



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)

TECHNOLOGY · DIGITAL · GREEN

2022
INTERIM REPORT

Bringing **GREEN POWER** to Life

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Financial Highlights

	Six months ended 30 June			
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	Change RMB'000	% of change
Revenue				
Sales of wafer	6,275,113	3,792,447	2,482,666	65.5%
Sales of electricity	506,263	1,984,403	(1,478,140)	(74.5%)
Sales of polysilicon	6,883,331	2,110,939	4,772,392	226.1%
Processing fees	1,012,078	669,903	342,175	51.1%
Others*	649,203	245,679	403,524	164.2%
	15,325,988	8,803,371	6,522,617	74.1%
Profit attributable to owners of the Company	6,908,588	2,406,719	4,501,869	187.1%
	RMB cents	RMB cents	Change RMB cents	% of change
Earnings per share				
— Basic	25.80	9.90	15.90	160.6%
— Diluted	25.74	9.89	15.85	160.3%

* Amount includes the sales of ingots, operation and management services income and solar related supporting services income.

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)	Change RMB'000	% of change
Extracts of unaudited condensed consolidated statement of financial position				
Equity attributable to owners of the Company	36,030,717	29,026,013	7,004,704	24.1%
Total assets	74,185,856	64,097,914	10,087,942	15.7%
Bank balances and cash, pledged and restricted bank and other deposits*	7,576,385	9,955,429	(2,379,044)	(23.9%)
Indebtedness**	10,753,000	12,980,000	(2,227,000)	(17.2%)
Key financial ratios				
Current ratio	1.25	1.23	0.02	1.6%
Quick ratio	1.21	1.19	0.02	1.7%
Net debt to equity attributable to owners of the Company	8.8%	10.4%	(1.6)	(15.4%)

* Amount includes pledged bank deposits, bank balances and cash classified as held for sale of RMB18,000,000 (31 December 2021: RMB 23,000,000).

** Indebtedness includes loans from related companies, bank and other borrowings, lease liabilities, notes payables and indebtedness associated with assets classified as held for sales.

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.



Chairman's Statement and CEO Review of Operations and Outlook (CONTINUED)

As an innovation-driven technology enterprise, GCL Technology Holdings Limited ("GCL Tech" or the "Company", together with its subsidiaries, the "Group") 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 (profit of the by-product of granular silicon included), 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, the total PV installed capacity of GCL New Energy Holdings Limited ("GNE", together with its subsidiaries, the "GNE Group") 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 of GNE 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.

Chairman's Statement and CEO Review of Operations and Outlook (CONTINUED)

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



Chairman's Statement and CEO Review of Operations and Outlook (CONTINUED)

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 CO₂/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 standard, 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.

Chairman's Statement and CEO Review of Operations and Outlook (CONTINUED)

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.



Chairman's Statement and CEO Review of Operations and Outlook (CONTINUED)

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.

Chairman's Statement and CEO Review of Operations and Outlook (CONTINUED)

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.

Management Discussion and Analysis (CONTINUED)

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 RMB million	Segment profit/(loss) RMB million	Revenue RMB million	Segment profit 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 RMB410 million (six months ended 30 June 2021: profit of RMB178 million) and allocated corporate expenses of approximately RMB10 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.



Management Discussion and Analysis (CONTINUED)

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.

Management Discussion and Analysis (CONTINUED)

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 34.2% 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.



Management Discussion and Analysis (CONTINUED)

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 was accounted for and consolidated in the consolidated financial statements of the Company as a subsidiary.

Management Discussion and Analysis (CONTINUED)

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



Management Discussion and Analysis (CONTINUED)

	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.

Management Discussion and Analysis (CONTINUED)

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.



Management Discussion and Analysis (CONTINUED)

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)

Management Discussion and Analysis (CONTINUED)

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.

* English name for identification only.

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.



Management Discussion and Analysis (CONTINUED)

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 shareholder agreements signed on January 2021 and January 2022, 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.

Management Discussion and Analysis (CONTINUED)

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.



Management Discussion and Analysis (CONTINUED)

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

Management Discussion and Analysis (CONTINUED)

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



Management Discussion and Analysis (CONTINUED)

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.

Management Discussion and Analysis (CONTINUED)

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.



Management Discussion and Analysis (CONTINUED)

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 RMB0.33 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 RMB1.9 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.

Management Discussion and Analysis (CONTINUED)

Contingent liability

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

Material investments and disposals

Save as disclosed in note 31 and note 32 of the note to the unaudited condensed interim financial statement, 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 report, 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 report, 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 (“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.



Management Discussion and Analysis (CONTINUED)

- (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.

* English name for identification only

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.

Report on Review of Unaudited Condensed Interim Consolidated Financial Statements



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

TO THE BOARD OF DIRECTORS OF GCL TECHNOLOGY HOLDINGS LIMITED

(Formerly known as GCL Poly Energy Holdings Limited)

協鑫科技控股有限公司

(前名為保利協鑫能源控股有限公司)

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the unaudited condensed interim consolidated financial statements of GCL Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 97, which comprise the unaudited condensed consolidated statement of financial position as of 30 June 2022 and the related unaudited condensed consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the six month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with IAS 34.

Our responsibility is to form a conclusion, based on our review on these unaudited condensed interim consolidated financial statements, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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



CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed interim consolidated financial statements as at 30 June 2022 are not prepared, in all material respects, in accordance with IAS 34.

Crowe (HK) CPA Limited

Certified Public Accountants

Hong Kong, 30 August 2022

Chan Wai Dune, Charles

Practising Certificate Number P00712

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

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (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	5	523,879	393,026
Distribution and selling expenses		(62,716)	(47,709)
Administrative expenses		(986,220)	(766,917)
Finance costs	6	(411,886)	(1,153,329)
Impairment losses under expected credit loss model, net of reversal	18	(210,330)	29,967
Other expenses, gains and losses, net	7	(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	8	(976,360)	(73,364)
Profit for the period	9	6,688,460	2,526,041
Other comprehensive income/(expense) for the period:			
<i>Items that will not be reclassified to profit or loss:</i>			
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
<i>Items that may be reclassified subsequently to profit or loss:</i>			
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



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

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
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	12		
— 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	13	23,014,084	18,292,536
Right-of-use assets	13	1,425,200	2,299,036
Investment properties		385,580	56,494
Other intangible assets		163,074	179,870
Interests in associates	14	11,831,936	9,605,159
Interests in joint ventures	15	318,571	693,944
Other financial assets at fair value through profit or loss	16	354,635	296,410
Equity instruments at fair value through other comprehensive income	16	31,017	41,683
Deferred tax assets		115,102	107,985
Deposits, prepayments and other non-current assets	17A	2,743,038	2,179,398
Contract assets	17B	47,864	40,941
Amounts due from related companies	19	37,443	24,481
Pledged and restricted bank and other deposits		328,096	464,640
		40,795,640	34,282,577
CURRENT ASSETS			
Inventories	22	1,104,053	950,575
Trade and other receivables	17A	23,078,214	17,527,363
Amounts due from related companies — trade related	19	179,577	213,999
Amounts due from related companies — non trade related	19	806,197	361,288
Other financial assets at fair value through profit or loss	16	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	11	689,553	783,384
		33,390,216	29,815,337



Unaudited Condensed Consolidated Statement of Financial Position (CONTINUED)

At 30 June 2022

	NOTES	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	23	16,072,469	13,853,080
Amounts due to related companies — trade related	20	221,539	254,876
Amounts due to related companies — non-trade related	20	2,823,532	2,489,143
Loans from related companies	21	—	32,325
Contract liabilities		1,452,867	896,128
Bank and other borrowings — due within one year	24	4,244,929	5,022,964
Lease liabilities — due within one year		106,505	316,819
Notes and bonds payables — due within one year	25	865,233	467,305
Derivative financial instruments	26	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	11	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
Loans from related companies	21	14,811	—
Bank and other borrowings — due after one year	24	3,089,535	3,559,912
Lease liabilities — due after one year		311,323	468,301
Notes and bonds payables — due after one year	25	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

Unaudited Condensed Consolidated Statement of Financial Position (CONTINUED)

At 30 June 2022

	<i>NOTES</i>	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
CAPITAL AND RESERVES			
Share capital	27	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

The unaudited condensed interim consolidated financial statements on pages 31 to 97 were approved and authorised for issue by the board of directors on 30 August 2022 and are signed on its behalf by:

Zhu Gongshan
DIRECTOR

Yeung Man Chung, Charles
DIRECTOR



Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company											Non-controlling interests RMB'000	Total RMB'000		
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 (Note i)	Capital redemption reserve RMB'000	Investments revaluation reserve RMB'000	Other reserve RMB'000 (Note ii)	Capital reserve RMB'000 (Note iii)	Statutory reserve funds RMB'000 (Note iv)	Special reserves RMB'000 (Note v)	Share options reserve RMB'000	Translation reserve RMB'000			Retained earnings RMB'000	Sub-total RMB'000
At 1 January 2021 (Audited)	1,862,725	10,384,344	(236,629)	22,202	(105,147)	(907,592)	67,251	4,064,057	(1,891,265)	145,681	(43,787)	3,227,279	16,589,119	3,802,086	20,391,205
Exchange differences arising from translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	—	—	1,194	—	1,194	13,781	14,975
Fair value loss on investments in equity instruments at FVOCI	—	—	—	—	5,703	—	—	—	—	—	—	—	5,703	—	5,703
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	2,406,719	2,406,719	119,322	2,526,041
Total comprehensive income for the period	—	—	—	—	5,703	—	—	—	—	—	1,194	2,406,719	2,413,616	133,103	2,546,719
Recognition of equity settled share-based payments (note 29)	—	—	—	—	—	—	—	—	—	—	—	—	—	8,084	8,084
Exercise of share options	1,508	39,600	—	—	—	—	—	—	(21,459)	—	—	—	19,649	—	19,649
Forfeitures of share options (note 29)	—	—	—	—	—	—	—	—	(195)	—	—	46,747	46,552	(46,552)	—
Issues of new shares through placement (note 27)	328,224	3,216,595	—	—	—	—	—	—	—	—	—	—	3,544,819	—	3,544,819
Transaction costs attributable to the issue of new shares through placement	—	(53,641)	—	—	—	—	—	—	—	—	—	(53,641)	—	—	(53,641)
Issue of share through placement by a subsidiary	—	—	—	—	—	—	—	(103,344)	124,670	—	4,843	91,416	117,585	629,497	747,082
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	9,840	—	—	—	9,840	663,260	673,100
Deemed disposal of partial interest in a subsidiary through newly-increased registered capital	—	—	—	—	—	—	—	—	24,278	—	—	—	24,278	40,722	65,000
Recognition of derivative financial instruments	—	—	—	—	—	(31,632)	—	—	—	—	—	—	(31,632)	—	(31,632)
Change of shareholding of subsidiaries	—	—	—	—	—	(15,976)	—	(20,304)	—	—	—	—	(36,280)	36,280	—
Disposal of partial interest in GNE	—	—	—	—	—	—	—	(65,363)	(31,384)	—	3,139	57,282	(36,326)	162,566	126,240
Disposal of subsidiaries	—	—	—	—	—	—	—	4,906	—	—	—	—	4,906	(105,361)	(100,455)
Transfer to reserves	—	—	—	—	—	—	—	13,762	—	—	—	(13,762)	—	—	—
Acquisition of additional interest in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	(101,040)	(101,040)
Acquisition of additional interest in a subsidiary through deemed consideration received	—	—	—	—	—	—	—	—	—	—	—	—	—	(19,979)	(19,979)
Dividends paid to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,867)	(4,867)
At 30 June 2021 (Unaudited)	2,192,457	13,586,898	(236,629)	22,202	(99,444)	(955,200)	67,251	3,914,018	(1,784,165)	124,027	(34,611)	5,815,681	22,612,485	5,197,799	27,810,284

Unaudited Condensed Consolidated Statement of Changes in Equity (CONTINUED)

For the six months ended 30 June 2022

	Attributable to owners of the Company											Total RMB'000			
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 (Note i)	Capital redemption reserve RMB'000	Investments revaluation reserve RMB'000	Other reserve RMB'000 (Note ii)	Capital reserve RMB'000 (Note iii)	Statutory reserve funds RMB'000 (Note iv)	Special reserves RMB'000 (Note v)	Share options reserve RMB'000	Translation reserve RMB'000		Retained earnings RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000
At 1 January 2022 (Audited)	2,359,030	17,504,873	(236,629)	22,202	(62,135)	(955,200)	67,251	3,782,275	(2,198,821)	72,334	(36,204)	8,707,037	29,026,013	3,275,592	32,301,605
Exchange differences arising from translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	—	—	20,284	—	20,284	14,495	34,779
Fair value loss on investments in equity instruments at FVOCI	—	—	—	—	38,974	—	—	—	—	—	—	—	38,974	—	38,974
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	6,908,588	6,908,588	(220,128)	6,688,460
Total comprehensive income/(expense) for the period	—	—	—	—	38,974	—	—	—	—	—	20,284	6,908,588	6,967,846	(205,633)	6,762,213
Recognition of equity settled share-based payments (note 29)	—	—	—	—	—	—	—	—	—	55,975	—	—	55,975	8,560	64,535
Exercise of share options	429	11,689	—	—	—	—	—	—	(6,966)	—	—	—	5,152	—	5,152
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	1,113,580	1,113,580
Deemed disposal of partial interest in a subsidiary through newly-increased registered capital (note 32(i))	—	—	—	—	—	—	—	—	—	—	—	—	—	635,233	680,000
Recognition of derivative financial instruments arising from deemed disposal of partial interest of subsidiaries (note 26)	—	—	—	—	—	(3,169)	—	—	—	—	—	—	(3,169)	(9,167)	(12,336)
Acquisition of additional interest in subsidiaries (note 31)	—	—	—	—	—	—	—	(65,867)	—	—	—	—	(65,867)	61,867	(4,000)
Disposal of subsidiaries (note 32(iii))	—	—	—	—	—	—	—	(19,725)	—	—	—	19,725	—	(18,473)	(18,473)
Transfer to reserves	—	—	—	—	—	—	—	522,881	—	—	—	(522,881)	—	—	—
At 30 June 2022 (Unaudited)	2,359,459	17,516,562	(236,629)	22,202	(23,161)	(958,369)	67,251	4,285,431	(2,219,921)	121,343	(15,920)	15,112,469	36,030,717	4,861,559	40,892,276



Unaudited Condensed Consolidated Statement of Changes in Equity (CONTINUED)

For the six months ended 30 June 2022

Notes:

(i) During 2017 and 2018, the Company paid in total of RMB236,629,000 to a trustee ("Trustee") to purchase 322,998,888 shares of the Company in the market pursuant to the Share Award Scheme (the "Scheme") established on 16 January 2017 ("Adoption Date") by the board of directors of the Company (the "Directors"). As at 30 June 2022, all the shares were held by the Trustee. More details are set out in note 29(II).

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

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

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

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

(iv) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to transfer 5%–10% (2021: 5%–10%) of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the reserve funds (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

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

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	2022 RMB'000	2021 RMB'000
NET CASH FROM OPERATING ACTIVITIES	2,747,122	1,272,049
INVESTING ACTIVITIES		
Interest received	113,056	78,088
Proceeds from disposal of property, plant and equipment	123,725	127,789
Proceeds from disposal of right-of-use assets	—	32,303
Payments and deposits for construction and purchase of property, plant and equipment	(5,712,683)	(1,301,200)
Payments for right-of-use assets	(198,553)	(66,033)
Addition of other intangible assets	(20)	—
Refund of deposits for acquisition of property, plant and equipment	—	497,280
Investments in associates	(385,553)	(599,330)
Investments in joint ventures	—	(26,150)
Dividend received from associates	42,240	24,424
Dividend received from joint ventures	16,796	12,065
Proceeds from disposal of associates	471,600	500,000
Addition of other financial assets at fair value through profit or loss ("FVTPL")	(62,500)	(39,549)
Proceeds from redemption of other financial assets at FVTPL	82,080	347,570
Withdrawal of pledged and restricted bank and other deposits	3,147,035	3,942,967
Placement of pledged and restricted bank and other deposits	(1,844,634)	(3,397,085)
Advances to related companies	(28,065)	(4,809)
Repayment from related companies	—	30,464
Acquisition of additional equity interests in non-wholly owned subsidiaries	(4,000)	—
Settlement of consideration receivables from disposal of associates	10,057	3,685
Settlement of consideration receivables from disposal of subsidiaries with solar power plant projects	601	2,974,258
Proceeds from disposal of subsidiaries with solar power plant projects	243,434	2,070,013
Proceeds from disposal of subsidiaries	10,358	—
Proceeds from disposal of partial interest in GNE	—	126,240
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(3,975,026)	5,332,990



Unaudited Condensed Consolidated Statement of Cash Flows (CONTINUED)

For the six months ended 30 June 2022

	2022 RMB'000	2021 RMB'000
FINANCING ACTIVITIES		
Interest paid	(565,506)	(1,097,031)
New bank and other borrowings raised	4,615,463	5,888,083
Repayment of bank and other borrowings	(5,146,901)	(14,074,990)
Repayment of lease liabilities	(328,850)	(284,295)
Repayment of notes payables	(618,647)	(213,559)
Repayment of loans from related companies	(17,514)	(837,626)
Advances from related companies	400,570	293,327
Repayment to related companies	(68,071)	(218,112)
Contribution from non-controlling interests	1,113,580	673,100
Proceeds from deemed disposal of partial interest in a subsidiary through newly-increased registered capital	680,000	65,000
Dividends paid to non-controlling interests	(5,063)	(213,195)
Payment for acquisition of additional interest of a subsidiary	—	(232,680)
Proceeds from exercise of share options	5,152	19,649
Proceeds from issue of new shares	—	3,544,819
Proceeds from issue of new shares in GNE, net	—	747,082
Transaction costs attributable to issue of new shares	—	(53,641)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	64,213	(5,994,069)
Net (decrease)/increase in cash and cash equivalents	(1,163,691)	610,970
Cash and cash equivalents at 1 January, represents		
Bank balances and cash	6,702,316	1,709,584
Bank balances and cash classified as held for sale	23,351	48,018
	6,725,667	1,757,602
Effect of exchange rate changes on balances of bank balances and cash held in foreign currencies	87,443	(72,768)
Cash and cash equivalents at 31 December, represents		
Bank balances and cash	5,630,943	2,105,010
Bank balances and cash classified as held for sale	18,476	190,794
	5,649,419	2,295,804

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

IA. 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.

IB. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE REPORTING PERIOD

The Group made certain acquisition of additional interests and disposals of subsidiaries during the reporting period and the details are set out in note 31 and note 32 respectively.

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 set up 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 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.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

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 ²
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 these condensed interim financial statements. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, being collectively the chief operating decision maker (“CODM”), for the purposes of resources allocation and assessment of segment performance focuses on types of goods delivered or services provided, except for the business operations of GNE, which is assessed by the CODM as a separate operating segment.

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

- (a) Solar material business — mainly manufactures and sales of polysilicon and wafer products to companies operating in the solar industry.
- (b) Solar farm business — manages and operates solar farms, 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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results

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

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 customers	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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	As at 30 June 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.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (continued)

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (continued)

Disaggregation of revenue (continued)

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. Details of settlement arrangement of tariff are disclosed in note 17B.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

5. OTHER INCOME

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Government grants (Note)	38,875	40,786
Bank and other interest income	89,154	52,618
Interest arising from contracts containing significant financing component	25,700	53,052
Sales of scrap materials	334,947	212,340
Management fee income	1,455	7,802
Rental income	19,409	16,726
Forfeitures of deposits from customers	—	53
Write-back of other payables	3,257	—
Compensation income	1,231	4,023
Recovery of bad debt written off	5,424	—
Others	4,427	5,626
	523,879	393,026

Notes:

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

6. FINANCE COSTS

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on financial liabilities at amortised cost		
— bank and other borrowings	265,734	911,821
— notes payables	120,659	153,476
— loans from related companies	4,000	32,019
— lease liabilities	21,493	59,139
Total borrowing costs	411,886	1,156,455
Less: interest capitalised	—	(3,126)
	411,886	1,153,329

There is no borrowing costs capitalised for the six months ended 30 June 2022 and 2021 from the general borrowing pool.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

7. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Research and development costs	688,808	478,501
Exchange losses, net	57,801	5,071
(Gain)/loss on fair value change of convertible bonds 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 (note 26)	(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 (note 32(i))	(33,173)	—
Loss/(gain) on disposal of solar power plant projects (note 32(ii))	32,531	(247,999)
Gain on disposal of an associate (note 14)	(168,572)	(141,449)
Gain on deemed disposal of a joint venture (note 15)	(32,965)	—
Gain on early termination of a lease	(14,965)	—
	699,640	385,271

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (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

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

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

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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

8. INCOME TAX EXPENSE (continued)

Certain subsidiaries of GNE Group, being enterprises engaged in solar photovoltaic projects, under the EIT Law, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective periods in which their first operating incomes was derived. For the six months ended 30 June 2022 and 30 June 2021, certain subsidiaries of GNE Group engaged in the solar photovoltaic projects are in the 3-year 50% exemption period. Certain of such subsidiaries of the GNE Group have completed the 3-year full exemption period or 3-year 50% exemption period during the reporting period.

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

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2021: 16.5%) for the six months ended 30 June 2022, except for subsidiaries of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

Under the Hong Kong two-tiered profit tax rate regime, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for the subsidiary was calculated at the same basis in 2021.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to these unaudited condensed interim financial statements.

The Group's subsidiaries, associates and joint ventures that are tax residents in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding companies registered in Hong Kong and the British Virgin Islands, respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Net deferred tax expense of approximately RMB268,809,000 (six months ended 30 June 2021: net reversal of RMB11,327,000) in respect of withholding tax on undistributed profits has been charged to profit or loss during the reporting period.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (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

* The amounts absorbed in inventories sold, including in opening inventories approximately RMB507,669,000 (30 June 2021: approximately RMB424,891,000).

10. DIVIDENDS

The board of directors of the Company (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 GNE ("GNE Shares") 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 interim report, 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.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

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

Assets Classified as Held for Sale

Disposal of solar power plants

On 16 November 2021, the GNE Group entered into four share transfer agreements with 國家電投集團新疆能源化工額敏有限責任公司 State Power Investment Group Xinjiang Energy Chemical Emin Co., Ltd.* (“State Power Investment”), an independent third party to dispose of its 100% equity interest in four wholly-owned subsidiaries, namely 海東市源通光伏發電有限公司 Haidong Yuantong Photovoltaic Power Generation Co., Ltd.* (“Haidong Yuantong”), 互助吳陽光伏發電有限公司 Huzhu Haoyangyangfu Power Generation Co., Ltd.* (“Huzhu Haoyangyangfu”), 化隆協合太陽能發電有限公司 Hualong Xiehe Solar Power Co., Ltd.* (“Hualong Xiehe”), 青海百能光伏投資管理有限公司 Qinghai Baineng Photovoltaic Investment Management Co., Ltd.* (“Qinghai Baineng”) for consideration in aggregate of RMB22,800,000 as at the date of disposals. The GNE Group and State Power Investment mutually agreed to reduce the consideration from approximately RMB22,800,000 to RMB20,666,000 during year 2021. The subsidiaries operate solar power plant projects with in aggregate of 98.08MW in Qinghai, the PRC. As at 30 June 2022, the disposal of Haidong Yuantong, Huzhu Haoyangyangfu, Hualong Xiehe and Qinghai Baineng have not been completed and presented the relevant assets and liabilities classified as held for sale as disposal groups held for sale.

As at 30 June 2022, the assets and liabilities attributable to these solar power plant projects have been classified as a disposal group held for sale and are presented separately in the unaudited condensed interim consolidated statement of financial position.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

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

Assets Classified as Held for Sale (continued)

Disposal of solar power plants (continued)

As at 30 June 2022, the major classes of assets and liabilities of the disposal group are as follows:

	RMB'000
Property, plant and equipment	381,572
Right-of-use assets	24,722
Trade and other receivables	264,783
Bank balances and cash	18,476
Total assets classified as held for sale	689,553
Other payables	(75,069)
Bank and other borrowings – due within one year	(143,010)
Bank and other borrowings – due after one year	(311,670)
Lease liabilities	(12,591)
Total liabilities directly associated with assets classified as held for sale	(542,340)
Net assets of solar power plant projects classified as held for sale	147,213
Intragroup balances	(125,401)
Net assets of solar power plant projects	21,812



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

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

Assets Classified as Held for Sale (continued)

Disposal of solar power plants (continued)

The following is an ageing analysis of trade receivables presented based on the invoice date at 30 June 2022, which approximated the respective revenue recognition date:

	RMB'000
Unbilled (<i>note</i>)	227,357
0–90 days	2,339
91–180 days	554
	<hr/>
	230,250

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

	RMB'000
0–90 days	21,037
91–180 days	13,530
181–365 days	30,530
Over 365 days	162,260
	<hr/>
	227,357

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

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

Assets Classified as Held for Sale (continued)

Disposal of solar power plants (continued)

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

	RMB'000
Within one year	143,010
More than one year, but not exceeding two years	31,260
More than two years, but not exceeding five years	98,480
More than five years	181,930
	454,680
Less: Bank and other borrowings – due within one year	(143,010)
	311,670

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

12. 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 RMB'000 (Unaudited)	2021 RMB'000 (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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

12. EARNINGS PER SHARE (continued)

	Six months ended 30 June	
	2022 '000 (Unaudited)	2021 '000 (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 (note 29(II)) ordinary shares purchased by the Trustee from the market pursuant to the Scheme.

Diluted earnings per share for the six months ended 30 June 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 did not assume the exercise of share options granted by GNE since the exercise price is higher than the average price for both periods ended 30 June 2022 and 2021.

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

During the six months ended 30 June 2022, the GNE Group spent approximately RMB382 million (six months ended 30 June 2021: RMB4 million) on construction of solar farms and related facilities in the PRC in order to enlarge its power generation capacities. Furthermore, the Group spent approximately RMB5,806 million (six months ended 30 June 2021: RMB606 million) on improvement and construction of production facilities to enhance the wafer and polysilicon production efficiency. As at 30 June 2022, the constructions are still in progress.

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

In addition, during the reporting period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB236 million (six months ended 30 June 2021: RMB58 million) for proceeds received and receivable of approximately RMB100 million and RMBnil (six months ended 30 June 2021: RMB110 million and RMB0.6 million), respectively, resulting in a loss of approximately RMB136 million (six months ended 30 June 2021: loss of approximately RMB53 million).

Leases are negotiated and rentals are fixed for terms ranging from 1 to 50 years (31 December 2021: 1 to 34 years) for parcels of land and ranging from 1 to 10 years (31 December 2021: 1 to 10 years) for the office premises and staff quarters. Certain lease agreements entered into between the landlords and the Group include renewal options at the discretion of the respective group entities for further 5 to 11 years (31 December 2021: 5 to 15 years) from the end of the leases with fixed rental.

During the reporting period, the Group entered into several new lease agreements with lease terms ranged from 5 to 50 years. On lease commencement, the Group recognised right-of-use assets of approximately RMB56 million (six months ended 30 June 2021: RMB76 million) and lease liabilities of approximately RMB37 million (six months ended 30 June 2021: RMB10 million).

14. INTERESTS IN ASSOCIATES

Same as disclosed in the Company's 2021 annual report, there was no material change for the six months ended 30 June 2022, except for:

Following the completion of the disposal of partial equity interest in 內蒙古中環協鑫光伏材料有限公司 Inner Mongolia Zhonghuan-GCL Solar Material Co., Ltd.* ("Mongolia Zhonghuan-GCL") in February 2021, the Group entered into a new share transfer agreement with a Group's associate, 樂山市仲平多晶硅光電信息產業基金合夥企業(有限合夥) Leshan Zhongping Polysilicon Photovoltaic Information Industry Investment Fund Partnership (Limited Partnership)* ("Leshan Fund") that the Group agreed to sell 5.775% equity interest in Mongolia Zhonghuan-GCL to Leshan Fund at a consideration of RMB900 million in January 2022. The share transfer agreement further sets out that, upon the completion of the transaction, the Group's equity interest in Mongolia Zhonghuan-GCL was 6.42% which was equivalent to 12% equity interest of one of the Mongolia Zhonghuan-GCL's production lines. The relevant gain on disposal resulting from the transaction was RMB168,572,000.

* English name for identification only



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

15. INTERESTS IN JOINT VENTURES

Same as disclosed in the Company's 2021 annual report, there was no material change for the six months ended 30 June 2022, except for:

Pursuant to shareholder agreements signed by the Group and the shareholders of Jiangsu Xinhua Semiconductor Material Technology Co., Ltd.* ("Jiangsu Xinhua") (江蘇鑫華半導體材料科技有限公司) in 2021 and 2022, certain new independent third parties investors subscribed newly-increased registered capital of Jiangsu Xinhua of RMB102 million, representing 6.45% of equity interest of Jiangsu Xinhua for a consideration of RMB200 million during the period ended 30 June 2022. As a result, the Group's equity interest was diluted to 28.05% and relevant gain on deemed disposal recognised in the Group's profit or loss was RMB32,965,000.

Upon the completion of the transaction, the articles of association of Jiangsu Xinhua was revised. The relevant activities were no longer required unanimous consent of the parties sharing control and according to the revised articles of association, the Group was given the right to appoint two out of nine directors of the board of directors of Jiangsu Xinhua. The Directors considered that the Group can exercise significant influence over Jiangsu Xinhua and it is therefore reclassified as an associate from a joint venture of the Group for the period ended 30 June 2022.

* English name for identification only

16. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Current assets		
Other financial assets at FVTPL:		
Unlisted investments (Note a)	300,166	421,790
Non-current assets		
Other financial assets at FVTPL:		
Unlisted investments (Note b)	195,027	203,870
Unlisted equity investments (Note c)	159,608	92,540
	354,635	296,410
Equity instruments at FVTOCI:		
Listed equity investments (Note d)	31,017	41,683

16. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

Notes:

- (a) The unlisted investments represent the financial products issued by financial institutions and banks in Hong Kong and the PRC. The Directors consider the fair values of the unlisted investments, which are based on the prices provided by the financial institutions and banks, that is the prices they would pay to redeem the financial products at the end of the reporting period, approximate to their carrying value.
- (b) The Group invested in the form of interests as limited partners in certain private entities, which held a portfolio of unlisted investments. The primary objective of the investments is to earn income for capital gain. Pursuant to investment agreements, the beneficial interests held by the Group in these unlisted investments are in the form of participating shares or interests which primarily provide the Group with the share of returns from the unlisted investments but not any decision making power nor any voting right to involve in and control the daily operation. The unlisted investments mainly made up of private entities incorporated in the PRC and liquid financial assets (including cash and cash equivalents).
- (c) The unlisted equity investment mainly comprised investments as follows:

- (i) The amount of RMB53,394,000 (as at 31 December 2021: RMB48,826,000) mainly represents the investments in unlisted equity instruments issued by private entities established in the PRC and Hong Kong.

In 2020, the Company disposed of 80% equity interest in Funing Xinneng, Ningxia Hengyang and Baoying Xingneng, all wholly-owned subsidiaries, and retained the remaining 20% equity interest in these companies. The Group was not given the right to appoint any directors, and therefore the Directors considered that the Group was not able to exercise significant influence over these companies. Such equity investments were therefore accounted for as equity instruments at FVTPL as at 30 June 2022 and 31 December 2021.

- (ii) During the period ended 30 June 2022, the Group entered into a capital injection agreement with certain independent third parties investors, 中鋼新材料股份有限公司 Sinosteel Advanced Materials Corporation Limited* ("Sinosteel") and existing shareholders, in which the Group agreed to subscribe RMB10 million of registered capital of Sinosteel, representing 1.64% of the total registered capital of Sinosteel for a consideration of RMB62,500,000. The Group was not given the right to appoint any director, and therefore the Directors considered that the Group was not able to exercise significant influence over these companies. Such equity investments amounted to RMB62,500,000 were therefore accounted for as equity instruments at FVTPL as at 30 June 2022.

- (iii) During the year 2021, GNE Group disposed 99.635% equity interest in Jingbian County Shunfen and disposed 98.4% equity interest in Jingbian GCL, the wholly-owned subsidiaries, and retained the remaining 0.365% and 1.6% equity interest respectively in the companies. GNE Group also disposed 90% equity interest in Shenmu Jingpu Power Co., Ltd.* ("Shenmu Jingpu"), Shenmu Jingfu Solar Power Co., Ltd* ("Shenmu Jingfu"), Shenmu Ping Xi Power Co., Ltd.*, Shenmu Ping Yuan Power Co., Ltd.,* 神木縣晶登電力有限公司 Shenmu County Jingdeng Power Co., Ltd.* ("Jingdeng") and 西咸新區協鑫光伏電力有限公司 Xixian New District GCL Photovoltaic Power Co., Ltd* ("Xixian New District"). GNE Group was not given the right to appoint any director, and therefore the Directors of GNE considered that GNE Group was not able to exercise significant influence over these companies. Such equity investments amounted to RMB43,714,000 (as at 31 December 2021: RMB43,714,000) were therefore accounted for as equity instruments at FVTPL as at 30 June 2022.

- (d) In 2018, the Group subscribed for 1,822,514 units in the capital of Millennial Lithium Corp. (TSXV: ML) ("Millennial") for Canadian dollars ("CAD") 6,379,000 (equivalent to RMB31,860,000), with each unit comprising of one common share in Millennial and one half of one warrant, each warrant entitling the holder to purchase one common share in Millennial at a specific price within a specific period which expired in March 2020.

In November 2021, Millennial and a Canadian Listed Company, Lithium Americas Corp. (TSX: LAC) (NYSE: LAC) ("Lithium Americas") have entered into a definitive arrangement pursuant to which Lithium Americas has agreed to acquire all of the outstanding shares of Millennial ("ML Share") by way of a plan of arrangement, for CAD4.70 per ML Share, payable in common shares of Lithium Americas, and CAD0.001 in cash per ML Share. At the date of completion, the Group was entitled approximately 229,781 shares of Lithium Americas and received cash consideration of CAD2,000 (equivalent to approximately RMB9,000) for the reporting period.

These investments are not held for trading; instead, they are held for long-term strategic purpose. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

* English name for identification only



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

17A. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/ TRADE AND OTHER RECEIVABLES

Deposits, prepayments and other non-current assets

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Deposits for acquisitions of property, plant and equipment	2,580,321	1,916,768
Consideration receivable	58,929	58,929
Refundable value-added tax	103,639	141,625
Others	149	62,076
	2,743,038	2,179,398

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 (Note b)	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 c)	3,101,957	2,917,863
— Others	1,551,227	1,771,556
	24,447,885	18,698,060
Less: allowance for credit loss		
— Trade	(99,148)	(94,804)
— Non Trade	(1,270,523)	(1,075,893)
	23,078,214	17,527,363

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

17A. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/ TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables (continued)

Notes:

- (a) In prior periods, consultancy services fee receivables of GNE were included under "Other Receivables". From the period ended 30 June 2022 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, solar related supporting services income and bills held by the Group for future settlement) 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, solar related supporting services income 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 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (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 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

17A. DEPOSITS, PREPAYMENTS AND OTHER NON-CURRENT ASSETS/ TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables (continued)

Notes: (continued)

(a) (continued)

Note: Amount represents unbilled basic tariff receivables for solar farms operated by the GNE Group, and tariff adjustment receivables of those solar farms already registered in the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單) announced by the state-owned grid companies (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 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (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 approximately 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 approximately 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 representing 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 consideration receivables of which the Group disposed certain equity interests of the former subsidiaries and associates in prior years. The amounts are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment.

In December 2020, the Group entered into an agreement with an independent third party to dispose of its entire 5.97% equity interest in a former associate, 芯鑫融資租賃有限公司 Xinxin Finance Leasing Company Limited* at a consideration of approximately RMB727,879,000 and the amount was payable at the date of completion in 2020, of which RMB336,673,000 was received from the buyer before the date of completion of transaction and the remaining of approximately of RMB391,206,000 was recorded as consideration receivable thereafter.

For the period ended 30 June 2022, the Group received approximately RMB10,057,000. The Directors considered the consideration receivables from the disposal of a former associate with a gross carrying amount of RMB381,149,000 as at 30 June 2022 were credit-impaired because there were defaults of payments from the counterparty. Such consideration receivables were assessed for ECL individually. An impairment loss of approximately RMB141,152,000 was further recognised for the period ended 30 June 2022.

(c) The amount mainly represents amounts due from former subsidiaries of which the GNE 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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

17B. CONTRACT ASSETS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Arising from sales of electricity	48,174	41,179
Less: Allowance for expected credit loss	(310)	(238)
	47,864	40,941

The contract assets primarily relate to the portion of tariff adjustments for the electricity sold to the grid companies in the PRC in which the relevant on-grid solar power plants are still pending registration to the List at the end of the reporting period. Tariff adjustment is recognised as revenue upon electricity is generated as disclosed in note 4. Pursuant to the 2020 Measures, for those on-grid solar power plants yet to be registered on the List, they are required to meet the relevant requirements and conditions for tariff subsidy as stipulated and to complete the submission and application on the Platform. Local grid companies will observe the principles set out in the 2020 Measures to determine eligibility and regularly announce the on-grid solar power plants that are enlisted in the List. The contract assets are transferred to trade receivables when the GNE Group's respective on-grid solar power plants are enlisted in the List. The GNE Group considers the settlement terms contain a significant financing component, and has adjusted the respective tariff adjustment for the financing component based on the estimated timing of collection. Accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties. The revenue of the GNE Group was adjusted by approximately RMB28 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB18 million) for this financing component and in relation to the revision of the expected timing of receipt of the tariff adjustment in the contract assets.

Contract assets are reclassified to trade receivables at the point the respective on-grid solar power plant projects are enlisted on the List. The balances as at 30 June 2022 and 31 December 2021 are classified as non-current as they are expected to be received after twelve months from the reporting date.

18. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL (“ECL”), NET OF REVERSAL

The basis of determining the inputs and assumptions and the estimation techniques used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2022 for assessment of ECL are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021.

	Note	2022 RMB'000	2021 RMB'000
Impairment losses recognised (reversed), net in respect of			
— trade receivables — goods and services		15,628	(29,967)
— other receivables	17A	194,630	—
— contract assets		72	—
		210,330	(29,967)

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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

19. AMOUNTS DUE FROM RELATED COMPANIES

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Amounts due from related companies		
— Trade related (Note a)	342,765	333,273
— Non-trade related (Note b)	8,382	6,977
	351,147	340,250
Amounts due from associates		
— Trade related (Note a)	96,910	59,787
— Non-trade related (Note c)	815,258	358,792
	912,168	418,579
Amounts due from joint ventures		
— Trade related (Note a)	2	3
— Non-trade related (Note b)	—	—
	2	3
Amounts due from other related parties		
— Trade related (Note a)	51,320	126,687
— Non-trade related (Note d)	20,000	20,000
	71,320	146,687
	1,334,637	905,519
Less: allowance for credit losses	(311,420)	(305,751)
	1,023,217	599,768
Analysed for reporting purposes as:		
— Current assets	985,774	575,287
— Non-current assets	37,443	24,481
	1,023,217	599,768
Analysed for reporting purposes as:		
— Trade related	179,577	213,999
— Non-trade related	843,640	385,769
	1,023,217	599,768

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

19. AMOUNTS DUE FROM RELATED COMPANIES (continued)

Notes:

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

	As at 30 June 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

- (b) The amounts are unsecured, non-interest bearing and with no fixed repayment term.
- (c) As at 30 June 2022, the amounts are unsecured, non-interest-bearing and with no fixed term of repayment, except for an amount of approximately RMB37,443,000 which, in the opinion of the directors of the Group, is expected to be received after twelve months from the end of the reporting period and was classified as non-current assets.
- (d) The other related parties represent the non-controlling interest shareholders of subsidiaries of the Group. The amounts are unsecured, non-interest-bearing and repayable on demand.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

20. AMOUNTS DUE TO RELATED COMPANIES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Amounts due to related companies		
— Trade related (Note a)	9,426	6,816
— Non-trade related (Note b)	35,827	35,182
	45,253	41,998
Amounts due to associates		
— Trade related (Note a)	185,249	215,823
— Non-trade related (Note b)	2,739,438	2,339,172
	2,924,687	2,554,995
Amount due to a joint venture		
— Trade related (Note a)	—	24,772
— Non-trade related (Note b)	—	—
	—	24,772
Amount due to other related parties		
— Trade related (Note a)	26,864	7,465
— Non-trade related (Note c)	48,267	114,789
	75,131	122,254
	3,045,071	2,744,019
Analysed for reporting purposes as:		
— Trade related (Note a)	221,539	254,876
— Non-trade related (Note c)	2,823,532	2,489,143
	3,045,071	2,744,019

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

20. AMOUNTS DUE TO RELATED COMPANIES (continued)

Notes:

- (a) The amounts 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, associates and a joint venture (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

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

- (c) The other related parties represent the non-controlling interest shareholders of subsidiaries of the Company. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

21. LOAN FROM RELATED COMPANIES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Loans from		
— Companies controlled by Mr. Zhu Gongshan and his family (Note a)	14,811	32,325
Analysed for reporting purposes as:		
— Current liabilities	—	32,325
— Non-current liabilities	14,811	—
	14,811	32,325



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

21. LOAN FROM RELATED COMPANIES (continued)

Note:

- (a) As at 30 June 2022, loan from 協鑫光伏系統有限公司 GCL Solar System Limited (“GCL Solar System”) is unsecured, interest-free and repayable after twelve months (31 December 2021: loans from 南京鑫能陽光產業投資基金企業(有限合夥) Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)*, 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited*, GCL Solar System in total amounted to RMB32,325,000. These loans were unsecured, interest-bearing ranging from 8% to 12% per annum).

* English names for identification purpose only

22. INVENTORIES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Raw materials	641,083	418,284
Work in progress	196,918	168,172
Semi-finished goods (Note)	108,993	282,355
Finished goods	157,059	81,030
Solar modules	—	734
	1,104,053	950,575

Note: Semi-finished goods mainly represented polysilicon.

During the six months ended 30 June 2022, cost of inventories of approximately RMB7,638,853,000 (six months ended 30 June 2021: RMB4,460,266,000) recognised as cost of sales including reversal of write-down of inventories of approximately RMB3,854,000 from which the cost of certain inventories were higher than their net realisable values (six months ended 30 June 2021: reversal of write-down of inventories of approximately RMB9,334,000).

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

23. TRADE AND OTHER PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables (Note a)	8,395,415	8,201,524
Construction payables (Note a)	5,235,850	3,042,857
Payables to vendors of solar power plants	24,586	32,011
Other payables	816,418	903,259
Convertible bonds to a non-controlling shareholders of a subsidiary (Note b)	76,469	84,180
Salaries and bonus payable	454,605	532,808
Dividend payables to non-controlling shareholders of subsidiaries	26,658	31,721
Other tax payables	350,963	289,815
Interest payables	186,156	236,044
Advance from engineering, procurement and construction ("EPC") contractors (Note c)	86,920	37,400
Accruals	418,429	461,461
	16,072,469	13,853,080

Notes:

(a) Included in the trade payables and construction payables are (i) RMB1,161,294,000 (31 December 2021: RMB2,262,548,000) and RMB585,346,000 (31 December 2021: RMB217,394,000), respectively, in which the Group issued bills to relevant creditors for settlement and remained outstanding at the end of the reporting period, and (ii) endorsed bills received with recourse with an aggregate amount of approximately RMB9,460,294,000 (31 December 2021: RMB6,691,685,000). All these bills are with a maturity period of less than one year.

(b) In September 2020, the Group entered into an investment agreement with a non-controlling shareholder, pursuant that (i) the Group agreed to allot and the non-controlling shareholder agreed to subscribe RMB92,000 new registered capital of Kunshan GCL Optoelectronic Material Co., Ltd* 昆山協鑫光電材料有限公司 ("Kunshan GCL") at a consideration of RMB1 million, representing 0.15% of the registered capital of Kunshan GCL; and (ii) the non-controlling shareholder agreed to subscribe a convertible bonds with principal amount of RMB49 million being issued by Kunshan GCL.

Pursuant to the investment agreement in relation to the convertible bonds, the non-controlling shareholder were given the right, under certain condition, to request Kunshan GCL to convert the loan to equity interest of Kunshan GCL at the date of conversion by reference to the amount of the accrued interest plus the business valuation at the date of the investment agreement and the business valuation of subsequent new capital injection into Kunshan GCL.

During the reporting period, the Group remeasure the fair value and a gain on fair value change of the convertible bonds payable of approximately RMB7,711,000 (six months ended 30 June 2021: loss of approximately RMB3,712,000).

(c) The advance represents the amounts received from EPC contractors for modules procurement, in which the modules will be used in the construction of GNE Group's solar power plants.

* English name for identification only



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

23. TRADE AND OTHER PAYABLES (continued)

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

24. BANK AND OTHER BORROWINGS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Secured	6,635,623	7,828,060
Unsecured	698,841	754,816
	7,334,464	8,582,876

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

24. BANK AND OTHER BORROWINGS (continued)

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Bank loans	5,563,535	6,113,548
Other loans	1,770,929	2,469,328
	7,334,464	8,582,876
Representing:		
Secured	6,635,623	7,828,060
Unsecured	698,841	754,816
	7,334,464	8,582,876
The carrying amount of above borrowings that are payable on demand due to inability to respect loan covenants (shown under current liabilities)	—	213,125
The carrying amount of remaining bank loans and other loans	7,334,464	8,369,751
	7,334,464	8,582,876
Less: amounts due within one year or repayable on demand due to inability to respect loan covenants (shown under current liabilities)	(4,244,929)	(5,022,964)
Amounts due after one year	3,089,535	3,559,912



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

24. BANK AND OTHER BORROWINGS (continued)

Included in other loans is RMB1,480 million (31 December 2021: RMB5,969 million) representing finance lease arrangements with financial institutions for leases on assets with lease terms ranging from 1 year to 12 years (31 December 2021: 1 year to 12 years), with legal title of the respective equipment transferred to the financial institutions. The Group continues to operate and manage the relevant equipment during the lease term without any involvement by the financial institutions, and the Group is entitled to purchase back the equipment at a minimal consideration upon maturity of the respective leases, except for one of the financing arrangements with a financial institution which provided the Group with an early buyout option to purchase back the relevant equipment at a pre-determined price at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value at the end of the lease period. Despite the arrangement involves a legal form of a lease, while it does not constitute a sale and leaseback transaction. The Group therefore accounts for the arrangement as a collateralised borrowing at amortised cost using the effective interest method under IFRS 9/IAS 39 in prior years before application of IFRS 16, in accordance with the substance of the arrangement.

During the reporting period, the Group discounted bills arising from future settlement of trade receivables with recourse in aggregated amount of approximately RMB1,568,048,000 (31 December 2021: RMB1,361,114,000) to banks for short-term financing. At 30 June 2022, the associated borrowings amounted to approximately RMB1,553,974,000 (31 December 2021: RMB651,321,000).

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

As at 30 June 2022, the GNE Group's involvement in certain litigation cases relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain other borrowings. Accordingly, no other borrowings of the GNE Group (31 December 2021: bank and other borrowings of the GNE Group amounting to RMB89 million) is reclassified from non-current liabilities to current liabilities as at 30 June 2022. The management of the GNE Group considers that the claims arising from the litigation will not have material impact to the GNE Group as majority of the claims have been provided and included in payables for purchase of plant and machinery and construction costs as at 30 June 2022 and 31 December 2021.

The bank and other borrowings carry effective interest rates ranging from 1.2% to 10.8% (31 December 2021: 1.2% to 18%) per annum.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

25. NOTES PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Senior notes	2,516,797	3,115,367
Analysed as:		
— Current	865,233	467,305
— Non-current	1,651,564	2,648,062
	2,516,797	3,115,367

On 23 January 2018, the GNE Group issued senior notes of US\$500 million (equivalent to RMB3,167 million) (the “2018 Senior Notes”), which bore interest at 7.1% and matured on 30 January 2021. During the year 2021, the restructuring of the 2018 Senior Notes (the “Restructuring”) was implemented and completed under the Bermuda Scheme (i.e. the scheme of arrangement under Part VII of the Bermuda Companies Act 1981). On 16 June 2021, the Restructuring has become effective, i.e., the 2018 Senior Notes was replaced by the New Senior Notes (defined below) was issued. Under the restructuring support agreement (“RSA”), 5% of the original principal amount of US\$25 million (the “Upfront Consideration”) was repaid to the holders of the 2018 Senior Notes. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration was settled through issuance of new senior note (the “New Senior Notes”).

The principal amount of the New Senior Notes amounted to US\$511,638,814, which the GNE Group completed the redemption of New Senior Notes of approximately US\$76.9 million (equivalent to approximately RMB490 million) and the repurchase of approximately US\$45.1 million (equivalent to approximately RMB285 million) on 25 January 2022 and 18 March 2022 respectively. Principal amount of approximately US\$134 million (equivalent to approximately RMB865 million) will be payable on 30 January 2023 and the remaining balance will be matured on 30 January 2024, bearing interest at 10% per annum.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Put options over equity interests in the following Group’s subsidiary and associates		
— Jiangsu Xinhua ¹	15,520	17,247
— Kunshan GCL ²	25,521	18,023
— Mongolia Zhonghuan GCL ³	79,450	77,489
	120,491	112,759



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

26. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes:

- (1) In April 2016, the Group entered into the Investment Agreement with a shareholder of an associate, Jiangsu Xinhua, pursuant to which the shareholder of Jiangsu Xinhua was given a right to request the Group to repurchase its equity interest in Jiangsu Xinhua at a premium under the following circumstances:
- (a) If Jiangsu Xinhua failed to complete a qualified initial public offering (“IPO”) at a mutually-agreed stock exchange within a specified time frame;
 - (b) If Jiangsu Xinhua met the listing requirements of the specified stock exchanges but fails to complete a qualified IPO due to external factors such as a change in government policy or other factors out of Jiangsu Xinhua’s control;
 - (c) If Jiangsu Xinhua failed to produce polysilicon to the level of quality and specification stipulated under the Investment Agreement within a specified time frame; or
 - (d) If there was a significant breach by the Group on the relevant terms of the Investment Agreement or actions brought by the Group resulting in a significant adverse impact to the joint venture and the Group fails to remediate such breach within the period required by the JV Partner.

In December 2020, the Group entered into a supplementary agreement with the shareholder of Jiangsu Xinhua to replace the circumstance (c) by the following circumstance:

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

The Group recognised the put option of interests in Jiangsu Xinhua as a derivative financial instrument and initially recognised the put option at fair value with its subsequent changes in fair value recognised in profit or loss. During the reporting period, the Group remeasured the fair value and a gain on fair value change of the derivative financial instrument of approximately RMB1,727,000 (period ended 30 June 2021: a loss of RMB3,324,000) was recognised in profit or loss.

- (2) In 2020, the Group entered into the Investment Agreement with the new investors (“2020 new investors”) pursuant to which the 2020 new investors are given rights to request the Group to repurchase their equity interest in Kunshan GCL Optoelectronic Material Co., Ltd (昆山協鑫光電材料有限公司) (“Kunshan GCL”) at a premium under the following circumstances:
- If Kunshan GCL failed to complete a qualified initial public offering (“IPO”) at a mutually agreed stock exchange within a specified time frame;
 - If Kunshan GCL met the listing requirements of the specified stock exchanges but fails to complete a qualified IPO due to external factors such as a change in government policy or other factors out of Kunshan GCL’s control;
 - If Kunshan GCL failed to produce perovskite to the level of quality and specification stipulated under the Investment Agreement within a specified time frame; or
 - If there was a significant breach by the Group on the relevant terms of the Investment Agreement or actions brought by the Group resulting in significant adverse impact to Kunshan GCL and the Group fails to remediate such breach within the period required by the new investors.

26. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(2) (continued)

On 18 March 2022, the Group entered into a shareholder agreement with a new investor ("2022 new investor") and the non-controlling interests of Kunshan GCL, in which the Group agreed to subscribe RMB6.6 million (note 31 (ii)) newly registered Capital and 2022 new investor agreed to subscribe RMB4.4 million newly registered capital of Kunshan GCL respectively with a cash consideration of RMB150 million and RMB100 million, representing 8.96% and 5.97% of total registered capital of Kunshan GCL respectively.

Pursuant to the shareholder agreement which the 2022 new investor was given the right to request the Group to repurchase their equity interest in Kunshan GCL at a premium under following circumstances:

- a) If Kunshan GCL failed to complete a qualified initial public offering ("IPO") at a mutually agreed stock exchange within a specified time frame;
- b) If there was a significant breach by the Group on the relevant terms of the Shareholder Agreement or actions brought by the Group resulting in significant adverse impact to Kunshan GCL and the Group fails to remediate such breach within the period required by the investors;
- c) If Kunshan GCL failed to meet operation target as set out in the previous agreement signed with the shareholders of Kunshan GCL within a specified time frame.

The Group recognized the put option of interest in Kunshan GCL as derivative financial instruments and initially recognized the put option at fair value in other reserve in the consolidated statement of change of equity. The put option was designated at FVTPL with subsequent changes in fair value being recognized in the profit and loss. During the period ended 30 June 2022, the Group recognised the put option granted to the 2022 new investor with approximately RMB12,336,000 in other reserve in the consolidated statement of change of equity, and the Group remeasured the fair value and a gain on fair value change of the derivative financial instrument of approximately RMB4,838,000 (period ended 30 June 2021: a loss of RMB8,628,000) was recognised in profit or loss.

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

- If Inner Mongolia Zhonghuan failed to be involved in merge and acquisition with an independent third parties given that Mongolia Zhonghuan GCL has completely executed the given clause under the agreement entered between Leshan Fund and the Group at the share transfer date.

The Group recognized the put option of interest in Mongolia Zhonghuan as derivative financial instruments and initially recognized the put option at fair value in the profit or loss. The put option was designated at FVTPL with subsequent changes in fair value being recognized in the profit and loss. During the period ended 30 June 2022, the Group remeasured the fair value and a loss on fair value change of derivative financial instrument of approximately RMB1,961,000 (period ended 30 June 2021: a gain of RMB100,836,000) was recognised in profit or loss.

* English name for identification purpose only

Details of the inputs and assumption adopted in the valuation are described in note 33.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

27. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised		
At 1 January 2021 (Audited), 30 June 2021 (Unaudited), 1 January 2022 (Audited) and 30 June 2022 (Unaudited)	30,000,000	3,000,000
Issued and fully paid		
At 1 January 2021 (Audited)	21,144,438	2,114,444
Exercise of share options (Note a)	17,984	1,798
Issue of shares on placement (Note b)	3,900,000	390,000
At 30 June 2021 (Unaudited)	25,062,422	2,506,242
At 1 January 2022 (Audited)	27,099,010	2,709,901
Exercise of share options (Note a)	5,061	506
At 30 June 2022 (Unaudited)	27,104,071	2,710,407
	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Shown in the financial statements	2,359,459	2,359,030

Notes:

- (a) During the period ended 30 June 2022, share option holders exercised their rights to subscribe for 342,374, 4,113,962 and 604,302 (For the year ended 31 December 2021: 5,465,902 and 12,518,339) ordinary shares in the Company at HK\$1.63, HK\$1.16 and HK\$1.324 (2021: HK\$1.63 and HK\$1.16) per share, respectively, with the net proceeds of approximately RMB5,152,000 (2021: RMB19,657,000).
- (b) On 21 January 2021, a placement of 3,900,000,000 new shares of the Company at a price of HK\$1.08 per share with net proceeds of approximately HK\$4,148,263,000 (equivalent to approximately RMB3,491,178,000) was completed.

All shares issued during the year ended 31 December 2021 and the reporting period rank pari passu in all respects with the then existing shares of the Company.

28. PLEDGE OF OR RESTRICTIONS ON ASSETS**Pledge of assets**

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Bank and other borrowings secured by:		
Pledged and restricted bank and other deposits	554,033	717,480
Right-of-use assets	228,636	562,908
Investment properties	331,413	56,494
Property, plant and equipment	5,547,665	7,604,712
Trade receivables and contract assets	3,209,954	2,485,850
	9,871,701	11,427,444
Lease liabilities secured by:		
Pledged and restricted bank and other deposits	–	113,400
Total	9,871,701	11,540,844

Certain subsidiaries pledged their fee collection rights in relation to the sales of electricity. As at 30 June 2022, trade receivables and contract assets in respect of such fee collection rights pledged amounted to approximately RMB1,662,879,000 (31 December 2021: RMB1,842,685,000).

As at 30 June 2022, the Group pledged property, plant and equipment and right-of-use assets of approximately RMB61,304,000 (31 December 2021: RMB65,421,000) and RMB123,813,000 (31 December 2021: RMB125,538,000), respectively, to secure bank and other borrowings of an associate and a joint venture of the Group.

In addition to the pledged assets above, there are property, plant and equipment of approximately RMB45,927,000 (31 December 2021: RMB47,514,000), right-of-use assets of RMB10,670,000 (31 December 2021: RMB10,830,000), restricted bank deposits of approximately RMB1,373,409,000 (31 December 2021: RMB2,398,882,000) and trade receivables of approximately RMB615,395,000 (31 December 2021: RMB752,791,000) which have been restricted to secure issuance of bills and short-term letters of credit for trade and other payables.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

28. PLEDGE OF OR RESTRICTIONS ON ASSETS (continued)

Restriction on assets

In addition, lease liabilities of approximately RMB417,828,000 (31 December 2021: RMB785,120,000) are recognised with related right-of-use assets of approximately RMB1,425,200,000 (31 December 2021: RMB1,353,734,000) as at 30 June 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

29. SHARE-BASED PAYMENT TRANSACTIONS

There is no material change relating to the share-based payment transactions for the six months ended 30 June 2022, except for the following:

(I) Equity-settled share option scheme

(i) Share option scheme of the Company

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

30 June 2022

	Exercise price	Date of grant	Exercise period	Number of share options				Outstanding at 30 June 2022
				Outstanding at 1 January 2022				
				Exercised	Forfeited	Expired		
Directors	HK\$1.16	19.2.2016	15.3.2016 to 18.2.2026	4,230,113	—	—	—	4,230,113
	HK\$1.324	29.3.2016	18.4.2016 to 28.3.2026	7,944,454	(250,000)	—	—	7,694,454
Employees and others	HK\$1.63	05.07.2013	16.09.2013 to 04.07.2023	5,025,330	(342,374)	—	—	4,682,956
	HK\$2.867	24.03.2014	26.05.2014 to 23.03.2024	2,618,642	—	—	—	2,618,642
	HK\$1.16	19.02.2016	15.03.2016 to 18.02.2026	31,279,239	(4,113,962)	—	—	27,165,277
	HK\$1.324	29.03.2016	18.04.2016 to 28.03.2026	4,028,680	(354,302)	—	—	3,674,378
				55,126,458	(5,060,638)	—	—	50,065,820

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)

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

(i) Share option scheme of the Company (continued)

30 June 2021

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

(ii) Share option scheme of GNE

30 June 2022

	Exercise price	Date of grant	Exercise period	Number of share options			
				Outstanding at 1 January 2022	Granted during the period	Forfeited during the period	Outstanding at 30 June 2022
Directors	HK\$0.606	24.07.2015	24.07.2015–23.07.2025	8,052,800	—	—	8,052,800
	HK\$0.357	3.11.2021	3.11.2021–2.11.2031	60,500,000	—	—	60,500,000
Employees and others providing similar services	HK\$1.1798	23.10.2014	24.11.2014–22.10.2024	52,343,200	—	—	52,343,200
	HK\$0.606	24.07.2015	24.07.2015–23.07.2025	73,511,998	—	—	73,511,998
	HK\$0.384	26.02.2021	26.02.2021–25.02.2031	350,913,750	—	(24,660,000)	326,253,750
				545,321,748	—	(24,660,000)	520,661,748



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)

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

(ii) Share option scheme of GNE

30 June 2021

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

During the six months ended 30 June 2022, share-based payment expenses of RMB64,535,000 (six months ended 30 June 2021: RMB8,084,000) have been recognised in profit or loss in respect of equity-settled share option scheme. In addition, certain share options granted have been forfeited after the vesting period, however no respective share options (six months ended 30 June 2021: RMB46,552,000) are transferred to the Group's accumulated profits from share options reserve and non-controlling interests for the period ended 30 June 2022.

(II) Equity-settled share award scheme

Share award scheme

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

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)**(II) Equity-settled share award scheme (continued)****Share award scheme (continued)**

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

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

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

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

On 16 February 2022, the Board has resolved to award an aggregate of 214,300,000 Award Shares (the "2022 Award Shares") at a grant price of HK\$0.86 per 2022 Award Share to 152 Eligible Persons pursuant to the terms and conditions of the Scheme.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)

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

Share award scheme (continued)

The 2022 Award Shares represent approximately 0.791% of the Company's total number of issued shares as at 30 June 2022.

The Eligible Persons of the 2022 Award Shares mainly comprises backbone personnel of the Group who are responsible for research and development, technology and production of polysilicon and granular silicon, including 9,390,000 shares granted to a director of the Company, Mr. Lan Tianshi.

Subject to the satisfaction of the vesting conditions of the 2022 Award Shares, the Company shall transfer the 2022 Award Shares to the Eligible Persons upon expiry of each of the year from 2023 to 2027.

No 2022 Award Shares were neither vested nor exercised during the six months ended 30 June 2022.

30. COMMITMENTS AND CONTINGENT LIABILITIES

(i) Commitments

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Capital commitments		
Capital expenditure in respect of acquisitions of property, plant and equipment contracted for but not provided	7,948,096	8,846,821
Other commitments		
Commitment to contribute share capital to investments in joint ventures, associates and/or other investments contracted for but not provided	160,000	900,000
Commitment to contribute share capital to financial assets at FVTPL contracted for but not provided	—	60,000
	8,108,096	9,806,821

(ii) Financial guarantees provided to third parties

The Group provided financial guarantees to certain disposed subsidiaries during transitional period for their bank and other borrowings amounting to RMB548 million (31 December 2021: RMB477 million).

31. ACQUISITION OF ADDITIONAL INTEREST IN SUBSIDIARIES

- (i) On 15th December 2021, the Group entered into a share transfer agreement with a non-controlling interest of a subsidiary in which the Group agreed to acquire and the non-controlling interest agreed to dispose 8% of equity interest of a subsidiary for a consideration of RMB4 million. Immediately prior the purchase, the carrying amount of the existing 8% non-controlling interest in the subsidiary was RMB3,196,000. The Group recognized a decrease in non-controlling interest of RMB3,196,000 and a decrease in equity attributable to owners of the Company of RMB804,000.

After completion of the transaction, the Group's equity interest on the subsidiary increased from 92% to 100% as at 30 June 2022.

- (ii) On 18 March 2022, the Group entered into a shareholder agreement with certain non-controlling interests and a new investor of Kunshan GCL, in which the Group and a new investor agreed to subscribe RMB6.6 million and RMB4.4 million of the newly registered capital, representing 8.96% and 5.97% of total registered capital of Kunshan GCL at the completion date for a consideration of RMB150 million and RMB100 million respectively.

Regarding to the Group's subscription to the newly registered capital, immediately prior to the subscription, the carrying amount of the existing 8.96% non-controlling interest in Kunshan GCL was RMB65 million. The Group recognized an increase in non-controlling interest of RMB65 million and a decrease in equity attributable to owners of the Company of RMB65 million.

Regarding to the new investor's subscription of the newly registered capital, please see note 32(i)(b) for further information.

After completion of the said transactions, the Group's equity interest increased from 50.03% to 51.52% as at 30 June 2022.

32. DISPOSAL OF SUBSIDIARIES

(i) Disposal of subsidiaries by the Group

(a) Disposal of 100% equity interest in a subsidiary

For the period ended 30 June 2022, the Group completed a transaction with an independent third party pursuant to which the Group transferred 100% equity interest of a subsidiary, GCL-CIRO Holdings, LLC ("GCL CIRO") for a consideration of US\$14,087,000 (equivalent to approximately RMB94,542,000). Approximately US\$9,135,000 (equivalent to approximately RMB61,307,000) will be received by a local developer from the seller to re-initiate the solar plant facility and the remaining of US\$4,952,000 (equivalent to approximately RMB33,173,000) will be received by the Group.

As the major asset of GCL CIRO, such as property, plant and equipment and inventories were fully impaired in prior years due to the highly uncertainty at its operation domicile, the Directors considered that GCL-CIRO has net asset value with minimal amount as at the completion date. Hence, the Group recognized the difference between the consideration to be received and the net asset value of GCL CIRO as at the completion date as gain on disposal of RMB33,173,000 in the statement of profit or loss.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

32. DISPOSAL OF SUBSIDIARIES (continued)

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

(b) Deemed disposal of partial interest in Kunshan GCL through newly-increased registered capital

On 18 March 2022, the Group entered into a shareholder agreement with certain non-controlling interest and a new investor of Kunshan GCL, in which the Group agreed to subscribe RMB6.6 million (note 31(ii)) and a new investor agreed to subscribe RMB4.4 million newly registered capital of Kunshan GCL respectively with a cash consideration of RMB150 million and RMB100 million, representing 8.96% and 5.97% of total registered capital of Kunshan GCL respectively.

Pursuant to the shareholder agreement which the new investor was given the right to request the Group to repurchase their equity interest in Kunshan GCL at a premium under certain circumstances, the Group recognised such right as put options under derivative financial instrument. Please see note 26 for further information.

Regarding to the new investor's subscription to the newly-increased registered capital, the difference between the consideration of subscriptions and the net assets shared by non-controlling interest amounting to RMB44 million has been recognized in special reserve in consolidated statement of changes in equity.

Regarding to the Group's subscription of the newly registered capital, please see note 31(ii) for further information.

After completion of the said transactions, the Group's equity interest increased from 50.03% to 51.52% as at 30 June 2022.

(c) Deemed disposal of partial interest in Inner Mongolia Xin Yuan through newly-increased registered capital

For the period ended 30 June 2022, the Group entered into a capital injection agreement with certain non-controlling interest and a new investor of a subsidiary, Inner Mongolia Xin Yuan Silicon Material Technology Co., Ltd. 蒙古鑫元硅材料科技有限公司* ("Inner Mongolia Xin Yuan"), in which the new investor subscribed RMB580 million newly-increased registered capital of Inner Mongolia Xin Yuan with a cash consideration of RMB580 million.

The Directors considers that the difference between the consideration of subscriptions and the net assets shared by non-controlling interest was individually immaterial.

After completion of the transaction, the Group's equity interest in Inner Mongolia Xin Yuan decreased from 68% to 57.54% as at 30 June 2022.

32. DISPOSAL OF SUBSIDIARIES (continued)**(ii) Disposal of subsidiaries by GNE Group****(a) Ningxia Xinken**

On 25 January 2022, the GNE Group entered into a share transfer agreement with 湖南新華水利電力有限公司 Hunan Xinhua Water Conservancy and Electric Power Co., Ltd* (“Hunan Xinhua”) to dispose of its 100% equity interest in a wholly-owned subsidiary, namely 寧夏鑫壘簡泉光伏電力有限公司 Ningxia Xinken Jianquan Photovoltaic Power Company Limited* (“Ningxia Xinken”), at a consideration of approximately RMB8,800,000 of interest in shareholder’s loan as at the date of completion of disposals. Ningxia Xinken operates a solar power plant project with a capacity of 30MW in Ningxia, the PRC. The disposal was completed during the reporting period.

(b) Zhejiang Shuqimeng

On 25 April 2022, the GNE Group entered into a share transfer agreement with 杭州興光新能源有限公司 Hangzhou Xingguang New Energy Co., Ltd. (“Hangzhou Xingguang”) to dispose of its 100% equity interest in a wholly-owned subsidiary, namely 浙江舒奇蒙電力科技有限公司 Zhejiang Shuqimeng Power Technology Co., Ltd.* (“Zhejiang Shuqimeng”), at a consideration of RMB23,800,000 of interest in shareholder’s loan as at the date of completion of disposals. The GNE Group and Hunan Xinhua agreed to reduce the consideration from approximately RMB23,800,000 to RMB22,590,000. Zhejiang Shuqimeng operates a solar power plant project with a capacity of 21MW in Zhejiang, the PRC. The disposal was completed during the reporting period.

(c) Six subsidiaries in Jiangsu

On 16 March 2022, the GNE Group entered into six share transfer agreements with 江蘇和盛新能源有限公司 Jiangsu Hesheng New Energy Co., Ltd.* (“Jiangsu Hesheng”) to dispose of its 100% equity interest in five wholly-owned subsidiaries, namely 高郵協鑫光伏電力有限公司 Gaoyou GCL Photovoltaic Power Co., Ltd.*, 南通海德新能源有限公司 Nantong Haide New Energy Co., Ltd.*, 邳州協鑫光伏電力有限公司 Pizhou GCL Photovoltaic Power Co., Ltd.*, 宿遷綠能電力有限公司 Suqian Green Energy Power Co., Ltd.* and 蘇州工業園區鼎裕太陽能電力有限公司 Suzhou Industrial Park Dingyu Solar Power Co., Ltd.* and its 60% equity interest in 江蘇協鑫海濱新能源科技發展有限公司 Jiangsu GCL Haibin New Energy Technology Development Co., Ltd.*, at an aggregate consideration of approximate RMB90,380,000 of interest in shareholder’s loan as at the date of completion of disposals. The Group and Jiangsu Hesheng agreed to reduce the consideration from approximately RMB90,380,000 to RMB89,204,000. The subsidiaries operate solar power plant projects with an aggregate capacity of 85MW in Jiangsu, the PRC. The disposals were completed during the reporting period.

(d) Ningxia Shengjing

On 21 March 2022, the GNE Group entered into a share transfer agreement with Hunan Xinhua to dispose its 100% equity interest in 寧夏盛景太陽能科技有限公司 Ningxia Shengjing Solar Power Technology Company Limited* (“Ningxia Shengjing”), at a consideration of approximately RMB153,913,000 of interest in shareholder’s loan as at the date of completion of disposals. The GNE Group and Hunan Xinhua agreed to reduce the consideration from approximately RMB153,913,000 to RMB135,052,000. Ningxia Shengjing operates a solar power plant project with a capacity of 30MW in Ningxia, the PRC. The disposal was completed during the reporting period.

* English name for identification purpose only



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

32. DISPOSAL OF SUBSIDIARIES (continued)

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

	Ningxia Xinken RMB'000 (Note a)	Zhejiang Shuqimeng RMB'000 (Note b)	Six subsidiaries in Jiangsu RMB'000 (Note c)	Ningxia Shengjing RMB'000 (Note d)	Total RMB'000
Consideration:					
Consideration received	8,800	22,590	89,204	135,052	255,646
Analysis of assets and liabilities over which control was lost:					
Property, plant and equipment	176,087	109,878	453,544	167,663	907,172
Right-of-use assets	9,122	—	19,237	—	28,359
Other non-current assets	17,308	1,687	22,049	6	41,050
Deferred tax assets	1,345	9	2,114	—	3,468
Trade and other receivables	53,398	12,128	172,938	94,876	333,340
Bank balances and cash	28	1,610	8,987	1,587	12,212
Other payables	(230,871)	(84,850)	(548,992)	(30,024)	(894,737)
Bank and other borrowings	—	—	—	(98,000)	(98,000)
Lease liabilities	(1,840)	—	(20,358)	—	(22,198)
Deferred tax liabilities	—	—	—	(145)	(145)
Intragroup payables	—	—	(3,871)	—	(3,871)
Net assets disposed of	24,577	40,462	105,648	135,963	306,650
Gain on disposal of subsidiaries:					
Total consideration, net of transaction cost	8,800	22,590	89,204	135,052	255,646
Non-controlling interest	—	—	18,473	—	18,473
Net assets disposed of	(24,577)	(40,462)	(105,648)	(135,963)	(306,650)
(Loss) gain on disposal	(15,777)	(17,872)	2,029	(911)	(32,531)
Net cash inflow (outflow) arising from disposal:					
Cash consideration received	8,800	22,590	89,204	135,052	255,646
Less: bank balances and cash disposed of	(28)	(1,610)	(8,987)	(1,587)	(12,212)
	8,772	20,980	80,217	133,465	243,434

33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group performed discounted cash flow to derive the present value of other investments or engages third party qualified valuers to perform the valuation of the put option of equity interests in Group's subsidiary and associates, Jiangsu Xinhua, Kun Shan GCL and Inner Mongolian Zhonghuan classified as derivative financial instruments, held for trading investment, unlisted investments measured at financial assets at FVTPL, unlisted equity investments measured at financial assets at FVTPL and convertible bonds to non-controlling shareholders of shareholders of a subsidiary. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the Directors every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

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

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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30.06.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)				
1) Listed equity securities classified as held for trading investments	1,821	1,473	Level 1	Quoted bid price in an active market.	N/A	N/A
2) Listed equity investments measured at equity instruments at FVTOCI	31,017	41,683	Level 1	Quoted bid price in an active market.	N/A	N/A
3) Unlisted equity investments measured at financial assets at FVTPL	69,409	6,910	Level 3	Market comparison approach — in this approach, fair value was determined with reference to recent transaction price.	Adjusted market price between comparables and the underlying property held by the unlisted equity investments.	An increase in the price per square meter used would result in an increase in fair value measurement of the underlying property, and vice versa
	46,485	41,916	Level 3	Adjusted net assets value	Net assets value	An increase in the net assets value would result in an increase in fair value and vice versa
4) Unlisted investments measured at financial assets at FVTPL	43,714	43,714	Level 2	Quoted prices from recent transaction price.	N/A	N/A
	195,027	203,870	Level 3	Adjusted net asset value	Net assets value	An increase in the net assets value would result in an increase in fair value and vice versa
	300,166	421,790	Level 2	Quoted price from third party financial institutions which determined with reference to the value of underlying investments which mainly comprised of listed share and bonds.	N/A	N/A

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30.06.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)				
5) Put option of interest in Jiangsu Xinhua classified as derivative financial instruments (Note a)	15,520	17,247	Level 3	Binomial Option Pricing Model, the key inputs are underlying share price, risk free interest rate, probability, share price volatility and dividend yield.	Share price volatility of 60% and discount rate of 9.407% (31 December 2021: 68.2% and 10.8% respectively). Dividend yield of 0% (31 December 2021: 0%), taking into account management's experience and knowledge of the dividend to be paid. Probability to exercise of 10% (31 December 2021: 10%)	The higher the volatility, the higher the fair value. The higher the discount rate, the lower the fair value. The higher the dividend yield, the lower the fair value. The higher the probability to exercise, the higher the fair value.
6) Put option of interest in Kunshan GCL classified as derivative financial instrument (Note b)	25,521	18,023	Level 3	Binomial Option Pricing Model, the key inputs are underlying share price, exercise price, risk free interest rate, probability, share price volatility and dividend yield.	Share price volatility of 73.5% — 74.3% (31 December 2021: 71.96% — 72.09%) Risk free rate of 2.43% — 3.57% (31 December 2021: 2.64% to 2.65%) Dividend yield of 0% (31 December 2021: 0%), taking into account management experience and knowledge of the dividend to the paid Probability to exercise of 20% (31 December 2021: 20%)	The higher of volatility, the higher of fair value. The higher of risk free rate, the lower of fair value. The higher of dividend yield the lower of fair value. The higher the probability to exercise, the higher of fair value.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30.06.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)				
7) Put option of interest in Inner Mongolian Zhonghuan classified as derivative financial instrument (Note c)	79,450	77,489	Level 3	Binomial Option Pricing Model, the key inputs are underlying share price, exercise price, risk free interest rate, probability, share price volatility and dividend yield.	Share price volatility of 53.83% — 57.16% (31 December 2021: 55.1% — 57.1%) Risk free rate: 2.31% to 2.7% (31 December 2021: 2.57% to 2.7%) Discount rate of 10.6% (31 December 2021: 10.6%) Probability to exercise of 20% (31 December 2021: 20%)	The higher of volatility, the higher of fair value. The higher of discount rate, the lower of fair value. The higher the probability to exercise, the higher of fair value.
8) Convertible bonds to non-controlling shareholders of subsidiary (Note d)	76,469	84,180	Level 3	Binomial Option Pricing Model, the key inputs are underlying share price, exercise price, risk free interest rate, probability, share price volatility and dividend yield.	Share price volatility of 61.81% to 62.51% and risk free rate of 7.47% to 7.76% (31 December 2021: 68.38% to 74.88% and 2.30% to 2.49% respectively). Dividend yield of 0% (31 December 2021: 0%), taking into account management's experience and knowledge of the dividend to be paid. Probability to exercise of 95% (31 December 2021: 95%)	The higher of volatility, the higher of fair value. The higher of risk free rate, the lower of fair value. The higher of dividend yield the lower of fair value. The higher the probability to exercise, the higher of fair value.

Notes:

(a) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the put option of interest in Jiangsu Xinhua classified as derivative financial instruments would decrease by approximately RMB1,092,000/increase by approximately RMB1,103,000 for the period ended 30 June 2022.

If the discount rate used was multiplied by 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the put option of interest in Jiangsu Xinhua classified as derivative financial instruments would increase by approximately RMB835,000/decrease by approximately RMB930,000 for the period ended 30 June 2022.

If the probability used was 30% higher/10% lower while all the other variables were held constant, the gain on change in fair value of the derivative financial instruments would decrease by approximately RMB46,560,000/increase by approximately RMB15,520,000 for the period ended 30 June 2022.

33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Notes: (continued)

- (b) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the put option of interest in Kunshan GCL classified as derivative financial instrument would decrease by approximately RMB2,278,000/increase by approximately RMB2,255,000 for the period ended 30 June 2022.

If the discount rate used was multiplied by 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the put option of interest in Kunshan GCL classified as derivative financial instrument would increase by approximately RMB6,512,000/decrease by approximately RMB3,952,000 for the period ended 30 June 2022.

If the probability used was 30% higher/20% lower while all the other variables were held constant, the gain on change in fair value of the derivative financial instruments would decrease by approximately RMB38,281,000/increase by approximately RMB25,521,000 for the period ended 30 June 2022.

- (c) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the loss on change in fair value of the put option of interest in Inner Mongolian Zhonghuan would increase by approximately RMB18,937,000/decrease by approximately RMB19,073,000 for the period ended 30 June 2022.

If the discount rate used was multiplied by 5% higher/lower while all the other variables were held constant, the loss on change in fair value of the derivative financial instrument would decrease by approximately RMB21,943,000/increase by approximately RMB13,259,000 for the period ended 30 June 2022.

If the probability used was 30% higher/20% lower while all the other variables were held constant, the loss on change in fair value of the derivative financial instruments would increase by approximately RMB23,289,000/decrease by approximately RMB15,526,000 for the period ended 30 June 2022.

- (d) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the convertible bonds payables would decrease by approximately RMB460,000/increase by approximately RMB461,000 for the period ended 30 June 2022.

If the risk-free rate used was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the convertible bonds payables would increase by approximately RMB268,000/decrease by approximately RMB112,000 for the period ended 30 June 2022.

If the probability used was 5% higher/30% lower while all the other variables were held constant, the gain on change in fair value of the convertible bonds payables would increase by approximately RMB351,000/decrease by approximately RMB2,106,000 for the period ended 30 June 2022.

30 June 2022

	Put option of interest in Jiangsu Xinhua classified as derivative financial instruments RMB'000	Put options of interest in Kunshan GCL classified as derivative financial instruments RMB'000	Put options of interest in Inner Mongolian Zhonghuan classified as derivative financial instruments RMB'000	Unlisted investments/equity instruments measured at financial assets as FVTPL RMB'000	Convertible bonds to non-controlling shareholders of subsidiary RMB'000	Total RMB'000
At 1 January 2022 (Audited)	(17,247)	(18,023)	(77,489)	252,696	(84,180)	55,757
Initial recognition	—	(12,336)	—	62,500	—	50,164
Gain (loss) in profit or loss	1,727	4,838	(1,961)	(4,275)	7,711	8,040
At 30 June 2022 (Unaudited)	(15,520)	(25,521)	(79,450)	310,921	(76,469)	113,961



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements 30 June 2021

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

Fair value measurements and valuation processes

Of the total gain for the period included in profit or loss, RMB8,040,000 (for the period ended 30 June 2021: gain for the period included in profit or loss, RMB85,029,000) related to put option of interest in Jiangsu Xinhua, Kunshan GCL, Inner Mongolian Zhonghuan, unlisted investments/equity instruments measured at financial assets at FVTPL and convertible bonds to non-controlling shareholders of shareholders of a subsidiary at the end of the reporting period and those fair value gains or losses are included in other expenses, gains and losses, net.

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

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

34. MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Interest expense	(2,310)	(32,019)
Consulting service fee expense	(3,547)	(4,575)
Management fee income	3,462	4,577
Purchase of steam	—	(1,930)
Purchase of coal	(19,963)	—
Purchase of energy service	(662)	(580)
Acquisition of property, plant and equipment	(183)	(1,830)
Rental income	9,196	9,207
Sewage expense	(180)	—
Management fee expense	(120)	(1,387)
Transactions with a joint venture and associates:		
Sales of raw materials	211,199	134,137
Rental expenses	(8,804)	—
Rental income	1,356	1,399
Management fee income	83,369	26,564
Interest income	244	—
Interest expense	(1,970)	—
Purchase of silicon rods	(1,781,350)	(1,937,068)
Purchase of polysilicon and other raw materials	(489,068)	(159,842)
Purchase of water	(117)	(40)
Acquisition of property, plant and equipment	(92,943)	—
Transactions with other related parties:		
Sales of polysilicon	1,120,232	—
Sales of raw materials	574	—
Processing fee income	270,780	—
Acquisition of property, plant and equipment	(1,270)	—
Purchase of steam	(2,049)	(607)
Purchase of polysilicon and other raw materials	(45)	—



Notes to the Unaudited Condensed Interim Consolidated Financial Statements (CONTINUED)

For the six months ended 30 June 2022

34. RELATED PARTY TRANSACTIONS (continued)

As at 30 June 2022, the Group provided a total guarantee with maximum amount of approximately RMB3,269,000,000 and RMB900,000,000 (31 December 2021: RMB3,319,000,000 and RMB900,000,000) to several banks and financial institutions in respect of banking and other facilities of the Group's associate Xinjiang GCL and Jiangsu Xinhua, respectively. The Directors consider that the fair value of the guarantee at the date of inception, and the ECL as at 30 June 2022 and 31 December 2021 is insignificant.

As at 30 June 2022, the GNE Group provided guarantee to its associates and their subsidiaries for certain of their bank and other borrowings with a maximum amount of RMB1,576,000,000 (31 December 2021: RMB1,540,854,000). Since these bank and other borrowings are secured by the borrowers' (i) property, plant and equipment; (ii) trade receivables, contract assets and fee collection right in relation to sales of electricity, in the opinion of the Directors, the fair value of the guarantee is considered insignificant at initial recognition and the ECL as at 30 June 2022 and 31 December 2021 is insignificant.

As at 30 June 2022, the companies in which Mr. Zhu Gongshan and his family have control provided guarantee to the Group for certain of the Group's bank and other borrowings with maximum amount of RMB670,000,000 (31 December 2021: RMB810,000,000).

35. EVENTS AFTER THE END OF THE REPORTING PERIOD

Other than those disclosed elsewhere in this report, 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 ("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.

35. EVENTS AFTER THE END OF THE REPORTING PERIOD (continued)

- (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.

36. COMPARATIVE FIGURES

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



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

As at 30 June 2022, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") adopted by the Company:

I) Long position and short position in the Shares and Underlying Shares of the Company

Name of director/ chief executive	Long/short position	Number of ordinary shares held			Number of underlying shares	Total	Approximate percentage of issued share capital (note 5)
		Beneficiary of a trust	Corporate interests	Personal interests			
Zhu Gongshan	Long position	6,395,332,156 (note 1)	—	—	—	6,395,332,156	23.59%
	Short position	240,000,000 (note 3)	—	—	—	—	0.88%
Zhu Zhanjun	Long position	—	—	3,400,000	2,719,359 (note 2)	6,119,359	0.02%
Lan Tianshi	Long position	—	—	1,500,000	9,390,000 (note 2)	10,890,000	0.04%
Zhu Yufeng	Long position	6,395,332,156 (note 1)	—	—	1,510,755 (note 2)	6,396,842,911	23.60%
	Short position	240,000,000 (note 3)	—	—	—	—	0.88%
Sun Wei	Long position	—	—	5,723,000	1,712,189 (note 2)	7,435,189	0.02%
Yeung Man Chung, Charles	Long position	—	—	—	1,700,000 (note 2)	1,700,000	0.006%
Zheng Xiongjiu (note 4)	Long position	—	—	250,000	—	250,000	0.0009%
Ho Chung Tai, Raymond	Long position	—	—	—	1,007,170 (note 2)	1,007,170	0.003%
Yip Tai Him	Long position	—	—	—	1,007,170 (note 2)	1,007,170	0.003%

Notes:

- 1 An aggregate of 6,395,332,156 shares of the Company are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries.
- 2 Includes (i) share options granted by the Company to the Directors, pursuant to the share option scheme adopted by the shareholders of the Company on 22 October 2007, which can be exercised by the Directors at various intervals during the period from 1 April 2009 to 28 March 2026 at an exercise price of HK\$1.324, HK\$1.160 or HK\$0.586; and (ii) share awards granted by the Company to the Directors, pursuant to the share award scheme adopted by the Company on 16 January 2017.
- 3 The short position was held as a result of an equity of derivative agreement entered by Happy Genius Holdings Limited.
- 4 Mr. Zheng Xiongjiu resigned as a director of the Company on 18 August 2022.
- 5 The total number of ordinary shares of the Company in issue as at 30 June 2022 is 27,104,071,086.

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

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

GCL New Energy Holdings Limited ("GNE"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 451), in which the Company indirectly owned 49.24% issued shares as at 30 June 2022, is a subsidiary of the Company.

Name of director/ chief executive	Number of ordinary shares of GNE held				Number of underlying shares	Total	Approximate percentage of issued share capital of GNE (note 3)
	Beneficiary of a trust	Corporate interests	Personal interests				
Zhu Gongshan	1,905,978,301 (note 1)	—	—	—	1,905,978,301	9.04%	
Zhu Yufeng	1,905,978,301 (note 1)	—	—	17,500,000 (note 2)	1,923,478,301	9.12%	
Lan Tianshi	—	—	210,000	—	210,000	0.0009%	
Sun Wei	—	—	—	10,000,000 (note 2)	10,000,000	0.04%	
Yeung Man Chung, Charles	—	—	—	5,000,000 (note 2)	5,000,000	0.02%	

Notes:

- 1,905,978,301 shares in GNE are beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited ("Dongsheng PV"). Dongsheng PV is indirectly wholly-owned by GCL System Integration Technology Co., Ltd. and an aggregate of over 30% of the issued shares in GCL System Integration, is indirectly held by the Zhu Family Trust and Mr. Zhu Yufeng, an executive director of the Company and GNE and son of Mr. Zhu Gongshan.
- These are share options granted by GNE. Such granted share options can be exercised by Mr. Zhu Yufeng, Ms. Sun Wei and Mr. Yeung Man Chung, Charles at the interval between 3 November 2021 and 2 November 2031 at an exercise price of HK\$0.357 per share of GNE.
- The total number of ordinary shares of GNE in issue as at 30 June 2022 is 21,073,715,441.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept under Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



Option Schemes

I) Share Option Scheme of the Company

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

At an extraordinary general meeting of the Company held on 26 November 2015, the shareholders of the Company approved the refreshment of the existing limit to an aggregate number of shares of the Company which may be allotted and issued pursuant to the exercise of options granted under the 2007 Share Option Scheme and any other share option scheme of the Company not exceeding 200,000,000 shares of the Company.

Since the expiry of the 2007 Share Option Scheme on 21 October 2017, no new share option scheme has been adopted by the Company. In order to provide the Company with the flexibility of granting share options to the directors and employees of the Group as incentives or rewards for their contribution or potential contribution to the Group, the Company adopted another share option scheme (the “2022 Share Option Scheme”), which will be valid for 10 years from 1 April 2022.

During the Period, there were 50,065,820 option shares outstanding under the 2007 Share Option Scheme and there were no option granted under the 2022 Share Option Scheme as at 30 June 2022.

Option Schemes (CONTINUED)

Details of the share options outstanding and movements under the 2007 Share Option Scheme of the Company during the period from 1 January 2022 to 30 June 2022 (the "Period") are as follows:

Name or category of participant	Date of grant (note 1)	Exercise period	Exercise Price per share (HK\$)	Outstanding as at 1.1.2022	Granted	Lapsed or	Cancelled	Exercised	Outstanding
					during the period from 1.1.2022 to 30.6.2022	forfeited during the period from 1.1.2022 to 30.6.2022	during the period from 1.1.2022 to 30.6.2022	during the period 1.1.2022 to 30.6.2022	during the period from 1.1.2022 to 30.6.2022
Directors/chief executive and their associates									
Zhu Yufeng	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,510,755	—	—	—	—	1,510,755
Sun Wei	19.2.2016	15.3.2016 to 18.2.2026	1.16	1,712,189	—	—	—	—	1,712,189
Zhu Zhanjun	29.3.2016	18.4.2016 to 28.3.2026	1.324	2,719,359	—	—	—	—	2,719,359
Yeung Man Chung, Charles	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,700,000	—	—	—	—	1,700,000
Zheng Xiongjiu (note 2)	19.2.2016	15.3.2016 to 18.2.2026	1.16	2,517,924	—	—	—	(2,517,924)	—
Yip Tai Him	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170
Ho Chung Tai, Raymond	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170
Successor of Zhu Qingsong (note 3)	29.3.2016	18.4.2016 to 28.3.2026	1.324	1,007,170	—	—	—	—	1,007,170
Non-director employees (in aggregate)									
	5.7.2013	16.9.2013 to 4.7.2023	1.630	5,025,330	—	—	—	(342,374)	4,682,956
	24.3.2014	26.5.2014 to 23.3.2024	2.867	2,618,642	—	—	—	—	2,618,642
	19.2.2016	15.3.2016 to 18.2.2026	1.16	31,279,239	—	—	—	(1,596,038)	29,683,201
	29.3.2016	18.4.2016 to 28.3.2026	1.324	3,021,510	—	—	—	(604,302)	2,417,208
Total				55,126,458	—	—	—	(5,060,638)	50,065,820

Notes:

1. The vesting period of all share options granted under the 2007 Share Option Scheme which is 20% of the share options granted will be vested on the year of grant, the first, second, third and fourth anniversary of the date of grant, respectively, such that the share options granted are fully vested on the fourth anniversary of the date of grant.
2. Mr. Zheng Xiongjiu resigned as a director of the Company on 18 August 2022.
3. Mr. Zhu Qingsong passed away in 2021.



Interests and Short Positions of Substantial Shareholders

As at 30 June 2022, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as record in the register kept pursuant to Section 336 of the SFO:

Long Position in the Shares and Underlying Shares of the Company

Name	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company (note 3)
Asia Pacific Energy Fund Limited	Interest in a controlled corporation (note 1)	6,395,332,156	23.59%
鴻商產業集團控股有限公司	Interest in a controlled corporation (note 2)	1,781,631,000	6.57%

Notes:

1. An aggregate of 6,395,332,156 Shares are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee for Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries.
2. According to the disclose of interest filing of 鴻商產業集團控股有限公司 as at 17 December 2021, an aggregate of 1,781,631,000 shares of the Company are collectively held by it, through its controlling companies including, Cathay Fortune International Limited, 鴻商資本股權投資有限公司, 西藏永策投資有限公司, 西藏鴻銘投資有限公司 and 西藏鴻商資本投資有限公司. 鴻商產業集團控股有限公司 is beneficiaries owned by Mr. 于泳.
3. The total number of ordinary shares of the Company in issue as at 30 June 2022 is 27,104,071,086.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 30 June 2022, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

Corporate Governance and Other Information

Corporate Governance Code

The corporate governance report of the Company has been set out in the Company's 2021 Annual Report. 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.

Risk Management and Internal Control

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

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

In order to comply with the applicable code provision D.2 set out in the CG Code, the members of the Board review the effectiveness of risk management and the internal control systems of the Group covering material controls, including financial, operational and compliance controls and risk management functions. The management of the Company actively engages in the risk assessment, the review of responses measures and the discussion with respect to major issues.

The Company has established an internal audit department which is responsible for the implementation of risk management and internal control policies. In performing its responsibilities, the internal audit department has organized and coordinated the Company to identify and assess the risk exposed to the Group for the Board's consideration and motivate the management to design, implement and manage suitable internal control and risk management system to facilitate policies adopted by the Board. In addition to the internal audit department, all employees are accountable for the implementation of risk management and internal control under each of scopes of their responsibilities.

The Company has retained an independent professional consultant (the "External Consultant") to assist the Audit Committee and the Board in conducting an independent review of the risk management and internal control systems of the Company. The External Consultant reviewed the risk assessment, internal audit projects and follow-up review conducted by the internal audit department with a view to facilitating the evaluation on the effectiveness of the Group's risk management and internal control systems by the Audit Committee and the Board for the period ended 30 June 2022.



Corporate Governance and Other Information (CONTINUED)

1 meeting and 8 meetings have been held by the Corporate Governance Committee and Audit Committee respectively for the period ended 30 June 2022, mainly reviewing of and discussing on work report on risk control, risk management, internal control review report, follow-up on internal control review.

In view of the efforts of the Group and external reviews conducted by the External Consultant, the Audit Committee and the management of the Company have concluded that there are no irregularities or areas requiring special concern that the risk management and internal control systems are adequate and effective and the Company's allocation of manpower and resources to the accounting, internal audit and financial reporting functions is adequate. The above conclusion has been reported and confirmed to the Board, and the Board is of the view that the risk management and internal control systems of the Group are effective for the period ended 30 June 2022.

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.

Share Award Scheme

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

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

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

An aggregate of 214,300,000 Award Shares were granted to 152 Eligible Persons pursuant to the terms and conditions of the Share Award Scheme as at 30 June 2022.

Mr. Lan Tianshi was granted 9,390,000 Award Shares on 16 February 2022, subject to the satisfaction of the vesting conditions. Mr. Lan Tianshi was appointed as the Director of the Company on 21 February 2022. Save as the above, no more Award Shares were granted to the Directors of the Company during the six months ended 30 June 2022.

Corporate Governance and Other Information (CONTINUED)

Save as disclosed above, during the Period, neither the Company nor any of its subsidiaries is a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any associated corporation and none of the Directors had any right to subscribe for the securities of the Company, or had exercised any such right during the six months ended 30 June 2022.

Further details of the Share Award Scheme are set out in the announcement of the Company dated 16 January 2017 and note 29 to the unaudited condensed interim consolidated financial statements for 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 financial information set out in this report represents the unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2022, which have been reviewed by the Group's external auditor, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee of the Company which consists of three independent non-executive Directors, namely Mr. Yip Tai Him, Ir. Dr. Raymond Ho Chung Tai and Dr. Shen Wenzhong. The Audit Committee expressed no disagreement with the accounting policies and principles adopted by the Group.

Changes in Information on Directors

Changes in information since the date of publication of the 2021 Annual Report which are required to be disclosed by the Directors of the Company pursuant to Rule 13.51B(1) of the Listing Rules are set out as below:

Name of Director	Details of Change	Effective date
Mr. Zhu Gongshan	<ul style="list-style-type: none">Signed a supplement service agreement for the entitlement of receipt the Award Shares, among others, as part of his remuneration package	July 2022
	<ul style="list-style-type: none">Appointed as executive Director, Chairman of the Board and chairman of the Nomination Committee of GCL New Energy Holdings Limited	September 2022
Mr. Zhu Yufeng	<ul style="list-style-type: none">Signed a supplement service agreement for the entitlement of receipt the Award Shares, among others, as part of his remuneration package	July 2022



Corporate Governance and Other Information (CONTINUED)

Name of Director	Details of Change	Effective date
	<ul style="list-style-type: none">Appointed as Vice Chairman of the Board of the Company	September 2022
	<ul style="list-style-type: none">Ceased to act as President and Chairman of the Nomination Committee of GCL New Energy Holdings Limited	September 2022
	<ul style="list-style-type: none">Re-designated from Chairman to Vice Chairman of the Board of GCL New Energy Holdings Limited	September 2022
	<ul style="list-style-type: none">Appointed as the chairman of GCL System Integration Technology Co., Ltd. (協鑫集成科技股份有限公司, a company incorporated in the PRC with its shares listed in the Shenzhen Stock Exchange with stock code: 002506)	September 2022
Mr. Zhu Zhanjun	<ul style="list-style-type: none">Signed a supplement service agreement for the entitlement of receipt the Award Shares, among others, as part of his remuneration package	July 2022
Ms. Sun Wei	<ul style="list-style-type: none">Signed a supplement service agreement for the entitlement of receipt the Award Shares, among others, as part of her remuneration package	July 2022
Mr. Yeung Man Chung, Charles	<ul style="list-style-type: none">Signed a supplement service agreement for the entitlement of receipt the Award Shares, among others, as part of his remuneration package	July 2022
	<ul style="list-style-type: none">Appointed as a member of ESG Committee of the Company	May 2022
Ir. Dr. Raymond Ho Chung Tai	<ul style="list-style-type: none">Appointed as a member of ESG Committee of the Company	May 2022
Mr. Yip Tai Him	<ul style="list-style-type: none">Appointed as the chairman of ESG Committee of the Company	May 2022
Dr. Shen Wenzhong	<ul style="list-style-type: none">Appointed as a member of ESG Committee of the Company	May 2022

Other than those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this report.

Corporate Information

Chairman

Zhu Gongshan

Executive Directors

Zhu Gongshan

Zhu Yufeng (*Vice Chairman*)

Zhu Zhanjun (*Vice Chairman & Joint CEO*)

Lan Tianshi (*Joint CEO*)

Sun Wei

Yeung Man Chung, Charles

(*CFO and Company Secretary*)

Independent Non-executive Directors

Ho Chung Tai, Raymond

Yip Tai Him

Shen Wenzhong

Composition of Board Committees

Audit Committee

Yip Tai Him (*Chairman*)

Ho Chung Tai, Raymond

Shen Wenzhong

Remuneration Committee

Ho Chung Tai, Raymond (*Chairman*)

Yip Tai Him

Zhu Yufeng

Nomination Committee

Yip Tai Him (*Chairman*)

Ho Chung Tai, Raymond

Yeung Man Chung, Charles

Corporate Governance Committee

Ho Chung Tai, Raymond (*Chairman*)

Yip Tai Him

Yeung Man Chung, Charles

Strategy & Investment Committee

Ho Chung Tai, Raymond (*Chairman*)

Zhu Gongshan

Yip Tai Him

Shen Wenzhong

Zhu Zhanjun

Yeung Man Chung, Charles

Environmental, Social and Governance Committee

Shen Wenzhong (*Chairman*)

Ho Chung Tai, Raymond

Yip Tai Him

Yeung Man Chung, Charles

Company Secretary

Yeung Man Chung, Charles

Authorized Representatives

Zhu Zhanjun

Yeung Man Chung, Charles

Auditor

Crowe (HK) CPA Limited

9/F Leighton Centre

77 Leighton Road

Causeway Bay

Hong Kong



Corporate Information (CONTINUED)

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Kowloon, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Legal Adviser to the Company As to Hong Kong law

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As to Cayman Islands law

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