GCL Technology Holdings Limited
協鑫科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3800)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2022	2021	% of changes
	RMB'million	*RMB'million*	
	(Unaudited)	(Unaudited)	
Revenue	**15,326.0**	8,803.4	74.1%
Gross profit	**7,335.5**	3,623.9	102.4%
Profit for the period	**6,688.5**	2,526.0	164.8%
Profit for the period attributable to owners of the Company	**6,908.6**	2,406.7	187.1%

The basic earnings per share and diluted earnings per share for the six months ended 30 June 2022 were RMB25.80 cents and RMB25.74 cents respectively (Six months ended 30 June 2021: basic earnings per share and diluted earnings per share of RMB9.90 cents and RMB9.89 cents respectively).

The board of directors (the "**Board**" or the "**Directors**") of GCL Technology Holdings Limited (the "**Company**" or "**GCL Tech**") announces the unaudited condensed interim consolidated results of the Company and its subsidiaries (the "**Group**" or "**GCL Tech**") for the six months ended 30 June 2022 together with the comparative figures for the corresponding period in the previous year as follows:

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Six months ended 30 June	
		2022	2021
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**15,325,988**	8,803,371
Cost of sales		**(7,990,535)**	(5,179,424)
Gross profit		**7,335,453**	3,623,947
Other income		**523,879**	393,026
Distribution and selling expenses		**(62,716)**	(47,709)
Administrative expenses		**(986,220)**	(766,917)
Finance costs		**(411,886)**	(1,153,329)
Impairment losses under expected credit loss model, net of reversal		**(210,330)**	29,967
Other expenses, gains and losses, net	*5*	**(699,640)**	(385,271)
Share of profits of associates		**2,173,553**	933,659
Share of profits/(losses) of joint ventures		**2,727**	(27,968)
Profit before tax		**7,664,820**	2,599,405
Income tax expense	*6*	**(976,360)**	(73,364)
Profit for the period	*7*	**6,688,460**	2,526,041

	NOTES	Six months ended 30 June **2022** ***RMB'000*** **(Unaudited)**	 2021 *RMB'000* (Unaudited)
Other comprehensive income/(expense) for the period:			
Items that will not be reclassified to profit or loss:			
Fair value (loss)/gain on investments in equity instruments at fair value through other comprehensive income		**(10,665)**	5,703
Share of other comprehensive income from associates		**49,639**	—
		38,974	5,703
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**34,779**	14,975
Other comprehensive income for the period		**73,753**	20,678
Total comprehensive income for the period		**6,762,213**	2,546,719
Profit/(loss) for the period attributable to:			
Owners of the Company		**6,908,588**	2,406,719
Non-controlling interests		**(220,128)**	119,322
		6,688,460	2,526,041
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		**6,967,846**	2,413,616
Non-controlling interests		**(205,633)**	133,103
		6,762,213	2,546,719
		RMB cents **(Unaudited)**	*RMB cents* (Unaudited)
Earnings per share	*9*		
— Basic		**25.80**	9.90
— Diluted		**25.74**	9.89

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	NOTES	**As at 30 June 2022 *RMB'000* (Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**23,014,084**	18,292,536
Right-of-use assets		**1,425,200**	2,299,036
Investment properties		**385,580**	56,494
Other intangible assets		**163,074**	179,870
Interests in associates		**11,831,936**	9,605,159
Interests in joint ventures		**318,571**	693,944
Other financial assets at fair value through profit or loss		**354,635**	296,410
Equity instruments at fair value through other comprehensive income		**31,017**	41,683
Deferred tax assets		**115,102**	107,985
Deposits, prepayments and other non-current assets		**2,743,038**	2,179,398
Contract assets		**47,864**	40,941
Amounts due from related companies – non-trade related		**37,443**	24,481
Pledged and restricted bank and other deposits		**328,096**	464,640
		40,795,640	34,282,577
CURRENT ASSETS			
Inventories		**1,104,053**	950,575
Trade and other receivables	*10*	**23,078,214**	17,527,363
Amounts due from related companies — trade related	*12*	**179,577**	213,999
Amounts due from related companies — non trade related		**806,197**	361,288
Other financial assets at fair value through profit or loss		**300,166**	421,790
Held for trading investments		**1,821**	1,473
Tax recoverable		**346**	88,027
Pledged and restricted bank and other deposits		**1,599,346**	2,765,122
Bank balances and cash		**5,630,943**	6,702,316
		32,700,663	29,031,953
Assets classified as held for sale		**689,553**	783,384
		33,390,216	29,815,337

	NOTES	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*11*	**16,072,469**	13,853,080
Amounts due to related companies — trade related	*12*	**221,539**	254,876
Amounts due to related companies — non-trade related		**2,823,532**	2,489,143
Loans from related companies		**—**	32,325
Contract liabilities		**1,452,867**	896,128
Bank and other borrowings — due within one year		**4,244,929**	5,022,964
Lease liabilities — due within one year		**106,505**	316,819
Notes payables — due within one year		**865,233**	467,305
Derivative financial instruments		**120,491**	112,759
Deferred income		**68,876**	53,355
Tax payables		**272,229**	155,774
		26,248,670	23,654,528
Liabilities associated with assets classified as held for sale		**542,340**	562,365
		26,791,010	24,216,893
NET CURRENT ASSETS		**6,599,206**	5,598,444
TOTAL ASSETS LESS CURRENT LIABILITIES		**47,394,846**	39,881,021
NON-CURRENT LIABILITIES			
Contract liabilities		**227,630**	36,000
Loan from a related company		**14,811**	—
Bank and other borrowings — due after one year		**3,089,535**	3,559,912
Lease liabilities — due after one year		**311,323**	468,301
Notes payables — due after one year		**1,651,564**	2,648,062
Deferred income		**446,119**	455,183
Deferred tax liabilities		**761,588**	411,958
		6,502,570	7,579,416
NET ASSETS		**40,892,276**	32,301,605

	As at 30 June 2022 *RMB'000* (Unaudited)	As at 31 December 2021 *RMB'000* (Audited)
CAPITAL AND RESERVES		
Share capital	**2,359,459**	2,359,030
Reserves	**33,671,258**	26,666,983
Equity attributable to owners of the Company	**36,030,717**	29,026,013
Non-controlling interests	**4,861,559**	3,275,592
TOTAL EQUITY	**40,892,276**	32,301,605

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited, including compliance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (the "**IASB**"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

The condensed interim financial statements are unaudited, but have been reviewed by Crowe (HK) Limited in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the Group, issued by the HKICPA.

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

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

In prior periods, solar related supporting services income from GCL New Energy Holdings Limited ("**GNE**") was included under "Other income". From 2022 onwards, solar related supporting services income from GNE is presented under "Revenue", to more appropriately reflect the nature of such income. The comparative figures have been represented to conform with the revised presentation. No restatement of prior period comparative figures was made as the amounts were immaterial to the unaudited condensed consolidated statement.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRS**") as described in note 3 below and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2021.

3. APPLICATION OF AMENDMENTS TO IFRS STANDARDS

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the group:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract

Annual improvements to IFRSs 2018-2020

Amendments to IFRS 9	Financial Instruments: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities
Amendments to Illustrative Examples accompanying IFRS 16	Leases: Lease Incentives

None of these developments have had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented in this condensed interim financial statement. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. 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, is located in the United States of America (the "**USA**") and PRC. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE and its subsidiaries (collectively referred to as "**GNE Group**").

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

Segment revenue and results

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

Six months ended 30 June 2022

	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	New energy business *RMB'000* (Unaudited) *(Note)*	Total *RMB'000* (Unaudited)
Segment revenue	**14,679,035**	**96,039**	**558,036**	**15,333,110**
Elimination of inter-segment revenue			**(7,122)**	**(7,122)**
Revenue from external customer	**14,679,035**	**96,039**	**550,914**	**15,325,988**
Segment profit/(loss)	**7,234,392**	**43,091**	**(420,188)**	**6,857,295**
Elimination of inter-segment profit				**(99,550)**
Unallocated income				**80,777**
Unallocated expenses				**(12,309)**
Loss on fair value change of financial assets at fair value through profit or loss ("FVTPL")				**(1,360)**
Gain on fair value change of held for trading investments				**280**
Impairment losses under expected credit loss model				**(141,152)**
Share of profits of joint ventures				**4,479**
Profit for the period				**6,688,460**

Six months ended 30 June 2021

	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	New energy business *RMB'000* (Unaudited) *(Note)*	Total *RMB'000* (Unaudited)
Segment revenue	6,778,118	92,682	1,942,650	8,813,450
Elimination of inter-segment revenue			(10,079)	(10,079)
Revenue from external customers	6,778,118	92,682	1,932,571	8,803,371
Segment profit	2,432,954	9,061	160,440	2,602,455
Elimination of inter-segment profit				(99,550)
Unallocated income				23,455
Unallocated expenses				(8,193)
Gain on fair value change of financial assets at FVTPL				3,451
Loss on fair value change of held for trading investments				(1,503)
Share of profits of joint ventures				5,926
Profit for the period				2,526,041

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

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

Segment assets and liabilities

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

	As at 30 June 2022 *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Segment assets		
Solar material business	**56,753,828**	44,607,760
Solar farm business	**1,934,847**	1,903,182
New energy business	**13,681,761**	15,888,176
Total segment assets	**72,370,436**	62,399,118
Other financial assets at FVTPL	**410,074**	409,462
Equity instrument at fair value through other comprehensive income ("**FVTOCI**")	**31,017**	41,683
Held for trading investments	**1,821**	1,473
Interests in joint ventures	**236,734**	242,768
Unallocated bank balances and cash	**908,451**	632,082
Unallocated corporate assets	**227,323**	371,328
Consolidated assets	**74,185,856**	64,097,914
Segment liabilities		
Solar material business	**25,493,469**	22,123,122
Solar farm business	**691,428**	715,717
New energy business	**7,062,854**	8,855,862
Total segment liabilities	**33,247,751**	31,694,701
Unallocated corporate liabilities	**45,829**	101,608
Consolidated liabilities	**33,293,580**	31,796,309

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

- All assets are allocated to operating segments, other than unallocated corporate assets, corporate bank balances and cash and other assets (including certain other financial assets at FVTPL, equity instruments at FVTOCI, held for trading investments and certain interests in 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.

Disaggregation of revenue

Six months ended 30 June 2022

Segments	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	New energy business *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Types of goods or services				
Sales of wafer	**6,275,113**	**—**	**—**	**6,275,113**
Sales of electricity *(Note)*	**—**	**96,039**	**410,224**	**506,263**
Sales of polysilicon	**6,883,331**	**—**	**—**	**6,883,331**
Processing fees	**1,012,078**	**—**	**—**	**1,012,078**
Others (comprising the sales of ingots, operation and management services income and solar related supporting services income)	**508,513**	**—**	**140,690**	**649,203**
Total	**14,679,035**	**96,039**	**550,914**	**15,325,988**
Geographic markets				
The PRC	**14,456,899**	**75,312**	**514,336**	**15,046,547**
Others	**222,136**	**20,727**	**36,578**	**279,441**
Total	**14,679,035**	**96,039**	**550,914**	**15,325,988**
Timing of revenue recognition				
A point in time	**13,666,957**	**96,039**	**410,224**	**14,173,220**
Over time	**1,012,078**	**—**	**140,690**	**1,152,768**
Total	**14,679,035**	**96,039**	**550,914**	**15,325,988**

Six months ended 30 June 2021

Segments	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	New energy business *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Types of goods or services				
Sales of wafer	3,792,447	—	—	3,792,447
Sales of electricity *(Note)*	—	92,682	1,891,721	1,984,403
Sales of polysilicon	2,110,939	—	—	2,110,939
Processing fees	669,903	—	—	669,903
Others (comprising the sales of ingots, operation and management services income and solar related supporting services income)	204,829	—	40,850	245,679
Total	6,778,118	92,682	1,932,571	8,803,371
Geographic markets				
The PRC	6,365,110	74,684	1,894,378	8,334,172
Others	413,008	17,998	38,193	469,199
Total	6,778,118	92,682	1,932,571	8,803,371
Timing of revenue recognition				
A point in time	6,108,215	92,682	1,891,721	8,092,618
Over time	669,903	—	40,850	710,753
Total	6,778,118	92,682	1,932,571	8,803,371

Note: Sales of electricity included approximately RMB281,596,000 (six months ended 30 June 2021: RMB1,152,334,000) tariff adjustments received and receivable from the local grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar farms.

5. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Research and development costs	**688,808**	478,501
Exchange losses, net	**57,801**	5,071
(Gain)/loss on fair value change of convertible bond payable	**(7,711)**	3,712
Loss/(gain) on fair value change of other financial assets at FVTPL	**45,791**	(3,382)
(Gain)/loss on fair value change of held for trading investments	**(280)**	1,503
(Gain)/loss on fair value change of derivative financial instruments	**(4,604)**	115,381
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**—**	235,327
Impairment loss on property, plant and equipment	**700**	—
Loss/(gain) on disposal of property, plant and equipment	**136,279**	(53,026)
Gain on disposal of right-of-use assets	**—**	(8,368)
Gain on disposal of subsidiaries	**(33,173)**	—
Loss/(gain) on disposal of solar farm projects	**32,531**	(247,999)
Gain on disposal of an associate	**(168,572)**	(141,449)
Gain on deemed disposal of a joint venture	**(32,965)**	—
Gain on early termination of a lease	**(14,965)**	—
	699,640	385,271

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("**EIT**")		
Current tax	**681,123**	62,807
Overprovision in prior periods	**(46,224)**	(702)
PRC dividend withholding tax	**–**	920
	634,899	63,025
USA Federal and State Income Tax		
Current tax	**90**	306
Underprovision in prior periods	**–**	3
	90	309
Deferred tax	**341,371**	10,030
	976,360	73,364

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	**820,665**	1,085,185
Depreciation of right-of-use assets	**107,000**	142,936
Depreciation of investment properties	**9,999**	2,327
Amortisation of other intangible assets	**16,816**	16,737
Total depreciation and amortisation	**954,480**	1,247,185
Add: amounts absorbed in opening and closing inventories, net	**13,062**	4,211
	967,542	1,251,396

8. DIVIDEND

The Board did not recommend an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

On 30 August 2022, the Board resolved to declare a conditional special interim dividend by way of a distribution ("**Proposed Distribution**") in specie of 8,639,024,713 ordinary shares of GCL New Energy Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 451) which are indirectly held by Elite Time Global Limited, a wholly-owned subsidiary of the Company. The Proposed Distribution is subject to shareholders' approval at the extraordinary general meeting of the Company currently expected to be convened on 22 September 2022.

As at the date of this announcement, dividends proposed to be payable by way of distribution in specie was approximately RMB813 million, measured at fair value using the market price of the GNE Shares to be distributed.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	**6,908,588**	2,406,719

	Six months ended 30 June	
	2022	2021
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**26,776,357**	24,305,728
Effect of dilutive potential ordinary shares		
— share awards scheme	**33,867**	–
— share options	**28,299**	36,450
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**26,838,523**	24,342,178

For the six months ended 30 June 2022 and 2021, the weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings per share has been adjusted for the effect of the 322,998,888 ordinary shares purchased by the Trustee from the market pursuant to the Scheme.

Diluted earnings per share for the six months ended 30 June 2022 and 2021 is calculated by adjusting the weighted average number of ordinary shares in issue during the period with the weighted average number of ordinary shares deemed to be issued assuming the dilutive impact on the share options and the share award scheme granted on 16 February 2022.

Diluted earnings per share for the six months ended 30 June 2022 and 2021 did not assume the exercise of share options granted by GNE since the exercise would result in decrease in loss per share for the period ended 2022 (six months ended 30 June 2021: exercise price is higher than the average price).

10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Trade receivables *(Note a)*	**16,821,786**	11,625,564
Other receivables:		
— Refundable value-added tax	**698,543**	311,583
— Consideration receivables	**1,312,403**	1,322,236
— Receivables for modules procurement	**54,161**	62,800
— Prepayments and deposit	**907,808**	686,458
— Amounts due from former subsidiaries *(Note b)*	**3,101,957**	2,917,863
— Other	**1,551,227**	1,771,556
	24,447,885	18,698,060
Less:		
Allowance for credit losses		
— Trade	**(99,148)**	(94,804)
— Non Trade	**(1,270,523)**	(1,075,893)
	23,078,214	17,527,363

Notes:

(a) In prior periods, consultancy services fee receivables of GNE were included under "Other receivables". From current interim period onwards, consultancy services fee receivables of GNE are presented under "Trade Receivables", to more appropriately reflect the nature of such receivables. The comparative figures have been represented to conform with the current period's presentation.

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

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

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**288,974**	185,580
3 to 6 months	**11,474**	642
Over 6 months	**31,739**	78,420
	332,187	264,642

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

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unbilled *(Note)*	**1,414,038**	1,492,086
Within 3 months	**92,449**	114,815
3 to 6 months	**25,962**	74,352
Over 6 months	**394,606**	264,962
	1,927,055	1,946,215

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

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

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–90 days	**419,586**	246,631
91–180 days	**69,213**	127,517
181–365 days	**149,938**	233,434
over 365 days	**775,301**	884,504
	1,414,038	1,492,086

As at 30 June 2022, trade receivables include bills received amounting to RMB14,463,396,000 (31 December 2021: RMB9,319,903,000) held by the Group for future settlement of trade receivables, of which certain bills were further discounted/endorsed by Group. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than one year.

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

As at 30 June 2022, included in these trade receivables arising from sales of electricity were debtors with aggregate carrying amount of RMB442,266,000 (31 December 2021: RMB390,903,000) which are past due as at the end of the reporting period. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

(b) The amount represents amounts due from former subsidiaries of which the Group disposed the entire interests during the six months ended 30 June 2022 and the year ended 31 December 2021. The amounts are non-trade in nature, unsecured, interest bearing ranging from 1.26% to 9.52% per annum and have no fixed term of repayment.

11. TRADE AND OTHER PAYABLES

The credit period for trade payables is within 3 to 6 months (31 December 2021: 3 to 6 months).

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

	As at 30 June 2022 *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Within 3 months	**3,547,681**	2,664,015
3 to 6 months	**3,593,438**	3,226,551
More than 6 months	**93,003**	48,410
	7,234,122	5,938,976

12. BALANCES WITH RELATED COMPANIES

The related companies included associates, joint ventures, other related parties of the Group and companies controlled by Mr. Zhu Gongshan, the chairman of the Group, and his family members, which held in aggregate approximately 23.59% of the Company's share capital as at 30 June 2022 (31 December 2021: approximately 23.51%) and exercise significant influence over the Company.

The following is an ageing analysis of amounts due from related companies – trade related, net of allowance for credit loss, at the end of the reporting period, presented based on the invoice date which approximated to the respective revenue recognition dates:

	As at 30 June 2022 *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Within 3 months	**120,241**	190,472
3 to 6 months	**36,359**	5,130
More than 6 months	**22,977**	18,397
	179,577	213,999

The amounts due from related companies (trade related) are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2021: 30 days).

The following is an ageing analysis of amounts due to related companies (trade related) at the end of the reporting period, presented based on the invoice date:

	As at 30 June 2022 *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Within 3 months	**58,914**	247,622
3 to 6 months	**887**	2,769
More than 6 months	**161,738**	4,485
	221,539	254,876

The amounts due to related companies (trade related) are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2021: 30 days).

CHAIRMAN'S STATEMENT AND CEO REVIEW OF OPERATIONS AND OUTLOOK

In recent years, with soaring energy demands around the globe and the depletion of traditional fossil energy resources, the environmental problems have become increasingly prominent, leading to continuous global energy crisis. Entering 2022, catalyzed by three factors including the Russia-Ukraine conflict, the monetary tightening measures by various countries and the lingering pandemic, the prices of major energy products continued on a surging path. Global coal consumption increased back to the historic high recorded nearly a decade ago; the price of crude oil stayed on an upward track during the first half of the year, with the average price of WTI crude oil reaching US$101.68 per barrel; and the natural gas price in the European market breached the threshold of US$2,300 per thousand cubic meter since March and showed no sign of receding. Amidst the backdrop of transition from traditional energy to new energy, the global electricity tariff was on a rising trend. Since February this year, the electricity tariff in Europe and the US pressed on towards the all-time high, and what is more, the wholesale electricity tariff in Europe nearly tripled as compared to the corresponding period of last year. As countries around the world commenced their endeavors for energy independence under this environment, it has become a common consensus among the major countries in the world to establish their own goal of "carbon peak and carbon neutrality" and invest heavily to boost the installed capacity of new energy (mainly PV) power generation.

During the first half of 2022, the worldwide installed capacity of PV power generation maintained vigorous growth momentum, with robust end-user demands from the top three PV markets of the world. For the first six months of 2022, the new installed capacity of photovoltaic power generation in China amounted to 30.88GW, representing an increase of 17.87GW as compared with the corresponding period of 2021 or a year-on-year increase of 137% (source: National Energy Administration of China). According to the RepowerEU Plan released by the European Union in May, the installed capacity of photovoltaic power generation is expected to double by 2025 and reach 600GW by 2030. Developers of solar plants in the U.S. planned to expand the public utility scale by building an additional 17.8GW of installed capacity of photovoltaic power generation in 2022, and with the support of policies and subsidies, the installed capacity of photovoltaic power generation in the U.S. market significantly exceeded the previous market anticipation. Driven by the three major markets of China, the European Union and the U.S., the worldwide installed capacity of PV power generation maintained its vigorous growth momentum during the first half of 2022.

Generally speaking, the global PV industry has entered the fast lane of booming growth, and the expansion of the PV market driven by geopolitical conflicts and climate goals is expected to be a long-term trend, which is part of the energy structure adjustment due to geopolitical tensions. Fueled by the acute energy crisis and supportive policies, the PV industry staged an increasingly intensified global competition landscape. Enterprises with first-mover advantages are well positioned to benefit from this worldwide competition of the PV industry. According to the recent forecast released by Bloomberg New Energy Finance, an authoritative third-party institution, the global installed capacity of photovoltaic power generation will increase by 30% in 2022, and the global installed capacity of solar power generation is expected to reach a new record high driven by robust energy demands. The global installed capacity of photovoltaic power generation pushed close to 1TW, marking a milestone in power transition. It is expected that the global installed capacity of photovoltaic power generation for the whole year of 2022 will exceed 250GW.

As an innovation-driven technology enterprise, GCL Tech formally changed its name to "GCL Technology Holdings Limited" on 21 February this year, fully demonstrating the Company's determination to embracing on our original vision of technological innovation. With the new corporate image provided by the change of company name, the Company will comprehensively enhance its environmental, social and governance (ESG) performance by establishing an effective management mechanism. In terms of development strategy, the Company focuses on low-carbon & low-consumption FBR granular silicon technology and extends its footprint to the upstream branch of the value chain to tap into the high-purity nano-silicon sector. As ever, the Company attaches great emphasis on energy technology innovation and energy conservation and emission reduction, and centers its efforts on the development and manufacturing of photovoltaic materials, with an aim to develop itself into the most technologically advanced supplier of silicon-based materials in the industry that boasts the largest capacity and lowest carbon emission and offers its clients the best experience at the lowest cost.

Business Review for the First Half of 2022:

During the first half of 2022, GCL Tech produced a total of 11,216 MT of granular silicon, a total of 28,866 MT of rod silicon (the polysilicon production of 32,318 MT from the Group's associates is not included) and a total of 24,173 MW wafers. During the six months ended 30 June 2022, GCL Tech recorded revenue of RMB15,326 million, representing an increase of 74.1% as compared with the corresponding period in 2021, of which, the revenue from polysilicon reached RMB6,883 million, and the revenue from wafers reached RMB6,275 million; the gross profit was approximately RMB7,335 million, representing an increase of 102.4% as compared with the corresponding period in 2021. The unit gross profit of rod silicon and granular silicon were RMB109.1/kg and RMB154.7/kg, respectively, and the gross profit margin of granular silicon products continued to exceed that of rod silicon by more than 15 percentage points; profit for the period attributable to shareholders of the Company was approximately RMB6,909 million and basic earnings per share was approximately RMB25.80 cents.

During the period, GNE's total PV installed capacity was approximately 830 MW, representing a decrease of 72% as compared with the corresponding period in 2021. Total revenue from the PV power generation business amounted to approximately RMB410 million, representing a decrease of 78% as compared with the corresponding period in 2021. Loss attributable to shareholders of GNE Group amounted to approximately RMB514 million and basic loss per share was approximately RMB2.44 cents.

The granular silicon project successfully commenced production following the strategic establishment of four production bases with a production capacity of 100,000 tonnes

In the first half of the year, GCL Tech achieved substantial progress in its construction of granular silicon production capacity. In its Xuzhou base, the first ever granular silicon production module with a production capacity of 20,000 tonnes in the world has reached its planned production capacity in the first quarter, marking the official commencement of modularized mass production of the granular silicon project; and the newly planned 30,000-tonne granular silicon capacity has completed production preparation ahead of schedule despite the impact of the pandemic and was put into operation without a hitch in the second quarter. Together with the aforesaid 30,000-tonne project at the Xuzhou base that is fully operated, the production capacity of granular silicon at the Xuzhou base reached 60,000 tonnes, making it the largest single granular silicon R&D and manufacturing base in the world so far.

In the Leshan base, a new independent granular silicon project with a production capacity of 100,000 tonnes, the first project in the world fully adopted the "systemised, standardised, digitalised, integrated, intelligent and modularised" design concept, officially commenced operation in July. Further optimization in various aspects was carried out to the Leshan 100,000-tonne granular silicon base, whose production procedures are more streamlined with more economical designs and smoother in production and operation; the allocation of techniques is more reasonable, achieving more potential output per unit time, and creating more room for further reduction of raw material and energy consumption; and by drawing on the experience of the Xuzhou base in terms of construction, production and management, the production experience of the Leshan base was enriched, and under the guidance of the Xuzhou Zhongneng driving team's experience, the fault tolerance rate of construction and production was significantly enhanced. The successful commencement of operation of various major projects marks that, the granular silicon capacity officially enters into the phase of modularized expansion, which will play an important role in facilitating the achievement of the global energy goal of "carbon neutrality".

The Company currently planned to build two 100,000-tonne granular silicon bases in Inner Mongolia, and Phase 1 of the 100,000-tonne Baotou granular silicon project complemented with 150,000-tonne high-purity nano-silicon capacity is expected to commence operation in the fourth quarter of 2022. Leveraging the resources of both the Xuzhou base and Leshan base, the Company is poised to further exert its advantages in cost control and energy resources. Through the investment in the 150,000-tonne high-purity nano-silicon project, an upstream and downstream ecosystem has been created by the Company to secure the supply of raw materials. Furthermore, the by-product, namely the steam from the production of the high-purity nano-silicon can be used to fuel the production of granular silicon, achieving optimization of cost control of the project. In Hohhot, GCL Tech has cooperated with TCL Zhonghuan to build a 100,000-tonne granular silicon project and cooperated with a related party of the Company to build a 10,000-tonne electronic-grade polysilicon project by giving full play to the features of the FBR granular silicon product of low construction investment, low production cost, low carbon emissions and low energy consumption, which highlights the Company's trail-blazing investment in the semiconductor-grade polysilicon field. Moreover, this move will enhance the in-depth cooperation with our core clients, strengthen the loyalty of users of granular silicon products and promote the co-establishment of the PV low-carbon value chain with leading players of the industry.

Efforts were made to create a differentiated market niche of low-carbon value chain by leveraging the carbon footprint advantage of granular silicon

It is the industry-wide consensus that the Fluidized Bed Reactor (FBR)-based granular silicon products feature many green and environmental-friendly attributes and advantages including low carbon emission and low energy consumption, high quality and high conversion efficiency. As a new generation silicon-based raw material that best meets the energy consumption standard under the dual-carbon target, granular silicon can help the photovoltaic industry achieve the goal of "lower cost, lower energy consumption, and lower emissions". At current, the electricity consumed to produce each kilogram of granular silicon was reduced to less than 14.8kWh, which is nearly three-fourths lower than that of the Siemens-based rod silicon, effectively solving the problem of "high cost, high energy consumption and high emissions" in polysilicon production; and the unit steam consumption was reduced to below 15.3kg/kg, further lowering the non-silicon cost in polysilicon production. With its low energy consumption feature, granular silicon not only enjoys differentiated cost advantage, and also serves as a new growth pole to steer the development of the PV industry in the carbon footprint stage to contribute to the country's goal of carbon neutrality. As the silicon-based material with the lowest carbon footprint in the present market, granular silicon has been gradually applied to the PV modules for its low carbon attributes. In terms of quality, we have realised 100% pure application of granular silicon, without compromising the minority carrier lifetime of polysilicon ingot, unit yield rate and release survival rate, and parameters of certain products outperformed that of the corresponding period.

On 22 June 2022, the Carbon Border Adjustment Mechanism (CBAM) of the European Union was voted and duly passed by the European Parliament, unveiling the "carbon barriers era", and other major economies around the world started to follow suit. PV module manufacturers began to place emphasis on the low-carbon attributes of their products, and have turned to low-carbon modules with granular silicon as raw materials for global carbon footprint certifications, so as to get through the "carbon barriers" in overseas markets. In July this year, large-scale PERC modules made of granular silicon was granted by French energy agency the carbon footprint certificate, and the average carbon footprint was 400 to 450 kg CO_2/kW, approximately 10% to 20% lower than the average carbon emission of the same models not based on granular silicon, boasting a huge advantage in low-carbon emissions. The wide application of granular silicon will be conducive for the Company's clients to expand into Europe as well as countries and regional markets around the world that emphasise carbon footprint, so as to acquire definite market return. As the only raw material product that assists the PV modules in passing the measurement of carbon emission right, granular silicon's low-carbon feature is a crucial part of the optimization of the full-caliber measurement of carbon emission of the PV industry and also the core technology for the PV industry to implement the technological reduction of carbon emission, enabling the enterprises to establish mechanisms to cope with carbon pricing risks and mitigate the impacts of rising carbon prices on the overall operation costs, which will comprehensively empower our clients.

GCL Tech, as usual, keeps abreast of the historical trend of industrial technology development and actively participates in the stipulation of various standards related to silicon-based materials. Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd., a wholly-owned subsidiary, is committed to its own products and techniques, and since 2013, took the lead in and participated in the formulation of a total of 37 standards. In particular, in terms of SEMI international standards, national standards, industrial standards and common standards, it took the lead in the formulation of a total of 3, 7, 2 and 3 standards, respectively and participated in 3, 14, 2 and 1 standards, respectively. It is the principal formulator of standards in the polysilicon industry. In 2022, it took the lead in the formulation of a total of 1 national standards, which was approved and soon to be issued. The projects for the 4 industrial standards led by this subsidiary also were established and pending approval from industrial associations.

Application of mono crystal pulling process received positive market response as quality dictates product competitiveness

Through pilot application with a wide variety of downstream customers over nearly the past year, our granular silicon products won increasing customer recognition and market acceptance, with a higher coverage rate of long-term orders for its production capacity. The granular silicon mono crystal pulling test has been passed by major world-wide downstream manufacturers, indicating that our granular silicon products meet the requirements for improvement of crystal pulling process as well as green and intelligent manufacturing. For the 5GW granular silicon mono crystal pulling demonstration project in Xuzhou, without compromising the minority carrier lifetime of polysilicon ingot, unit yield rate and release survival rate, we have realised 100% pure application of granular silicon, and our granular silicon products delivered outstanding performance in terms of three key indicators of mono crystal pulling process namely the minority carrier lifetime of head silicons, release survival rate and unit yield rate, demonstrating no noticeable difference with head rod silicon of the industry.

In the future, with the promotion and application of the side feeding mode and continuous czochralski monosilicon technology (CCZ) and other processes, coupled with the application of the CCZ technology and increasing demands for N-type wafer, granular silicon will offer the feeding advantage of "continuous production and continuous harvest", which is expected to effectively reduce the time for material treatment and temperature stabilisation during the recycling phase, improve production efficiency and automatic operation of the mono crystal pulling process, creating greater value for the photovoltaic value chain.

Efforts have been made to strengthen front-end technology build-up, demonstrating our commitment to technology innovation

GCL Tech believes that innovation capability is the core competitive strength and driving force for the development of the Company, and is committed to promoting forward-looking technology innovation, with an aim to pursue the state-of-the-art technology and solidify its leading position in the industry. In order to empower the sustainable development of GCL Tech with the support of science and technology and continue to achieve success in scientific research, the Company made great efforts to strengthen front-end technology build-up with a focus on the perovskite technology which is the most promising photovoltaic material of the next generation. Currently, the perovskite module of 1m x 2m produced by GCL Tech which is the largest-size product of its kind in the world has commenced production, while construction of the plant and major hardware facilities in Kunshan for the first 100MW mass production line in the world which is invested and constructed by GCL Tech has been completed and it is scheduled to commence commercial production in 2022. Upon stabilisation of production process and production capacity, it is expected that the solar power conversion ratios of module products of mass production will exceed 18%. From the perspective of theoretic efficiency, the new perovskite solar cells may have a single layer theoretic efficiency of 33% and an even higher multi-layer efficiency, while the efficiency of the perovskite modules will be further improved to 25% or above in the future. The perovskite modules will become the most promising photovoltaic material of the next generation given its advantage in cost, i.e., 30% lower than that of the silicon module in anticipation in the future.

ESG performance and improvement

The Company firmly believes that maintaining a high standard of corporate governance is one of the important factors to achieve its business sustainability. Currently, the Company has implemented and improved the level of corporate governance from the perspectives of compliance, accountability, transparency, equality, efficiency and diversity. Corporate governance has been optimised through a series of positive measures. The Company is further clarifying and improving its ESG governance structure and management mechanism, and is in the process of establishing the ESG committee which will consist of Board members with professional qualifications and experiences in the photovoltaic industry and risk control areas, in order to directly manage ESG-related issues. The Company will also establish an ESG execution team under the ESG Committee, which has clearly defined responsibilities for all business units and relevant functional levels to strengthen the participation of the Board in decision-making and supervision. The ESG Committee will strive to incorporate ESG-related core elements into every aspect of the Company’s business development in a scientific and systematic manner, aiming for creating value for all stakeholders, and establishing a benchmark for the sustainable development in the photovoltaic industry.

As a global leading supplier of silicon-based materials, GCL Tech always adheres to the innovation of clean technology to drive green solar manufacturing, and to apply clean technologies to its product development, production management, green and digital manufacturing and other aspects. The Company has focused on the FBR-based granular silicon technology, the entire manufacturing process of which is in line with the national strategic initiative of "low carbon and emission reduction, energy conservation and consumption reduction, green and intelligent manufacturing". Furthermore, through the adoption of innovative digital factory management models, the Company has improved its green governance in dynamic, IT-oriented and digitalised approaches while enhancing employees' efficiency. GCL Tech believes its employees as the most valuable resources, and adheres to the "people-oriented" principle as the direction of its human resources management, aiming to promote mutual development of the employees and the Company. The Group (excluding GNE Group) has approximately 9,570 employees in mainland China, Hong Kong Special Administration Region and abroad, including the US R&D center. Our employees come from all over the world with diversified and experienced backgrounds. While we increase the expansion of bases in Jiangsu, Sichuan and Inner Mongolia, the Company flexibly adopts the localized recruitment strategy, and provides a clear talent development path, a safe and healthy working environment through more competitive remuneration packages, and a variety of training systems, allowing its employees to create value for the Company in a happy and harmonious working environment. Moreover, as part of its commitment to making contributions to society, the Company actively participates in various community initiatives, charity work, donation and other activities to fulfill its corporate social responsibility. In terms of sustainable development, GCL Tech has always adhered to the management concept of "Green GCL", strengthened energy use and emission management, and improved its ability to deal with climate risks. We continue to optimise the corporate governance structure, protect the rights and interests of employees, actively advocate environmental protection and public welfare activities, promote the development of the global photovoltaic industry, and create green value for the society, committed to achieving the "GCL Dream" of "Strong GCL, Rich Employees and Society Praise". With previously made efforts, we become a respectful global new energy and clean energy enterprise.

Outlook

Today, nature is ringing alarm to mankind with the aggravating climate problem and frequent occurrences of extreme weather conditions and other natural disasters. Siddharth Chatterjee, the United Nations Resident Coordinator in China, pointed out at 2022 Ordos Zero Carbon Industry Summit held on 9 August 2022 that "The global temperature is close to hitting the 1.5-degree limit which is the maximum level of warming to avoid the worst impacts of climate change. The key to tackling this crisis is to end our reliance on energy generated from fossil fuels. Renewable energy is the answer." As one of the largest developing countries, China is best positioned for the development of renewable energy sector. China is the world's largest wind and solar power producer with abundant production capacity of renewable energy. Currently, China is the world's leading solar power producer with the largest fully integrated solar power value chain, largest consumer market, largest investor and the most invention and application patents. All these achievements made by China in the solar power sector are the results of hardwork and contributions by every person engaged in the photovoltaic industry in China.

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

Finally, we would like to express sincere appreciation to the Company's Board of Directors, management team and all staff for their hard work and dedication in the first half of 2022. We are also deeply grateful to the Company's shareholders and partners for their strong support. GCL Tech will continue to embark on the establishment of its own industrial ecosystem with high aspirations and dedicated commitment, and push forward energy transformation and upgrade through technology reform, achieving dual development of social and economic efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In the first half of 2022, the Group's solar material business carried forward the growing trend in 2021 and maintained a strong growth during the period. As such, the Group achieved a remarkable financial performance with impressive growth of revenue and significant increase in profits comparing with corresponding period in 2021.

Results of the Group

For the period ended 30 June 2022, the revenue and gross profit of the Group were approximately RMB15,326 million and RMB7,335 million respectively, representing an increase of 74.1% and 102.4% respectively as compared with approximately RMB8,803 million and RMB3,624 million in the corresponding period in 2021.

The Group recorded a profit attributable to the owners of the Company of approximately RMB6,909 million as compared to profit attributable to owners of the Company of approximately RMB2,407 million in 2021.

Segment Information

The Group reported on the three operating segments as follows:

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

(b) Solar farm business — manages and operates in the PRC and the USA. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE Group.

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

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

	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Revenue	**Segment profit/(loss)**	Revenue	Segment profit
	RMB million	***RMB million***	*RMB million*	*RMB million*
Solar material business	**14,679**	**7,234**	6,778	2,433
Solar farm business	**96**	**43**	93	9
Sub-total	**14,775**	**7,277**	6,871	2,442
New energy business[1]	**551**	**(420)**	1,932	160
Total	**15,326**	**6,857**	8,803	2,602

1. The segment loss from operations of the new energy business includes reported net loss of GNE Group of approximately RMB409 million (six months ended 30 June 2021: profit of RMB178 million) and allocated corporate expenses of approximately RMB11 million (six months ended 30 June 2021: RMB18 million).

Business Structure

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

As at 30 June 2022, the Group held 49.24% equity interest in GNE. GNE is a listed company in Hong Kong (Stock code: 0451). Except for the solar farms that were constructed or acquired by the Group prior to obtaining a controlling stake in GNE, the Group primarily develops, constructs, operates and manages downstream solar farms through the platform of GNE.

On 4 August 2022, the Company and GNE Board announced that the completion of 2,275 million top-up placing of existing GNE's shares and the subscription of new GNE's shares took place on 1 August 2022 and 4 August 2022 respectively. Upon completion, the shareholding of the Group in GNE remains at 10,376,602,000 shares, representing approximately 44.44% of issued share capital of GNE.

On 30 August 2022, the Board resolved to declare a Proposed Distribution in specie of 8,639,024,713 ordinary shares of GCL New Energy Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 451) which are indirectly held by Elite Time Global Limited, a wholly-owned subsidiary of the Company. The Proposed Distribution is subject to shareholders' approval at the extraordinary general meeting of the Company currently expected to be convened on 22 September 2022. For further details on the Proposed Distribution, please refer to the announcement of the Company dated 30 August 2022.

After completion of the distribution, the Group will hold approximately 7.44% of the issued share capital of GNE.

For illustrative purpose, the indebtedness of the Group excluding GNE Group as at 30 June 2022 would be as follows:

	The Group	**GNE Group**	**Indebtedness of the Group excluding GNE Group**
	RMB million	*RMB million*	*RMB million*
Bank and other borrowings	7,335	2,258	5,077
Lease liabilities	418	282	136
Notes and bonds payables	2,517	2,517	—
Loans from related companies	15	15	—
Indebtedness for solar farm projects classified as held for sale	468	468	—
Total indebtedness	**10,753**	**5,540**	**5,213**

Business Review

Solar Material Business

Production

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

Polysilicon

As at 30 June 2022, annual production capacity of rod silicon and granular silicon of the Group was 45,000 MT and 60,000 MT respectively. During the six months ended 30 June 2022, the Group produced approximately 40,082 MT of polysilicon, representing an increase of 72.1% as compared to 23,284 MT for the corresponding period in 2021.

Wafer

As at 30 June 2022, the Group's annual wafer production capacity was 50 GW. During the six months ended 30 June 2022, the Group produced 24,173 MW of wafers in aggregate (including 15,360 MW of OEM wafers), representing an increase of approximately 29.2% from 18,712 MW of wafers in aggregate (including 10,969 MW of OEM wafers) for the corresponding period in 2021, while the production volume of wafers (excluding OEM wafer) recorded an increase of 13.8%.

Sales Volume and Revenue

During the six months ended 30 June 2022, the Group sold 35,348 MT of polysilicon and 23,915 MW of wafers (including OEM wafer of 15,360 MW), representing an increase of 83.4% and an increase of 36.5%, respectively, as compared with 19,275 MT of polysilicon and 17,517 MW of wafers (including OEM wafer of 10,366 MW) for the corresponding period in 2021, while sales volume of wafers (excluding OEM wafer) recorded an increase of 18.5%.

The average selling prices (excluding tax) of polysilicon and wafer were approximately RMB194.7 (equivalent to US$29.88) per kilogram and RMB0.74 (equivalent to US$0.113) per W respectively for the six months ended 30 June 2022. The corresponding average selling prices of polysilicon and wafer for the six months ended 30 June 2021 were approximately RMB109.2 (equivalent to US$16.92) per kilogram and RMB0.530 (equivalent to US$0.082) per W respectively.

Revenue from external customers of the solar material business amounted to approximately RMB14,679 million for the six months ended 30 June 2022, representing an increase of 116.6% from approximately RMB6,778 million for the corresponding period in 2021. It was mainly attributable to an increase in selling price of rod silicon and wafers.

Cost and Segment Result

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

Due to the rebound of price of solar products, gross profit margin for the solar material business increased from 32.9% to 48.0% due to the sharp increase in selling prices of photovoltaic products during the period.

Solar Farm Business

Overseas Solar Farms

As at 30 June 2022, the solar farm business includes 18 MW of solar farms in the United States. Besides, 150 MW solar farms in South Africa, which partners with CAD Fund, commenced operation in 2014 with the total effective ownership of 9.7% held by the Group.

PRC Solar Farms

As at 30 June 2022, the solar farm business also includes 5 solar farms in the PRC, with both installed capacity and attributable installed capacity at 133.0 MW.

Sales Volume and Revenue

For the six months ended 30 June 2022, the electricity sales volume of solar farm business overseas and in the PRC were 14,580 MWh and 48,914 MWh respectively (2021: 13,947 MWh and 97,091 MWh, respectively).

For the six months ended 30 June 2022, revenue for solar farm business was approximately RMB96 million (2021: RMB93 million).

New Energy Business

As at 30 June 2022, the Group held 10,376,602,000 GNE shares, representing approximately 49.24% of the total issued shares capital of GNE.

During the interim period, the Company is of the view that it controls the operations of GNE. The GNE will be accounted for and consolidated in the consolidated financial statements of the Company as a subsidiary.

Capacity and Electricity Generation

As at 30 June 2022, the grid-connected capacity of the GNE's subsidiary power plants was approximately 830MW (31 December 2021: 996MW). Details of capacity, electricity sales volume and revenue for the six months ended 30 June 2022 are set out below.

Subsidiaries by provinces	Tariff Zones	Number of solar power plant	Grid-connected Capacity[1] (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB million)
Inner Mongolia	1	4	189	151	0.74	111
Others	1	–	–	20	0.75	15
		4	**189**	**171**	**0.74**	**126**
Qinghai	2	4	98	61	0.61	37
Jilin	2	4	51	41	0.73	30
Liaoning	2	3	60	49	0.53	26
Gansu	2	1	20	14	0.79	11
		12	**229**	**165**	**0.63**	**104**
Jiangsu	3	2	23	64	0.86	55
Hebei	3	1	21	14	0.36	5
Shandong	3	5	149	97	0.80	78
Henan	3	3	9	5	0.60	3
Guangdong	3	4	13	7	0.57	4
Fujian	3	3	56	25	0.76	19
Shanghai	3	1	7	3	1.00	3
Other	3	–	–	4	1.25	5
		19	**278**	**219**	**0.79**	**172**
Subtotal		**35**	**696**	**555**	**0.72**	**402**
US		2	134	86	0.42	36
Total of Subsidiaries		**37**	**830**	**641**	**0.68**	**438**

	Revenue *(RMB million)*
Representing:	
Electricity sales	184
Tariff adjustment — government subsidies received and receivable	254
Total revenue of subsidiaries for electricity sales	438
Less: effect of discounting tariff adjustment to present value[(2)]	(28)
Total revenue of the solar power plants, after discounting	410
Solar power plants operation and management service income	74
Solar related supporting service income	74
Total revenue of the GNE Group	558

(1) Grid-connected capacity represents the actual capacity connected to the State Grid.

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

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

Revenue and Gross Profit

During the six months ended 30 June 2022, the revenue of GNE Group comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB410 million (2021: RMB1,892 million), service income from the provision of the solar power plants operation and management services amounting to approximately RMB74 million (2021: RMB26 million) and solar related supporting service income of RMB74 million (2021: RMB25 million). The decrease in revenue was mainly attributable to the disposal of solar power plants during 2021 and 2022. The grid connected capacity decreased from 2.9 GW as at 30 June 2021 to 0.8 GW as at 30 June 2022. The average tariff (net of tax) for the PRC was approximately RMB0.68/kWh (2021: RMB0.73/kWh).

During the six months ended 30 June 2022, the GNE Group provided operation and maintenance services for some of the disposed solar power plant projects and generated management service income. As at 30 June 2022, the GNE Group had entered into a contract to provide operation and maintenance services for solar power plants with total installed capacity of approximately 3,364 MW.

GNE Group's gross margin for the six months ended 30 June 2022 was 45.6%, as compared to 64.4% for the six months ended 30 June 2021. The cost of sales mainly consisted of depreciation, which accounted for 51.2% (2021: 78.8%) of cost of sales, with the remaining costs being operation and maintenance costs of solar power plants.

Outlook

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

Financial Review

Revenue

Revenue for the six months ended 30 June 2022 amounted to approximately RMB15,326 million, representing an increase of 74.1% as compared with approximately RMB8,803 million for the corresponding period in 2021. The increase was mainly due to the increase in revenue in solar material business as a result of the increase in selling price of polysilicon and wafer (excluding OEM wafer), partially offset by the decrease in sales of the GNE Group due to the disposal of solar power plants during 2021 and 2022.

Gross Profit Margin

The Group's overall gross profit margin for the six months ended 30 June 2022 was 47.9%, as compared with 41.2% for the corresponding period in 2021. Gross profit amounted to approximately RMB7,335 million, representing an increase of 102.4% as compared with the same period in 2021.

Gross profit margin for the solar material business increased from gross profit margin of 34.2% for the six months ended 30 June 2021 to gross profit margin of 48.0% for the six months ended 30 June 2022. The increase was mainly attributable to the increase in the average selling price of photovoltaic products.

Solar farm business has a gross profit margin of 36.8% for the period ended 30 June 2022, 6.4% higher than the corresponding period in 2021.

The gross profit margin for the new energy business was 45.6% for the six months ended 30 June 2022 and 64.4% for the corresponding period in 2021.

Other Income

For the six months ended 30 June 2022, other income mainly comprised sales of scrap materials of approximately RMB335 million (six months ended 30 June 2021: RMB212 million), bank and other interest income and interest arising from contracts containing significant financing components of approximately RMB115 million (six months ended 30 June 2021: RMB106 million), government grants of approximately RMB31.2 million (six months ended 30 June 2021: RMB41 million) and management and consultancy fee income of approximately RMB1.5 million (six months ended 30 June 2021: RMB33 million).

Distribution and Selling Expenses

Distribution and selling expenses increased from approximately RMB48 million for the six months ended 30 June 2021 to approximately RMB63 million for the six months ended 30 June 2022.

Administrative Expenses

Administrative expenses amounted to approximately RMB986 million for the six months ended 30 June 2022, representing an increase of 28.6% from approximately RMB767 million for the corresponding period in 2021. The increase was mainly due to increase of salary and wage expenses and share based payment expenses charged during the period.

Impairment losses under expected credit loss model, net of reversal

The Group recognised approximately RMB210 million impairment losses under expected credit loss model for the six months ended 30 June 2022 (six months ended 30 June 2021: Reversal of impairment losses of RMB30 million).

During the period, the impairment losses under expected credit loss model comprised of impairment losses of trade related receivable of approximately RMB16 million and non-trade related receivables of approximately RMB194 million.

Other Expenses, Gains and Losses, Net

For the period ended 30 June 2022, net losses of approximately RMB700 million in other expenses, gains and losses were recorded as compared to net losses of approximately RMB385 million for the period ended 30 June 2021.

The net losses mainly comprises of:

(i) research and development costs of approximately RMB689 million (six months ended 30 June 2021: RMB479 million)

(ii) exchange losses of approximately RMB58 million (six months period ended 30 June 2021: RMB5 million)

(iii) net gain on disposal of subsidiaries and solar power plant projects of approximately RMB1 million (six months period ended 30 June 2021: net gain of RMB248 million)

(iv) gain on deemed disposal of a joint venture and disposal of an associate of approximately RMB202 million (six months period ended 30 June 2021: RMB141 million)

(v) gain on fair value change of derivative financial instruments and convertible bonds to a non-controlling shareholder of a subsidiary approximately RMB12 million (six months ended 30 June 2021: loss of RMB119 million)

(vi) loss on disposal of property, plant and equipment of approximately RMB136 million (six months period ended 30 June 2021: gain of RMB53 million)

(vii) loss on fair value change of other financial assets at FVTPL approximately RMB46 million (six months period ended 30 June 2021: gain of RMB3 million)

(viii) loss on measurement of assets classified as held for sale to fair value less cost to sell of nil amount (six months ended 30 June 2021: RMB235 million)

Finance Costs

Finance costs for the six months ended 30 June 2022 were approximately RMB412 million, decreased by 64.3% as compared to approximately RMB1,153 million for the corresponding period in 2021. The decrease was mainly due to the decrease in interest-bearing debts during the period.

Share of Profits of Associates

The Group's share of profits of associates for the six-month period ended 30 June 2022 was approximately RMB2,174 million, mainly contributed by the following associates:

- Share of profit of approximately RMB1.5 billion from Xinjiang GCL New Energy Materials Technology Co., Ltd.* ("**Xinjiang GCL**")(新疆協鑫新能源材料科技有限公司);

- Share of profit of approximately RMB56 million from Inner Mongolia Zhonghuan GCL Solar Material Co., Ltd.* ("**Mongolia Zhonghuan GCL**")(內蒙古中環協鑫光伏材料有限公司);

- Share of profit of approximately RMB0.54 billion from Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP* ("**Zhongping GCL**") 徐州中平協鑫產業升級股權投資基金(有限合夥); and

- Share of profits of approximately RMB68 million from associates of GNE Group.

Income Tax Expense

Income tax expense for the six-month period ended 30 June 2022 was approximately RMB976 million, representing an increase of 1,230.8% as compared with approximately RMB73 million for the corresponding period in 2021. The increase was mainly due to increase in income tax expenses from solar material business as a results of significant increase in its segment profit during the period.

Profit attributable to Owners of the Company

As a result of the above factors, the profit attributable to owners of the Company amounted to approximately RMB6,909 million for the six-month period ended 30 June 2022 as compared with a profit of approximately RMB2,407 million for the corresponding period in 2021.

Property, Plant and Equipment

Property, plant and equipment increased from approximately RMB18,293 million as at 31 December 2021 to approximately RMB23,014 million as at 30 June 2022. Increase in property, plant and equipment was mainly attributable to capital investment in granular silicon production base partially offset by disposal of subsidiaries and depreciation charged during the period.

Deposits, Prepayments and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets increased from approximately RMB2,179 million as at 31 December 2021 to approximately RMB2,743 million as at 30 June 2022. It was due to increase in deposits for acquisitions of property, plant and equipment.

Interests in Associates

Interests in associates increased from approximately RMB9.6 billion as at 31 December 2021 to approximately RMB11.8 billion as at 30 June 2022. The increase was mainly due to share of profits of associates and reclassification of a joint venture to an associate during the period.

Pursuant to a shareholder agreement signed on January 2021, the subscription of new registered capital of Jiangsu Xinhua by certain independent third parties was completed during the period and its articles of association was revised accordingly. The relevant activities of Jiangsu Xinhua were no longer required unanimous consent of the parties sharing control and the Group can exercise significant influence over Jiangsu Xinhua according to the revised articles of association. It is therefore reclassified as an associate from a joint venture of the Group.

Interests in associates as at 30 June 2022 mainly consists of the below:

- The Group 38.5% equity interest in Xinjiang GCL of approximately RMB6.3 billion;
- The Group 40.27% equity interest in Zhongping GCL of approximately RMB2.5 billion; Zhongping GCL directly holds 34.5% equity interest in Xinjiang GCL;
- The Group 6.42% equity interest in Mongolia Zhonghuan GCL of approximately RMB0.8 billion;
- The Group equity interest in Leshan Zhongping Polysilicon Photovoltaic Information Industry Investment Fund Partnership (Limited Partnership)* (樂山市仲平多晶硅光電資訊產業基金合夥企業(有限合夥)) and 樂山市中平能鑫企業管理諮詢合夥企業(有限合夥)* Leshan Zhongping Nengxin Enterprise Management Consultancy Partnership (Limited Partnership) of approximately RMB69 million and RMB0.31 billion respectively;
- The Group 28.05% equity interest in Jiangsu Xinhua of RMB0.4 billion; and
- The GNE Group equity interest in interests in associates of RMB1.38 billion.

* *English name for identification only*

Trade and Other Receivables

Trade and other receivables increased from approximately RMB17,527 million as at 31 December 2021 to approximately RMB23,078 million as at 30 June 2022. The increase was mainly due to increase of revenue and related receivable during the period.

Trade and Other Payables

Trade and other payables increased from approximately RMB13,853 million as at 31 December 2021 to approximately RMB16,072 million as at 30 June 2022. The increase was mainly due to an increase in construction payables during the period.

Balances with related companies

The related companies included associates, joint ventures, other related parties of the group and companies controlled by Mr. Zhu Gongshan and his family members which hold in aggregate approximately 23.59% as at 30 June 2022 of the Company's share capital (31 December 2021: approximately 23.51%) and exercise significant influence over the Company.

Amounts due from related companies increased from approximately RMB600 million as at 31 December 2021 to approximately RMB1,023 million as at 30 June 2022. The increase was mainly due to increase in amounts due from associates.

Amounts due to related companies increased from approximately RMB2,744 million as at 31 December 2021 to approximately RMB3,045 million as at 30 June 2022. The increase was mainly due to increase of amounts due to associates in relation to trade balances during the period.

Loans from Related Companies

Loans from related companies decreased from approximately RMB32 million as at 31 December 2021 to RMB15 million as at 30 June 2022. The decrease was mainly due to the repayment of loans during the period.

Liquidity and Financial Resources

As at 30 June 2022, the total assets of the Group were about RMB74.2 billion, of which the aggregate pledged and restricted bank and other deposits and bank balances and cash amounted to approximately RMB7.6 billion (including pledged bank deposits and bank balances and cash classified as assets held for sale).

For the period ended 30 June 2022, the Group's main source of funding was cash generated from operating activities.

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.

Indebtedness

	As at 30 June 2022 *RMB million*	As at 31 December 2021 *RMB million*
Current liabilities		
Bank and other borrowings — due within one year	**4,245**	5,023
Lease liabilities — due within one year	**107**	317
Notes and bonds payables — due within one year	**865**	467
Loans from related parties — due within one year	**—**	32
	5,217	5,839
Non-current liabilities		
Bank and other borrowings — due after one year	**3,090**	3,560
Lease liabilities — due after one year	**311**	468
Notes and bonds payables — due after one year	**1,652**	2,648
Loans from related parties — due after one year	**15**	–
	5,068	6,676
Indebtedness associated with assets classified as held for sale	**468**	465
Total indebtedness	**10,753**	12,980
Less: Pledged and restricted bank and other deposits and bank balances and cash (including bank balances and cash classified as held for sale)	**(7,576)**	(9,955)
Net debts	**3,177**	3,025

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

	As at 30 June 2022 *RMB million*	As at 31 December 2021 *RMB million*
Secured	**6,636**	7,828
Unsecured	**699**	755
	7,335	8,583

As at 30 June 2022, RMB bank and other borrowings carried floating interest rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. USD bank and other borrowings carried interest rates with reference to the London Interbank Offer Rate.

Key Financial Ratios of the Group

	As at 30 June 2022	As at 31 December 2021
Current ratio	**1.25**	1.23
Quick ratio	**1.21**	1.19
Net debt to total equity attributable to owners of the Company	**8.8%**	10.4%

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

Policy Risk

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

Credit Risk

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

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

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, solar power tariff may be lowered to the level of coal-fired power by near future, the government subsidy for solar power industry will finally be faded out. To minimize this risk, GNE will continue to expedite technology development and implement cost control measures in order to lower development cost for new projects.

Risk related to Interest Rate

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

The joint ventures of the Group 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.

Risk related to supplier concentration

The wafer business of the Group are exposed to concentration risk of reliance on our major suppliers for the supply of the semi solar products, and any shortage of, or delay in, the supply may significantly impact our business and results of operation. However, the largest supplier was associate of the Group, the Group was able to exercise significant influence on the operation of the associate, this enable the Group to monitor the above risks continually.

Pledge of or Restrictions on Assets

As at 30 June 2022, the following assets were pledged for certain bank and other borrowings, loans from a related company, lease liabilities or restrictions on assets, issuance of bills, short-term letters of credit for trade and other payables granted to the Group and bank and other borrowings of an associate and a joint venture:

— Property, plant and equipment of RMB5.6 billion (31 December 2021: RMB7.7 billion)

— Right-of-use assets of approximately RMB0.4 billion (31 December 2021: RMB0.7 billion)

— Investment properties of approximately RMB0.06 billion (31 December 2021: RMB0.06 billion)

— Trade receivables and contract assets of approximately RMB3.8 billion (31 December 2021: RMB3.2 billion)

— Pledged and restricted bank and other deposits of approximately RMB1.8 billion (31 December 2021: RMB3.2 billion)

In addition, lease liabilities of approximately RMB0.4 billion are recognised with related right-of-use assets of approximately RMB0.4 billion as at 30 June 2022 (31 December 2021: lease liabilities of approximately RMB0.8 billion are recognised with related right-of-use assets of approximately RMB1.4 billion).

Capital and other commitments

As at 30 June 2022, the Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to approximately RMB7,948 million (31 December 2021: RMB8,847 million) and other commitments to contribute share capital to investments of approximately RMB160 million (31 December 2021: RMB960 million).

Financial guarantees contracts

As at 30 June 2022 and 31 December 2021, the Company and certain of its subsidiaries guaranteed bank and other borrowings of certain subsidiaries of GNE amounted to RMB200 million and RMB996 million, respectively.

As at 30 June 2022, the Group provided a total guarantee with maximum amount of approximately RMB3,269 million and RMB900 million (31 December 2021: RMB3,319 million and RMB900 million) to several banks and financial institutions in respect of banking and other facilities of Xinjiang GCL and Jiangsu Xinhua, associates of the Group (As at 31 December 2021, Jiangsu Xinhua was a joint venture of the Group).

As at 30 June 2022, GNE Group provided guarantees to certain associates for bank and other borrowings in proportion to the Group's equity interests in these associates with maximum amount of RMB1,576 million (31 December 2021: RMB1,541 million).

In addition to those financial guarantees provided to related parties as above, the Group and GNE Group also provided financial guarantees to certain disposed subsidiaries during transitional period, for certain of their bank and other borrowings amounting to approximately RMB548 million (31 December 2021: RMB477 million) as at 30 June 2022.

Contingent liability

As at 30 June 2022 and 31 December 2021, the Group and the Company did not have any significant contingent liabilities.

Material Disposals

During the six months ended 30 June 2022, the Group has entered into various share transfer agreements with different third parties to dispose equity interests in companies which hold various solar power plants. Material disposals are summarised as below:

Agreements signed in 2022	Name of buyers	Percentage of disposed equity interest	Capacity of solar power plants *(MW)*	Consideration *(RMB million)*	Disposal status as at 30 June 2022
January – March	Hunan Xinhua Water Conservancy and Electric Power., Ltd.* (湖南新華水利電力有限公司)	100%	60	144	Completed
March	Jiangsu Hesheng New Energy Co., Ltd.* (江蘇和盛新能源有限公司)	60% to 100%	85	89	Completed
April	Hangzhou Xingguang New Energy Co., Ltd.* (杭州興光新能源有限公司)	100%	21	23	Completed
		Total	**166**	**256**	

Note: For details, please refer to the respective announcements published by the Company (if applicable).

* *English name for identification purpose only*

Save as disclosed above, there were no other significant investments during the six months ended 30 June 2022, or plans for material investments as at the date of this announcement, nor were there other material acquisitions and disposals of subsidiaries during the six months ended 30 June 2022.

Events after the Reporting Period

Save as disclosed elsewhere in this announcement, the following significant events took place after the end of the reporting period.

(a) On 6 July 2022, the Board has resolved to award an aggregate of 76,530,000 Award Shares at a grant price of HK$0.86 per Award Share to 81 Eligible Persons pursuant to the terms and conditions of the Scheme. The Award Shares represent approximately 0.28% of the Company's total number of issued Shares as at the date of the announcement made by the Company on 6 July 2022.

(b) On 4 August 2022, the Group and GNE Group announced that the completion of 2,275 million top-up placing of existing GNE's shares and the subscription of new GNE's shares at HK$0.138 per share took place on 1 August 2022 and 4 August 2022 respectively.

Upon completion, the shareholding of the Group in GNE remains at 10,376,602,000 shares, representing approximately 44.44% of issued share capital of GNE. The net proceeds of the transactions, after taking into account all related costs, fees, expenses and commission of the transactions, is approximately HK$310 million.

(c) On 8 August 2022, GCL Technology Suzhou Co., Ltd（協鑫科技（蘇州）有限公司）("GCL Technology Suzhou"), a wholly-owned subsidiary of the Company, has entered into the investment agreement with Hefei GCL System Integration New Energy Technology Co., Ltd.* ("Hefei GCL System Integration")（合肥協鑫集成新能源科技有限公司）, GCL System Integration Technology Co., Ltd.*（"GCL System Integration"）（協鑫集成科技股份有限公司）and GCL System Integration Technology (Suzhou) Co., Ltd.*（"GCL System Integration Suzhou"）（協鑫集成科技（蘇州）有限公司）. Pursuant to the investment agreement, GCL Technology Suzhou agreed to (i) acquire 8% of the total registered capital of the Hefei GCL System Integration after the reorganisation and merger (being registered capital of RMB154.32 million in the Hefei GCL System Integration) from GCL System Integration (Suzhou) at a consideration of RMB200 million and (ii) subscribe for the registered capital of RMB154.32 million in the Hefei GCL System Integration at a consideration of RMB200 million.

Upon the completion of the reorganisation and merger and the initial series A transactions, it is estimated that the Company will, through GCL Technology Suzhou, hold the registered capital of RMB308.64 million in the Hefei GCL System Integration, representing approximately 14.03% of the equity interest of the Hefei GCL System Integration as enlarged by the capital increase pursuant to reorganisation and merger and the initial series A transactions.

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

Employees

We consider our employees to be our most important resource. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits including but not limited to discretionary bonuses, with share options granted to eligible employees.

Dividend

The Board did not recommend an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

On 30 August 2022, the Board resolved to declare a conditional special interim dividend by way of a distribution ("**Proposed Distribution**") in specie of 8,639,024,713 ordinary shares of GCL New Energy Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 451) which are indirectly held by Elite Time Global Limited, a wholly-owned subsidiary of the Company. The Proposed Distribution is subject to shareholders' approval at the extraordinary general meeting of the Company currently expected to be convened on 22 September 2022. For further details on the Proposed Distribution, please refer to the announcement of the Company dated 30 August 2022.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2022, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the model code for securities transactions by Directors (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDITOR'S AND AUDIT COMMITTEE'S REVIEW

The unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2022 have been reviewed by the Group's external auditor, Crowe (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee of the Company which consists of three independent non-executive Directors, namely Mr. Yip Tai Him, Ir. Dr. Ho Chung Tai, Raymond and Dr. Shen Wenzhong. The Group external auditor and Audit Committee expressed no disagreement with the accounting policies and principles adopted by the Group.

PUBLICATION OF 2022 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.gcltech.com) and HKExnews (www.hkexnews.hk). The 2022 Interim Report containing all the information as required by the Listing Rules will be despatched to the shareholders and made available for review on the same websites in due course.

By order of the Board
GCL Technology Holdings Limited
協鑫科技控股有限公司
Zhu Gongshan
Chairman

Hong Kong, 30 August 2022

* English name for identification only

As at the date of this announcement, the Board comprises Mr. Zhu Gongshan (Chairman), Mr. Zhu Zhanjun, Mr. Lan Tianshi, Mr. Zhu Yufeng, Ms. Sun Wei and Mr. Yeung Man Chung, Charles as executive Directors; Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him and Dr. Shen Wenzhong, as independent non-executive Directors.