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

(Incorporated in Bermuda with limited liability)

(Stock code: 451)

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

The board (the "**Board**") of directors (the "**Directors**") of GCL New Energy Holdings Limited (the "**Company**" or "**GCL New Energy**") presents the unaudited condensed interim consolidated financial information ("**Interim Financial Information**") of the Company and its subsidiaries (together, the "**Group**" or "**GCL New Energy**") for the six months ended 30 June 2022.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2022	2021
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
Revenue	**558**	1,943
(Loss) profit attributable to owners of the Company	**(514)**	53
	RMB cents	*RMB cents*
	(Unaudited)	(Unaudited)
(Loss) earnings per share		
– Basic and diluted	**(2.44)**	0.26

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	*2*	**558,036**	1,942,650
Cost of sales		**(303,339)**	(692,202)
Gross profit		**254,697**	1,250,448
Other income	*3*	**80,136**	79,607
Administrative expenses			
– share-based payment expenses		**(8,560)**	(8,084)
– other administrative expenses		**(252,753)**	(254,658)
Other gains and losses, net	*4*	**(216,477)**	35,480
Share of profits of associates		**67,962**	65,158
Share of losses of joint ventures		**(288)**	(287)
Finance costs	*5*	**(319,322)**	(947,844)
(Loss) profit before tax		**(394,605)**	219,820
Income tax expense	*6*	**(15,796)**	(41,885)
(Loss) profit for the period	*7*	**(410,401)**	177,935
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**28,555**	27,150
Total comprehensive (expense) income for the period		**(381,846)**	205,085
(Loss) profit for the period attributable to:			
Owners of the Company		**(513,772)**	52,826
Non-controlling interests			
– Owners of perpetual notes		**99,550**	99,550
– Other non-controlling interests		**3,821**	25,559
		(410,401)	177,935
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(485,217)**	79,976
Non-controlling interests			
– Owners of perpetual notes		**99,550**	99,550
– Other non-controlling interests		**3,821**	25,559
		(381,846)	205,085
		RMB cents **(Unaudited)**	*RMB cents* (Unaudited)
(Loss) earnings per share			
– Basic and diluted	*9*	**(2.44)**	0.26

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	**30 June 2022** *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**4,754,841**	5,520,394
Right-of-use assets		**226,020**	316,517
Interests in associates		**1,376,635**	1,350,913
Interests in joint ventures		**2,863**	3,151
Amounts due from related companies		**17,443**	24,481
Other investments		**43,714**	43,714
Other non-current assets		**103,788**	203,701
Contract assets		**47,864**	40,941
Pledged bank and other deposits		**87,688**	181,366
Deferred tax assets		**26,187**	29,264
		6,687,043	7,714,442
CURRENT ASSETS			
Trade and other receivables	*10*	**5,550,744**	6,319,867
Amounts due from related companies		**294,039**	262,839
Tax recoverable		**346**	1,691
Pledged bank and other deposits		**67,081**	248,396
Bank balances and cash		**439,873**	586,050
		6,352,083	7,418,843
Assets classified as held for sale		**689,553**	783,384
		7,041,636	8,202,227
CURRENT LIABILITIES			
Other payables and deferred income		**1,100,068**	1,340,231
Amounts due to related companies		**109,630**	114,220
Tax payable		**5,254**	4,763
Loans from related companies	*11*	**–**	32,325
Bank and other borrowings	*12*	**269,543**	1,084,285
Senior notes	*13*	**865,233**	467,305
Lease liabilities		**29,658**	38,477
		2,379,386	3,081,606
Liabilities directly associated with assets classified as held for sale		**542,340**	562,365
		2,921,726	3,643,971

	Notes	**30 June 2022** *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
NET CURRENT ASSETS		**4,119,910**	4,558,256
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,806,953**	12,272,698
NON-CURRENT LIABILITIES			
Loans from related companies	*11*	**14,811**	–
Bank and other borrowings	*12*	**1,987,915**	2,009,185
Senior notes	*13*	**1,651,564**	2,648,062
Lease liabilities		**251,505**	332,887
Deferred income		**338,365**	327,850
Deferred tax liabilities		**679**	841
		4,244,839	5,318,825
NET ASSETS		**6,562,114**	6,953,873
CAPITAL AND RESERVES			
Share capital		**73,629**	73,629
Reserves		**3,815,923**	4,292,580
Equity attributable to owners of the Company		**3,889,552**	4,366,209
Equity attributable to non-controlling interests			
– owners of perpetual notes		**2,637,272**	2,537,722
– other non-controlling interests		**35,290**	49,942
TOTAL EQUITY		**6,562,114**	6,953,873

1A. GENERAL INFORMATION

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

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

This Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated. This Interim Financial Information has been approved for issuance by the Board on 30 August 2022.

This Interim Financial Information has not been audited.

1B. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

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

In prior periods, solar related supporting services income was included under "Other income". From 2022 onwards, solar related supporting services income 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 consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from sales of electricity and tariff adjustments, and provision of operation and management services and solar related supporting services. Revenue arising from sales of electricity is derived substantially from sales of electricity to local grid companies in the People's Republic of China (the "PRC") for the six months ended 30 June 2022 and 2021.

Revenue recognised during the periods are as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Recognised at a point in time:		
– Sales of electricity	**183,982**	776,647
– Tariff adjustments	**226,242**	1,115,074
Subtotal	**410,224**	1,891,721
Recognised over time:		
– Operation and management services income	**73,995**	26,232
– Solar related supporting services income	**73,817**	24,697
Subtotal	**147,812**	50,929
	558,036	1,942,650

For sales of electricity and tariff adjustments, the Group generally entered into power purchase agreements with local grid companies with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has been transferred, being at the point when electricity has generated and transmitted to the customers and the amount included tariff adjustment of approximately RMB226,242,000 (six months ended 30 June 2021: RMB1,115,074,000) recognised during the period. The Group generally grants credit period of approximately one month from the date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

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

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020]No. 4)* (《關於促進非水可再生能源發電健康發展的若干意見》) (財建[2020]4號) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020]No. 5)* (《財政部國家發展改革委國家能源局關於印發(可再生能源電價附加資

金管理辦法）的通知》)（財建[2020]5號）(the “2020 Measures”) were jointly announced by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government has simplified the application and approval process regarding the registration of tariff adjustments for non-hydro renewable energy power plant projects into the Renewable Energy Tariff Subsidy List（可再生能源發電補助項目清單) (the “List”）. The state-owned grid companies will regularly announce the List based on the project type, time of grid connection and technical level of the solar power projects. For those on-grid solar power projects which have already started operation but yet to register into the List, these on-grid solar power projects are entitled to enlist into the List once they have met the conditions as stipulated on the Administration of Subsidy Funds for Tariff Premium of Renewable Energy（可再生能源電價附加資金管理辦法）and completed the submission and application in the National Renewable Energy Information Management Platform (the “Platform”).

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

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

Since certain of the tariff adjustments were yet to obtain approval for registration in the List by the PRC government, the management considers that it contains a significant financing component over the relevant portion of the tariff adjustment until settlement of the trade receivables. For the six months ended 30 June 2022, the respective tariff adjustments were adjusted for this financing component based on an effective interest rate ranging from 2.11% to 2.37% per annum (six months ended 30 June 2021: 2.36% to 3.03% per annum) and adjustments were made in relation to the revision of expected timing of tariff collection. As such, the Group’s revenue was adjusted by approximately RMB28 million (six months ended 30 June 2021: RMB18 million) and interest income amounting to approximately RMB26 million (six months ended 30 June 2021: RMB53 million) (note 3) was recognised.

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

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

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

Geographical information

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

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC	**518,896**	1,901,868
Other countries	**39,140**	40,782
	558,036	1,942,650

In prior periods, solar related supporting services income was included under "Other Income". From the current interim period onwards, solar related supporting services income is presented under "Revenue", to more appropriately reflect the nature of such income. The comparative figures have been represented to conform with the current period's presentation (note 1B).

3. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants:		
– Incentive subsidies *(Note)*	**477**	3,656
– Investment Tax Credit	**6,879**	6,640
– Others	**275**	147
Interest arising from contracts containing significant financing component	**25,700**	53,052
Interest income of financial assets at amortised cost:		
– Bank interest income	**6,903**	8,761
– Interest income from other loan receivables	**–**	419
– Interest income from former subsidiaries	**37,855**	2,019
Others	**2,047**	4,913
	80,136	79,607

Note:

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

4. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Exchange (loss) gain, net *(Note a)*	**(144,492)**	22,808
Impairment loss on property, plant and equipment *(Note b)*	**(700)**	–
Impairment loss on expected credit loss model, net of reversal	**(53,720)**	–
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**–**	(235,327)
(Loss) gain on disposal of solar power plant projects	**(32,531)**	247,999
Gain on disposal of property, plant and equipment	**1**	–
Gain on early termination of a lease	**14,965**	–
	(216,477)	35,480

Notes:

(a) Exchange (loss) gain mainly arose from the bank and other borrowings and the senior notes, all are denominated in United States dollars ("US$") which appreciated (six months ended 30 June 2021: depreciated) against RMB during the current interim period.

(b) The impairment loss on property, plant and equipment amounting to approximately RMB700,000 is provided due to termination of constructing certain in-progress solar power projects during the six months ended 30 June 2022. During the six months ended 30 June 2022, having considered the financial resources of the Group, and the equipment costs related to certain solar power plants, which were still in their preliminary stage and therefore would not generate future economic returns to the Group, the management determined to suspend these projects and the relevant equipment costs in these projects are fully impaired. No impairment on property, plant and equipment was provided for the six months ended 30 June 2021.

5. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	**188,416**	728,354
Senior notes	**120,659**	153,476
Loans from related companies	**139**	32,019
Lease liabilities	**10,108**	33,995
	319,322	947,844

There was no borrowing costs capitalised for both reporting periods.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT"):		
Current tax	**13,924**	39,053
PRC dividend withholding tax	**–**	920
Deferred tax	**1,872**	1,912
Total	**15,796**	41,885

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

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

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

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

7. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging:		
Depreciation of:		
– Property, plant and equipment	**153,107**	527,242
– Right-of-use assets	**20,732**	40,102
Staff costs (including directors' remuneration but excluding share-based payments)		
– Salaries, wages and other benefits	**97,922**	124,058
– Retirement benefit scheme contributions	**18,964**	15,842
Share-based payment expenses (administrative expenses in nature)	**8,560**	8,084

8. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2022, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2021: Nil).

9. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss) Earnings		
(Loss) profit for the purpose of basic and diluted (loss) earnings per share ((Loss) profit for the period attributable to owners of the Company)	**(513,772)**	52,826

	Six months ended 30 June	
	2022	2021
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**21,073,715**	20,631,726

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

10. TRADE AND OTHER RECEIVABLES

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables *(Note a)*	**1,493,122**	1,610,920
Prepayment and deposits	**294,398**	446,903
Other receivables		
– Amounts due from former subsidiaries *(Note b)*	**3,059,467**	2,875,173
– Consideration receivable from disposal of subsidiaries	**371,253**	374,404
– Receivables for modules procurement	**54,161**	62,800
– Refundable value-added tax	**62,008**	66,982
– Dividend receivables	**–**	396,094
– Others	**650,245**	866,853
	5,984,654	6,700,129
Less: Allowance for credit loss		
– Trade	**(2,761)**	(2,892)
– Non-trade	**(431,149)**	(377,370)
	5,550,744	6,319,867

Notes:

(a) In prior periods, consultancy services fee receivables were included under "Other Receivables". From current interim period onwards, consultancy services fee receivables 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.

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

Trade receivables include bills received amounting to approximately RMB11,935,000 (31 December 2021: RMB49,890,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than one year.

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unbilled *(Note)*	**1,414,038**	1,492,086
0–90 days	**45,909**	36,238
91–180 days	**5,812**	3,574
Over 180 days	**12,667**	26,240
	1,478,426	1,558,138

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

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

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

As at 30 June 2022, included in these trade receivables are debtors with aggregate carrying amount of approximately RMB24,821,000 (31 December 2021: RMB30,451,000) which are past due as at the end of the reporting period. These trade receivables relate to a number of customers represented the local grid companies in the PRC, for whom there is no recent history of default. The Group does not hold any collaterals over these balances.

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

11. LOANS FROM RELATED COMPANIES

	30 June 2022 *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
Loans from:		
– companies controlled by Mr. Zhu Yufeng and his family *(Note)*	**14,811**	32,325
	14,811	32,325
Analysed as:		
Current	**–**	32,325
Non-current	**14,811**	–
	14,811	32,325

Note:

As at 30 June 2022, loan from 協鑫光伏系統有公司 GCL Solar System Limited ("GCL Solar System") is unsecured, interest-free and repayable in 2023 (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* and GCL Solar System in total amounted to approximately RMB32,325,000. These loans were unsecured, interest-bearing ranging from 8% to 12% per annum).

* *English names for identification purpose only*

12. BANK AND OTHER BORROWINGS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Bank loans	**874,031**	989,996
Other loans	**1,383,427**	2,103,474
	2,257,458	3,093,470
Secured	**1,781,638**	2,516,675
Unsecured	**475,820**	576,795
	2,257,458	3,093,470
The carrying amount of borrowings that are repayable on demand due to breach of loan covenants#		
– Other loans	**–**	213,125
The carrying amount of the remaining bank loans and other loans	**2,257,458**	2,880,345
	2,257,458	3,093,470
Less: Amounts due within one year or repayable on demand due to breach of loan covenants (shown under current liabilities)	**(269,543)**	(1,084,285)
Amounts due after one year	**1,987,915**	2,009,185

As at 31 December 2021, the Group's involvement in certain litigation cases relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain other bank borrowings and had triggered the cross default clauses of certain of the Group's other borrowings as set out in the respective loan agreements between the Company and several financial institutions. Accordingly, other borrowings of the Group amounting to approximately RMB89 million were reclassified from non-current liabilities to current liabilities as at 31 December 2021. The management of the Group considered that the claims arising from the litigation did not have material impact to the Group.

Scheduled repayment terms for the other borrowings that are repayable on demand due to breach of loan covenants are as follows:

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	–	123,653
More than one year, but not exceeding two years	–	20,566
More than two years, but not exceeding five years	–	62,850
More than five years	–	6,056
	–	213,125

13. SENIOR NOTES

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(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 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 six months ended 30 June 2021, the restructuring of the 2018 Senior Notes (the "Restructuring") was implemented and completed under the Bermuda Scheme (i.e. the scheme of arrangement under Part VII of the Bermuda Companies Act 1981). On 16 June 2021, the Restructuring has become effective, i.e. the 2018 Senior Notes was replaced by the New Senior Notes (defined below) 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 Company 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.

14. EVENTS AFTER REPORTING PERIOD

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

(a) In August 2022, the Group completed a top-up placing and subscription of 2,275,000,000 shares at HK$0.138 per share, raising a net proceeds of approximately HK$310,000,000 (equivalent to RMB267,000,000) after deducting placing commission and related expenses.

(b) On 17 August 2022, the Group proposed to implement the share consolidation that every twenty issued and unissued shares capital of the Company be consolidated into one consolidated share. Subject to conditions and approval of the special general meeting on 27 September 2022, the authorised share capital of the Company of par value of HK$0.004166666667 will be consolidated into one consolidated share of HK$0.083. Upon the share consolidation becoming effective, the authorised share capital of the Company will remain at HK$150,000,000 divided into 1,800,000,000 shares of HK$0.083 each, of which 1,167,435,772 consolidated shares will be in issue.

Please refer to the relevant announcements of the Company dated 17 August 2022 and 30 August 2022 for details.

(c) On 30 August 2022, GCL Technology Holdings Limited, a company listed on the Stock Exchange with stock code: 3800 ("GCL Technology"), a controlling shareholder of the Company, announced a declaration of conditional special interim dividend by way of a distribution in specie of 8,639,024,713 ordinary shares of the Company to the shareholders of GCL Technology (the "Proposed Distribution in Specie"). The Proposed Distribution in Specie is subject to approval by the independent shareholders of GCL Technology at its extraordinary general meeting to be announced. As at 30 August 2022, GCL Technology Holdings Limited holds 10,376,602,000 shares through Elite Time Global Limited, its wholly-owned subsidiary, representing approximately 44.44% of the issued share capital of the Company. Following completion of the Proposed Distribution in Specie, GCL Technology will, through Elite Time Global Limited, hold approximately 1,737,577,287 shares, representing 7.44% of the issued share capital of the Company.

15. COMPARATIVE FIGURES

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

BUSINESS REVIEW

In the first half of 2022, various industries continuously faced different challenges due to the adverse effects of severe and complex circumstances in the PRC and abroad, such as global economy hit by inflation, soaring energy prices caused by the energy crisis due to tensions between Russia and Ukraine, as well as the repeated outbreak of the COVID-19 pandemic. In this context, GCL New Energy was also somewhat affected. In response to this, the central banks of various countries introduced a series of policies and measures, actions were taken to bring the COVID-19 pandemic under control, and the central government focused on promoting the high-quality development of renewable energy. The management of GCL New Energy also made a prompt decision and adjusted its clean energy business development strategy decisively in due course by investing in the liquefied natural gas ("**LNG**") business with an asset-light model. Considering all the above, the Group is expected to gain further momentum in the second half of 2022.

GCL New Energy's asset-light transformation in 2021 not only reduced the Group's total liabilities to total assets ratio to a relatively stable level for a balanced cash flow, but also opened up an opportunity to enter into a new industry for a magnificent turnaround and took business sustainability to a new level. With a significant reduction in overall debts and a great improvement in liquidity and financing pressure, the Group proactively and prudently handled debt clause requirements concerning the Existing Notes. The Group completed a repurchase amounting to approximately US$76.9 million on 25 January 2022, representing 15.03% of the outstanding principal amount of the Existing Notes based on the Redemption Price. At the same time, the Group also repurchased the Existing Notes with a face value of US$1 each from its holders at a price of US$0.975 on 18 March 2022, with a total repurchased amount of approximately US$45.1 million. In the future, the Group will continue to perform the corresponding obligations to the holders of the Existing Notes as agreed and repurchase and repay debts at a proportion on time in strict compliance with the debt clauses of the Existing Notes to further reduce the Group's overall debt level and financing costs.

As a leading company in the solar power industry, the Group has accumulated abundant experience in the development, construction, and operation and maintenance ("**O&M**") management of solar power plants with the installed capacity of more than 7GW. We boast a professional team and expertise and flexibility as a private enterprise. The Group and other GCL affiliated companies complement each other for high-quality development across the entire solar power industry chain. To continuously and thoroughly implement strategic asset-light transformation, the Group will actively transform its business strategy in terms of the development of solar power plants to adopt an asset-light development cycle of "development – construction – operation – transfer". The Group will also work with central enterprises, state-owned enterprises, large financial institutions, and partners across the industry chain to invest in and develop solar power plant projects through joint development, commissioned development or cooperative development. Their relatively lower financing costs and longer financing periods will help improve the return on investment of the projects. Meanwhile, the Group will tap into the distributed energy field for zero-carbon industrial parks by developing the projects of the comprehensive application of distributed energy, mainly, clean energy to provide comprehensive net-zero emission solutions for the parks. So far, the Group has founded professional development companies including 18 provincial ones that are specialized in the development of solar power projects with a focus on distributed energy projects in parks. These projects are expected to become a new growth driver for business development.

In addition, leveraging on its extensive experience in O&M of solar power plants, scale advantage and huge data accumulation, the Group expedites the O&M management outsourcing business of various clean energy projects. As a national high-tech enterprise, GCL New Energy accelerates technological advancement through continuous investment in R&D, constantly improves the level of intelligent O&M and the efficiency of the power station system, and strives to provide value-added services for the O&M management outsourcing of the clients including equipment commission, equipment function testing, secondary system maintenance, external cable maintenance, electricity market transaction, asset evaluation and wind and solar power to hydrogen storage integrated energy services, so as to create value for the clients, achieve a win-win situation and promote mutual development. Currently, the Group provides O&M management outsourcing services for energy projects in 106 solar power plants with total installed capacity of more than 3.4GW. The Group has extended its O&M management outsourcing business across the country and established a leading market presence.

To seize the development opportunity of "carbon peak, carbon neutrality" ("**dual carbon**"), GCL New Energy has been seeking innovation to continuously update the original solar power business development ideas. The Group aims to pursue progress while ensuring stability by improving its development strategies. In July 2021, the Group announced that it has established the Hydrogen Energy business unit. It also actively studied the long-term purchase of stable natural gas sources at competitive prices from POLY-GCL Petroleum Investments Limited*（保利協鑫天然氣投資有限公司）("**POLY-GCL Petroleum**") to provide a solid guarantee for the development of the Hydrogen Energy business. In fact, the price of LNG has been on the rise over the years, driven by strong demand from countries across the world for clean energy. The Russia-Ukraine tension in the first half of 2022 has further impacted the global supply of LNG, driving up the price of LNG to a historical high level. Considering a global shortage of energy and a growing energy gap, the management of the Group considers that energy prices are expected to remain high for a long period of time. This combined with the yet-to-mature hydrogen production technologies and market has made the management of GCL New Energy resolutely adjust its clean energy development strategy after in-depth research and prudent consideration.

With foresight and extensive professional knowledge, the management of GCL New Energy will continue to steer its strategy towards the "dual carbon" goals so that the Group will make efforts in the "dual carbon" field to resolutely seize the great opportunity of tapping into the LNG business. On 18 July 2022, the Group announced that its indirectly wholly-owned subsidiary, GCL New Energy Hong Kong Investment Limited*（協鑫新能源香港投資有限公司）("**GCL New Energy Hong Kong**"), had entered into a memorandum of understanding with POLY-GCL Petroleum Group Limited*（保利協鑫天然氣集團有限公司）("**POLY-GCL Petroleum Group**") to invest in the Ethiopia-Djibouti natural gas project of POLY-GCL Petroleum Group located in the Ethiopian gas field in Africa by holding minority interests at low and controllable risks. POLY-GCL Petroleum Group has a 45-year upstream exploration and development period for natural gas deposits located in the Ogaden Basin, Ethiopia, Africa with 5 trillion cubic metres of natural gas deposits and approximately 4 billion tonnes of crude oil, meeting the conditions for large-scale commercial development. The Ethiopia-Djibouti natural gas project plans to transport natural gas from the deposits to a liquefaction plant located off the coast of Djibouti through a pipeline of approximately 750 kilometres for the export of LNG converted from natural gas to end clients in multiple countries or regions. In this way, the Group will keep up with the huge demand for clean energy from countries around the world and rising energy prices.

After the implementation of the Ethiopia-Djibouti natural gas project, GCL New Energy will provide operation and management services for POLY-GCL Petroleum Group with its rich experience in the O&M management outsourcing business and leading advantages in technology and operation and management, to further expand the service scope, scale and regional coverage of its energy projects. This not only follows the Group's long-term asset-light development direction, but also reduces the risk of over-reliance on a single service scope and provides a long-term stable source of income. Meanwhile, GCL New Energy may choose to increase its investment in the Ethiopia-Djibouti natural gas project through further equity investment to greatly increase the flexibility and return of investment. On the other hand, GCL New Energy still believes that the Hydrogen Energy business has huge potential for future development. Therefore, it will continue to conduct research on hydrogen energy, especially the technology for hydrogen production from natural gas. When the time comes for hydrogen energy development, the Group will quickly secure natural gas supply and technology through investment in the Ethiopia-Djibouti natural gas project to develop unique advantages for the future planning of the Hydrogen Energy business.

To seize the rare opportunity of investing in the natural gas business while avoiding excessive financial burden, GCL New Energy completed the placing and subscription of a total of 2,275,000,000 shares of the Company (the "**Placing Shares**") in early August 2022 (the "**Placing Transaction**"), representing approximately 9.74% of the issued share capital as enlarged. The Group placed its shares to no fewer than six independent third-party professional, institutional or other investors at the placing price of HK$0.138 per Placing Share. After taking into account all related costs, fees, expenses and commission of the Placing Transaction, the net proceeds of the Placing Transaction were approximately HK$310 million. The Group intends to apply 90% of the amount to finance the investment, research and development of natural gas, LNG and integrated energy project management business and to develop the O&M management services for other energy sectors, and the remaining 10% as the general working capital of the Group.

Looking forward, despite GCL New Energy faced many challenges in the first half of 2022, the Group believes that the clean energy industry will continue to grow rapidly and reach another peak under the continuous leadership of the "dual carbon" goals and with the accelerated application of global clean energy. According to data released by the National Energy Administration, the PRC's newly installed renewable energy capacity reached 54.75 million kW, accounting for 80% of the PRC's newly installed capacity in the first half of 2022. The newly increased installed capacity of solar power stood at 30.88 million kW, accounting for 44.7% of the newly installed capacity nationwide, in which large-scale ground-mounted solar power plants and distributed solar power plants contributed to 11.23 million kW and 19.65 million kW, respectively. This reflects that despite the COVID-19 pandemic, China still leads the world in the newly installed solar power capacity and the prospects of the solar power generation industry remain bright. With years of experience in the new energy industry, GCL New Energy will tap into its own potential and devote itself to scientific management and control from the perspective of professional management. It will continue to firmly grasp investment and development opportunities in the development, construction and O&M management outsourcing of solar power plants in the solar power industry. It will take the initiative and do its best to plan for and conduct research on the development of the clean energy business. It will also conscientiously implement asset-light development and manage its finances well to maintain the gearing ratio at a reasonable level, ensure a stable cash flow, and steadily advance the future development of various core and new clean energy businesses. Despite all the difficulties and adversities, GCL New Energy endeavours to usher in a new journey for sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the six months ended 30 June 2022, loss attributable to owners of the Company for the period was RMB514 million, as compared to profit attributable to owners of the Company of RMB53 million in the last reporting period. The loss for the reporting period was mainly attributable to the combined effect of the following:

1. the grid-connected capacity of subsidiaries was decreased from 2.9GW as at 30 June 2021 to 0.8GW as at 30 June 2022, representing a decrease of 72% in business scale. Our sales volume of electricity and the revenue from electricity generation of the Group decreased proportionally by 76% and 78%, respectively. The drop in our business scale led to a decrease in gross profit by RMB995 million, from RMB1,250 million in the same period of last year to RMB255 million in the current period;

2. the decrease in administrative expenses by 1%, from RMB263 million to RMB261 million, mainly due to decrease in staff costs and other general administrative expenses following the disposal of solar power plant projects;

3. the exchange loss of RMB144 million during the six months ended 30 June 2022, as compared to the exchange gain of RMB23 million for the six months ended 30 June 2021. The exchange loss is mainly caused by the appreciation of USD against RMB for USD denominated indebtedness;

4. the loss on disposal of subsidiaries of RMB33 million for the six months ended 30 June 2022, as compared to a gain on disposal of subsidiaries of RMB248 million for the six months ended 30 June 2021; and

5. the decrease in finance costs of RMB629 million, mainly due to the decrease in business scale and repayment of debts.

BUSINESS REVIEW

Capacity and Electricity Generation

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

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

	Revenue (RMB million)
Representing:	
Electricity sales	184
Tariff adjustment – government subsidies received and receivable	254
Total revenue of subsidiaries for electricity sales	438
Less: effect of discounting tariff adjustment to present value[2]	(28)
Total revenue of 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 Group	558

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

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

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

FINANCIAL REVIEW

Revenue and Gross Profit

For the six months ended 30 June 2022, the Group's revenue was mainly derived from (i) solar power electricity generation; (ii) service fee income from the provision of the solar power plants operation and management services; and (iii) income from solar related supporting services. The table below sets forth an analysis of the Group's revenue:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
– Sales of electricity and tariff adjustments	**410,224**	1,891,721
– Solar power plants operation and management service	**73,995**	26,232
– Solar related supporting service income	**73,817**	24,697
	558,036	1,942,650

The decrease in revenue was mainly attributable to the disposal of solar power plants during 2021 and 2022. The grid-connected capacity decreased from 2.9GW as at 30 June 2021 to 0.8GW as at 30 June 2022. The average tariff (net of tax) for the PRC was approximately RMB0.72/kWh (2021: RMB0.73/kWh).

During the six months ended 30 June 2022, the Group provided operation and maintenance services for some of the disposed solar power plant projects and generated management service income. Also, the Group provided other supporting services such as procurement service to widen our business coverage in order to generate additional income stream to the Group. As at 30 June 2022, the Group had entered into contracts to provide operation and maintenance services for solar power plants with total installed capacity of approximately 3,364MW.

The 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 the cost of sales, with the remaining costs being operation and maintenance costs of solar power plants. The significant drop in gross margin was mainly due to the low gross profit margin for procurement service business when compare with sales of electricity business.

Other Income

During the six months ended 30 June 2022, other income mainly included imputed interest on discounting effect on tariff adjustment receivables (i.e. interest arising from contracts containing significant financing component) of RMB26 million (2021: RMB53 million) and bank interest income of RMB7 million (2021: RMB9 million).

Administrative Expenses

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses decreased by 1% to RMB261 million (2021: RMB263 million) for the six months ended 30 June 2022. The decrease in administrative expenses was mainly due to a decrease in staff costs and other general administration expense following the disposal of solar power plant projects.

Other gains and losses, net

During the six months ended 30 June 2022, the net loss amounted to RMB216 million (2021: net gain of RMB35 million). The net loss for 2022 was mainly due to exchange loss caused by the appreciation of USD against RMB for USD denominated indebtedness of RMB144 million (2021: exchange gain of RMB23 million).

Share of profits of associates

Share of profits of associates amounted to RMB68 million (2021: RMB65 million), mainly representing the share of profits from several partly held solar power plants.

Finance Costs

Total borrowing costs decreased by 66% from RMB948 million to RMB319 million as compared with same period of last year. The decrease was mainly due to the decrease in average borrowing balance as a result of the disposal of solar power plants. The interest-bearing debts has been decreased from RMB18,101 million as at 30 June 2021 to RMB5,540 million as at 30 June 2022. However, the effect of the drop in average borrowing balance was partly offset by the increase in the average borrowing rate from approximately 7.4% in 2021 to approximately 8.5% in 2022.

Income Tax Expense

Income tax expense for the six months ended 30 June 2022 was RMB16 million (2021: RMB42 million). There is a decrease in income tax expense because of the disposal of solar power plants during 2021 and 2022, leading to decrease in taxable income.

Profit attributable to other non-controlling interests

Profit attributable to other non-controlling interests amounted to RMB4 million for the six months ended 30 June 2022 (2021: RMB26 million).

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

Property, Plant and Equipment

Property, plant and equipment was RMB4,755 million and RMB5,520 million as at 30 June 2022 and 31 December 2021, respectively. The decrease was mainly due to the disposal of solar power plants in 2021 and 2022.

Other Non-current Assets

As at 30 June 2022, other non-current assets was RMB104 million (31 December 2021: RMB204 million), which mainly included refundable value-added tax of approximately RMB104 million (31 December 2021: RMB142 million).

Contract assets

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

Contract assets increased from RMB41 million as at 31 December 2021 to RMB48 million as at 30 June 2022, as some power plants entered into the project list of subsidy for renewable energy power plants (the "Subsidy List").

Trade and Other Receivables

As at 30 June 2022, trade and other receivables of RMB5,551 million (31 December 2021: RMB6,320 million) mainly included trade and bills receivables of RMB1,490 million (31 December 2021: RMB1,608 million), refundable value-added tax of RMB62 million (31 December 2021: RMB67 million) and consideration receivables from disposal of subsidiaries of RMB371 million (31 December 2021: RMB374 million).

As at 30 June 2022, tariff adjustments receivables of RMB1,404 million (31 December 2021: RMB1,473 million), represents subsidy receivable from the government authorities in respect of the Group's solar power generation business and contract assets of RMB48 million (31 December 2021: RMB41 million), primarily relate to the portion of tariff adjustments for the electricity sold to the grid companies in the PRC in which the relevant on-grid solar power plants are still pending for registration to the List at the end of the reporting period. As at As at 30 June 2022, there was 47 MW installed capacity of solar power plants projects to be registered (31 December 2021: 41MW).

Other Payables and Deferred Income

Other payables and deferred income decreased from RMB1,340 million as at 31 December 2021 to RMB1,100 million as at 30 June 2022. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction cost of RMB236 million (31 December 2021: RMB502 million).

Liquidity and Financial Resources

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

As at 30 June 2022, bank balances and cash of the Group were approximately RMB458 million (31 December 2021: RMB609 million), including bank balances and cash of RMB18 million, for projects classified as held for sale (31 December 2021: RMB23 million). For the six months ended 30 June 2022, the Group's primary source of funding included cash generated from its operating activities and proceeds from disposal of power plants.

Indebtedness and gearing ratio

Solar energy business is a capital intensive industry. The business requires substantial capital investments for developing and constructing solar power plants. However, starting from 2019 onwards, the Group had adopted assets-light business strategy. The average gearing ratio of the Group become more stable and in an acceptable level.

The Group was in net current assets position of approximately RMB4,120 million as at 30 June 2022 (31 December 2021: RMB4,558 million).

The Group monitors capital based on two gearing ratios. The first ratio is calculated as net debts divided by total equity and the second ratio is calculated as total liabilities divided by total assets. The gearing ratios as at 30 June 2022 and 31 December 2021 were calculated as follows:

	30 June 2022 RMB million	31 December 2021 RMB million
Non-current indebtedness		
Loans from related companies	**15**	–
Bank and other borrowings	**1,988**	2,009
Senior notes	**1,652**	2,648
Lease liabilities	**252**	333
	3,907	4,990
Current indebtedness		
Loans from related companies	**–**	32
Bank and other borrowings	**270**	1,084
Senior notes	**865**	467
Lease liabilities	**30**	38
	1,165	1,621
Indebtedness for solar power plants projects classified as held for sale		
Bank and other borrowings – due within one year	**143**	128
Bank and other borrowings – due after one year	**312**	327
Lease liabilities	**13**	10
	468	465
Total indebtedness	**5,540**	7,076
Less: Cash and cash equivalents		
– continuing operations	**(440)**	(586)
– projects classified as held for sale	**(18)**	(23)
Pledged bank and other deposits		
– continuing operations	**(155)**	(430)
Net debts	**4,927**	6,037
Total equity	**6,562**	6,954
Net debts to total equity	**75%**	87%
Total liabilities	**7,167**	8,963
Total assets	**13,729**	15,917
Total liabilities to total assets	**52.2%**	56.3%

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

	30 June 2022 RMB million	31 December 2021 RMB million
Renminbi ("RMB")	**2,613**	3,368
Hong Kong dollars ("HK$")	**–**	178
United States dollars ("US$")	**2,927**	3,530
	5,540	7,076

Pledge of Assets

As at 30 June 2022, the following assets were pledged for bank and other facilities granted to the Group:

– property, plant and equipment of RMB3,290 million (31 December 2021: RMB4,106 million);

– bank and other deposits of RMB155 million (31 December 2021: RMB430 million);

– rights to collect the sales of electricity for certain subsidiaries. As at 30 June 2022, the trade receivables and contract assets of those subsidiaries amounted to RMB1,322 million (31 December 2021: RMB1,538 million); and

Besides, lease liabilities of RMB281 million (31 December 2021: RMB371 million) are recognized in respect of right-of-use assets amounting to RMB226 million (31 December 2021: RMB317 million) as at 30 June 2022.

Financial Guarantees provided to Related Companies and Third Parties

As at 30 June 2022, the Group provided guarantees to its associates for certain of their bank and other borrowings in proportional to the Group's interest in those associates with a maximum amount of RMB1,576 million (31 December 2021: RMB1,541 million). Besides, the Group also provided financial guarantees to certain disposed subsidiaries during transitional period for their bank and other borrowings amounting to RMB477 million (31 December 2021: RMB477 million).

Capital and Other Commitments

As at 30 June 2022 and 31 December 2021, the Group has no capital commitments in respect of construction commitments related to solar power plants contracted for but not provided.

Material disposals

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

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

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

EVENTS AFTER THE REPORTING PERIOD

Please refer to note 14 to the unaudited condensed consolidated financial information.

RISK FACTORS AND RISK MANAGEMENT

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

1. Policy risk

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

2. Risk associated with tariff

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

3. Risk related to interest rate

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

4. Foreign currency risk

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

5. Risk related to disputes with joint venture partners

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

EMPLOYEE AND REMUNERATION POLICIES

We consider our employees to be our most important resource. As at 30 June 2022, the Group had approximately 874 employees (31 December 2021: 896 employees) in the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) for the six months ended 30 June 2022 was approximately RMB125 million (30 June 2021: RMB148 million).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange during the six months ended 30 June 2022.

CORPORATE GOVERNANCE PRACTICES

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2022, the Company complied with the code provisions set out in the Corporate Governance Code (the "CG Code") of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for code provision C.2.1:

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

AUDIT COMMITTEE

The audit committee of the Company has reviewed, with the management of the Group, the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including a review of the Company's interim report and interim results for the six months ended 30 June 2022.

AUDITOR

The Company's external auditor, Crowe (HK) CPA Limited, has conducted a review of the Interim Financial Information of the Group for the six months ended 30 June 2022 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

PUBLICATION OF 2022 INTERIM RESULTS AND INTERIM REPORT

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

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

Hong Kong, 30 August 2022

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