing interest at 8% to 12% (2019: 8%) per annum and repayable from 2020 through 2021. Approximately RMB788,668,000 (2019: RMB597,243,000) of the outstanding loans was repayable within twelve months from the end of the reporting period.

* English name for identification only

34. CONTRACT LIABILITIES

	2020 RMB'000	2019 RMB'000
Sales of polysilicon and wafer		
Current	**357,461**	224,939
Non-current	**—**	147,740
	357,461	372,679

At 1 January 2019, contract liabilities amounted to approximately RMB393,396,000.

The Group entered into supply framework contracts with customers with continuous business relationships and received advance payments from these customers. When the Group receives certain percentage of deposits as an advance payment upon signing the supply framework contract, this will give rise to contract liabilities at the start of a contract, until revenue is recognised upon the order is fulfilled.

Contract liabilities are classified as current liabilities and non-current liabilities based on the agreed portion of advance payments to be utilised for the estimated amounts of purchase of goods as stated in the respective supply framework contracts within one year and after one year, respectively.

35. GOVERNMENT GRANTS

	2020 RMB'000	2019 RMB'000
Amounts credited to profit or loss during the year:		
Incentive subsidies (Note a)	**62,849**	92,889
Subsidies related to property, plant and equipment (Note b)	**36,832**	61,811
Value-added tax refunds related to depreciable assets (Note c)	**6,515**	6,515
Energy income credit ("ITC") (Note d)	**14,078**	14,159
	120,274	175,374

	2020 RMB'000	2019 RMB'000
Deferred income related to government grants:		
Subsidies related to property, plant and equipment (Note b)	**171,535**	203,906
Value-added tax refunds related to depreciable assets (Note c)	**24,588**	31,103
ITC (Note d)	**362,461**	401,857
Total	**558,584**	636,866
Less: current portion (included in deferred income)	**(40,136)**	(38,958)
Non-current portion (included in deferred income)	**518,448**	597,908

Notes:

(a) Incentive subsidies were received from the relevant PRC government for improvement of working capital and financial assistance to the operating activities to enhance the competitiveness in the industry. The amount also includes grants for relevant expenses incurred such as those for research and development activities and interest subsidies. The subsidies were granted on a discretionary basis to the Group during the year.

(b) The Group received government subsidies for capital expenditure incurred for the plant and machinery. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

(c) The Group received value-added tax refunds on purchases of domestic manufactured plant and machinery. The amounts are deferred and amortised over the estimated useful lives of the respective plant and machinery.

35. GOVERNMENT GRANTS (Continued)

Notes: (Continued)

(d) Pursuant to the relevant prevailing federal policies in the USA, 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 into service by the taxpayer. The directors of GNE analysed the facts and circumstances of the ITC and determined that it was of the nature of a government grant provided to GNE Group in the form of tax benefits relating to construction or acquisition of qualified energy property.

Against this, GNE Group entered into an inverted lease arrangement in February 2017 for its qualified solar farm projects in the USA ("Qualified Assets") with a third party financial institution, which acted as a tax equity investor, and the arrangement allowed GNE Group to pass its entitled ITC ("ITC Benefit") that constituted 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 GNE 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 was a reasonable assurance that the relevant requirements for the tax benefit had 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 GNE Group to the tax equity investor and accordingly, the ITC Benefit was derecognised during the year that the invested lease arrangement was entered into with the tax equity investor. Approximately US$1,136,000 (equivalent to approximately RMB7,412,000) (2019: US$1,136,000 (equivalent to approximately RMB7,839,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

During the year ended 31 December 2018, GNE Group entered into another financing arrangement for its four qualified solar farm projects in the USA with a third party financial institution, under which GNE Group passed its ITC Benefit to the financial institution that constituted the right to offset against future tax payables to the financial institution for cash receipts in exchange. During the year ended 31 December 2020, ITC Benefit of GNE Group related to the four projects amounted to US$25,449,000 (equivalent to approximately RMB166,052,000) (2019: US$26,355,000 (equivalent to approximately RMB183,858,000)) and was recognised as a Grant as there was a reasonable assurance that the relevant requirements for the tax benefit had 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 GNE Group to the financial institution and accordingly, the relevant ITC Benefit was derecognised during year ended 31 December 2019. Approximately US$906,000 (equivalent to approximately RMB6,666,000) (2019: US$906,000 (equivalent to approximately RMB6,320,000)) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income.

36. BANK AND OTHER BORROWINGS

Details of the bank and other borrowings are as follows:

	2020 **RMB'000**	2019 RMB'000
Bank loans	**19,124,773**	29,622,759
Other loans	**17,111,892**	17,639,963
	36,236,665	47,262,722
Representing:		
Secured	**33,355,132**	40,668,330
Unsecured	**2,881,533**	6,594,392
	36,236,665	47,262,722

36. BANK AND OTHER BORROWINGS (Continued)

The carrying amounts of the above borrowings are repayable*:

	Bank loans		Other loans	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
The carrying amounts of the above borrowings are repayable*:				
Short-term borrowings	**7,764,796**	10,193,852	**281,733**	485,746
Long-term borrowings				
Within one year	**2,153,882**	3,562,383	**4,745,957**	7,005,534
More than one year, but not exceeding two years	**1,057,642**	1,720,790	**1,851,012**	1,662,379
More than two years, but not exceeding five years	**2,559,302**	5,493,419	**3,984,880**	5,272,340
More than five years	**1,775,880**	2,922,858	**2,123,138**	3,213,964
	7,546,706	13,699,450	**12,704,987**	17,154,217
	15,311,502	23,893,302	**12,986,720**	17,639,963
The carrying amounts of borrowings that are repayable on demand due to inability to respect loan covenants (shown under current liabilities)	**3,813,271**	5,729,457	**4,125,172**	—
Less: amounts due within one year shown under current liabilities	**(13,731,950)**	(19,485,692)	**(9,152,862)**	(7,491,280)
Amounts due after one year	**5,392,823**	10,137,067	**7,959,030**	10,148,683
Analysed as:				
Fixed-rate borrowings	**8,363,700**	11,892,678	**7,048,259**	6,009,064
Variable-rate borrowings	**10,761,073**	17,730,081	**10,063,633**	11,630,899
	19,124,773	29,622,759	**17,111,892**	17,639,963

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

36. BANK AND OTHER BORROWINGS (Continued)

Included in the other loans are approximately RMB11,626 million (2019: RMB12,074 million) representing financing arrangements with financial institutions for leases on assets with lease terms ranging from 1 to 12 years (2019: 2 to 14.5 years), with legal title of the respective equipment transferred to the financial institutions. The Group continued to operate and manage the relevant equipment during the lease term without any involvement from the financial institutions. The Group is entitled to purchase back the equipment at a minimal consideration upon the maturity of the 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 the legal form of a lease, it does not constitute a sale and leaseback transaction in accordance with the substance of the arrangement. Effective from 1 January 2019, the Group applies the requirements of IFRS 15 to assess whether sale and leaseback transactions constitute a sale as disclosed in note 16.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are analysed as follows:

	2020	2019
Fixed-rate borrowings		
RMB borrowings	**1.20% to 18%**	1.20% to 13%
US$ borrowings	**1.72% to 5%**	2.50% to 9.94%
HK$ borrowings	**8% to 11%**	8% to 21%
Variable-rate borrowings		
RMB borrowings	**100% to 180% of Benchmark Borrowing Rate of the People's Bank of China ("Benchmark Rate")** **Loan Prime Rate ("LPR") +0.3% to 1.37%**	100% to 180% of Benchmark Rate
US$ borrowings	**London Interbank Offered Rate ("LIBOR") + 3% to 4.30%**	LIBOR + 2.39% to 4.30%
HK$ borrowings	**Prime Rate + 1.63% to 5%**	Hong Kong Interbank Offered Rate ("HIBOR") + 1.63% to 4.88%

36. BANK AND OTHER BORROWINGS (Continued)

The Group's borrowings are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2020	2019
	RMB'000	RMB'000
HK$	**276,886**	361,339
US$	**2,947,060**	3,264,673

Certain borrowings are secured by property, plant and equipment, right-of-use assets and bank deposits as set out in note 48. In addition, as at 31 December 2020, part of the shares of a non-wholly-owned subsidiary of the Group were pledged to secure other borrowings totalling approximately RMB91,734,000 (2019: RMB164,263,000) granted to the Group. The net asset value of that non-wholly-owned subsidiary was amounted to approximately RMB9 billion (2019: RMB10 billion) as at 31 December 2020.

During the year ended 31 December 2020, the Group discounted bills arising from future settlement of trade receivables with recourse in aggregated amount of approximately RMB3,077,513,000 (2019: RMB3,873,184,000) to banks for short-term financing. At 31 December 2020, the associated borrowings amounted to approximately RMB1,802,544,000 (2019: RMB2,743,769,000).

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

As at 31 December 2020, the Company and GNE Group defaulted the repayment of several borrowings, and GNE Group's involvement in certain litigation cases, either as a defendant, or a guarantor relating to claims by the relevant claimants which exceeded the limit of litigation amounts stipulated in the financial covenants of certain bank borrowings, which resulted in triggering the cross default clauses in several bank and other borrowings totalling approximately RMB6,512 million, approximately RMB4,541 million of which were repayable after one year in accordance with the original repayment terms. Subsequent to the end of the reporting period, the Company and GNE Group had fully settled its defaulted borrowings. However, the abovementioned litigations had not yet been subsequently settled and accordingly, the cross default clauses on the relevant borrowings were still not remediated. In light of this, reclassification of long-term borrowings of approximately RMB4,541 million as current liabilities was still required at 31 December 2020 under applicable accounting standard. In addition, the management of GNE Group considered that the claims arising from the litigation will not have a material impact on GNE Group as a major portion of the claims had been provided for and included in construction payables as at 31 December 2020.

36. BANK AND OTHER BORROWINGS (Continued)

As at 31 December 2019, in respect of a bank borrowing with a carrying amount of approximately RMB557 million, the Group was not able to meet a covenant requirement related to certain financial ratios, and thereby triggered the cross default clauses in several other bank borrowings of approximately RMB5,172 million, approximately RMB2,896 million of which were due and repayable after 2020 in accordance with the original repayment terms. In respect of the relevant borrowings for which the financial covenant requirement was breached, approximately RMB488.3 million and RMB68.7 million was required to be repaid in February 2020 and August 2020, respectively, in accordance with the original repayment term. On becoming aware of the breach, the Directors informed the lenders and commenced renegotiation of the terms of the bank borrowings with the relevant bankers and obtained waiver on strict compliance with the financial ratios subsequent to the end of the reporting period. As at 31 December 2019, negotiation had not been concluded. Since the lenders had not agreed to waive their right to demand immediate payment as at the end of the reporting period, the bank borrowings were classified as current liabilities as at 31 December 2019 as required by applicable accounting standard, despite the fact that a waiver to comply with the stipulated financial ratios was granted by the relevant banks and deferral of the repayment date for approximately RMB348.8 million out of RMB488.3 million from February 2020 to June 2020. Subsequent to the end of the reporting period, the relevant borrowing was fully repaid.

37. LEASE LIABILITIES

	2020 RMB'000	2019 RMB'000
Lease liabilities payable:		
Within one year	**531,258**	530,655
Within a period of more than one year but not exceeding two years	**409,926**	438,059
Within a period of more than two years but not exceeding five years	**353,505**	618,394
Within a period of more than five years	**595,450**	854,411
	1,890,139	2,441,519
Less: amount due for settlement with 12 months shown under current liabilities	**(531,258)**	(530,655)
Amount due for settlement after 12 months shown under non-current liabilities	**1,358,881**	1,910,864

The weighted average incremental borrowing rates applied to lease liabilities is 6.00% (2019: 6.19%).

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2020 RMB'000	2019 RMB'000
HK$	**20,057**	42,226
US$	—	251,645

38. NOTES PAYABLES

The carrying amounts of the Group's notes payables are as follows:

	2020 RMB'000	2019 RMB'000
Principal amount of notes payables (Note a)	**51,764**	424,425
Less: unamortised issuance costs	**—**	(2,250)
Net carrying amount	**51,764**	422,175
Senior notes (Note b)	**3,261,099**	3,470,542
	3,312,863	3,892,717
Less: amount due within one year shown under current liabilities	**(3,312,863)**	(422,175)
Amount due for settlement after one year shown under non-current liabilities	**—**	3,470,542

Notes:

(a) On 30 October 2015, 保利協鑫(蘇州)新能源有限公司 GCL-Poly (Suzhou) New Energy Co., Limited* ("GCL-Poly Suzhou") issued notes payable in an aggregate principal amount of RMB1,000,000,000 to qualified investors in the PRC. The maturity date of the notes payable was 28 October 2020. If the option to resell is elected by the investors, the maturity date of the notes payable would be 28 October 2018. The notes payable carried interest at 5.60% per annum, which was payable annually on 28 October in each year up to maturity date. If any investor elects to sell the notes held back to GCL-Poly Suzhou, the interest payable date would be on 28 October in each year up to 28 October 2018. The interest commencement date was 28 October 2015.

On 28 October 2018, certain investors exercised the option to resell the notes with a total face value of RMB289,176,000 back to GCL-Poly Suzhou and the amounts were repaid accordingly. In 2018, 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* ("Jiangsu Zhongneng"), a wholly-owned subsidiary of the Company, repurchased notes with a total face value of RMB503,307,000 through the secondary market.

During the year ended 31 December 2019, Jiangsu Zhongneng repurchased notes with a total face value of RMB196,825,000 through the secondary market. Besides, the notes with a total face value of RMB413,733,000 held by Jiangsu Zhongneng were sold to qualified investors through the secondary market during the year ended 31 December 2019. As at 31 December 2019, the notes repurchased and held by the group entities amounted to RMB286,399,000.

During the year ended 31 December 2020, Jiangsu Zhongneng repurchased notes with a total face value of RMB563,000 through the secondary market. GCL-Poly Suzhou then settled the notes held by Jiangsu Zhongneng and other investors of RMB286,962,000 and RMB372,098,000, respectively, during the current year. In addition, GCL-Poly Suzhou obtained consent from an investor to extend the settlement of the remaining balance which matured on 28 October 2020. The amount was fully repaid in January 2021.

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

Subsequent to the end of reporting period, GNE Group defaulted the settlement of the senior notes, details are disclosed in note 51(c).

* English name for identification only

39. DERIVATIVE FINANCIAL INSTRUMENTS

	Put option of interests in Jiangsu Xinhua(1) RMB'000	Put options of interests in Kunshan GCL(2) RMB'000	Total RMB'000
As at 1 January 2019	26,011	—	26,011
Change in fair value charged to profit or loss (note 9B)	107,389	—	107,389
As at 31 December 2019	133,400	—	133,400
Initial recognition	—	38,561	38,561
Change in fair value credited to profit or loss (note 9B)	(111,400)	—	(111,400)
As at 31 December 2020	22,000	38,561	60,561

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

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

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

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

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

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

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

The Directors had recognised the put option of interests in Jiangsu Xinhua as a derivative financial instrument and initially recognised it at fair value with subsequent changes in fair value recognised in profit or loss. During the year ended 31 December 2020, the Group remeasured the fair value and a gain on fair value change of the derivative financial instrument of approximately RMB111,400,000 (2019: a loss of RMB107,389,000) was recognised in profit or loss.

39. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

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

The Directors had recognised the put option of interests in Kunshan GCL as derivative financial instruments. At initial recognition, the obligation arising from the put option represented the present value of the estimated value of the amount the Group could be required to pay the investors amounting to RMB38,561,000. This amount had been recognised in the consolidated statement of financial position with a corresponding debit to other reserve. The put option was designated as at FVTPL with subsequent changes in fair value recognised in profit or loss.

Details of the inputs and assumption adopted in the valuation are described in note 45.

40. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	30,000,000	3,000,000
Issued and fully paid		
At 1 January 2019	18,329,949	1,832,995
Exercise of share options (Note a)	100	10
Issue of shares on placement (Note b)	1,511,000	151,100
At 31 December 2019 and 1 January 2020	19,841,049	1,984,105
Exercise of share options (Note a)	3,389	339
Issue of shares on placement (Note c)	1,300,000	130,000
At 31 December 2020	21,144,438	2,114,444

	2020 RMB'000	2019 RMB'000
Shown in the financial statements as	**1,862,725**	1,742,850

Notes:

(a) During the year ended 31 December 2020, share option holders exercised their rights to subscribe for 3,389,000 (2019: 100,000) ordinary shares in the Company at HK$1.16 (2019: HK$0.586) per share, respectively, with the net proceeds of approximately RMB3,337,000 (2019: RMB51,000).

(b) On 10 June 2019, the Company entered in a placing agreement with UBS AG Hong Kong Branch as placing agent, which is independent and not connected to the Company. Pursuant to the placing agreement, the placing agent agreed to place up to 1,511,000,000 placing shares to third parties independent of the Company and connected persons of the Company at HK$0.45 per placing share. The placing was completed on 18 June 2019, with net proceeds of approximately HK$669,104,000 (equivalent to approximately RMB587,791,000).

(c) On 16 June 2020, the Company entered in a placing agreement with CCB International Capital Limited as placing agent, which is independent and not connected to the Company. Pursuant to the placing agreement, the placing agent agreed to place up to 1,300,000,000 placing shares to third parties independent of the Company and connected persons of the Company at HK$0.203 per placing share. The placing was completed on 24 June 2020, with net proceeds of approximately HK$260,000,000 (equivalent to approximately RMB238,807,000).

40. SHARE CAPITAL (Continued)

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during both years.

All shares issued during the years ended 31 December 2020 and 2019 rank pari passu in all respects with the then existing shares of the Company.

41. ACQUISITIONS OF SUBSIDIARIES

There is no acquisition of subsidiaries during the year ended 31 December 2020.

On 19 September 2018 and 21 March 2019, 蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Limited* ("Suzhou GCL New Energy"), a subsidiary of GNE Group, entered into share transfer agreements with 西安中民協鑫新能源有限公司 Xi'an Zhongmin GCL New Energy Company Limited* ("Zhongmin GCL"), pursuant to which GNE Group agreed to repurchase 100% equity interest of Jinhu and 山東萬海電力有限公司 Shandong Wanhai Power Co., Ltd. ("Wanhai") from Zhongmin GCL, a joint venture which 32% shareholding was held by GNE Group at the date of acquisition at a consideration of approximately RMB192,000,000 and RMB72,000,000, respectively. Jinhu and Wanhai each operates a solar farm project with a capacity of 110MW and 35MW, respectively.

The acquisitions of Jinhu and Wanhai were completed in March 2019.

	Jinhu RMB'000	**Wanhai** RMB'000	**Total** RMB'000
Fair value of assets and liabilities recognised at the date of acquisition:			
Property, plant and equipment (Note 1)	741,478	258,885	1,000,363
Right-of-use assets	15,209	20,524	35,733
Trade receivables	154,526	56,038	210,564
Prepayments and other receivables	30,542	25,525	56,067
Bank balances and cash	23,107	6,562	29,669
Other payables	(166,469)	(71,344)	(237,813)
Deferred tax liabilities	(11,486)	(679)	(12,165)
Lease liabilities	(13,656)	(20,524)	(34,180)
Borrowings	(518,380)	(192,000)	(710,380)
Total fair value of identifiable net assets acquired	254,871	82,987	337,858
Consideration payable to the former owner	(192,000)	(72,000)	(264,000)
Bargain purchase gain recognised (Note 2)	62,871	10,987	73,858
Cash consideration paid	—	—	—
Bank balance and cash acquired	23,107	6,562	29,669
Net cash inflow	23,107	6,562	29,669

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

Notes:

1. Fair value of property, plant and equipment included an amount of RMB58 million which represented the fair value of the relevant licences to operate the solar farms. Licences to operate solar farms are intangible assets that meet the contractual legal criterion for recognition separately from goodwill, even if GNE Group cannot sell or transfer the licences separately from the acquired solar farms. GNE Group recognised the fair value of the operating licenses and the solar farms as single assets for financial reporting purposes as the useful lives of those assets are similar.

2. The bargain purchase gain arose because the consideration paid by GNE Group was less than the fair value of the identifiable net assets of the underlying business acquired as determined by the independent professional valuer, as the vendor was in financial difficulties and was not able to repay its debts as they fall due.

Impact of acquisition on the results of the Group

Had the acquisition as mentioned above been effected at the beginning of the year ended 31 December 2019, total amounts of revenue and profit for the year ended 31 December 2019 of the Group would have been RMB19,283,512,000 and RMB120,445,000, respectively. Such pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the above pro forma financial information, depreciation of the property, plant and equipment and right-of-use assets were calculated based on their recognised amounts at the date of the acquisition.

The revenue and profit contributed by entities acquired during the year 31 December 2019 were RMB120,459,000 and RMB30,997,000, respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB234,290,000. The estimate at acquisition date of contractual cash flows not expected to be collected was insignificant.

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES

Year ended 31 December 2020

(i) Disposal of subsidiaries of new energy business segment

(a) Six subsidiaries in Ningxia, Xinjiang and Jiangxi, the PRC

On 21 January 2020, GNE 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 餘幹縣協鑫新能源有限責任公司 Yugan County GCL New Energy Limited* ("Yugan County"), 寧夏金信光伏電力有限公司 Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.* ("Ningxia Jinxin"), 寧夏綠昊光伏發電有限公司 Ningxia Luhao Photovoltaic Power Generation Company Limited* ("Ningxia Luhao"), 哈密歐瑞光伏發電有限公司 Hami Ourui Power Generation Company Limited* ("Hami Ourui"), 哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Company Limited* ("Hami Yaohui") and 寧夏金禮光伏電力有限公司 Ningxia Jinli Photovoltaic Electric Power Co., Ltd.* ("Ningxia Jinli") at an aggregate cash consideration of RMB850,500,000 and the repayment of interest in shareholder's loan as at the date of completion of the disposals. The subsidiaries operated solar farm projects with an aggregate capacity of 294MW in Ningxia, Xinjiang and Jiangxi, the PRC (the "Project B"). The disposals were completed in the second half of 2020 (the "Disposal Date B").

GNE Group granted a put option to Hua Neng No. 1 Fund and Hua Neng No. 2 Fund, pursuant to which GNE Group agreed that if Project B failed to fully receive the balance of the tariff adjustment receivables (the "Tariff Adjustment Receivables") as at Disposal Date B during the four-year period after Disposal Date B, or the operation of Project B was disrupted for more than six months due to the reasons stipulated in the share transfer agreements, GNE Group shall repurchase the entire equity interest in Project B from Hua Neng No. 1 Fund and Hua Neng No. 2 Fund at a repurchase price which is the higher of (1) equity value of the Project B assessed by The State-owned Assets Supervision and Administration Commission of the State Council or (2) a repurchase price calculated in accordance with terms specified in the share transfer agreements, together with any outstanding shareholder's loan advanced to the Project B by Hua Neng No. 1 Fund and Hua Neng No. 2 Fund. As Project B had already registered in the Catalogue/List and eligibility for the receipt of tariff adjustment receivables was assured, in the opinion of the directors of GNE, it is highly probable that the balance of the Tariff Adjustment Receivables will be collected within four years after Disposal Date B and therefore, the possibility regarding the occurrence of the specified events as stipulated in the share transfer agreements that would trigger the repurchase event is remote, and the fair value of the put option as at Disposal Date B and 31 December 2020 was considered as insignificant.

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2020 (Continued)

(i) Disposal of subsidiaries of new energy business segment (Continued)

(b) Two subsidiaries in Henan, the PRC

As disclosed in note 30(a), GNE 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 interest in six wholly-owned subsidiaries with an aggregate consideration of RMB117,515,000. The disposals of Huixian City GCL and Qixian GCL were completed in the second half of 2020.

(c) Three subsidiaries in Anhui, the PRC

As disclosed in note 30(b), GNE Group entered into five share transfer agreements dated 16 November 2020 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 interests in Dangshan Xinneng. The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng with an aggregate consideration of RMB170,870,000 were completed as at 31 December 2020. GNE 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 were accounted for as associates of GNE Group and indirectly-owned associates of the Group as at 31 December 2020. GNE Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB170,870,000 to RMB166,476,000 during the year ended 31 December 2020.

(d) Four subsidiaries in Guangxi and Hainan, the PRC

GNE Group entered into four share transfer agreements dated 10 December 2020 with State Power Investment to dispose of all of its 100%, 70.36%, 67.95% and 100% equity interest in 南寧金伏電力有限公司 Nanning Jinfu Electric Power Company Limited* ("Nanning Jinfu"), 欽州鑫金光伏電力有限公司 Qinzhou XinJin Photovoltaic Power Company Limited* ("Qinzhou XinJin"), 上林協鑫光伏電力有限公司 Shanglin GCL Photovoltaic Power Company Limited* ("Shanglin GCL"), and 海南天利科新能源項目投資有限公司 Hainan Tianlike New Energy Project Investment Company Limited* ("Hainan Tianlike"), respectively, at an aggregate consideration of RMB291,300,000. The subsidiaries operate solar farm projects with an aggregate capacity of 185MW in Guangxi and Hainan, the PRC and the disposals were completed in the second half of 2020. GNE Group and State Power Investment mutually agreed to reduce the consideration from RMB291,300,000 to RMB281,075,000 during the year ended 31 December 2020.

* English name for identification only

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2020 (Continued)

(i) Disposal of subsidiaries of new energy business segment (Continued)

(e) Two subsidiaries in Anhui and Jiangsu, the PRC

GNE 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 阜陽衡銘太陽能電力有限公司 Fuyang Hengming Photovoltaic Power Company Limited* ("Fuyang Hengming") and 鎮江協鑫新能源有限公司 Zhen Jiang GCL New Energy Company Limited* ("Zhen Jiang GCL") at an aggregate consideration of RMB77,476,000. The subsidiaries operated solar farm projects with an aggregate capacity of 40MW in Anhui and Jiangsu, the PRC. The disposals were completed in the first half of 2020.

(f) Jinhu

GNE Group entered into a share transfer agreement dated 29 June 2020 with CDB New Energy to dispose of its 75% equity interest in Jinhu for an aggregate consideration of RMB136,624,000. Jinhu had a solar farm project with an installed capacity of approximately 100MW in operation. The disposal was completed in July 2020. GNE Group retains 25% equity interest in Jinhu after the disposal and exercises significant influence. Accordingly, Jinhu was accounted for as an associate of GNE Group and indirectly-owned associate of the Group as at 31 December 2020.

(g) Xinao

GNE 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 an aggregate consideration of RMB1,199,000. Xinao was an inactive company established in the PRC. The disposal was completed in August 2020. GNE Group retains 40% equity interest in Xinao upon the disposal and retains significant influence. Accordingly, Xinao was accounted for as an associate of GNE Group and indirectly-owned associate of the Group as at 31 December 2020.

(h) 鳳陽協鑫光伏電力有限公司 ("Fengyang")

On 21 August 2019, GNE Group entered into a share transfer agreement with an independent third party for the disposal of 100% equity interest in Fengyang at a cash consideration of RMB2,000,000. The disposal was completed on 8 December 2020.

(i) 榆林協能華鑫能源管理有限公司 ("Yulin")

On 22 September 2020, GNE Group entered into a share transfer agreement with an independent third party for the disposal of 100% equity interest of Yulin at a cash consideration of RMB500,000. The disposal was completed on 24 September 2020.

* English name for identification only

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2020 (Continued)

(i) Disposal of subsidiaries of new energy business segment (Continued)

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

	Six subsidiaries in Ningxia, Xinjiang and Jiangxi RMB'000 (Note a)	Two subsidiaries in Henan RMB'000 (Note b)	Three subsidiaries in Anhui RMB'000 (Note c)	Four subsidiaries in Guangxi and Hainan RMB'000 (Note d)	Two subsidiaries in Anhui and Jiangsu RMB'000 (Note e)	Jinhu RMB'000 (Note f)	Xinao RMB'000 (Note g)	Fengyang RMB'000 (Note h)	Yulin RMB'000 (Note i)	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	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	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

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2020 (Continued)

(ii) Disposal of a subsidiary of solar material business segment

(a) 四川協鑫硅業科技有限公司 Sichuan GCL Silicon Technology Co., Ltd. (“Sichuan GCL”)*

In May 2020, the Group entered into an agreement with an independent third party to dispose of its 100% equity interest in Sichuan GCL and the intragroup payable to the Group at a consideration of RMB90,000,000. The disposal was completed in May 2020 and a loss on disposal of approximately RMB85,025,000 was recognised in profit or loss during the year ended 31 December 2020.

Pursuant to the sale and purchase agreement, the cash consideration of approximately RMB20,802,000 was settled during the current year, the consideration of approximately RMB6,198,000 was offsetted certain trade payables of Sichuan GCL Listed in the agreement and the outstanding consideration receivable of RMB63,000,000, carrying interest at 8% per annum will be settled by ten instalments up to November 2024. Such consideration receivable was recorded in the consolidated statement of financial position of the Group at 31 December 2020 as follows:

	RMB’000
Consideration receivable (note 25):	
— Current	14,000
— Non-current	49,000
	63,000

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2020 (Continued)

(ii) Disposal of a subsidiary of solar material business segment (Continued)

(a) 四川協鑫硅業科技有限公司 Sichuan GCL Silicon Technology Co., Ltd. ("Sichuan GCL") (Continued)*

The aggregate net assets of the Sichuan GCL at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	136,469
Right-of-use assets	8,331
Inventories	4,691
Trade and other receivables	7,019
Bank balances and cash	341
Trade and other payables	(21,981)
Intragroup balances	28,312
Net assets disposed of	163,182
Loss on disposal of subsidiaries:	
Total consideration	90,000
Net assets disposed of	(163,182)
Release of reserve upon disposal	(11,843)
Loss on disposal	(85,025)
Net cash inflow arising on disposal:	
Cash consideration received	20,802
Less: bank balances and cash disposal of	(341)
	20,461

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2020 (Continued)

(ii) Disposal of a subsidiary of solar material business segment (Continued)

(b) 蘇州鑫能財務顧問有限公司 Xinneng Financial Consultancy Ltd. ("Xinneng")*

In May 2020, the Group entered into an agreement with an independent third party to dispose of its 100% equity interest in Xinneng at a consideration of RMB1. The disposal was completed in May 2020 and a gain on disposal of approximately RMB800,000 was recognised in profit or loss during the year ended 31 December 2020.

	RMB'000
Consideration:	
Consideration received	—

The aggregate net liabilities of the Xinneng at the date of disposal were as follows:

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	76
Trade and other receivables	1,570
Bank balances and cash	562
Trade and other payables	(4,548)
Intragroup balances	1,540
Net liabilities disposed of	(800)
Gain on disposal of subsidiaries:	
Total consideration	—
Net liabilities disposed of	800
Gain on disposal	800
Net cash outflow arising on disposal:	
Cash consideration received	—
Less: bank balances and cash disposed of	(562)
	(562)

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2020 (Continued)

(iii) Disposal of subsidiaries of solar farm business segment

During the year ended 31 December 2020, the Group entered into several agreements with independent third parties to dispose of its entire equity interests in寧夏慶陽新能源有限公司 Ningxia Qingyang New Energy Co., Ltd.* ("Ningxia Qingyang") and 霍城縣圖開新能源科技開發有限公司 Huocheng Xian Tukai New Energy Technology Development Co., Ltd.* ("Huocheng Xian Tukai"), and 80% out of 100% equity interest in 阜寧新能光伏電力有限公司 Funing Xinneng Solar Energy Co., Ltd.* ("Funing Xinneng"), 寧夏恆陽新能源有限公司 Ningxia Hengyang New Energy Co., Ltd.* ("Ningxia Hengyang") and 寶應興能可再生能源有限公司 Baoying Xingneng Renewable Energy Co., Ltd.* ("Baoying Xingneng") for an aggregate cash consideration of approximately RMB333,970,000. The disposals were completed in December 2020 and a net gain on disposal of approximately RMB2,748,000 was recognised in profit or loss during the year ended 31 December 2020.

Upon such disposals, the Group held 20% equity interest in Funing Xinneng, Ningxia Hengyang and Baoying Xingneng. Since the Group was not given the right to appoint any directors, the Directors consider that the Group was not able to exercise significant influence over these companies and such equity investments were accounted for as equity instruments at FVTPL at 31 December 2020.

For Funing Xinneng, Ningxia Hengyang and Baoying Xingneng, one of the buyers granted to the Group a right, but not an obligation, to request the buyer to purchase the remaining 20% equity interest in the three aforesaid target companies in two years after the completion date. In the opinion of the Directors, the fair value of the option was considered insignificant at completion date and 31 December 2020.

In addition, the Group granted a put option to the buyers of the aforesaid five companies, pursuant to which, upon the occurrence of any of the following events: (i) the existence of undisclosed information, including but not limited to, undisclosed liabilities or undisclosed contracts of at least RMB10 million which may have a material impact on the operation of these companies; or (ii) the existence of material misrepresentations or omissions from the Group resulting in material adverse impact to the interests of the buyers. In the opinion of the Directors, the fair value of the option was considered insignificant at completion date and 31 December 2020.

Pursuant to the sale and purchase agreement, part of the considerations of approximately RMB75,679,000 will be settled upon the settlement of the aforesaid companies' trade receivables from the local grid companies. The buyers have settled the cash considerations of approximately RMB229,550,000 during the current year and the remaining balance of the consideration receivables was recorded on the consolidated statement of financial position of the Group.

* English name for identification only

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2020 (Continued)

(iii) Disposal of subsidiaries of solar farm business segment (Continued)

The aggregate net assets of the subsidiaries of solar farm business segment at the date of disposal were as follows:

	RMB'000
Consideration:	
Consideration received	229,550
Consideration receivables (note 25)	
— Current	28,741
— Non-current	75,679
	104,420
	333,970
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	1,166,003
Right-of-use assets	23,867
Trade and other receivables	481,439
Pledged and restricted bank and other deposits	11,871
Bank balances and cash	33,907
Trade and other payables	(78,983)
Bank and other borrowings	(954,000)
Lease liabilities	(17,210)
Tax payables	(1,439)
Intragroup balances	(116,569)
Net assets disposed of	548,886
Gain on disposal of subsidiaries	
Total consideration	333,970
Non-controlling interests	182,029
Other financial assets at fair value through profit or loss	35,635
Net assets disposed of	(548,886)
Gain on disposal	2,748
Net cash inflow arising on disposal:	
Cash consideration received	229,550
Less: bank balances and cash disposed of	(33,907)
	195,643

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2020 (Continued)

(iv) Deemed disposal of partial interest in a subsidiary

On 28 August 2019, Elite Time Global Limited ("Elite Time") (as borrower), a wholly-owned subsidiary of the Company, and Bentley Rothschild Capital 5 Limited (the "Lender"), an independent third party, entered into a loan agreement ("Loan Agreement") pursuant to which the Lender agreed to lend up to US$60 million to Elite Time, to be secured by shares in GNE. The Lender subsequently executed a letter of confirmation dated 26 September 2019 confirming that the loan of US$60 million would be lent to Elite Time in four tranches, with the initial three tranches being US$16 million per tranche and the final tranche being US$12 million. The GNE shares to be pledged by Elite Time was to have a fair market value calculated based on an agreed formula, of twice the amount loaned.

As at 2 October 2019, a total of 11,880,000,000 shares in GNE were held by Elite Time, of which 865,100,000 shares in GNE were transferred ("Pledged Shares") as security for the first tranche of the loan, to Elite Time's account held with the depository broker (the "Depository Broker"). Despite the transfer of the Pledged Shares, the Lender failed to fund the agreed amount of the loan. In February 2020, Elite Time received a total of US$2.2 million, which sum was significantly below the amount agreed to be loaned by the Lender.

On 18 May 2020, Elite Time received a notice of default from the Lender alleging that there had been a breach of the Loan Agreement. The Company does not accept the notice of default is justified, and despite communications with the Lender regarding the outstanding amount of the loan to be funded by the Lender, and potential alternative arrangements with respect to the loan, no additional funds were advanced by, nor new terms agreed with, the Lender.

In May 2021, Elite Time was informed that, on or around 6 June 2020, the Lender had sent an entitlement order to the Depository Broker purporting to exercise its security interests over the Pledged Shares, and that as a result, the Lender had taken direct custody of all of the Pledged Shares. At the relevant time, Elite Time was not provided with a copy of the entitlement order nor informed that such an order had been issued. Upon further enquiry with the Depository Broker, Elite Time received an email from an entity claiming to be the successor entity of the Lender stating that the Pledged Shares "was forfeited and disposed". Prior to this, Elite Time had not been notified by the Lender of such purported forfeiture and disposal.

Since then, the Company has engaged FTI Consulting (Hong Kong) Limited, an independent investigation firm, to conduct investigations, among others, into the Lender, the purported successor entity to the Lender, the Depository Broker, and key individuals associated with those entities who were involved in the Loan Agreement transaction.

Based on the investigation findings and other available information (including CCASS shareholding records), the Company considers that it is more likely than not that 865,100,000 pledged shares are no longer held by or on behalf of Elite Time or any other member of the Group.

As a result, Elite Time's equity interest in GNE was reduced from 62.28% to 57.75%. As the change in the Group's interests in GNE did not result in a loss of control, such change was accounted for as an equity transaction, whereby an adjustment was made to the amounts of controlling and non-controlling interests within consolidated statement of changes in equity to reflect the change in the relative interests, and the fair value of the Pledged Shares forfeited were set off against the outstanding loan amount due to the lender.

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2020 (Continued)

(v) Disposal of partial interest in a subsidiary through the Transfer (as defined below) and newly-increased registered capital

In 2020, the Group entered into certain investment agreements (the "Agreements") with certain investors, under which (i) the Group agreed to transfer RMB2,389,000 registered capital of Kunshan GCL to an investor at a consideration of RMB20 million, representing 3.82% of the registered capital of Kunshan GCL; and (ii) certain investors agreed to subscribe for RMB12,593,000 new registered capital of Kunshan GCL in cash at RMB136 million, representing 20.12% of the enlarged registered capital of Kunshan GCL. Pursuant to the Agreements, these investors were given the right to request the Group to repurchase their equity interest in Kunshan GCL at a premium under certain circumstances within 5 years. Upon the completion of the Agreements, the Group's effective equity interest in Kunshan GCL is 42.77%.

As at December 31, 2020, the transfer of RMB2,389,000 registered capital of Kunshan GCL from the Group to the investor at a consideration of RMB20 million (the "Transfer") was completed, and the contributions from the investors for the new registered capital were RMB71 million.

As a result, the Group's effective equity interest in Kunshan GCL was 49.29%. As the change in the Group's interests in Kunshan GCL did not result in a loss of control, such change was accounted for as an equity transaction, whereby an adjustment was made to the amounts of controlling and non-controlling interests within consolidated statement of changes in equity to reflect the change in the relative interests.

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2019

(i) Xinjiang GCL

On 26 June 2019, the Group entered into an agreement with Zhongping GCL, an associate of the Group, to dispose of its 31.5% out of 70% equity interest in Xinjiang GCL for a cash consideration of approximately RMB2,490,850,000. The disposal was completed on 9 September 2019, on which date the transaction was approved by the shareholders of the Company at an extraordinary general meeting unconditionally. Upon such disposal, the Group held 38.5% equity interest in Xinjiang GCL and retained significant influence over Xinjiang GCL, which was therefore accounted for as an investment in an associate of the Group.

	RMB'000
Consideration:	
Consideration received	2,490,850
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	4,826,605
Other non-current assets	198,533
Trade and other receivables	574,960
Restricted bank deposits	1,153,794
Bank balances and cash	6,552
Other current assets	174,395
Trade and other payables	(3,293,839)
Bank and other borrowings	(1,140,785)
Intragroup payables	(870,156)
Net assets disposed of	1,630,059
Gain on disposal of the subsidiary:	
Consideration received	2,490,850
Non-controlling interests	500,714
Fair value of residual interest	3,044,371
Net assets disposed of	(1,630,059)
Gain on disposal	4,405,876
Net cash inflow arising on disposal:	
Cash consideration received	2,490,850
Less: bank balances and cash disposed of	(6,552)
	2,484,298

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2019 (Continued)

(ii) Disposal of solar farm projects in the PRC

(a) Linzhou Xinchuang

On 24 October 2018, GNE Group entered into a share transfer agreement with CGN Solar, pursuant to which GNE Group agreed to sell and CGN Solar agreed to purchase 80% equity interest of Linzhou Xinchuang at a cash consideration of RMB93,488,000 and the repayment of the interest in shareholder's loan as at the date of completion of disposal. Linzhou Xinchuang operated solar farm projects in Linzhou, the PRC ("Linzhou Project").

On 15 February 2019, the disposal of equity interest in Linzhou Xinchuang was completed. GNE Group retained 20% equity interest in Linzhou Xinchuang after the disposal and recognised a gain on disposal amounting to approximately RMB4.9 million during the year ended 31 December 2019.

GNE Group granted a put option to CGN Solar, pursuant to which GNE Group agreed that if the Linzhou Project failed to generate an average annual on-grid electricity reaching 70% of the guaranteed amount during the three-year period, GNE Group shall repurchase the 80% equity interest in Linzhou Xinchuang from CGN Solar at a repurchase price to be agreed between both parties and repaid all advances from CGN Solar to Linzhou Xinchuang. As the average annual on-grid electricity generated by the project in the past two years well exceeded the aforesaid 70% requirement, in the opinion of the directors of GNE, the fair value of the option was considered insignificant as at the completion date on 15 February 2019, 31 December 2019 and 31 December 2020.

Besides, CGN Solar granted GNE Group a put option, pursuant to which CGN Solar agreed to grant GNE Group the right, but not an obligation, to request CGN Solar to purchase the remaining 20% equity interest in Linzhou Xinchuang upon the aforesaid guarantee being fulfilled. As the purchase price will be referenced to the fair value of Linzhou Project at the date of purchase of the remaining 20% equity interest in Linzhou Xinchuang by CGN Solar, in the opinion of the directors of GNE, the fair value of the option was considered insignificant as at the completion date on 15 February 2019, 31 December 2019 and 31 December 2020.

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2019 (Continued)

(ii) Disposal of solar farm projects in the PRC (Continued)

(b) Wholly-owned subsidiaries of GNE Group in Inner Mongolia, the PRC

On 30 December 2018, GNE Group entered into share transfer agreements with 中國三峽新能源有限公司 China Three Gorges New Energy Co., Ltd.* ("China Three Gorges New Energy"), an independent third party, pursuant to which GNE Group agreed to sell and China Three Gorges Asset Management agreed to purchase 100% equity interest of several wholly-owned subsidiaries of GNE Group for an aggregate cash consideration of RMB184,643,000. The wholly-owned subsidiaries of GNE Group operated a number of solar farm projects in Inner Mongolia, the PRC. The disposal was completed in May 2019 and GNE Group recognised a gain on disposal amounting to approximately RMB17.9 million during the year ended 31 December 2019.

(c) Ruzhou, Jiangling and Xinan

On 28 March 2019, GNE Group announced that it has entered into share transfer agreements with Wuling Power for the disposal of 55% equity interest in Ruzhou, Jiangling and Xinan for an aggregate cash consideration of approximately RMB328,400,000. Ruzhou, Jiangling and Xinan operated a number of solar farms with approximately 280MW installed capacity in the PRC. The disposals were completed in April 2019. GNE Group held 45% equity interest in Ruzhou, Jiangling and Xinan and retained significant influence in these companies. Accordingly, these companies were accounted for as associates of GNE Group and indirectly-owned associates of the Group.

(d) 紹興協鑫光伏電力有限公司 ("Shaoxing")

On 15 February 2019, GNE Group entered into a share transfer agreement with an independent third party for the disposal of 100% equity interest of Shaoxing at a cash consideration of RMB500,000. The disposal was completed April 2019.

(e) 大柴旦協鑫電力有限公司 ("Dachaidan")

On 5 July 2019, GNE Group entered into a share transfer agreement with an independent third party for the disposal of 100% equity interest of Dachaidan at a cash consideration of RMB100,000. The disposal was completed in 31 July 2019.

(f) 平邑富翔光伏電力有限公司 ("Pingyi")

On 31 July 2019, GNE Group entered into a share transfer agreement with an independent third party for the disposal of 100% equity interest of Pingyi at a cash consideration of RMB10,000,000. The disposal was completed in 9 October 2019.

* English name for identification only

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2019 (Continued)

(ii) Disposal of solar farm projects in the PRC (Continued)

(g) 光山影環亞農業科技有限公司 ("Guangshan")

On 10 September 2019, GNE Group entered into a share transfer agreement with an independent third party for the disposal of 100% equity interest of Guangshan at a cash consideration of RMB10. The disposal was completed in 14 October 2019.

(h) Seven subsidiaries of GNE Group in Shanxi and Hebei, the PRC

On 22 May 2019, GNE Group entered into a series of seven share transfer agreements with Shanghai Rongyao for the disposal of 70% equity interest in Shanxi GNE, Fenxi GCL, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Hanneng Guangping and Hebei GNE (the "Target Company" or collectively as the "Target Companies") for an aggregate consideration of approximately RMB1,441,652,000. The seven subsidiaries operated a number of solar farms with an aggregate installed capacity of approximately 997MW in the PRC. The disposals were completed in the second half of 2019. Since GNE Group held 30% equity interest in the seven disposed companies and retained significant influence. Accordingly, these companies were accounted for as associates of GNE Group and indirectly-owned associates of the Group as at 31 December 2019.

GNE Group granted a put option to Shanghai Rongyao, pursuant to which GNE Group agreed that within five years of the closing date of the respective disposals of the Target Company ("Closing Date") and at the option of Shanghai Rongyao and/or the Target Company, GNE Group shall be required to repurchase the entire equity interest of any direct subsidiaries of the Target Companies ("Project Companies") and any outstanding shareholder's loan advanced to the relevant Project Companies by the Target Company, Shanghai Rongyao and/or its affiliates in accordance with the share purchase agreements upon the occurrence of certain specified events, such as certain material defaults not being rectified by GNE Group within the specified period or any breaches not being rectified leading to certain administrative penalties being imposed on the Project Companies, etc.

In addition, GNE Group granted a put option to Shanghai Rongyao, pursuant to which GNE Group agreed that within five years of the Closing Date and at the option of the Shanghai Rongyao, GNE Group shall be required to repurchase the equity interest sold and any outstanding shareholder's loan advanced to the Target Company or each of the Project Companies by Shanghai Rongyao and/or its affiliates in accordance with the share purchase agreements if (i) Shanghai Rongyao has required GNE Group to repurchase not less than 50% of the Project Companies held by the relevant Target Company pursuant to the terms as stipulated in the share purchase agreements; or (ii) the occurrence of other specified repurchase events as stipulated in the share purchase agreement.

42. DISPOSAL OF SUBSIDIARIES/PARTIAL INTEREST IN SUBSIDIARIES (Continued)

Year ended 31 December 2019 (Continued)

(ii) Disposal of solar farm projects in the PRC (Continued)

(h) Seven subsidiaries of GNE Group in Shanxi and Hebei, the PRC (Continued)

During the year ended 31 December 2020, five out of seven subsidiaries precluded all repurchase conditions as stipulated in the share purchase agreement. Management considered the possibility of the remaining two subsidiaries regarding the occurrence of the specified events as stipulated in the share purchase agreement that would trigger the repurchase event is remote. In the opinion of the directors of GNE, the fair value of the option was considered insignificant as at the Closing Date and as of 31 December 2020 and 31 December 2019.

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

	Linzhou Xinchuang RMB'000	Wholly-owned subsidiaries of GNE Group in Inner Mongolia RMB'000	Ruzhou, Jiangling and Xinan RMB'000	Shaoxing RMB'000	Dachaidan RMB'000	Pingyi RMB'000	Guangshan RMB'000	Seven subsidiaries of GNE Group in Shanxi and Hebei RMB'000	Total RMB'000
Consideration:									
Consideration received	73,488	142,402	110,900	500	100	—	—	—	327,390
Consideration receivable	20,000	108,489	217,500	—	—	10,000	—	1,441,652	1,797,641
	93,488	250,891	328,400	500	100	10,000	—	1,441,652	2,125,031
Analysis of assets and liabilities over which control was lost:									
Property, plant and equipment	426,928	672,087	1,552,416	3,734	—	180,345	—	5,555,502	8,391,012
Right-of-use assets	13,760	13,508	84,496	—	—	4,963	—	318,224	434,951
Contract assets	—	—	—	—	—	73,757	—	704,795	778,552
Other non-current assets	28,802	95,159	98,402	18	210	5,309	—	62,887	290,787
Trade and other receivables	79,876	124,247	427,470	—	—	67,263	—	1,174,301	1,873,157
Pledged bank and other deposits	—	—	—	—	—	—	—	31,620	31,620
Bank balances and cash	8,116	31,255	44,928	—	—	—	412	212,291	297,002
Trade and other payables	(28,922)	(33,923)	(29,103)	(2,272)	—	(75,289)	(470)	(896,599)	(1,066,578)
Bank and other borrowings	(221,198)	(647,410)	(1,317,785)	—	—	—	—	(4,331,170)	(6,517,563)
Lease liabilities	(12,931)	(6,125)	(85,477)	—	—	(28)	—	(154,191)	(258,752)
Intragroup payables	(181,978)	(15,849)	(168,788)	(538)	—	(220,317)	—	(637,680)	(1,225,150)
Net assets (liabilities) disposed of	112,453	232,949	606,559	942	210	36,003	(58)	2,039,980	3,029,038
Gain (loss) on disposal of subsidiaries:									
Total consideration	93,488	250,891	328,400	500	100	10,000	—	1,441,652	2,125,031
Fair value of residual interest	23,859	—	285,174	—	—	—	—	621,900	930,933
Net (assets) liabilities disposed of	(112,453)	(232,949)	(606,559)	(942)	(210)	(36,003)	58	(2,039,980)	(3,029,038)
Gain (loss) on disposal	4,894	17,942	7,015	(442)	(110)	(26,003)	58	23,572	26,926
Net cash inflow (outflow) arising on disposal:									
Cash consideration received	73,488	142,402	110,900	500	100	—	—	—	327,390
Less: bank balances and cash disposed of	(8,116)	(31,255)	(44,928)	—	—	—	(412)	(212,291)	(297,002)
	65,372	111,147	65,972	500	100	—	(412)	(212,291)	30,388

43. 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 2019.

The capital structure of the Group consists of net debt, which mainly includes loans from related companies, bank and other borrowings, lease liabilities, notes payables, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a regular 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.

44. FINANCIAL INSTRUMENTS

44a. Categories of financial instruments

	2020 **RMB'000**	2019 RMB'000
Financial assets		
FVTPL:		
Mandatorily measured at FVTPL		
— Held for trading	**3,447**	4,339
— Other financial assets at FVTPL	**1,122,030**	834,798
— Convertible bonds receivable	**—**	101,097
Equity instruments at FVTOCI	**21,073**	41,857
Financial assets at amortised cost	**24,119,463**	23,581,185
Financial liabilities		
FVTPL:		
Derivative financial instruments	**60,561**	133,400
Amortised cost	**58,507,069**	71,632,003

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies

Management provides services to the Group's business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Management reports periodically to the Directors who monitor risks and implemented policies to mitigate exposures.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it measures and manages the risks.

Market risk

Foreign currency risk management

The Group's exposure to foreign currency risk arose from certain pledged and restricted bank deposits and bank balances, bank and other borrowings, lease liabilities, trade and other receivables and payables, amounts due from related companies, notes payables, convertible bonds receivable that are denominated in foreign currencies. 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 rates and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
The Group				
EUR	**17,372**	25,215	**190**	2,797
HK$	**51,602**	95,500	**295,133**	795,731
US$	**164,441**	264,253	**5,936,839**	7,157,141
JPY	**11**	19,313	**—**	—
Inter-company balances				
HK$	**173,169**	483,752	**79,885**	7,168
US$	**667,772**	1,046,302	**613,847**	963,852
JPY	**11**	1,279	**—**	10,657

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk management (Continued)

The foreign currency assets in 2020 and 2019 mainly related to the HK$ and JPY denominated bank balances and convertible bonds receivable, US$ denominated trade and other receivables, amounts due from related companies, pledged and restricted bank and other deposits and bank balances, and EUR denominated pledged and restricted bank and other deposits and bank balances as set out in notes 22, 25, 27 and 29, respectively.

The foreign currency liabilities in 2020 and 2019 mainly related to the EUR, HK$ and US$ denominated trade and other payables, bank and other borrowings, lease liabilities, and US$ denominated notes payables as set out in notes 31, 36, 37 and 38, respectively.

Foreign currency sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2019: 5%) increase or decrease in the functional currency of the respective entities against the relevant foreign currencies. 5% (2019: 5%) is the sensitivity rate used when reporting foreign currency risk internally to management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2019: 5%) change in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of the balance is in a currency other than the functional currency of the lender or the borrower. Where the functional currency of the respective entities had strengthened 5% (2019: 5%) against the relevant foreign currencies, profit or loss of the respective year would be affected as follows. For a 5% (2019: 5%) weakening of the functional currency of the respective entities against the relevant foreign currency, there would be an equal and opposite impact on profit or loss for the respective year.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency sensitivity analysis (Continued)

The Group

	EUR RMB'000	HK$ RMB'000	US$ RMB'000	JPY RMB'000
2020				
(Increase) decrease in loss for the year	**(644)**	**9,132**	**216,465**	**—**
2019				
(Decrease) increase in profit for the year	(841)	26,259	258,483	(724)

Inter-company balances

	HK$ RMB'000	US$ RMB'000	JPY RMB'000
2020			
(Increase) decrease in loss for the year	**(3,498)**	**(2,022)**	**—**
2019			
(Decrease) increase in profit for the year	(17,872)	(3,092)	352

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate amounts due from related companies, loans from related companies, pledged and restricted bank and other deposits, bank and other borrowings, notes payables (see notes 27, 32, 33, 29, 36 and 38 for details of the above financial instruments, respectively). The Group currently has not entered into interest rate swaps to hedge against its exposure to changes in fair values of such financial assets and financial liabilities.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate restricted bank deposits and bank balances and variable-rate bank borrowings (see notes 29 and 36).

The management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate pledged and restricted bank and other deposits and bank balances (see note 29) to be limited because the current market interest rates on general deposits are relatively low and stable.

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.

Interest income from financial assets that are measured at amortised cost or FVTOCI is as follows:

	2020 **RMB'000**	2019 RMB'000
Financial assets at amortised cost	**148,771**	165,631
Financial assets at FVTOCI	**—**	393
	148,771	166,024

Interest expense on financial liabilities not measured at FVTPL is as follows:

	2020 **RMB'000**	2019 RMB'000
Financial liabilities at amortised cost	**3,063,323**	3,828,546

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the Group's exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis is used when reporting interest rate risk internally to management and represents management's assessment of the reasonably possible change in interest rates.

Variable-rate borrowings

If interest rates had been 50 basis points higher/lower on LIBOR, HIBOR and the lending benchmark interest rate stipulated by Benchmark Rate and all other variables were held constant, the Group's loss for the year ended 31 December 2020 would have increased/decreased by approximately RMB78,093,000 (2019: profit for the year would have decreased/increased by approximately RMB110,104,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings. The Group's exposure to cash flow interest rate risk has increased during the current year mainly due to the increase in variable-rate borrowings. On the other hand, the Group's exposure to fair value interest rate risk has decreased during the year mainly due to the decrease in fixed-rate borrowings. The sensitivity analysis for change in discount rate is disclosed in note 45(i).

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. As at 31 December 2020, the Group has two LIBOR bank loans that may be subject to the interest rate benchmark reform. The Group is closely monitoring the transition to new benchmark interest rates.

Other price risk

The Group is exposed to price risk through its quoted and unquoted investments measured at FVTPL and measured at FVTOCI. The Group's equity price risk is mainly concentrated on equity instruments of entities operating in solar, and securities and financial service industries sector quoted on the Stock Exchange. In addition, the Group has monitored the price risk and will consider hedging the risk exposure should the need arise.

Other price risk sensitivity analysis

Other than sensitivity analysis of certain investments as disclosed in note 45(i), sensitivity on other investments is not provided as the amount is considered insignificant.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, amounts due from related companies, contract assets, pledged and restricted bank and other deposits and bank balances.

Except for the financial guarantees given by the Group as set out below and in note 53, the Group does not provide any other guarantees which expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed below and in note 53.

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, amounts due from related companies (trade related) and contract assets arising from contracts with customers

In order to minimise the credit risk, each major operating business has a policy of credit control in place under which credit evaluations of customers are performed on all customers requiring credit.

Credit terms are granted to customers which are either secured by bills or with letters of credit issued by banks or good credit quality customers. The management also has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on trade balances individually or collectively.

Credit risk on sales of polysilicon and wafer products is not significant as the major customers are listed entities with good repayment history, and significant portion of trade receivables are either secured by bills or with letters of credit issued by banks or advance payments from customers.

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 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.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables, amounts due from related companies (trade related) and contract assets arising from contracts with customers (Continued)

In relation to contract assets of tariff adjustment receivables, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the relevant counterparties are insignificant since the solar industry is well supported by the PRC government. In addition, as detailed in note 5, management is confident that all of the Group's operating solar farms are able to be enlisted in the List (2019: catalogue) in due course and the accrued revenue on tariff subsidy is fully recoverable but only subject to the timing of allocation of funds. Accordingly, the credit risk regarding contract assets of tariff adjustment receivables is limited.

For sales of polysilicon and wafer, the Group's concentration of credit risk by geographical location is mainly the PRC, which accounted for approximately 99% (2019: 99%) of the trade receivables arising from sales of polysilicon and wafer as at 31 December 2020.

For sales of electricity, the Group's concentration of credit risk by geographical location is mainly the PRC, which accounted for over 99% (2019: 99%) of the trade receivables arising from sales of electricity as at 31 December 2020.

As at 31 December 2020, the Group had concentration of credit risk mainly on related companies which are known to the Group to be under common control (2019: related companies which are known to the Group to be under common control). The gross carrying amount of amounts due from the aforesaid related companies (trade related) was approximately RMB401,909,000 (2019: RMB402,274,000).

Other receivables and amounts due from related companies (non-trade related)

The credit quality of other receivables and amounts due from related parties (non-trade related) excluding prepayments has been assessed with reference to historical information about the counterparties' past payment histories and financial position. The Directors closely monitor the credit quality of other receivables and amounts due from related companies (non-trade related) and consider those amounts, which are neither past due nor impaired, are of good credit quality in view of the good historical repayment record of such parties.

In addition, the Group performs impairment assessment under ECL model on these balances individually.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and amounts due from related companies (non-trade related) (Continued)

For the purpose of impairment assessment of other receivables, consideration receivables, dividend receivables, receivables for modules procurement, other loan receivables, amounts due from former subsidiaries and related companies (non-trade related), the loss allowance is measured at an amount equals to 12m ECL. In determining the ECL for these assets, the Directors have taken into account the financial position of the counterparties, the industries they operate, as well as their latest available operating results, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

As at 31 December 2020 and 2019, the Group had concentration of credit risk on consideration receivables as the gross carrying amount of consideration receivables as at 31 December 2020 were approximately RMB1,474 million (2019: approximately RMB766 million) In addition, the Group had concentration of credit risk mainly on one (2019: one) associate as included in "amounts due from related companies (non-trade related)" amounted to approximately RMB743,635,000 (2019: RMB1,243,469,000) as at 31 December 2020.

Pledged and restricted bank and other deposits and bank balances

The Group's exposure to credit risk arising from pledged and restricted bank and other deposits and bank balances is limited because the counterparties are reputable banks and other financial institutions with high credit ratings assigned by international credit rating agencies in the PRC, Hong Kong and the USA.

The Group assessed 12m ECL for bank balances and pledged and restricted bank and other deposits by reference to information relating to the probability of default and loss given default 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 and restricted bank and other deposits is considered to be insignificant.

* English name for identification only

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Convertible bonds receivable

The Group is exposed to credit risk in respect of convertible bonds receivable as disclosed in note 22 that are measured at FVTPL. As at 31 December 2019, the fair value and principal amount of the convertible bonds receivable was approximately RMB101,097,000 and RMB89,402,000, respectively. The convertible bonds were fully redeemed during the current year.

Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB10,019,228,000 (2019: RMB11,387,516,000) if the guarantees were called upon in their entirely, of which approximately RMB2,005,008,000 (2019: RMB540,000,000) and RMB8,014,220,000 (2019: RMB10,847,516,000) were provided to third parties and related parties, respectively, as at 31 December 2020. The details of the financial guarantees provided to the related parties are set out in note 53. The credit risks on financial guarantee contracts is limited as either the underlying borrowings are adequately secured by assets of the relevant borrowers or the relevant borrowers are with good historical repayment record.

In addition to those financial guarantees provided to related parties as set out in note 53, the Group also provided financial guarantees to certain third parties, former wholly-owned subsidiaries, for certain of their bank and other borrowings amounting to approximately RMB2,005,008,000 (2019: RMB540,000,000) as at 31 December 2020. These bank and other borrowings are secured by the borrowers' (i) property, plant and equipment, and (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity.

At the end of the reporting period, the Directors performed impairment assessments on these financial guarantee contracts, and concluded that there has been no significant increase in credit risk since their initial recognition. Loss allowance is measured at 12m ECL. In the opinion of the Directors, the fair value of the guarantees was considered insignificant at initial recognition, and the ECLs as at 31 December 2020 and 2019 were insignificant.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprising 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	Lifetime ECL (not credit-impaired)	12m ECL
Medium risk	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL (not credit-impaired)	12m ECL
High risk	There has 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

44. FINANCIAL INSTRUMENTS (Continued)

44b. 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, contract assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2020 RMB'000	Gross carrying amount 2019 RMB'000
Financial assets at amortised costs						
Trade receivables — goods and services (excluding sales of electricity)	25	N/A	(Note 1)	Lifetime ECL not credit-impaired	**451,794**	675,581
		N/A	Loss (Note 1)	Credit-impaired	**79,805**	92,587
		Baa2–Aaa (2019: Baa3–Aaa)*	Low risk (Note 1)	Lifetime ECL	**5,587,697**	6,768,537
Trade receivables — sales of electricity	25	N/A	(Note 1)	Lifetime ECL not credit-impaired	**7,385,322**	3,457,134
Amounts due from related companies (trade related)	27	N/A	Low risk (Note 1)	Lifetime ECL	**90,421**	111,293
			Loss (Note 1)	Credit-impaired	**401,909**	402,274
Amounts due from related companies (non-trade related)	27	N/A	(Note 2)	12m ECL	**1,127,096**	2,301,097
Other receivables	25	N/A	(Note 2)	12m ECL	**2,046,345**	1,336,718
		N/A	Loss (Note 1)	Credit-impaired	**967,049**	558,792
			Write off	Amounts is written off	**71,440**	—
Pledged and restricted bank and other deposits	29	Ba1–Aaa (2019: Ba1–Aaa)	N/A	12m ECL	**4,117,951**	6,285,258
		N/A	(Note 2)	12m ECL	**428,725**	644,168
Bank balances	29	Ba3–Aaa (2019: Ba3–Aaa)	N/A	12m ECL	**1,709,585**	1,548,019
Contract assets	26	N/A	Low risk (Note 1)	Lifetime ECL not credit-impaired	**1,233,377**	5,639,898
Financial guarantee contracts	44(b), 53	N/A	Low risk (Note 3)	12m ECL	**10,019,228**	11,387,516

* These represent credit rating grades of the relevant banks which issued the bills.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

1. For trade receivables, amounts due from related companies (trade related) and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, credit-impaired or to be settled by bills, the Group determines the ECL on these items collectively for debtors, grouped by internal credit rating.

   Trade receivables with bills received from trade customers amounted to approximately RMB5,587,697,000 (2019: RMB6,768,537,000) as at 31 December 2020. The Directors consider the ECL for these trade receivables is insignificant because the bills are issued by reputable banks with high credit ratings assigned by international credit rating agencies in the PRC.

   The following table provides information about the exposure to credit risk for trade receivables (excluding sales of electricity) which are assessed collectively as at 31 December 2020 within lifetime ECL (not credit-impaired). Debtors with significant balances or credit-impaired with gross carrying amounts of approximately RMB149,130,000 (2019: RMB86,706,000) and RMB79,805,000 (2019: RMB92,587,000) as at 31 December 2020 were assessed individually, respectively.

Internal credit rating	Trade receivables (excluding sales of electricity)			
	2020		2019	
	Range of loss rate	**Gross carrying amount RMB'000**	Range of loss rate	Gross carrying amount RMB'000
Low risk	**0.5%–2.5%**	**302,664**	0.5%–2.5%	588,875
Medium risk	**10%**	**33,473**	10%	78,072
High risk	**25%**	**115,657**	25%	8,634
		451,794		675,581

   The estimated loss rates are based on any historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

1. (Continued)

The following table provides information about the exposure to credit risk for trade receivables and contract assets in relation to its sales of electricity operation in the PRC which are assessed collectively within lifetime ECL (not credit-impaired).

	2020				2019			
	Trade receivables (sales of electricity)		**Contract assets**		Trade receivables (sales of electricity)		Contract assets	
Internal credit rating	**Average loss rate**	**Gross carrying amount**	**Average loss rate**	**Gross carrying amount**	Average loss rate	Gross carrying amount	Average loss rate	Gross carrying amount
		RMB'000		**RMB'000**		RMB'000		RMB'000
Low risk	**0.24%**	**7,385,322**	**0.34%**	**1,233,377**	0.04%	3,457,134	0.24%	5,639,898

The Group always measures the loss allowance for trade receivables for sales of electricity and contract assets, including those with significant financing component at an amount equal to lifetime ECL. 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 year ended 31 December 2020, GNE Group recognised impairment loss on trade receivables and contract assets of approximately RMB10,000,000 (2019: nil) and RMB5,398,000 (2019: nil), respectively.

The following tables show the movement in lifetime ECL that has been recognised for trade receivables (excluding sales of electricity) and amounts due from related companies (trade related) under simplified approach:

Trade receivables (excluding sales of electricity)

	Lifetime ECL (not credit-impaired)	**Lifetime ECL (credit-impaired)**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2019	5,014	55,622	60,636
Impairment loss recognised	8,948	67,639	76,587
Impairment loss reversed	(3,881)	(25,108)	(28,989)
Amounts written off as uncollectible	—	(5,565)	(5,565)
At 31 December 2019	10,081	92,588	102,669
Transfer to credit-impaired	(3,564)	3,564	—
Impairment loss recognised	14,282	19,189	33,471
Impairment loss reversed	(67)	(1,645)	(1,712)
Amounts written off as uncollectible	—	(34,492)	(34,492)
At 31 December 2020	20,732	79,204	99,936

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

1. (Continued)

During the year ended 31 December 2020, impairment allowance for trade receivables of approximately RMB1,712,000 (2019: RMB28,989,000) was reversed as a result of subsequent settlement from the debtors.

For amounts due from related companies (trade related), debtors with significant balances with gross carrying amounts of approximately RMB492,330,000 (2019: RMB513,567,000) as at 31 December 2020 were assessed individually, in which the Directors considered the consideration receivables of gross carrying amount of approximately RMB401,909,000 (2019: RMB402,274,000) from an related company were credit-impaired because there was a default of payment from the counterparty. An impairment loss of RMB275,182,000 was recognised for the year ended 31 December 2019 for such consideration receivables. As the counterparty was actively pursuing additional financing, the Directors considered no further impairment to be recognised for the year ended 31 December 2020. Credit risk of the remaining amounts due from related companies (trade related) is considered as limited because the related companies are with good repayment history and with positive operating results/cashflows.

Amounts due from related companies (trade related)

	Lifetime ECL (not credit-impaired) RMB'000	**Lifetime ECL (credit-impaired)** RMB'000
At 1 January 2019	6,398	—
Transfer to credit-impaired	(6,398)	6,398
Impairment loss recognised	—	275,182
At 31 December 2019 and 2020	—	281,580

The following table shows movement in ECL that has been recognised for other receivables.

	Lifetime ECL (credit-impaired)			
	Consideration receivables RMB'000	**Other loan receivables** RMB'000	**Other receivables** RMB'000	**Total** RMB'000
At 1 January 2019	—	—	70,243	70,243
Impairment loss reversed	—	—	(39)	(39)
Impairment loss recognised	140,000	—	—	140,000
At 31 December 2019	140,000	—	70,204	210,204
Impairment loss recognised	140,000	1,250	460,740	601,990
Amounts written off	—	(1,250)	(70,190)	(71,440)
At 31 December 2020	280,000	—	460,754	740,754

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

1. (Continued)

(i) For consideration receivables, the Directors considered the consideration receivables from the disposal of 蘇州客准光伏科技有限公司 Suzhou Kezhun Photovoltaic Technology Co. Ltd.* ("Suzhou Kezhun") with a gross carrying amount of approximately RMB506,308,000 (2019: RMB488,588,000) as at 31 December 2020 were credit-impaired because there were defaults of payments from the counterparty since 2019. Such consideration receivables were assessed for ECL individually. A further impairment loss of approximately RMB140,000,000 (2019: RMB140,000,000) was recognised in the current year and which was mainly attributable to the increase in loss given default of the counterparty. The counterparty has pledged 65% of its equity interest in Suzhou Kezhun as a collateral over these balances to the Group.

(ii) For other loan receivables, during the year ended 31 December 2020, GNE Group has fully collected the loan receivable of RMB13,000,000 from a major borrower. For the remaining balance of RMB1,250,000, GNE Group considered the amount is not recoverable and had written-off the entire amount.

(iii) For other receivables, during the year ended 31 December 2020, (1) GNE Group recognised full impairment loss on other receivables of approximately RMB304,587,000 since the directors of GNE considered the two counterparties are in severe financial difficulty; (2) the Group also recognised full impairment loss on a receivable of approximately RMB57,334,000 from the Lender (as defined in note 42), being the excess of the fair value of the Pledged Shares (as defined in note 42) over the relevant loan payable to the Lender, since, based on the information available, the directors of the Company considered it is difficult to recover the excess amount; (3) the impairment loss of approximately RMB98,819,000 for other receivables was recognised in profit or loss since the directors of the Company believed that it was difficult to recover such receivable.

Changes in the loss allowance for other receivables are mainly due to:

	Increase in lifetime ECL (credit-impaired)	
	2020	2019
	RMB'000	RMB'000
Other receivables with gross carrying amounts of RMB968,299,000 (2019: RMB488,588,000) defaulted and transferred to credit-impaired	**601,990**	140,000

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

2. For purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

   As at 31 December 2020 and 2019, the balance of other receivables and pledged deposits was not past due and the internal credit rating was considered as low risk. These are measured at lifetime ECL (not credit-impaired), except for other receivables as mentioned in note 1 above. Therefore, the ECL of balances of other receivables and pledged deposits was considered to be insignificant.

   As at 31 December 2020, amounts due from related companies (non-trade related) of approximately RMB6,455,000 (2019: RMB6,469,000) were past due. The ECL of these balances was considered to be insignificant.

3. For financial guarantee contracts, the gross carrying amount represents the maximum amount that the Group has guaranteed under the relevant contracts. The Directors assessed and considered the ECL for the financial guarantee contracts is insignificant.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings to ensure unutilised banking facilities are adequate and ensures compliance with loan covenants or to obtain waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements. In addition, the management of GNE Group closely follows up the implementation of the financing measures as set out in note 2 to generate adequate financing and operating cash inflows of GNE Group.

The Group's current liabilities exceeded its current assets by approximately RMB17,168 million as at 31 December 2020. Further, the Group had cash and cash equivalents of RMB1,710 million with total borrowings due within one year amounted to RMB27,518 million.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The Group finances its capital intensive operations by short-term and long-term bank and other borrowings and shareholders' equity.

As at 31 December 2020, the Group had defaulted the repayment of bank borrowings totalling approximately RMB1,427 million and GNE Group was involved in several litigation cases, which resulted in triggering the cross default clauses in the loan agreements of several other bank borrowings of approximately RMB6,512 million. Subsequent to the end of the reporting period, the Group has fully settled its defaulted borrowings. However, the above-mentioned litigations of GNE Group have not yet been subsequently settled and accordingly, the cross default clauses on the relevant bank borrowings are still not remedied.

The Group successfully renewed banking facilities that were due during the year. In addition, the Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. The management maintains continuous communication with the Group's principal banks on the renewal of existing banking facilities that will fall due in the coming twelve months and for the granting of additional banking facilities. The Directors have reviewed the bank loans and banking facilities available to the Group and are of the opinion that the bank loans and banking facilities would be renewed when their current terms expire. The Directors have evaluated all the relevant facts available to them and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group's ability to renew the current bank loans upon expiry. Up to the date of approval of these financial statements for issuance, the Directors are not aware of any intention of the Group's principal banks to withdraw their banking facilities granted or request for early repayment of the utilised facilities within the next twelve months from the end of the reporting period.

Despite uncertainties and measures mentioned in note 2, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

The Directors are of the opinion that, taking into account the Group's current undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projection for the coming year and the successful implementation of measures of GNE Group, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months and the on-going loan covenant compliance.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and the Group's liquidity analysis for its derivative financial instrument. 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.

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The tables include both interest and principal cash flows. To the extent that interest are at floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or within 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
At 31 December 2020							
Non-derivative financial liabilities							
Trade and other payables	—	12,154,514	—	—	—	12,154,514	12,154,514
Amounts due to related companies	—	2,088,157	—	—	—	2,088,157	2,088,157
Loans from related companies	7.87	946,352	156,582	—	—	1,102,934	908,508
Bank and other borrowings							
— fixed-rate	5.41	13,454,169	497,976	1,150,900	737,182	15,840,227	15,411,959
— variable-rate	5.04	5,270,580	3,113,833	8,995,890	5,780,461	23,160,764	20,824,706
Notes payables	7.08	3,430,031	—	—	—	3,430,031	3,312,863
Liabilities associated with assets classified as held for sale							
— Other payables	—	148,414	—	—	—	148,414	148,414
— Loan from a related company	—	3,085	—	—	—	3,085	3,085
— Bank and other borrowings	5.28	1,735,469	—	—	—	1,735,469	1,712,866
— Lease liabilities	4.99	52,505	—	—	—	52,505	51,858
Sub-total		39,283,276	3,768,391	10,146,790	6,517,643	59,716,100	56,616,930
Lease liabilities	6.0	582,915	445,275	424,223	1,343,167	2,795,580	1,890,139
Derivative financial instrument							
Put option of interest in Jiangsu Xinhua (Note 39)	—	22,000	—	—	—	22,000	22,000
Put option of interest in Kunshan GCL (Note 39)	—	38,561	—	—	—	38,561	38,561
		39,926,752	4,213,666	10,571,013	7,860,810	62,572,241	58,567,630
Financial guarantee contracts (Note 1)	—	10,019,228	—	—	—	10,019,228	—

	Weighted average interest rate %	On demand or within 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2019							
Non-derivative financial liabilities							
Trade and other payables	—	14,443,176	—	—	—	14,443,176	14,443,176
Amounts due to related companies	—	1,816,308	—	—	—	1,816,308	1,816,308
Loans from related companies	7.74	856,263	749,601	366,136	78,888	2,050,888	1,775,561
Bank and other borrowings							
— fixed-rate	6.51	17,420,673	544,252	498,552	573,381	19,036,858	17,901,742
— variable-rate	5.60	11,270,853	3,385,022	10,951,795	5,924,821	31,532,491	29,360,980
Notes payables	6.97	678,651	330,968	3,611,928	—	4,621,547	3,892,717
Sub-total		46,485,924	5,009,843	15,428,411	6,577,090	73,501,268	69,190,484
Lease liabilities	6.19	642,076	490,004	723,903	1,912,781	3,768,764	2,441,519
Derivative financial instrument							
Put option of interest in Jiangsu Xinhua (Note 39)	—	133,400	—	—	—	133,400	133,400
		47,261,400	5,499,847	16,152,314	8,489,871	77,403,432	71,765,403
Financial guarantee contracts (Note 1)	—	10,487,516	—	—	—	10,487,516	—

44. FINANCIAL INSTRUMENTS (Continued)

44b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The bank and other borrowings that are repayable on demand due to breach of loan covenants, as disclosed in notes 2 and 36, are included in the "on demand or within 1 year" time band in the above maturity analysis. As at 31 December 2020, the aggregate carrying amounts of these bank and other borrowings that are repayable on demand due to breach of loan covenants amounted to RMB7,938,443,000 (2019: RMB5,729,457,000). The Directors do not believe that the banks will exercise their rights to demand immediate repayment from the Group, given that subsequent to the end of the reporting period, the Group has obtained consents from the relevant bankers to waive the strict compliance with the financial ratios concerned. GNE Group is undergoing the process of negotiations with the respective borrowers for an extension or renewal of the defaulted bank and other borrowings and, as of the date of these consolidated financial statements, GNE Group has not received any request from any borrowers to accelerate the repayments of bank and other borrowings. GNE Group is actively pursuing additional financing including, but not limited to, equity financing from issuance of new shares, extension of payment date for bank and other borrowings that are due for maturity and divesting certain of its existing solar farm projects in exchange for cash proceeds.

The following table details the Group's aggregate principal and interest cash outflows based on scheduled repayments dates set out in the loan agreements for bank and other borrowings that became repayable on demand due to the aforesaid breach of loan covenants. To the extent that interest flows are at variable rate, the undiscounted amount is derived from the weighted average interest rate at the end of the reporting period.

	Weighted average effective interest rate %	Less than 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2020	**6.70**	**3,452,826**	**765,793**	**2,831,823**	**1,654,697**	**8,705,139**	**7,938,443**
As at 31 December 2019	6.29	3,065,523	802,758	2,317,724	88,351	6,274,356	5,729,457

Notes:

1. The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangements for the full guaranteed amounts if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangements. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

2. The put option is carried at a notional amount of RMB500 million, which represents the exercise price and potential cash outflow of the Group to purchase the shares of Jiangsu Xinhua if certain specific circumstance(s) as described in note 39 occurred, which included but not limited to, if Jiangsu Xinhua failed to complete IPO on or before 31 December 2023 (2019: 1 January 2021) and the JV Partner exercised the option. The potential cash outflow may be incurred within a period from 1 to 3 years after 31 December 2020 (2019: 1 to 5 years after 31 December 2017).

45. FAIR VALUE MEASUREMENTS

(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 and financial liabilities 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 and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/financial liabilities	Fair value as at 2020 RMB'000	Fair value as at 2019 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
1) Convertible bonds receivable (Note a)	—	101,097	Level 3	N/A (2019: Binomial Option Pricing Model, the key inputs are: underlying share price, exercise price, risk free interest rate, share price volatility and dividend yield.)	N/A (2019: Share price volatility of 36.4% and discount rate of 28.4%. N/A (2019: Dividend yield of 0%, taking into account management's experience and knowledge of the dividend to be paid.	N/A (2019: The higher the volatility, the higher the fair value). N/A (2019: The higher the discount rate, the lower the fair value). The higher the dividend yield, the lower the fair value.
2) Put option of interest in Jiangsu Xinhua classified as derivative financial instruments (Note b)	22,000	133,400	Level 3	Binomial Option Pricing Model, the key inputs are: underlying share price, risk free interest rate, share price volatility and dividend yield.	Share price volatility of 70.3% and discount rate of 11.1% (2019: 65.2% and 10.7% respectively). Dividend yield of 0% (2019: 0%), taking into account management's experience and knowledge of the dividend to be paid.	N/A (2019: The higher the volatility, the higher the fair value). The higher the discount rate, the lower the fair value. The higher the dividend yield, the lower the fair value.
3) Asset management plans investments held by GNE Group classified as financial assets at FVTPL (Note c)	—	100,000	Level 3	Income approach — in this approach, the discounted cash flow method was used to capture the present value of future expected cash flows to be derived from the underlying assets.	N/A (2019: Discount rate of 7.5%).	N/A (2019: The higher the estimated discount rate, the lower the fair value.)
4) Listed equity securities classified as held for trading investments	3,447	4,339	Level 1	Quoted bid price in an active market.	N/A	N/A
5) Unlisted equity investments measured at financial assets at FVTPL	44,321	44,321	Level 3	Market comparison approach — in this approach, fair value was determined with reference to recent transaction price.	Adjusted market price between comparables and the underlying property held by the unlisted equity investments.	An increase in the price per square meter used would result in an increase in fair value measurement of the underlying property, and vice versa.
	35,636	—	Level 2	Quoted prices from recent transaction price.	N/A	N/A
6) Listed equity investments measured at equity instruments at FVTOCI (see note 21)	21,073	9,930	Level 1	Quoted bid price in an active market.	N/A	N/A
	—	31,927	Level 3 (2019: Level 1)	Possibility of resumption of trading of stock shares and distributed amount from winding up (2019: quoted bid price in an active market).	The Directors best estimated Lamtex would wind up without distribution to the Group (2019: N/A).	The higher the possibility, the higher of fair value (2019: N/A).

45. FAIR VALUE MEASUREMENTS (Continued)

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

Financial assets/financial liabilities	Fair value as at 2020 RMB'000	2019 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
7) Unlisted investments measured at financial assets at FVTPL	**241,310**	213,221	Level 3	Market comparison approach — in this approach, fair value was determined with reference to P/S ratio or P/E ratio or recent transaction price.	P/S ratio of 2.47x — 32.78x (2019: 2.30x — 22.07x) or P/E ratio of 24.00x — 50.83x (2019: 72.73x).	The higher the P/S or P/E ratio, the higher the fair value.
	800,763	477,256	Level 2	Quoted price from third party financial institutions which determined with reference to the value of underlying investments which mainly composed of listed shares and bonds.	N/A	N/A
8) Put option of interest in Kunshan GCL classified as derivative financial instrument (note d)	**38,561**	—	Level 3	Binomial Option Pricing Model, the key inputs are underlying share price, exercise price, risk free interest rate, probability, share price volatility and dividend yield.	Share price volatility of 60.59% to 61.29% Risk free rate of 2.78% — 2.8% Dividend yield of 0%, taking into account management experience and knowledge of the dividend to the paid.	The higher of volatility, the higher of fair value. The higher of risk free rate, the lower of fair value. The higher of dividend yield the lower of fair value.

Notes:

(a) If the share price of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the convertible bonds receivable would increase by approximately RMB753,000/decrease by approximately RMB753,000 for the year ended 31 December 2019.

If the discount rate used was multiplied by 95% or 105% while all the other variables were held constant, the gain on change in fair value of the convertible bonds receivable would increase by approximately RMB83,000/decrease by approximately RMB82,000 for the year ended 31 December 2019.

(b) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the derivative financial instruments would increase by approximately RMB1,092,000/decrease by approximately RMB1,107,000 for the year ended 31 December 2020 (2019: RMB5,050,000 and RMB5,075,000 respectively).

If the discount rate used was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the convertible bonds receivable would increase by approximately RMB1,430,000/decrease by approximately RMB1,575,000 for the year ended 31 December 2020 (2019: RMB12,746,000 and RMB12,733,000 respectively).

(c) If the estimated discount rate was multiplied by 95% or 105% while all the other variables were held constant, the fair value of the investments would increase by approximately RMB507,000/decrease by approximately RMB503,000 for the year ended 31 December 2019.

(d) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the derivative financial instruments would increase by approximately RMB75,000/decrease by approximately RMB67,000 for the year ended 31 December 2020.

If the risk-free rate used was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the convertible bonds receivable would decrease by approximately RMB146,000/increase by approximately RMB147,000 for the year ended 31 December 2020.

45. FAIR VALUE MEASUREMENTS (Continued)

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

Other than the listed equity investment measured at equity instruments at FVTOCI (see note 21) which was transferred from level 1 to level 3 during the year ended 31 December 2020, there is no transfer among the different levels of the fair value hierarchy for both years.

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

Included in other expenses, gains and losses set out in note 9B, a net gain of RMB150,018,000 is related to financial assets and financial liabilities measured at FVTPL held during 2020 (2019: a net loss of RMB63,322,000).

Fair value hierarchy as at 31 December 2020

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
Listed equity securities classified as held for trading investments	3,447	—	—	3,447
Other financial assets at FVTPL	—	836,399	285,631	1,122,030
Equity instruments at FVTOCI	21,073	—	—	21,073
Total	24,520	836,399	285,631	1,146,550
Financial liabilities				
Put option of interest in Jiangsu Xinhua classified as derivative financial instruments	—	—	22,000	22,000
Put option of interest in Kunshan GCL classified as derivative financial instrument	—	—	38,561	38,561
Total	—	—	60,561	60,561

45. FAIR VALUE MEASUREMENTS (Continued)

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

Fair value hierarchy as at 31 December 2019

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
Listed equity securities classified as held for trading investments	4,339	—	—	4,339
Other financial assets at FVTPL	—	477,256	357,542	834,798
Convertible bonds receivable	—	—	101,097	101,097
Equity instruments at FVTOCI	41,857	—	—	41,857
Total	46,196	477,256	458,639	982,091
Financial liabilities				
Put option of interest in Jiangsu Xinhua classified as derivative financial instruments	—	—	133,400	133,400

(ii) Reconciliation of Level 3 fair value measurements

31 December 2020

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

45. FAIR VALUE MEASUREMENTS (Continued)

(ii) Reconciliation of Level 3 fair value measurements

31 December 2019

	Convertible bonds receivable RMB'000	Put option of interest in Jiangsu Xinhua classified as derivative financial instruments RMB'000	Asset management plans investments held by GNE measured at financial assets at FVTPL RMB'000	Unlisted investments/ equity instruments measured at financial assets as FVTPL RMB'000	Total RMB'000
Opening balance	76,001	(26,011)	100,000	215,918	365,908
Capital contribution	—	—	—	15,000	15,000
Gain (loss) in profit or loss	29,820	(107,389)	—	26,624	(50,945)
Receipt of interests	(4,724)	—	—	—	(4,724)
Closing balance	101,097	(133,400)	100,000	257,542	325,239

Of the total gains for the year included in profit or loss, RMB123,322,000 (2019: losses of RMB50,945,000) related to put options of interest in Jiangsu Xinhua and interests in Kunshan GCL, convertible bonds receivable, unlisted investments/equity instruments measured at financial assets at FVTPL and asset management plans investments measured at financial assets at FVTPL held at the end of the reporting period which fair value gains or losses were included in other expense, gains and losses, net.

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 they are available. Where Level 1 inputs are not available, the Group performs discounted cash flow to derive the present value of other investments or engages third party qualified valuers to perform the valuation of convertible bonds, the put option of interest in Jiangsu Xinhua classified as derivative financial instruments, unlisted investments measured at financial assets at FVTPL, unlisted equity investments measured at financial assets at FVTPL and asset management plans investments held by GNE recognised as financial assets at FVTPL. The Directors work closely with the qualified valuers to establish 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 above.

46. TRANSFERS OF FINANCIAL ASSETS

During the current year, the Group endorsed certain bills received from customers for the settlement of payables for the purchase of plant and machinery, construction costs and trade and other payables; and discounted certain bills received by the Group to banks for financing.

The following were bills received by the Group as at 31 December 2020 and 2019 that were discounted to banks or endorsed to creditors, 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 trade receivables and recognised the cash received on the transfer as secured borrowings or the amounts outstanding with the creditors remain to be recognised as trade and other payables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial 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	**1,802,544**	**2,869,460**	**4,672,004**
Carrying amount of associated liabilities	**(1,802,544)**	**(2,869,460)**	**(4,672,004)**
Net position	**—**	**—**	**—**

At 31 December 2019

	Bills discounted to banks with full recourse RMB'000	Bills endorsed to creditors with full recourse RMB'000	Total RMB'000
Carrying amount of transferred assets	2,743,769	3,210,854	5,954,623
Carrying amount of associated liabilities	(2,743,769)	(3,210,854)	(5,954,623)
Net position	—	—	—

The Directors consider that the carrying amounts of the endorsed and discounted bills approximate their fair values.

The finance costs recognised for bills discounted to banks were included in interest on bank and other borrowings (note 8).

47. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

(i) Commitments

	2020 RMB'000	2019 RMB'000
Capital commitments		
Capital expenditure in respect of acquisitions of property, plant and equipment contracted for but not provided for	**500,587**	662,725
Other commitments		
Commitment to contribute share capital to investments in joint ventures, associates and/or other investments contracted for but not provided for	**1,628,500**	2,190,000
Commitment to contribute share capital to financial assets at FVTPL contracted for but not provided for	**60,000**	80,000
	2,189,087	2,932,725

(ii) Contingent asset

As disclosed in note 15, GNE Group has insurance policies in place to cover damages to property, plant and equipment amounting to RMB53,437,000 (2019: RMB57,235,000) incidental to a typhoon occurred during the year ended 31 December 2019. GNE Group received RMB3,798,000 (2019: RMB6,615,000) from insurance claim as compensation income and has an ongoing insurance claim for the remaining loss as at 31 December 2020 which will be recognised only when the claim is admitted and becomes receivable. Based on the terms of the insurance policies, the directors of GNE believe that it is possible that their remaining claim will be successful.

(iii) Contingent liabilities

In July 2019, GNE Group discounted certain bills provided by third parties with a total face value of RMB1,136,390,000 for short-term financing, and the liabilities relating to these arrangements were fully settled to these relevant third parties during that year. As at 31 December 2019, these bills were not yet matured and remained outstanding. In accordance with the relevant regulations in the PRC, GNE Group, being an endorser of the bills, was jointly and severally liable if the relevant bills were not settled by the issuer upon maturity. However, in the opinion of the directors of GNE, the risk of default in payment of these bills was remote because they are guaranteed by reputable PRC banks. The maximum exposure to GNE Group of these outstanding bills was RMB1,136,390,000 as at 31 December 2019.

During the year ended 31 December 2020, the entire amount matured and was settled in September 2020.

48. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

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

	2020 RMB'000	2019 RMB'000
Bank and other borrowings secured by:		
Pledged and restricted bank and other deposits (included pledged and restricted bank and other deposits classified as held for sale)	**929,787**	1,894,370
Right-of-use assets	**661,264**	468,804
Investment properties	**61,148**	65,804
Property, plant and equipment	**21,748,494**	27,870,791
Trade receivables and contract assets	**10,060,583**	7,275,637
	33,461,276	37,575,406
Lease liabilities secured by:		
Pledged and restricted bank and other deposits	**87,620**	240,402
Total	**33,548,896**	37,815,808

Certain subsidiaries pledged their fee collection rights in relation to the sales of electricity. As at 31 December 2020, trade receivables and contract assets in respect of such fee collection rights pledged amounted to approximately RMB8,061,158,000 (2019: RMB4,722,846,000).

As at 31 December 2020, the Group had pledged property, plant and equipment and right-of-use assets of approximately RMB135,473,000 (2019: RMB160,558,000) and RMB146,875,000 (2019: RMB150,781,000), respectively, to secure bank and other borrowings of an associate and a joint venture of the Group.

In addition to the pledged assets above, there are property, plant and equipment of approximately RMB51,321,000 (2019: RMB101,056,000), the right-of-use assets of approximately nil (2019: RMB14,134,000) restricted bank deposits of approximately RMB3,573,150,000 (2019: RMB4,794,654,000) and trade receivables of approximately RMB561,674,000 (2019: RMB499,672,000) which had been pledged to secure the issuance of bills and short-term letters of credit for trade and other payables. As at 31 December 2020, the loans from a related company were secured by certain of the Group's property, plant and equipment amounted to approximately nil (2019: RMB912,365,000) and pledged bank deposits amounted to approximately nil (2019: RMB38,000,000).

48. PLEDGE OF OR RESTRICTIONS ON ASSETS (Continued)

Restrictions on assets

In addition, lease liabilities of approximately RMB1,890,139,000 (2019: RMB2,411,518,000) were recognised against related right-of-use assets of approximately RMB2,373,801,000 (2019: 3,416,173,000) as at 31 December 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

49. SHARE-BASED PAYMENT TRANSACTIONS

49a. The Company

(I) Equity-settled share option scheme

On 22 October 2007, a Pre-IPO Share Option Scheme ("Pre-IPO Share Option Scheme") and a Share Option Scheme ("Share Option Scheme") were adopted by the Company pursuant to the resolution of the sole shareholder. Under the schemes, the Company may grant option to directors, employees of the Company and its subsidiaries and qualifying grantees to subscribe for shares of the Company. Options granted are exercisable during the period after the respective vesting date to the last day of the ten-year period after the grant date.

At 31 December 2020, the number of shares in respect of which options had been granted and remained outstanding under the Company's share option schemes was 123,717,973 (2019: 137,546,290) shares, representing 0.6% (2019: 0.6%) of the issued share capital of the Company at that date.

The total number of shares in respect of which options may be granted under the Share Option Scheme are not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

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 shares of the Company for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Pursuant to the terms of the Pre-IPO Share Option Scheme and Share Option Scheme, the exercise price and number of share options were being adjusted as a result of the determination of entitlements to a rights issue of the Company on 26 January 2016. Details of the adjustments are disclosed in the announcement of the Company on 26 January 2016.

49. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

49a. The Company (Continued)

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

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

(i) Share Option Scheme

2020

	Exercise price	Date of grant	Exercisable period	Number of shares issuable under options: Outstanding at 1 January 2020	During the year: Exercised (Note 1)	During the year: Forfeited	Outstanding at 31 December 2020
Directors	HK$1.16	19.02.2016	15.03.2016 to 18.02.2026	5,942,302	—	—	5,942,302
	HK$1.324	29.03.2016	18.04.2016 to 28.03.2026	7,944,454	—	—	7,944,454
Employees and others	HK$3.296	12.01.2011	01.03.2011 to 11.01.2021	5,035,850	—	—	5,035,850
	HK$4.071	15.07.2011	01.09.2011 to 14.07.2021	4,834,415	—	—	4,834,415
	HK$1.630	05.07.2013	16.09.2013 to 04.07.2023	15,354,308	—	(1,274,071)	14,080,237
	HK$2.867	24.03.2014	26.05.2014 to 23.03.2024	21,352,004	—	—	21,352,004
	HK$1.16	19.02.2016	15.03.2016 to 18.02.2026	73,054,277	(3,389,000)	(9,165,246)	60,500,031
	HK$1.324	29.03.2016	18.04.2016 to 28.03.2026	4,028,680	—	—	4,028,680
				137,546,290	(3,389,000)	(10,439,317)	123,717,973
Exercisable at the end of the year				119,127,748			123,717,973
Weighted average exercise price (HK$)				1.67	1.16	1.22	1.72

2019

	Exercise price	Date of grant	Exercisable period	Number of shares issuable under options: Outstanding at 1 January 2019	During the year: Exercised (Note 1)	During the year: Forfeited	During the year: Transferred (Note 2)	During the year: Expired	Outstanding at 31 December 2019
Directors	HK$0.586	16.02.2009	01.04.2009 to 15.02.2019	4,028,680	—	—	(1,510,755)	(2,517,925)	—
	HK$1.16	19.02.2016	15.03.2016 to 18.02.2026	5,942,302	—	—	—	—	5,942,302
	HK$1.324	29.03.2016	18.04.2016 to 28.03.2026	8,649,473	—	—	(705,019)	—	7,944,454
Employees and others	HK$0.586	16.02.2009	01.04.2009 to 15.02.2019	5,158,473	(100,000)	—	1,510,755	(6,569,228)	—
	HK$1.046	24.04.2009	01.05.2009 to 23.04.2019	807,750	—	—	—	(807,750)	—
	HK$3.296	12.01.2011	01.03.2011 to 11.01.2021	5,035,850	—	—	—	—	5,035,850
	HK$4.071	15.07.2011	01.09.2011 to 14.07.2021	6,093,378	—	(1,258,963)	—	—	4,834,415
	HK$1.630	05.07.2013	16.09.2013 to 04.07.2023	20,752,738	—	(5,398,430)	—	—	15,354,308
	HK$2.867	24.03.2014	26.05.2014 to 23.03.2024	21,352,004	—	—	—	—	21,352,004
	HK$1.16	19.02.2016	15.03.2016 to 18.02.2026	83,278,131	—	(10,223,854)	—	—	73,054,277
	HK$1.324	29.03.2016	18.04.2016 to 28.03.2026	3,323,661	—	—	705,019	—	4,028,680
				164,422,440	(100,000)	(16,881,247)	—	(9,894,903)	137,546,290
Exercisable at the end of the year				123,193,662					119,127,748
Weighted average exercise price (HK$)				1.60	0.59	1.53	—	0.66	1.67

49. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

49a. The Company (Continued)

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

(i) Share Option Scheme (Continued)

Notes:

1. In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HK$1.45 (2019: HK$0.67).

2. Mr. Ji Jun resigned as an executive director with effect from 1 February 2019 but he retains the position as a consultant of the Company. Upon resignation as an executive director, his entitlement of 1,510,755 share options and 705,019 share options granted on 16 February 2009 and 29 March 2016, respectively, were transferred from those held by directors to employees accordingly.

(II) Equity-settled share award scheme

(i) Share award scheme

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

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

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

49. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

49a. The Company (Continued)

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

(i) Share award scheme (Continued)

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

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

No award shares were granted for both years.

(III) Cash-settled share award scheme

US Equity Incentive Plan granted by GCL US II

GCL Solar Materials US II, LLC ("GCL US II") adopted an equity plan on 31 March 2017 ("Plan Date") pursuant to a resolution passed on the same date for the purpose of providing incentives to eligible employees and which will expire on the later of (i) the sixth anniversary of adoption date, or (ii) such date that all class B units of GCL US II ("Class B Units") outstanding are fully vested, settled, lapsed, forfeited or cancelled (as the case may be) (the "US Equity Incentive Plan"). Under the US Equity Incentive Plan, the board of directors of GCL US II may grant Class B Units of GCL US II to eligible employees. Class B Units shall be non-voting and the aggregate number of Class B Units authorised for issuance shall be 12,750,000 which represents up to 10% of the fully diluted equity of GCL US II as of the closing date of the SunEdison Agreement on 31 March 2017 (i.e. US$127,500,000).

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

49. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

49a. The Company (Continued)

(III) Cash-settled share award scheme (Continued)

US Equity Incentive Plan granted by GCL US II (Continued)

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

	Number of Class B Units
Outstanding at 1 January 2019	5,224,166
Exercised during the year	(1,571,162)
Forfeited during the year	(534,491)
Outstanding at 31 December 2019	3,118,513
Exercised during the year	(3,074,265)
Forfeited during the year	(44,248)
Outstanding at 31 December 2020	—

The US Grantee shall be entitled, on the first and second anniversaries of the Plan Date, to sell 50% of the Class B Units vested to GCL US II or another member of the Group selected by GCL US II at a price equal to US$1 each (the "Floor Price"). The Grantee shall be entitled on the third anniversary of the Plan Date to sell all the vested Class B Units to GCL US II or another member of the Group selected by GCL US II at the higher of valuation of the Class B Units as of the third anniversary of the Plan Date or the Floor Price. If, on the third anniversary of the Plan Date, the Group at its sole and absolute discretion, does not intend to make an IPO of the solar material business unit in the USA in the 36 months following the third anniversary of the Plan Date, GCL US II shall purchase all the vested Class B Units at the price set out above. Valuation shall include GCL Solar Materials US I, LLC, GCL US II, GCL Solar Materials US III, LLC, GCL Solar Materials US IV, LLC and assets and operations acquired pursuant to the SunEdison Agreement, however and wherever held by the Group and take into account all monetisation transactions as defined in the US Equity Incentive Plan for the purposes of valuation.

49. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

49a. The Company (Continued)

(III) Cash-settled share award scheme (Continued)

US Equity Incentive Plan granted by GCL US II (Continued)

In the event there is an IPO prior to the sixth anniversary of the Plan Date and Class B Units are outstanding at the time of such IPO, such Class B Units will be converted into shares of common stock of the company whose shares are sold in the IPO (the "New IPO Company"). The Group will set the conversion rate of Class B Units into shares of the common stock of the New IPO Company upon the conversion date. If there are any vested Class B Units remaining as of the sixth anniversary of the Plan Date and there has been no IPO by that time, there shall be a valuation and GCL US II shall purchase all the remaining vested Class B Units at the price determined based on the higher of valuation of the Class B Units as of the sixth anniversary of the Plan Date or the Floor Price.

The settlements mention above for the vested Class B Units shall be made, in the sole discretion of GCL US II in (i) cash; (ii) shares of a Group entity that is publicly listed in the USA or (iii) a combination of (i) and (ii).

In the opinion of the Directors, the fair value of the outstanding Class B Units as at 31 December 2019 is not higher than US$1 per unit. The Group has recorded liabilities of nil (2019: RMB23,593,000) in its consolidated statement of financial position as at 31 December 2020 in respect of the cash-settled share award. During the year ended 31 December 2020, certain US Grantees exercised their rights to sell the Class B units to GCL US II at US$1 per units, resulting in a payment of RMB21,412,000 (2019: RMB10,853,000).

49b. Share option plan of GNE

Equity-settled share option scheme

GNE'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 the directors of GNE and eligible employees. Under the New Share Option Scheme, the board of directors of GNE may grant options to eligible employees, including the directors of GNE, to subscribe for shares in GNE. Additionally, GNE may, from time to time, grant share options to independent third parties for settlement in respect of goods or services provided to GNE.

49. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

49b. Share option plan of GNE (Continued)

Equity-settled share option scheme (Continued)

At 31 December 2020, the number of shares which had been granted under the New Share Option Scheme and remained outstanding was approximately 442,430,898 (2019: 508,061,218) shares, representing 2.3% (2019: 2.7%) of the issued share capital of GNE 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 GNE 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 of GNE, and will not be less than the higher of (i) the closing price of GNE's shares on the date of grant, (ii) the average closing price of GNE's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of GNE's share.

The following table discloses movements of GNE's share options:

2020

				Number of shares issuable under options		
	Exercise price	Date of grant	Exercisable period	Outstanding at 1 January 2020	During the year Forfeited	Outstanding at 31 December 2020
Directors	HK$1.1798	23.10.2014	24.11.2014 to 22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.07.2015	24.07.2015 to 23.07.2025	40,565,980	(16,105,600)	24,460,380
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014 to 22.10.2024	214,929,232	(20,132,000)	194,797,232
	HK$0.606	24.07.2015	24.07.2015 to 23.07.2025	194,183,206	(29,392,720)	164,790,486
				508,061,218	(65,630,320)	442,430,898
Exercisable at the end of the year				273,312,032		253,180,032
Weighted average exercise price (HK$)				0.9147	0.7820	0.9344

49. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

49b. Share option plan of GNE (Continued)

Equity-settled share option scheme (Continued)

2019

				Number of shares issuable under options		
	Exercise price	Date of grant	Exercisable period	Outstanding at 1 January 2019	During the year Forfeited	Outstanding at 31 December 2019
Directors	HK$1.1798	23.10.2014	24.11.2014 to 22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.07.2015	24.07.2015 to 23.07.2025	48,618,780	(8,052,800)	40,565,980
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014 to 22.10.2024	231,075,096	(16,145,864)	214,929,232
	HK$0.606	24.07.2015	24.07.2015 to 23.07.2025	211,758,442	(17,575,236)	194,183,206
				549,835,118	(41,773,900)	508,061,218
Exercisable at the end of the year				274,036,784		273,312,032
Weighted average exercise price (HK$)				0.9255	0.8807	0.9147

During the current year, share-based payment expense of nil (2019: RMB3,522,000) had been recognised in profit or loss in respect of equity-settled share option scheme. In addition, certain share options granted to employees were forfeited after the vesting period, approximately RMB21,279,000 (2019: RMB24,520,000) was transferred to the Group's accumulated profits from share options reserve and non-controlling interests.

At each reporting date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserve.

50. 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 flow were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Dividend payables RMB'000 (note 31)	Interest payables RMB'000 (note 31)	Amounts due to related companies (non-trade) RMB'000 (note 32)	Loans from related companies RMB'000 (note 33)	Bank and other borrowings RMB'000 (note 36)	Lease liabilities RMB'000 (notes 37)	Notes payables RMB'000 (note 38)	Total RMB'000
At 1 January 2019	16,965	217,514	111,198	3,599,789	51,765,902	2,698,425	5,121,118	63,530,911
Financing cash flows	(126,157)	(759,433)	(103,654)	328,077	1,537,544	(345,514)	(1,613,955)	(1,083,092)
Exchange realignment	—	—	801	—	32,374	4,903	56,500	94,578
Finance costs (note 8)	—	935,488	188,607	86,315	2,240,082	167,374	329,054	3,946,920
Interest capitalised (note 8)	—	49,000	—	—	—	—	—	49,000
Dividends declared to non-controlling interests	383,839	—	—	—	—	—	—	383,839
Acquisition of subsidiaries	—	—	—	—	710,380	34,180	—	744,560
Disposal of subsidiaries	—	(47,230)	342,888	(826,785)	(5,958,608)	(258,752)	—	(6,748,487)
New leases entered	—	—	—	—	—	141,071	—	141,071
Lease terminated	—	—	—	—	—	(168)	—	(168)
Other operating activities	—	—	15,087	—	—	—	—	15,087
Set off with advance to non-controlling interests	(38,194)	—	—	—	—	—	—	(38,194)
Set off with consideration receivables and amounts due from associates	—	—	—	(1,400,000)	—	—	—	(1,400,000)
Set off with amount due from an associate	—	—	—	(11,835)	—	—	—	(11,835)
Non-cash settlement of discounted bills	—	—	—	—	(3,064,952)	—	—	(3,064,952)
At 31 December 2019	**236,453**	**395,339**	**554,927**	**1,775,561**	**47,262,722**	**2,441,519**	**3,892,717**	**56,559,238**
Financing cash flows	**(45,000)**	**(721,518)**	**1,194,696**	**(267,733)**	**(3,513,194)**	**(502,292)**	**(685,421)**	**(4,540,462)**
Exchange realignment	—	—	—	**2,103**	**(132,720)**	**4,966**	**(207,927)**	**(333,578)**
Finance costs (note 8)	—	**546,824**	—	**62,440**	**2,120,788**	**111,747**	**313,494**	**3,155,293**
Interest capitalised (note 8)	—	**12,810**	—	—	**6,967**	—	—	**19,777**
Dividends declared to non-controlling interests	**52,644**	—	—	—	—	—	—	**52,644**
Disposal of subsidiaries	**(3,920)**	**(11,841)**	**(320)**	**(87,970)**	**(4,123,896)**	**(131,822)**	—	**(4,359,769)**
New leases entered	—	—	—	—	—	**66,320**	—	**66,320**
Lease terminated	—	—	—	—	—	**(48,441)**	—	**(48,441)**
Set off with advance to non-controlling interests	**(2,796)**	—	—	—	—	—	—	**(2,796)**
Set off with amounts due from associates			**(293,844)**	**(62,994)**	—	—	—	**(356,838)**
Net off with other investment	—	—	—	—	**(113,027)**	—	—	**(113,027)**
Set off with amount due from a related party	—	—	—	—	**(8,000)**	—	—	**(8,000)**
Set off with other receivable	—	—	**418,400**	—	**(41,185)**	—	—	**377,215**
Reclassification from loans from a related company				**(509,814)**	**509,814**			—
Transfer to liabilities associated with assets classified as held-for-sale	—	**(3,812)**	—	**(3,085)**	**(1,712,866)**	**(51,858)**	—	**(1,771,621)**
Non-cash settlement of discounted bills	—	—	—	—	**(4,018,738)**	—	—	**(4,018,738)**
At 31 December 2020	**237,381**	**217,802**	**1,873,859**	**908,508**	**36,236,665**	**1,890,139**	**3,312,863**	**44,677,217**

Note: The cash flows from dividends payables, interest payables, amounts due to related companies, loans from related companies, bank and other borrowings, lease liabilities, notes payables make up the net amount of proceeds and repayments in the consolidated statement of cash flows.

51. EVENTS AFTER REPORTING PERIOD

Other than those disclosed elsewhere in these consolidated financial statements, the Group has the following significant events after the reporting period:

(a) On 29 December 2020, Elite Time Global Limited ("Elite Time"), a wholly-owned subsidiary of the Company, entered into a placing agreement with joint placing agents pursuant to which Elite Time agreed to sell and the joint placing agents agreed, as its agents, to procure on a best effort basis, subject to the terms and conditions of the placing agreement, placees to purchase up to 638,298,000 placing shares, which represent approximately 3.34% of the issued share capital of GNE held by the Group, at the placing price of HK$0.235 per placing share. On 5 January 2021, the placing was completed with net proceeds of approximately HK$145 million (equivalent to approximately RMB122 million), after taking into account all related costs, fees, expenses and commission. The Group retains 58.94% equity interest in GNE accordingly.

(b) On 14 January 2021, the Company entered into a share placing agreement with placing agents pursuant to which the Company conditionally agreed to place up to 3,900,000,000 new shares of the Company at a price of HK$1.08 per placing share to no less than six independent placees. The placing was completed on 21 January 2021 with net proceeds of approximately HK$4,148 million (equivalent to approximately RMB3,491 million), after taking into account all related costs, fees, expenses and commission.

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

On 9 February 2021, GNE announced that holders of the senior notes of approximately US$459 million, representing 91.85% of the outstanding aggregate principal amount of the senior notes, had validly submitted their respective executed accession deeds for exchanging the senior notes for new notes with an extended maturity and terms as stipulated in the RSA. Under the RSA, 5% of the original principal amount of US$25 million (the "Upfront Consideration") will be repaid to the holders of the senior notes upon the date of approval of RSA. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration will be settled through the issuance of new senior notes, which are interest-bearing at 10% par annum and the whole principal will mature on 30 January 2024. The RSA became effective on 16 June 2021.

(d) On 10 February 2021, GNE Group announced that a placing agreement has been entered into among Elite Time, GNE Group and the placing agents under which up to a total of 2,000 million of new shares of GNE Group are to be issued (the "Transaction"). The Transaction was 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, was approximately HK$895 million (equivalent to approximately RMB753 million).

51. EVENTS AFTER REPORTING PERIOD (Continued)

(e) On 16 November 2020, the GNE Group entered into five share transfer agreements with Xuzhou State Investment to dispose of its 90% equity interest in each of Suzhou GCL Solar Power, Huaibei Xinneng, Hefei Jiannan Power Company Limited ("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. Subsequently, the GNE Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB276,437,000 to RMB269,267,000 during the year ended 31 December 2020. The disposals of Suzhou GCL Solar Power, Huaibei Xinneng and Dangshan Xinneng were completed during the year ended 31 December 2020. The disposals of Hefei Jiannan and Hefei Jiuyang with an aggregate consideration of RMB102,791,000 were completed during the period from 1 January 2021 to the date of approval of these financial statements (the "Subsequent Reporting Period").

(f) On 29 September 2020, the GNE Group entered into six share transfer agreements with Hua Neng No.1 Fund and Hua Neng No.2 Fund to dispose of its 100% equity interest in six wholly-owned subsidiaries, namely Hubei Macheng Photovoltaic Power Company Limited ("Hubei Macheng"), Huixian City GCL Photovoltaic Power Company Limited ("Huixian City GCL"), Qixian GCL New Energy Limited ("Qixian GCL"), Ruyang GCL New Energy Limited ("Ruyang GCL"), Baotou Zhonglitenghui Photovoltaic Power Company Limited ("Baotou Zhonglitenghui"), Ningxia Zhongwei Photovoltaic Power Company Limited ("Ningxia Zhongwei") at an aggregate consideration of RMB576,001,000 and the repayment of interest in shareholder's loan as at the date of disposals. The disposals of Huixian City GCL and Qixian GCL were completed during the year ended 31 December 2020. The disposals of Hubei Macheng, Ruyang GCL, Baotou Zhonglitenghui and Ningxia Zhongwei with an aggregate consideration of RMB480,210,000 were completed during the Subsequent Reporting Period.

(g) On 22 November 2020, the GNE Group entered into five share transfer agreements with Xuzhou State Investment to dispose of its 90% equity interest in each of Dangshan GCL Solar Power Co., Ltd., Funan GCL Photovoltaic Power Co., Ltd., Hefei Xinren Solar Power Co., Ltd. and Tianchang GCL Solar Energy Limited and its 50% equity interest in Taihu Xinneng Solar Power Co., Ltd., 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. Subsequently, the GNE Group and Xuzhou State Investment mutually agreed to reduce the consideration from RMB312,728,000 to RMB307,898,000. The disposals were completed during the Subsequent Reporting Period.

(h) On 29 January 2021, the GNE Group entered into a share transfer agreement with Beijing United Rongbang to dispose of its 100% equity interest in 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. Subsequently, the GNE Group and Beijing United Rongbang mutually agreed to reduce the consideration from RMB52,550,000 to RMB38,050,000. The disposal was completed during the Subsequent Reporting Period.

51. EVENTS AFTER REPORTING PERIOD (Continued)

(i) On 4 December 2020, the GNE 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 had been received and recognised as other payables as at 31 December 2020. Subsequently, the GNE Group and Beijing United Rongbang mutually agreed to reduce the consideration from RMB211,100,000 to RMB209,600,000. The disposal was completed during the Subsequent Reporting Period.

(j) On 14 December 2019, the GNE Group entered into an agreement with Shanghai Lujing and Shenmu Guoxiang. Pursuant to the agreement, Shanghai Lujing and Shenmu Guoxiang agreed to transfer their equity interests (i.e. 20%) in Shenmu Jingdeng to the GNE Group and the GNE Group agreed to transfer its controlling right (i.e. 80% equity interest) in Shenmu Guotai to Shanghai Lujing. The transaction was completed during the six months ended 30 June 2021. After the completion of the transaction, the GNE Group holds 100% of equity interests in Shenmu Jingdeng and has no equity interests in Shenmu Guotai.

(k) On 19 November 2020, the GNE Group entered into fourteen share transfer agreements with Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partner) 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. Subsequently, the GNE Group and Hua Neng No. 1 Fund and Hua Neng No. 2 Fund mutually agreed to reduce the consideration from RMB666,654,000 to RMB644,399,000. During the Subsequent Reporting Period, the disposals of Baoying Xinyuan, Lianshui Xinyuan, Lanxi Jinrui, Zhongli Tenghui, Delingha Energy, Hetian GCL, Liaocheng Xiechang, Yanbian Xinneng, Yili GCL, Delingha Century Concord, Delingha Shidai, Hainanzhou Shineng with an aggregate consideration of RMB572,003,000 were completed. The disposals of Gaotang County GCL and Yuncheng Xinhua were not completed at the date of approval of these consolidated financial statements.

51. EVENTS AFTER REPORTING PERIOD (Continued)

(l) On 31 March 2021, the GNE Group entered into six share transfer agreements with Three Gorges Asset Management Co., Ltd. ("Three Gorges") to dispose of its 100% equity interest in four wholly-owned subsidiaries, namely Sanmenxia Xie Li Solar Power Co., Ltd. ("Sanmenxia Xie Li"), Kaifeng Huaxin New Energy Development Co., Ltd. ("Kaifeng Huaxin"), Shangshui GCL Photovoltaic Electric Power Co, Ltd. ("Shangshui GCL") and Queshan Zhuiri New Energy Power Company Limited*("Queshan Zhuiri") and its 50% equity interest in each of Taiqian GCL Photovoltaic Power Company Limited ("Taiqian GCL") and Nanzhao Xin Li Photovoltaic Electric Power Co, Ltd. ("Nanzhao Xin Li"), at an aggregate consideration of RMB364,650,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. Subsequently, the GNE Group and Three Gorges mutually agreed to reduce the consideration from RMB364,650,000 to RMB342,796,000. The disposals were completed during the Subsequent Reporting Period.

(m) On 1 April 2021, the GNE Group entered into a share transfer agreement with Three Gorges to dispose of its 99.6353% equity interest in Jingbian County Shunfeng New Energy Limited, at a consideration of RMB72,036,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. Subsequently, the GNE Group and Three Gorges Asset Management Co., Ltd. mutually agreed to reduce the consideration from RMB72,036,000 to RMB67,648,000. The disposal was completed during the Subsequent Reporting Period.

(n) On 5 May 2021, the GNE Group entered into a share transfer agreement with 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., at a consideration of RMB22,500,000 and the repayment of interest in shareholder's loan as at the date of completion of disposal. The disposal was completed during the Subsequent Reporting Period.

(o) On 26 April 2021, the GNE Group entered into two share transfer agreements with 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. and its 100% equity interest in a wholly-owned subsidiary, namely Luodian GCL Photovoltaic Power Company Limited, 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 disposals were completed during the Subsequent Reporting Period.

(p) On 26 April 2021, the GNE Group entered into two share transfer agreements with Jinyuan New Energy Co., Ltd. to dispose of its 100% equity in two wholly-owned subsidiaries namely, Dingan GCL Solar Power Co., Ltd. and Suixi GCL Photovoltaic Power Co., Ltd., at an aggregate consideration of RMB111,722,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The disposals were completed during the Subsequent Reporting Period.

51. EVENTS AFTER REPORTING PERIOD (Continued)

(q) On 30 April 2021, the GNE Group entered into two share transfer agreements with State Power Investment Corporation Guizhou Jinyuan Weining to dispose of its 100% equity in two wholly-owned subsidiaries namely, Ceheng Solar Power Co., Ltd. and Liuzhi GCL Photovoltaic Power Co., Ltd., at an aggregate consideration of RMB219,160,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The disposals were completed during the Subsequent Reporting Period.

(r) On 30 April 2021, the GNE Group entered into two share transfer agreements with Jinyuan New Energy to dispose of its 88.373% equity in Hai Nan Yi Cheng New Energy Company Limited* ("Hai Nan Yi Cheng") and its 90.1% equity in Yingde GCL Photovoltaic Power Co., Ltd.* ("Yingde GCL"), at an aggregate consideration of RMB91,051,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The disposals were completed during the Subsequent Reporting Period.

(s) On 24 June 2021, the GNE Group entered into six share transfer agreements with Chongqing Lvxin Energy Development Co., Ltd. ("Chongqing Lvxin") to dispose of its 100% equity interest in four wholly-owned subsidiaries namely, Shiyan Yunneng Photovoltaic Development Co., Ltd. ("Shiyan Yunneng"), Jingshan GCL Photovoltaic Power Co. Ltd. ("Jingshan GCL"), Jingshan Xinhui Solar Power Ltd. ("Jingshan Xinhui") and Shanggao County Lifeng GCL New Energy Co., Ltd. ("Shanggao County Lifeng"), its 70% equity interest in Shicheng GCL Solar Power Co., Ltd. ("Shicheng GCL") and its 51% equity interest in Anfu GCL New Energy Co., Ltd. ("Anfu GCL"), at an aggregate consideration of RMB275,264,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. Subsequently, the GNE Group and Chongqing Lvxin mutually agreed to reduce the consideration from RMB275,264,000 to RMB272,864,000. The disposals were completed during the Subsequent Reporting Period.

(t) On 7 May 2021, the GNE Group entered into a share transfer agreement with 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. Subsequently, the GNE Group and State Power Investment Corporation Chongqing mutually agreed to reduce the consideration from RMB193,000,000 to RMB166,584,000. The disposal was completed during the Subsequent Reporting Period.

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

51. EVENTS AFTER REPORTING PERIOD (Continued)

(v) On 21 May 2021, the GNE Group entered into two share transfer agreements with Guizhou West Power Construction Co., Ltd to dispose of its 100% equity interest in two wholly-owned subsidiaries, namely Haifeng County GCL Solar Power Co., Ltd and Anlong Maoan New Energy Development Company Limited, 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 disposals were completed during the Subsequent Reporting Period.

(w) On 1 April 2021, the GNE Group entered into four share transfer agreements with Three Gorges to dispose of its 98.4% equity interest in Jingbian GCL Solar Power Co., Ltd., its 80.3514% equity interest in Hengshan Jinghe Solar Energy Co., Ltd. and its 100% equity interest in two wholly-owned subsidiaries, namely Yulin Longyuan Solar Energy Limited and Yulin Yushen Industrial Area Energy Co., Ltd., at an aggregate consideration of RMB1,250,000,000 and the repayment of interest in shareholder's loan as at the date of completion of disposals. The disposals were completed during the Subsequent Reporting Period.

(x) On 25 June 2021, the GNE Group entered into seven share transfer agreements with Three Gorges to dispose of its 100% equity interest in six wholly-owned subsidiaries, namely Hong He Xian Rui Xin Photovoltaic Power Generation Company Limited, Kun Ming Xu Feng Photovoltaic Power Generation Company Limited, Luquan GCL Solar Power Generation Company Limited, Heqing Xinhua Photovoltaic Power Co., Ltd., Menghai GCL Solar Agricultural Power Co., Ltd. and Yuxi Zhongtai New Energy Technology Co., Ltd. and its 80% equity interest in Yuanmou Green Power New Energy Development Limited, 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 disposals were completed during the Subsequent Reporting Period.

(y) On 26 February 2021, the Group agreed to sell 3.848% equity interest in Inner Mongolia Zhonghuan-GCL to 樂山市仲平多晶硅光電信息產業基金合夥企業（有限合夥） Leshan Zhongping Polysilicon Photovoltaic Information Industry Investment Fund Partnership (Limited Partnership)* ("Leshan Fund"), a non-controlling shareholder of a subsidiary, at a consideration of RMB600 million and agreed to grant a put option to Leshan Fund upon the occurrence of certain specific events. The Directors are still assessing the financial impact of the disposal. Details are set out in the Company's announcement dated 28 February 2020.

51. EVENTS AFTER REPORTING PERIOD (Continued)

(z) Subsequent to the end of the reporting period, options to subscribe for 140,994,462 shares (the "Existing Share Options") under New Share Option Scheme have been cancelled after obtaining the consent of the grantees of the Existing Share Options.

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

(aa) On 22 January 2021, Jiangsu Xinhua, the Group's joint venture entity, entered into a capital contribution agreement with new investors (the "Investors") pursuant to which the Investors agreed to acquire 31.0345% equity interest in Jiangsu Xinhua by capital contribution at consideration of RMB900 million. Upon the completion of capital contribution, the Group's equity interest in Jiangsu Xinhua will be diluted from 50.98% to 35.1589%. At the date of approval of these consolidated financial statements, the capital contribution of RMB900 million was fully paid up to Jiangsu Xinhua, but the change in industrial and commercial registration has not yet been completed.

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

(ac) On 5 July 2021, the GNE Group entered into an agreement with Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司) to dispose of 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 the repayment of interest in shareholder's loan as at the date of disposal. The disposal was completed during the Subsequent Reporting Period.

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

(ae) Deloitte Touche Tohmatsu ("Deloitte") resigned as auditor of the Company with effect from 14 May 2021. The Board passed the resolution in relation to the appointment of Crowe (HK) CPA Limited ("Crowe") as the new auditor of the Company with effect from 29 June 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.

51. EVENTS AFTER REPORTING PERIOD (Continued)

(af) On 21 July 2021, the GNE 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 dispose of its equity interests in Funing Xinyuan Photovoltaic Power Co., Ltd.* (阜寧縣鑫源光伏電力有限公司), Guanyun GCL Photovoltaic Power Co., Ltd.* (灌雲縣協鑫光伏電力有限公司), Donghai GCL Photovoltaic Power Co., Ltd.* (東海縣協鑫光伏電力有限公司), Peixian Xinri Photovoltaic Power Co., Ltd.* (沛縣鑫日光伏電力有限公司), Xuzhou Xinhui Photovoltaic Power Co., Ltd.* (徐州鑫輝光伏電力有限公司), Huaian Xinyuan Photovoltaic Power Co., Ltd.* (淮安鑫源光伏電力有限公司), Huaian Ronggao Photovoltaic Power Generation Co., Ltd.* (淮安融高光伏發電有限公司), Zhenjiang Xinli Photovoltaic Power Co., Ltd.* (鎮江鑫利光伏電力有限公司), Zhenjiang Xinlong Photovoltaic Power Co., Ltd.* (鎮江鑫龍光伏電力有限公司), Zhangjiagang GCL Photovoltaic Power Co., Ltd.* (張家港協鑫光伏電力有限公司), Nantong GCL New Energy Co., Ltd.* (南通協鑫新能源有限公司), Lianyungang Xinzhong Photovoltaic Power Co., Ltd.* (連雲港鑫眾光伏電力有限公司), Xinyi Xinri Photovoltaic Power Co., Ltd.* (新沂鑫日光伏電力有限公司), Jurong Xinda Photovoltaic Power Generation Co., Ltd.* (句容信達光伏發電有限公司), Nanjing Xinri Photovoltaic Power Generation Co., Ltd.* (南京鑫日光伏發電有限公司) and Baoying GCL Photovoltaic Power Co., Ltd.* (寶應協鑫光伏電力有限公司) the subsidiaries, at an aggregate consideration of RMB481,313,800 and repayment of corresponding interest in shareholder's loan as at the date of disposal. Subsequent to the reporting date, the disposals of Zhenjiang Xinlong Photovoltaic Power Co., Ltd., Zhangjiagang GCL Photovoltaic Power Co., Ltd., Jurong Xinda Photovoltaic Power Generation Co., Ltd. and Nanjing Xinri Photovoltaic Power Generation Co., Ltd at an aggregate consideration of RMB162,643,000 were completed. The disposals of the remaining subsidiaries were not completed at the date of approval of these consolidated financial statements.

(ag) GNE has established a hydrogen energy business unit to actively conduct the research and development of hydrogen energy ("Hydrogen Energy") and related businesses. Details are as shown in the announcement of GNE dated 28 July 2021.

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

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

* English name for identification purpose only

52. RETIREMENT BENEFITS SCHEMES

(a) The PRC

The Group's full-time employees in the PRC are covered by a government sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC Government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 12% to 20% (2019: 10% to 20%) of employees' salaries, which are charged to profit or loss as an expense when the contributions are due. During the year ended 31 December 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 USA

In 2015, GNE established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan and is funded by employers and employees in the USA 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

GNE Group participates in an employee's pension fund for all its employees in Japan. The scheme is a defined contribution scheme and is funded by contribution from employers and employees according to Employee's Pension Insurance Act.

During the year ended 31 December 2020, total amounts contributed by the Group to the schemes in the PRC, Hong Kong, the USA 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 RMB39,137,000 (2019: RMB90,414,000).

53. RELATED PARTY DISCLOSURES

During the year, the Group entered into the following material transactions with related parties:

	2020 RMB'000	2019 RMB'000
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Consultancy service fee expense	**(2,969)**	(5,575)
Interest expense	**(104,771)**	(196,272)
Management fee income	**8,728**	14,332
Management fee expense	**(212)**	(15,783)
Purchase of steam	**(5,094)**	(31,980)
Purchase of coal	**—**	(13,662)
Purchase of raw water and desalted water	**—**	(14,024)
Purchase of energy service	**(1,132)**	(25,915)
Rental income	**22,442**	32,180
Sales of wafer	**—**	6,086
Loan guarantee service fee	**(3,499)**	—
Transactions with joint ventures and associates:		
Interest income	**176**	16,761
Rental income	**1,511**	2,200
Interest expense	**(46,149)**	(78,650)
Management fee income	**64,957**	42,007
Purchase of polysilicon	**(237,896)**	(192,350)
Purchase of silicon rods	**(2,274,527)**	(2,267,579)
Sales of raw materials	**250,666**	85,449

53. RELATED PARTY DISCLOSURES (Continued)

At 31 December 2020, the Group provided total guarantees of approximately RMB4,064,458,000 and RMB900,000,000 (2019: RMB4,578,397,000 and RMB900,000,000) to several banks and financial institutions in respect of banking and other facilities of Xinjiang GCL and Jiangsu Xinhua, respectively. The Directors consider that the fair value of the guarantees at the date of inception, and the ECL as at 31 December 2020 and 2019 was insignificant.

As at 31 December 2020, GNE Group provided guarantee to its associates, including Shanxi GNE, Ruicheng GCL, Yu County Jinyang, Yu County GCL, Fenxi GCL, Hanneng Guanping and Hebei GNE and their subsidiaries, for certain of their bank and other borrowings with maximum amount of RMB3,049,762,000 (2019: RMB5,369,119,000). During the year ended 31 December 2019, a joint guarantee of RMB520,000,000 was provided to associates of GNE Group for their bank borrowings. Since the relevant bank borrowing were fully repaid in the current year, the joint guarantee had been released accordingly. These bank and other borrowings were 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 of GNE, the fair value of the guarantee was considered insignificant at initial recognition and the ECL as at 31 December 2020 and 2019 were insignificant.

Details of balances and other arrangements with related parties are disclosed in the consolidated statement of financial position and notes 27, 32 and 33.

* English name for identification only

54. MAJOR NON-CASH TRANSACTIONS

Apart from those disclosed elsewhere in this consolidated financial statement of the Group, the Group has the below major non-cash transactions.

Year ended 31 December 2020

(i) During the year ended 31 December 2020, GNE 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 extinguished by offsetting loans from related companies of RMB62,994,000 with amounts due to associates amounting to RMB293,844,000.

(ii) GNE Group entered into an asset transfer agreement with a financial institution to settle its other borrowings of RMB113,027,000 with its investment of RMB113,027,000.

(iii) During the year ended 31 December 2020, short-term borrowings/advances drawn on discounted bills with recourse of approximately RMB4,019 million have been settled through bills discounted to the relevant financial institution.

(iv) As disclosed in note 19, the Group disposed of the entire equity interests in Xinxin to an independent third party and the loan from a related company of RMB509,814,000 was reclassified to other borrowings as at 31 December 2020 accordingly.

Other borrowing of RMB8,000,000 was extinguished by offsetting amount due from a related party, Xinxin, during the year ended 31 December 2020.

(v) As disclosed in Note 42(iv), in May 2021, the Group was informed that 865,100,000 shares in GNE, the Pledged Shares (as defined in note 42(iv)) for a loan agreement entered in 2019 were forfeited in June 2020 and the fair value of the Pledged Shares forfeited were set off against the outstanding loan amount due to the lender.

54. MAJOR NON-CASH TRANSACTIONS (Continued)

Year ended 31 December 2019

(i) GNE Group acquired 100% equity interest of Jinhu and Wanhai from Zhongmin GCL in March 2019 with aggregate consideration of RMB264,000,000.

Subsequent to the acquisition date, GNE Group partially settled the consideration of RMB204,904,000 payable to Zhongmin GCL by (i) cash payment of RMB86,999,000, (ii) endorsement of bills receivables of RMB47,905,000 and (iii) offset with amount due from Zhongmin GCL by RMB70,000,000.

For the remaining consideration payable of RMB59,096,000, GNE Group further entered into a multiparty debt settlement agreement with Zhongmin GCL, Jinhu, Wanhai, and 中民新能(上海)投資有限公司 Zhongmin New Energy (Shanghai) Investment Company Limited* on 1 April 2019, and approximately RMB41,682,000 of such remaining consideration was extinguished among these parties pursuant to this multi-party debt settlement agreement. The remaining sum of RMB17,414,000 was settled by GNE Group in cash during the year ended 31 December 2019.

(ii) GNE Group disposed of 70% equity interest in seven subsidiaries in Hebei and Shanxi Province to Shanghai Rongyao in 2019 for an aggregate consideration of RMB1,441,652,000.

Subsequent to the disposal date, GNE Group, Golden Concord Holdings Limited ("Golden Concord"), a substantial shareholder of the Company with significant influence, Shanghai Rongyao and Yunnan Provincial Energy Investment Group Company Limited ("Yunnan Energy"), a shareholder of Shanghai Rongyao, entered into an offsetting agreement. They agreed to offset part of GNE Group's consideration receivables from Shanghai Rongyao amounting to RMB1,329,674,000 and amounts due from those seven subsidiaries of RMB170,326,000 with (i) the loan from Golden Concord of RMB1,400,000,000 and (ii) a receipt in advance from Yunnan Energy of RMB100,000,000.

(iii) During the year ended 31 December 2019, short-term borrowings/advances drawn on discounted bills with recourse of approximately RMB3,065,000 have been settled through bills discounted to the relevant financial institution.

(iv) During the year ended 31 December 2019, the Group entered into new lease agreements for land, buildings, offices and staff quarters for 2 to 24 years. On the lease commencement, the Group recognised right-of-use assets of approximately RMB141,071,000 and the related lease liabilities.

* English name for identification only

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES

55a. General information of subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2020 %	2019 %	
Directly held:					
Incorporated in the Cayman Islands					
Universe Solar Energy Holdings Inc. 環宇光伏電力控股有限公司	Cayman Islands/ Hong Kong	US$10,500	100	100	Investment holding
Incorporated in the BVI					
Elite Time 傑泰環球有限公司	BVI	US$1	100	100	Investment holding
Indirectly held:					
Solar material business *Established in the PRC*					
Jiangsu Zhongneng	PRC	RMB7,261,031,330	100	100	Manufacture and sale of polysilicon
Jiangsu GCL Silicon Material Technology Development Co., Ltd.* 江蘇協鑫硅材料科技發展有限公司	PRC	RMB3,099,650,000	100	100	Manufacture and sale of ingot and wafer
Konca Solar Cell Co., Ltd. 高佳太陽能股份有限公司	PRC	RMB1,184,570,000	70.19	70.19	Manufacture and sale of ingot and wafer
Changzhou GCL Photovoltaic Technology Co., Ltd.* 常州協鑫光伏科技有限公司	PRC	RMB717,978,270	100	100	Manufacture and sale of wafer
Suzhou GCL Photovoltaic Technology Co., Ltd.* 蘇州協鑫光伏科技有限公司	PRC	RMB990,298,120	100	100	Manufacture and sale of wafer
GCL-Poly (Suzhou)	PRC	RMB4,940,000,000	100	100	Investment holding and trading of wafer
Henan GCL Photo voltaic Technology Co., Ltd.* 河南協鑫光伏科技有限公司	PRC	RMB373,500,000	100	100	Manufacture and sale of ingot

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2020 %	2019 %	
Indirectly held: (Continued)					
Solar material business: (Continued) *Established in the PRC: (Continued)*					
GCL (Nanjing) Solar Energy Technology Co., Ltd.* 協鑫(南京)太陽能科技有限公司	PRC	RMB250,000,000	**100**	100	Manufacture and trading of solar cell and module
Taicang GCL Photovoltaic Technology Co., Ltd.* 太倉協鑫光伏科技有限公司	PRC	RMB958,775,000	**100**	100	Manufacture and sale of wafer
Funing GCL Photovoltaic Technology Co., Ltd.* 阜寧協鑫光伏科技有限公司	PRC	RMB312,621,612	**100**	100	Manufacture and sale of solar products
Ningxia GCL Monocrystalline Silicon Technology Development Co., Ltd.* 寧夏協鑫晶體科技發展有限公司	PRC	RMB$301,000,000	**69.77**	69.77	Manufacture and sale of solar products
Yangzhou GCL Photovoltaic Technology Company Limited* 揚州協鑫光伏科技有限公司	PRC	RMB$514,678,595	**100**	100	Manufacture and sale of wafer
Suzhou GCL Technology Development Co., Ltd.* 蘇州協鑫科技發展有限公司	PRC	RMB900,000,000	**100**	100	Manufacture and sale of wafer
GCL-Poly Silicon Material (Taicang) Co., Ltd.* 保利協鑫硅材料(太倉)有限公司	PRC	US$34,000,000	**100**	100	Trading of solar products
Kunshan GCL	PRC	RMB62,592,642.67	**42.77**	56.23	Research and development, manufacture and sale of perovskite solar cells technology
Incorporated in Hong Kong					
GCL Solar Energy Technology Holdings Limited 協鑫光伏電力科技控股有限公司	Hong Kong	HK$1	**100**	100	Investment holding
Corner Star Limited 各星有限公司	Hong Kong	HK$1	**100**	100	Own a technical know-how

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group 2020 %	2019 %	Principal activities
Indirectly held: (Continued)					
Solar farm business					
Established in the PRC					
GCL-Poly (Sangri) Solar Power Co., Ltd.* 保利協鑫 (桑日) 光伏電力有限公司	PRC	RMB62,000,000	100	100	Operation of solar farm
Xuzhou GCL Solar Energy Co., Ltd.* 徐州協鑫光伏電力有限公司	PRC	RMB84,000,000	100	100	Operation of solar farm
Jiangsu Guoneng Solar Technology Co., Ltd.* 江蘇國能新能源科技有限公司	PRC	RMB10,000,000	100	100	Operation of solar farm
Suzhou GCL-Poly Solar Energy Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司	PRC	RMB422,000,000	100	100	Investment holding
Datong Xian GCL Solar Energy Co., Ltd.* 大同縣協鑫光伏電力有限公司	PRC	RMB144,600,000	100	100	Operation of solar farm
Baoying Xingneng	PRC	RMB52,800,000	–	100	Operation of solar farm
Funing Xinneng	PRC	RMB52,800,000	–	100	Operation of solar farm
Ningxia Qingyang[3]	PRC	RMB170,000,000	–	51	Operation of solar farm
Huocheng Xian Tukai[3]	PRC	RMB49,380,000	–	51	Operation of solar farm
Ningxia Hengyang	PRC	RMB49,800,000	–	100	Operation of solar farm
Datong Xian Xinneng Solar Energy Co., Ltd.* 大同縣鑫能光伏電力有限公司	PRC	RMB32,600,000	100	100	Operation of solar farm
Incorporated in Hong Kong					
GCL Solar Energy Limited 協鑫光伏有限公司	Hong Kong	HK$1	100	100	Investment holding
Incorporated in the USA					
GCL Solar Energy. Inc.	USA	US$2,000,000	100	100	Construction and sale of solar farm projects
Incorporated in Luxembourg					
Berimor Investments S.a.r.l.	Luxembourg	US$2,000,000	100	100	Investment holding

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2020 %	2019 %	
Indirectly held: (Continued)					
New energy business					
Incorporated in Bermuda					
GNE	Bermuda/ Hong Kong	HK$79,474,000	57.75[4]	62.28	Investment holding
Established in the PRC					
Baotou Zhonglitenghui*	PRC	RMB110,000,000	57.75	62.28	Operation of solar power plant
冊亨協鑫光伏電力有限公司 Ceheng Solar Power Co., Ltd.*	PRC	RMB130,000,000	57.75	62.28	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.*	PRC	RMB222,000,000	57.75	62.28	Operation of solar power plant
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.*	PRC	RMB165,000,000	57.75	62.28	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.*	PRC	RMB81,000,000	57.75	62.28	Operation of solar power plant
Hami Yaohui.*[3]	PRC	RMB181,960,000	—	62.28	Operation of solar power plant
海豐縣協鑫光伏電力有限公司 Haifeng County GCL Solar Power Co., Ltd.*	PRC	RMB155,900,000	57.75	62.28	Operation of solar power plant
海南州世能光伏發電有限公司 Hainanzhou Shineng Photovoltaic Power Co., Ltd.*	PRC	RMB60,000,000	57.75	62.28	Operation of solar power plant
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.*	PRC	RMB222,000,000	55.64	60.01	Operation of solar power plant
Hubei Macheng*	PRC	RMB191,000,000	57.75	62.28	Operation of solar power plant
Huaibei Xinneng*[2]	PRC	RMB90,000,000	N/A	62.28	Operation of solar power plant
靖邊縣順風新能源有限公司 Jingbian County Shunfeng New Energy Limited*	PRC	RMB68,550,000	54.86	59.17	Operation of solar power plant
靖邊協鑫光伏電力有限公司 Jingbian GCL Solar Power Co., Ltd.*	PRC	RMB80,000,000	57.75	62.28	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.*	PRC	RMB200,000,000	57.75	62.28	Operation of solar power plant

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2020 %	2019 %	
Indirectly held: (Continued)					
New energy business (Continued) *Established in the PRC (Continued)*					
蘭溪金瑞太陽能發電有限公司 Lanxi Jinrui Photovoltaic Power Co., Ltd.*	PRC	RMB60,320,000	57.75	62.28	Operation of solar power plant
猛海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.*	PRC	RMB85,000,000	57.75	62.28	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*	PRC	RMB273,600,000	52.03	56.11	Operation of solar power plant
Ningxia Jinli*[3]	PRC	RMB86,830,000	–	62.28	Operation of solar power plant
Ningxia Jinxin*[3]	PRC	RMB126,300,000	–	62.28	Operation of solar power plant
Ningxia Zhongwei*	PRC	RMB61,600,000	57.75	62.28	Operation of solar power plant
Qixian GCL*[3]	PRC	RMB84,000,000	–	62.28	Operation of solar power plant
Ruyang GCL*	PRC	RMB146,000,000	57.75	62.28	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.*	PRC	RMB65,000,000	57.75	62.28	Operation of solar power plant
Shanglin GCL*[3]	PRC	RMB124,800,000	–	42.32	Operation of solar power plant
神木市晶富電力有限公司 Shenmu Jingfu Solar Power Co., Ltd.*[1]	PRC	RMB75,400,000	46.20	49.82	Operation of solar power plant
神木市平西電力有限公司 Shenmu Ping Xi Power Co., Ltd.*	PRC	RMB82,000,000	57.75	62.28	Operation of solar power plant
神木市平元電力有限公司 Shenmu Ping Yuan Power Co., Ltd.*	PRC	RMB78,700,000	57.75	62.28	Operation of solar power plant
Shenmu Guotai*[1]	PRC	RMB20,000,000	46.20	49.82	Operation of solar power plant
Shenmu Jingdeng*[1]	PRC	RMB50,000,000	46.20	49.82	Operation of solar power plant

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2020 %	2019 %	
Indirectly held: (Continued)					
New energy business (Continued) *Established in the PRC (Continued)*					
石城協鑫光伏電力有限公司 Shicheng GCL Solar Power Co., Ltd.*[1]	PRC	RMB112,838,100	**29.45**	31.76	Operation of solar power plant
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited*	PRC	RMB63,960,000	**57.75**	62.28	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*	PRC	RMB50,000,000	**57.75**	62.28	Operation of solar power plant
Suzhou GCL Solar Power*[2]	PRC	RMB74,000,000	**N/A**	62.28	Operation of solar power plant
鹽邊鑫能光伏電力有限公司 Yanbian Xin Neng Solar Power Co., Ltd.*	PRC	RMB56,000,000	**57.75**	62.28	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.*	PRC	RMB113,000,000	**57.75**	62.28	Operation of solar power plant
Yugan County*[2]	PRC	RMB139,300,000	**N/A**	62.28	Operation of solar power plant
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Limited*	PRC	RMB465,000,000	**57.75**	62.28	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.*	PRC	RMB170,000,000	**57.75**	62.28	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]	PRC	RMB85,000,000	**46.20**	49.82	Operation of solar power plant
鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co,. Ltd.*[1]	PRC	RMB58,597,800	**29.45**	31.76	Operation of solar power plant
Zhenglanqi*	PRC	RMB125,000,000	**57.29**	61.78	Operation of solar power plant
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.*	PRC	RMB105,500,000	**57.75**	62.28	Operation of solar power plant

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2020 %	2019 %	
Indirectly held: (Continued)					
New energy business (Continued) *Established in the PRC (Continued)*					
東海縣協鑫光伏電力有限公司 Donghai County GCL Solar Energy Co., Ltd.*	PRC	RMB54,470,000	57.75	62.28	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.*	PRC	RMB52,000,000	57.75	62.28	Operation of solar power plant
碭山協鑫光伏電力有限公司 Dangshan GCL Solar Power Co., Ltd.*	PRC	RMB44,000,000	57.75	62.28	Operation of solar power plant
Qinzhou XinJin*[3]	PRC	RMB134,950,000	—	43.82	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.*	PRC	RMB101,600,000	57.75	62.28	Operation of solar power plant
商水協鑫光伏電力有限公司 Shangshui GCL Photovoltaic Electric Power Co, Ltd.*	PRC	RMB130,000,000	57.75	62.28	Operation of solar power plant
微山鑫能光伏電力有限公司 Weishan Xin Neng Solar Power Co., Ltd.*	PRC	RMB75,000,000	57.75	62.28	Operation of solar power plant
互助昊陽光伏發電有限公司 Huzhu Haoyang Photovoltaic Electric Power Co., Ltd.*	PRC	RMB66,000,000	57.75	62.28	Operation of solar power plant
Jinhu*[2]	PRC	RMB160,600,000	N/A	62.28	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.*	PRC	RMB600,000,000	57.75	62.28	Operation of solar power plant
南召鑫力光伏電力有限公司 Nanzhao Xin Li Photovoltaic Electric Farms Co., Ltd.*[1]	PRC	RMB100,000,000	28.88	31.14	Operation of solar power plant
江蘇協鑫新能源有限公司 Jiangsu GCL New Energy Co., Ltd.*	PRC	RMB500,000,000	57.75	62.28	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.*	PRC	RMB1,500,000,000	57.75	62.28	Operation of solar power plant

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2020 %	2019 %	
Indirectly held: (Continued)					
New energy business (Continued) *Established in the PRC (Continued)*					
神木市晶普電力有限公司 Shenmu Jingpu Power Co., Ltd.*[1]	PRC	RMB266,400,000	**46.20**	49.82	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.*	PRC	RMB238,000,000	**57.75**	62.28	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.*	PRC	RMB200,000,000	**57.75**	62.28	Operation of solar power plant
上林縣鑫安光伏電力有限公司 Shanglin County Xinan Photovoltaic Electric Power Co., Ltd.*[3]	PRC	RMB50,000,000	**—**	37.37	Operation of solar power plant
Wanhai*	PRC	RMB60,000,000	**57.75**	62.28	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.*	PRC	RMB200,000,000	**57.75**	62.28	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.*	PRC	RMB100,000,000	**57.75`**	62.28	Operation of solar power plant
海南意晟新能源有限公司 Hai Nan Yi Cheng New Energy Company Limited*	PRC	RMB43,000,000	**57.75**	62.28	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*	PRC	RMB75,000,000	**57.75**	62.28	Operation of solar power plant
高郵協鑫光伏電力有限公司 Gaoyou GCL Photovoltaic Power Company Limited*	PRC	RMB48,120,000	**57.75**	62.28	Operation of solar power plant
峨山永鑫光伏發電有限公司 Eshan GCL Solar Power Generation Company Limited*	PRC	RMB2,000,000	**57.75**	62.28	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*	PRC	RMB7,000,000	**57.75**	62.28	Operation of solar power plant
鎮江鑫龍光伏電力有限公司 Zhenjiang Xinlong Photovoltaic Power Company Limited*	PRC	RMB48,550,000	**57.75**	62.28	Operation of solar power plant

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2020 %	2019 %	
Indirectly held: (Continued)					
New energy business (Continued) *Established in the PRC (Continued)*					
德令哈時代新能源發電有限公司 Delingha Shida New Energy Power Generation Company Limited*	PRC	RMB39,000,000	57.75	62.28	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*	PRC	RMB42,000,000	57.75	62.28	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*	PRC	RMB72,414,000	57.75	62.28	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*	PRC	RMB48,000,000	57.75	62.28	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*	PRC	RMB54,400,000 (2019: RMB54,000,000)	57.75	62.28	Operation of solar power plant
羅甸協鑫光伏電力有限公司 Luodian GCL Photovoltaic Power Company Limited*	PRC	RMB57,200,000	57.75	62.28	Operation of solar power plant
安龍縣茂安新能源發展有限公司 Anlong Maoan New Energy Development Company Limited*	PRC	RMB43,000,000	57.75	62.28	Operation of solar power plant
青海協鑫新能源有限公司 Qinghai GCL New Energy Company Limited*	PRC	RMB149,480,000	57.75	62.28	Investment holding
Xinao*[2]	PRC	RMB2,000,000	N/A	62.28	Inactive
Fuyang Hengming*[3]	PRC	RMB32,000,000	—	62.28	Operation of solar power plant
Zhen Jiang GCL[3]	PRC	RMB34,340,000	—	62.28	Operation of solar power plant
Ningxia Luhao*[3]	PRC	RMB53,000,000	—	62.28	Operation of solar power plant
Hami Ourui*[3]	PRC	RMB36,000,000	—	62.28	Operation of solar power plant
Nanning Jinfu*[3]	PRC	RMB51,080,000	—	62.28	Investment holding

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55a. General information of subsidiaries (Continued)

Name of subsidiary	Place of establishment/ operations	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group 2020 %	2019 %	Principal activities
Indirectly held: (Continued)					
New energy business (Continued) *Established in the PRC (Continued)*					
Hainan Tianlike*[3]	PRC	RMB76,000,000	–	62.28	Operation of solar power plant
Huixian City GCL*[3]	PRC	RMB51,820,000	–	62.28	Operation of solar power plant
Dangshan Xinneng*[3]	PRC	RMB45,000,000	–	41.73	Operation of solar power plant
Hefei Jiannan*	PRC	RMB33,600,000	57.75	62.28	Operation of solar power plant
Hefei Jiuyang*	PRC	RMB34,000,000	57.75	62.28	Operation of solar power plant
Fengyang*[3]	PRC	RMB2,000,000	–	62.28	Operation of solar power plant
Yulin*[3]	PRC	RMB500,000	–	62.28	Investment holding
Wulate Houqi Yuanhai*	PRC	RMB50,000,000	57.75	62.28	Operation of solar power plant

* English name for identification only

1 Despite the Group indirectly holds less than 50% of the effective equity interest of these companies, the Group is able to exercise control over these companies through GNE as GNE holds more than 50% of the equity interest.

2 The controlling stake of the entity was disposed of by GNE Group during the year ended 31 December 2020 which then became an associate of GNE Group as well as an indirect associate of the Group.

3 These subsidiaries were disposed of during the year ended 31 December 2020.

4 Elite Time's shareholding of GNE shares was reduced from 62.28% to 57.75%, details of which are disclosed in note 42(iv) under the heading "Deemed disposal of partial interest in a subsidiary".

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55a. 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 GCL-Poly (Suzhou) and GNE Group which issued notes as disclosed in note 38, none of the subsidiaries had issued any debt securities at the end of the year.

55b. Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	**2020**	2019	**2020**	2019
				RMB'000	RMB'000	**RMB'000**	RMB'000
GNE	Bermuda and Hong Kong	**42.25%**	37.72%	**(580,045)**	111,156	**2,222,708**	2,546,268
Suzhou GCL New Energy	PRC	**7.18%**	7.18%	**(81,493)**	99,903	**873,540**	995,033
Non-wholly owned subsidiaries of Suzhou GCL New Energy				**65,146**	48,162	**297,540**	364,910
Individually immaterial subsidiaries of the Group with non-controlling interests				**(6,995)**	48,821	**408,298**	565,038
				(603,387)	308,042	**3,802,086**	4,471,249

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55b. Details of non-wholly-owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of GNE is set out below. The summarised financial information below represents amounts before intragroup eliminations and fair value adjustments arising from the acquisition of GNE.

	2020 RMB'000	2019 RMB'000
Current assets	**14,241,405**	7,834,484
Non-current assets	**30,795,063**	46,581,742
Current liabilities	**(23,471,539)**	(19,101,411)
Non-current liabilities	**(13,028,048)**	(25,345,172)
Equity attributable to owners of the Company	**5,143,095**	6,063,432
Non-controlling interests of GNE	**2,222,708**	2,546,268
Non-controlling interests of Suzhou GCL New Energy	**873,540**	995,033
Non-controlling interests of Suzhou GCL New Energy's subsidiaries	**297,540**	364,910
Revenue	**4,935,189**	6,051,987
Expenses	**(6,153,068)**	(5,447,234)
(Loss) profit for the year	**(1,217,879)**	604,753
(Loss) profit for the year attributable to owners of GNE	**(1,368,354)**	294,688
Profit (loss) for the year attributable to non-controlling interests		
— owners of perpetual notes*	**166,822**	162,000
— other non-controlling interests	**(16,347)**	148,065
(Loss) profit for the year	**(1,217,879)**	604,753
(Loss) profit attributable to owners of the Company	**(623,402)**	345,532
(Loss) profit attributable to non-controlling interests of GNE	**(578,130)**	111,156
(Loss) profit attributable to non-controlling interests of Suzhou GCL New Energy	**(81,493)**	99,903
Profit attributable to non-controlling interests of Suzhou GCL New Energy's subsidiaries	**65,146**	48,162
(Loss) profit for the year	**(1,217,879)**	604,753

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

55b. Details of non-wholly-owned subsidiaries that have material non-controlling interests (Continued)

	2020 RMB'000	2019 RMB'000
Other comprehensive (expense) income attributable to owners of the Company	**(24,467)**	10,394
Other comprehensive (expense) income attributable to non-controlling interests of GNE	**(17,900)**	6,295
Other comprehensive (expense) income for the year	**(42,367)**	16,689
Total comprehensive (expense) income attributable to owners of the Company	**(647,869)**	355,926
Total comprehensive (expense) income attributable to non-controlling interests of GNE	**(596,030)**	117,451
Total comprehensive (expense) income attributable to non-controlling interests of Suzhou GCL New Energy	**(81,493)**	99,903
Total comprehensive income attributable to non-controlling interests of Suzhou GCL New Energy's subsidiaries	**65,146**	48,162
Total comprehensive (expense) income for the year	**(1,260,246)**	621,442
Dividends paid to non-controlling interests of GNE's subsidiaries	**(44,750)**	(126,157)
Net cash inflow from operating activities	**4,238,649**	2,335,372
Net cash inflow (outflow) from investing activities	**974,473**	(2,739,602)
Net cash (outflow) inflow from financing activities	**(5,071,099)**	41,750
Net cash inflow (outflow)	**142,023**	(362,480)

* The perpetual notes were held by wholly owned subsidiaries of the Group and therefore is included in profit attributable to owners of the Company.

56. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position

	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS		
Interest in subsidiaries	**6,854,593**	11,258,742
Amounts due from subsidiaries (Note)	**7,626,453**	14,852,461
Equity instruments at FVTOCI	**—**	31,927
	14,481,046	26,143,130
CURRENT ASSETS		
Prepayments and deposits	**3,884**	41,757
Amounts due from subsidiaries (Note)	**9,126,755**	1,863,824
Pledged and restricted bank deposits (Note)	**—**	34,881
Bank balances and cash (Note)	**53,663**	75,132
	9,184,302	2,015,594
CURRENT LIABILITIES		
Other payables	**66,182**	21,586
Bank borrowings — due within one year	**1,304,980**	1,940,829
	1,371,162	1,962,415
NET CURRENT ASSETS	**7,813,140**	53,179
TOTAL ASSETS LESS CURRENT LIABILITIES	**22,294,186**	26,196,309
NET ASSETS	**22,294,186**	26,196,309
CAPITAL AND RESERVES		
Share capital (note 40)	**1,862,725**	1,742,850
Reserves	**20,431,461**	24,453,459
TOTAL EQUITY	**22,294,186**	26,196,309

Note: ECL for amounts due from subsidiaries, pledged and restricted bank deposits, and bank balances are assessed on a 12m ECL basis as there had been no significant increase in credit risk since initial recognition and impairment allowance is considered to be insignificant.

56. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium RMB'000	Shares held for share award scheme RMB'000	Capital redemption reserve RMB'000	Investments revaluation reserve RMB'000	Capital reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2019	30,744,085	—	22,202	(15,346)	19,206	171,642	(3,017,753)	27,924,036
Fair value loss on investments in equity instruments at FVTOCI	—	—	—	(49,424)	—	—	—	(49,424)
Cumulative loss reclassified to profit or loss on sale of investments in debt instruments measured at FVTOCI upon disposal	—	—	—	3,540	—	—	—	3,540
Loss for the year	—	—	—	—	—	—	(3,881,429)	(3,881,429)
Loss and total comprehensive expense for the year	—	—	—	(45,884)	—	—	(3,881,429)	(3,927,313)
Recognition of share-based payment expenses in respect of share options (note 49)	—	—	—	—	—	1,735	—	1,735
Exercise of share options	60	—	—	—	—	(18)	—	42
Forfeitures of share options	—	—	—	—	—	(14,394)	14,394	—
Issue of new shares (note 40)	464,912	—	—	—	—	—	—	464,912
Transactions costs attributable to the issue of new shares	(9,953)	—	—	—	—	—	—	(9,953)
At 31 December 2019	**31,199,104**	**—**	**22,202**	**(61,230)**	**19,206**	**158,965**	**(6,884,788)**	**24,453,459**
Fair value loss on investments in equity instruments at FVTOCI	**—**	**—**	**—**	**(31,927)**	**—**	**—**	**—**	**(31,927)**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**(3,875,711)**	**(3,875,711)**
Loss and total comprehensive expense for the year	**—**	**—**	**—**	**(31,927)**	**—**	**—**	**(3,875,711)**	**(3,907,638)**
Reclassification	**—**	**(236,629)**	**—**	**—**	**—**	**—**	**—**	**(236,629)**
Exercise of share options	**7,937**	**—**	**—**	**—**	**—**	**(4,888)**	**—**	**3,049**
Forfeitures of share options	**—**	**—**	**—**	**—**	**—**	**(8,396)**	**8,396**	**—**
Issue of new shares (note 40)	**123,174**	**—**	**—**	**—**	**—**	**—**	**—**	**123,174**
Transactions costs attributable to the issue of new shares	**(3,954)**	**—**	**—**	**—**	**—**	**—**	**—**	**(3,954)**
At 31 December 2020	**31,326,261**	**(236,629)**	**22,202**	**(93,157)**	**19,206**	**145,681**	**(10,752,103)**	**20,431,461**

Note: Differences between the reserves of the Company and of the Group, as disclosed in the consolidated statement of changes in equity, represented the consolidation adjustments arising from the reverse acquisition by GCL Solar in 2009. For more details, please refer to 2009 annual report of the Group.

CORPORATE INFORMATION

Chairman

Zhu Gongshan

Executive Directors

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

Independent Non-executive Directors

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

Composition of Board Committees

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Corporate Governance Committee

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

Strategy & Investment Committee

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

Company Secretary

Yeung Man Chung, Charles

Authorized Representatives

Zhu Zhanjun
Yeung Man Chung, Charles

Auditor

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

Registered Office

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

Principal Place of Business in Hong Kong

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

Cayman Islands Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Legal Advisers to the Company

As to Hong Kong law

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

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

As to Cayman Islands law

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

Company's Website

www.gcl-poly.com.hk

INFORMATION FOR INVESTORS

Listing Information

Listing: Main Board of the Hong Kong Stock Exchange Limited
Stock Code: 3800

Share Information

Board Lot Size: 1,000 shares
Issued Shares as at 31 December 2020: 21,144,438,207 shares

Enquiries Contact

IR Department

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In this report, the following expressions have the meanings set out below unless defined in the context of this report:

"Board" or "Board of Directors"	board of Directors
"C$"	Canadian dollars, the lawful currency of Canada
"China" or "PRC"	the People's Republic of China, for the purposes of this report, excludes Hong Kong and Macau Special Administrative Region of the PRC
"Company" or "GCL-Poly"	GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3800). As at the date of this report, GCL-Poly is interested in approximately 49.24% of the issued share capital of GNE
"Director(s)"	director(s) of the Company or any one of them
"Dongsheng PV"	Dongsheng Photovoltaic Technology (Hong Kong) Limited* (東昇光伏科技(香港)有限公司), a limited liability company incorporated in Hong Kong and a subsidiary of GCL System Integration
"GCL Electric"	GCL Electric Power Design and Research Co., Ltd.* (協鑫電力設計研究有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company and GNE
"GCL Energy Engineering"	GCL Energy Engineering Co., Ltd.* (協鑫能源工程有限公司), a company incorporated in the PRC and a subsidiary of GCL System Integration
"GCL Intelligent Energy"	GCL Intelligent Energy Co., Ltd.* (協鑫智慧能源股份有限公司) (formerly known as GCL Intelligent Energy (Suzhou) Co., Ltd.* (協鑫智慧能源(蘇州)有限公司) and GCL-Poly Limited* (保利協鑫有限公司)), a company established in the PRC
"GCL-Poly Suzhou New Energy"	GCL-Poly (Suzhou) New Energy Co., Ltd.* (保利協鑫(蘇州)新能源有限公司), an indirect subsidiary of the Company which is incorporated in the PRC with limited liability
"GCL Solar Energy"	GCL Solar Energy Limited, a company incorporated in Hong Kong with limited liability, which is a subsidiary of the Company
"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 SME Board of the Shenzhen Stock Exchange) (stock code: 002506)

"GCL System Integration (Suzhou)"	GCL System Integration Technology (Suzhou) Ltd.* (協鑫集成科技(蘇州)有限公司), a company established in the PRC and a subsidiary of GCL System Integration
"GNE"	GCL New Energy Holdings Limited (協鑫新能源控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 451), which is a subsidiary of the Company
"GNE Development"	GCL New Energy Development Limited 協鑫新能源發展有限公司, a company incorporated in Hong Kong with limited liability and a subsidiary of GNE
"GNE Directors"	The director of GNE
"GNE Group"	GNE and its subsidiaries
"GNE International"	GCL New Energy International Limited, a company incorporated in Hong Kong with limited liability, which is a subsidiary of the Company and GNE
"GNE Investment"	GCL New Energy Investment (China) Co., Ltd* (協鑫新能源投資(中國)有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of the Company and GNE
"Group"	GCL-Poly and its subsidiaries
"GW"	gigawatts
"Jiangsu Jiarun"	Jiangsu Jiarun Property Co., Ltd.* (江蘇嘉潤置業有限公司), a company established in the PRC
"Jiangsu Zhongneng"	Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司), a company incorporated in the PRC and a subsidiary of the Company
"Kunming Xufeng"	Kunming Xufeng Photovoltaic Power Co., Ltd* (昆明旭峰光伏發電有限公司), a subsidiary of the Company and GNE which is incorporated in the PRC with limited liability
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mr. Zhu"	Mr. Zhu Gongshan, the Chairman and an executive Director
"Mr. Zhu Yufeng"	son of Mr. Zhu and an executive Director
"MT"	metric tonnes

"MW"	megawatts
"MWh"	megawatt hour
"Nanjing GCL New Energy"	Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司), a subsidiary of the Company and GNE which is incorporated in the PRC with limited liability
"Pei County Xinri"	Pei County Xinri Photovoltaic Power Co., Ltd* (沛縣鑫日光伏電力有限公司), a subsidiary of the Company and GNE which is incorporated in the PRC with limited liability
"PRC"	the People's Republic of China
"PV"	photovoltaic
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Suzhou GCL"	Suzhou GCL Energy Technology Co., Ltd.* (蘇州協鑫能源科技有限公司) a company established in the PRC
"Suzhou GCL New Energy"	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司), a subsidiary of the Company and GNE which is incorporated in the PRC with limited liability
"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), a company incorporated in the PRC with limited liability, a subsidiary of the Company
"Suzhou GCL Research"	Suzhou GCL Industrial Applications Research Co., Ltd.* (蘇州協鑫工業應用研究院有限公司), a subsidiary of the Company and a company established in the PRC
"Suzhou GNE 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), a company incorporated in the PRC with limited liability, a subsidiary of the Company and GNE
"Suzhou Xin Zhi Hai"	Suzhou Xin Zhi Hai Management Consulting Co., Ltd.* (蘇州鑫之海企業管理諮詢有限公司), a company incorporated in the PRC with limited liability
"Taicang GCL"	Taicang GCL Photovoltaic Technology Co., Ltd* (太倉協鑫光伏科技有限公司), a company incorporated in the PRC and a subsidiary of the Company
"Taicang Power"	Taicang GCL Power Generation Co., Ltd* (太倉港協鑫發電有限公司), a company incorporated in the PRC

"U.S."	United States of America
"W"	watts
"Wuxi Huaguang"	Wuxi Huaguang Boiler Co., Ltd.* (無錫華光鍋爐股份有限公司), a company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange with stock code 600475
"Xi'an Datang Electric"	Xi'an Datang Electric Power Design and Research Institute Co., Ltd.* (西安大唐電力設計研究院有限公司), a company incorporated in the PRC with limited liability
"Xinjiang GCL"	Xinjiang GCL New Energy Materials Technology Co., Limited* (新疆協鑫新能源材料科技有限公司), a company incorporated in the PRC and an associate of the Company
"Xinjiang Guoxin"	Xinjiang Guoxin Coal Energy Co., Limited* (新疆國信煤電能源有限公司), a company incorporated in the PRC
"Xinjiang Intelligent Energy"	Xinjiang GCL Intelligent Energy Services Co., Limited* (新疆協鑫智慧能源服務有限公司), a company incorporated in the PRC
"Yangzhou GCL"	Yangzhou GCL Photovoltaic Technology Co., Ltd* (揚州協鑫光伏科技有限公司), a company incorporated in the PRC and a subsidiary of the Company
"Yangzhou Power"	Yangzhou Harbour Sludge Power Co., Ltd* (揚州港口污泥發電有限公司), a company incorporated in the PRC
"Zhu Family Trust"	the discretionary trust known as "Asia Pacific Energy Fund", of which Mr. Zhu and his family (including Mr. Zhu Yufeng, an executive Director and son of Mr. Zhu) are beneficiaries

* English name for identification only

GCL

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