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)

PRELIMINARY ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

	2021	2020
	RMB million	*RMB million*
Revenue	**2,845**	5,024
Loss attributable to owners of the Company	**(790)**	(1,368)
	RMB cents	*RMB cents*
Loss per share		
– Basic and diluted	**(3.81)**	(7.17)

The audited consolidated results of the Group for the year ended 31 December 2021 (the "Reporting Period"), with comparative figures for the corresponding period in the previous year (the "Prior Reporting Period") are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	NOTES	**2021** *RMB'000*	2020 *RMB'000*
Revenue	*3*	**2,844,899**	5,023,754
Cost of sales		**(1,066,123)**	(1,803,746)
Gross profit		**1,778,776**	3,220,008
Other income	*4*	**95,911**	130,931
Other gains and losses, net	*5*	**(153,411)**	(1,220,488)
Impairment loss on expected credit loss model, net of reversal	*5*	**(60,515)**	(321,235)
Administrative expenses			
— share-based payment expenses		**(20,718)**	—
— other administrative expenses		**(675,791)**	(522,265)
Share of profits of associates		**99,461**	102,395
Share of profits (losses) of joint ventures		**16**	(493)
Finance costs	*6*	**(1,578,409)**	(2,450,370)
Loss before tax		**(514,680)**	(1,061,517)
Income tax expense	*7*	**(47,044)**	(156,362)
Loss for the year	*8*	**(561,724)**	(1,217,879)
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**26,554**	(42,367)
Total comprehensive expense for the year		**(535,170)**	(1,260,246)

	NOTE	2021 RMB'000	2020 RMB'000
Loss for the year attributable to:			
Owners of the Company		**(790,274)**	(1,368,354)
Non-controlling interests			
— Owners of perpetual notes		**207,786**	166,822
— Other non-controlling interests		**20,764**	(16,347)
		(561,724)	(1,217,879)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(763,720)**	(1,410,721)
Non-controlling interests			
— Owners of perpetual notes		**207,786**	166,822
— Other non-controlling interests		**20,764**	(16,347)
		(535,170)	(1,260,246)
		RMB cents	*RMB cents*
Loss per share	*10*		
— Basic		**(3.81)**	(7.17)
— Diluted		**(3.81)**	(7.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**5,520,394**	25,363,172
Right-of-use assets		**316,517**	1,257,603
Interests in associates		**1,350,913**	1,205,898
Interests in joint ventures		**3,151**	3,135
Amounts due from related companies		**24,481**	40,529
Other investments		**43,714**	—
Other non-current assets		**203,701**	1,061,080
Contract assets		**40,941**	1,227,979
Pledged bank and other deposits		**181,366**	493,455
Deferred tax assets		**29,264**	142,212
		7,714,442	30,795,063
CURRENT ASSETS			
Trade and other receivables	*11*	**6,319,867**	8,961,551
Amounts due from related companies		**262,839**	357,296
Tax recoverable		**1,691**	2,777
Pledged bank and other deposits		**248,396**	250,551
Bank balances and cash		**586,050**	1,143,481
		7,418,843	10,715,656
Assets classified as held for sale		**783,384**	3,525,749
		8,202,227	14,241,405
CURRENT LIABILITIES			
Other payables and deferred income		**1,340,231**	4,688,437
Amounts due to related companies		**114,220**	312,194
Tax payable		**4,763**	19,951
Loans from related companies	*12*	**32,325**	788,668
Bank and other borrowings	*13*	**1,084,285**	12,392,695
Senior notes	*14*	**467,305**	3,261,099
Lease liabilities		**38,477**	88,927
		3,081,606	21,551,971
Liabilities directly associated with assets classified as held for sale		**562,365**	1,919,568
		3,643,971	23,471,539
NET CURRENT ASSETS/(LIABILITIES)		**4,558,256**	(9,230,134)
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,272,698**	21,564,929

	NOTES	2021 RMB'000	2020 RMB'000
NON-CURRENT LIABILITIES			
Loans from related companies	*12*	—	119,840
Bank and other borrowings	*13*	**2,009,185**	11,611,827
Senior notes	*14*	**2,648,062**	—
Lease liabilities		**332,887**	898,759
Deferred income		**327,850**	349,062
Deferred tax liabilities		**841**	48,560
		5,318,825	13,028,048
NET ASSETS		**6,953,873**	8,536,881
CAPITAL AND RESERVES			
Share capital		**73,629**	66,674
Reserves		**4,292,580**	4,969,191
Equity attributable to owners of the Company		**4,366,209**	5,035,865
Equity attributable to non-controlling interests			
— Owners of perpetual notes		**2,537,722**	2,329,936
— Other non-controlling interests		**49,942**	1,171,080
TOTAL EQUITY		**6,953,873**	8,536,881

1. GENERAL INFORMATION

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as 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"). Its immediate holding company is Elite Time Global Limited, a company incorporated in the British Virgin Islands ("BVI"). Its ultimate holding company is GCL-Poly Energy Holdings Limited ("GCL-Poly"), a company incorporated in the Cayman Islands with shares listed on 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 ("Solar Energy Business").

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16 Lease, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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

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

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, all of the revenue is derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2021 and 2020.

For sales of electricity, the Group generally entered into power purchase agreements with local grid companies with a term of one to five years which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer and the amount included RMB1,559,732,000 (2020: RMB2,905,309,000) tariff adjustment recognised during the current year. Except for trade receivables and contract assets relating to tariff adjustment, the Group generally grants credit period of approximately one month to customers from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

The financial resource for the tariff adjustment is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund to the respective state-owned grid companies for 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輔助資金管理暫行辦法). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment.

In January 2020, the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Caijian [2020] No. 4)* (《關於促進非水可再生能源發電健康發展的若干意見》)(財建[2020] 4號) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (Caijian [2020] No. 5)* (《財政部國家發展改革委國家能源局關於印發《可再生能源電價附加資金管理辦法》的通知》)(財建[2020] 5號) (the "2020 Measures") were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration. In accordance with the new government policy as stipulated in the 2020 Measures, the PRC government has simplified the application and approval process regarding the registration of tariff adjustments for non-hydro renewable energy power plant projects into the Renewable Energy Tariff Subsidy List (可再生能源發電補助項目清單, the "List"). The state grid companies will regularly announce the list based on the project type, time of grid connection and technical level of the solar 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 are recognised as revenue and due from grid companies in the PRC in accordance with the relevant power purchase agreements.

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

Since certain of the tariff adjustments were yet to obtain approval for registration in the List by the PRC government, the management considered that it contained a significant financing component over the relevant portion of tariff adjustment until the settlement of the trade receivables. For the current year, the respective tariff adjustment was adjusted for this financing component based on an effective interest rate ranged from 2.34% to 2.76% per annum (2020: 1.99% to 2.36% per annum) and the adjustment in relation to revision of expected timing of tariff collection. As such, the Group's revenue was adjusted by approximately RMB31 million (2020: RMB212 million) and interest income amounting to approximately RMB29 million (2020: RMB77 million) (note 4) was recognised.

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.

* *English name for identification only*

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. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**2,761,970**	4,932,528	**6,316,507**	28,878,257
Other countries	**82,929**	91,226	**1,119,110**	1,240,610
	2,844,899	5,023,754	**7,435,617**	30,118,867

Note: Non-current assets excluded those relating to financial instruments (including pledged bank and other deposits, other investments and amounts due from related companies) and deferred tax assets.

Information about major customers

For the year ended 31 December 2021, the revenue from grid companies under common control of the State Grid Corporation of China in total accounted for 92% (2020: 97%) of the Group's revenue. For the purpose of presenting further information about major customers and considering the extent of economic integration between grid companies, the sales to a subsidiary of State Grid Corporation of China which accounted for over 10% of the total revenue from external customers is as follows:

	2021	2020
	RMB'000	*RMB'000*
Customer A	**2,617,146**	4,849,482

4. OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
Compensation income	**24,895**	3,798
Government grants		
— Incentive subsidies *(Note)*	**2,960**	7,577
— Energy Income Credit	**13,082**	14,078
— Others	**—**	265
Interest arising from contracts containing significant financing component	**28,750**	77,100
Bank and other interest income	**18,997**	22,882
Others	**7,227**	5,231
	95,911	130,931

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 and the conditions attached thereto were fully complied with.

5. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS ON EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2021	2020
	RMB'000	*RMB'000*
Exchange gain, net	**53,907**	306,605
Impairment loss on property, plant and equipment	**(294,211)**	(1,137,851)
Loss on measurement of assets classified as held for sale to fair value less cost to sell	**—**	(207,836)
Gain (loss) on disposal of solar power plant projects	**84,669**	(218,004)
Fair value change on other investment	**—**	13,027
Gain on disposal of property, plant and equipment	**523**	—
Gain on early termination of leases	**1,701**	23,571
	(153,411)	(1,220,488)
Impairment loss on expected credit loss model, net of reversal:		
— Trade receivables	**7,108**	(10,000)
— Contract assets	**5,160**	(5,398)
— Other receivables	**(72,783)**	(304,587)
— Other loan receivables	**—**	(1,250)
	(60,515)	(321,235)

6. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest on financial liabilities at amortised cost:		
Bank and other borrowings	**1,179,921**	2,005,506
Senior notes	**323,731**	266,317
Loans from related companies	**41,923**	127,751
Lease liabilities	**32,834**	63,606
Total borrowing costs	**1,578,409**	2,463,180
Less: amounts capitalised in the cost of qualifying assets	**—**	(12,810)
	1,578,409	2,450,370

There is no borrowing costs capitalised during the year ended 31 December 2021 and 2020 on the general borrowing pool.

7. INCOME TAX EXPENSE

	2021	2020
	RMB'000	*RMB'000*
PRC Enterprise Income Tax:		
Current tax	**30,487**	143,198
Over-provision in prior years	**(1,712)**	(3,253)
	28,775	139,945
PRC dividend withholding tax	**920**	14,578
Deferred tax	**17,349**	1,839
	47,044	156,362

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 years ended 31 December 2020 and 2021, certain subsidiaries of the Company engaged in solar photovoltaic projects had their first year of the 3-year 50% exemption period.

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated or operated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

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 year. No provision for taxation in Hong Kong Profits Tax was made as there is no assessable profit for both reporting periods.

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

8. LOSS FOR THE YEAR

	2021	2020
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**3,500**	3,961
Depreciation of:		
— Property, plant and equipment	**850,544**	1,363,384
— Right-of-use assets	**71,295**	95,998
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**280,089**	241,444
— Retirement benefit scheme contributions	**29,988**	26,881
Share-based payment expenses (administrative expenses in nature)	**20,718**	—

9. DIVIDENDS

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

10. LOSS PER SHARE

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

Loss

	2021	2020
	RMB'000	*RMB'000*
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(790,274)**	(1,368,354)

Number of shares

	2021	2020
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**20,750,428**	19,073,715

Diluted loss per share for the years ended 31 December 2021 and 2020 does not assume the exercise of share options granted by the Company, since the exercise would decrease the loss per share of the respective year.

11. TRADE AND OTHER RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables *(Note a)*	**1,593,838**	7,231,113
Prepayments and deposits	**446,903**	118,154
Other receivables		
— Amounts due from former subsidiaries *(Note b)*	**2,875,173**	108,562
— Consultancy service fee receivables	**17,082**	12,137
— Consideration receivable from disposal of subsidiaries	**374,404**	372,082
— Advance to non-controlling interest shareholders	**—**	18,750
— Receivables for modules procurement	**62,800**	63,376
— Refundable value-added tax	**66,982**	498,123
— Dividend receivables	**396,094**	217,774
— Interest receivables	**—**	33,015
— Others	**866,853**	603,052
	6,700,129	9,276,138
Less: Allowance for credit loss		
— Trade	**(2,892)**	(10,000)
— Non-trade	**(377,370)**	(304,587)
	(380,262)	(314,587)
	6,319,867	8,961,551

Notes:

(a) At 1 January 2020, trade receivables from contract with customers amounted to approximately RMB3,049,935,000.

For sales of electricity in the PRC, 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.

Trade receivables include bills received amounting to RMB49,890,000 (2020: RMB153,398,000) held by the Group for future settlement of trade receivables, of which certain bills issued by third parties are further endorsed by the Group with recourse for settlement of payables for purchase of plant and machinery and construction costs, or discounted to banks for cash. The Group continues to recognise their full carrying amount at the end of both reporting periods. All bills received by the Group are with a maturity period of less than one year.

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

	2021	2020
	RMB'000	*RMB'000*
Unbilled *(Note)*	**1,492,086**	6,717,763
0–90 days	**29,623**	140,905
91–180 days	**1,928**	144,999
Over 180 days	**17,419**	64,048
	1,541,056	7,067,715

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

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

	2021	2020
	RMB'000	*RMB'000*
0–90 days	**246,631**	948,875
91–180 days	**127,517**	283,537
181–365 days	**233,434**	1,051,020
Over 365 days	**884,504**	4,434,331
	1,492,086	6,717,763

As at 31 December 2021, included in these trade receivables are debtors with aggregate carrying amount of RMB30,451,000 (2020: RMB271,495,000) which are past due as at the end of the reporting date. 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 year ended 31 December 2021. The amounts are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment.

12. LOANS FROM RELATED COMPANIES

	2021	2020
	RMB'000	*RMB'000*
Loans from:		
— companies controlled by Mr. Zhu Yufeng and his family *(Note)*	**32,325**	908,508
Analysed as:		
Current	**32,325**	788,668
Non-current	**–**	119,840
	32,325	908,508

Note:

As at 31 December 2020, loans from 協鑫集團有限公司 GCL Group Limited*, 南京鑫能陽光產業投資基金企業(有限合夥) Nanjing Xinneng Solar Property Investment Fund Enterprise (Limited Partnership)* ("Nanjing Xinneng"), 江蘇協鑫建設管理有限公司 Jiangsu GCL Construction Management Limited* ("Jiangsu GCL Construction"), 江蘇協鑫房地產有限公司 Jiangsu GCL Real Estate Limited* ("Jiangsu GCL Real Estate") and 阜寧協鑫房地產開發有限公司 Funing Property Development Limited* ("Funing Property") in total amounted to RMB908,508,000. These loans are unsecured, interest bearing 8% – 12% per annum and repayable from 2020 through 2021. Approximately RMB788,668,000 of the outstanding loans are repayable within twelve months from 31 December 2020.

As at 31 December 2021, loans from Nanjing Xinneng, Jiangsu GCL Real Estate, 協鑫光伏系統有限公司 GCL Solar System Limited* in total amounted to RMB32,325,000. These loans are unsecured, interest free or bearing 8% – 12% per annum and repayable within twelve months from 31 December 2021.

* *English name for identification purpose only.*

13. BANK AND OTHER BORROWINGS

	2021	2020
	RMB'000	*RMB'000*
Bank loans	**989,996**	7,664,067
Other loans	**2,103,474**	16,340,455
	3,093,470	24,004,522
Secured	**2,516,675**	22,163,914
Unsecured	**576,795**	1,840,608
	3,093,470	24,004,522
The maturity of bank borrowings is as follows*:		
Within one year	**351,593**	1,594,124
More than one year, but not exceeding two years	**329,553**	687,038
More than two years, but not exceeding five years	**190,850**	1,559,293
More than five years	**118,000**	1,595,371
	989,996	5,435,826
The carrying amount of bank loans that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**–**	2,228,241
Less: Amounts due within one year shown under current liabilities	**(351,593)**	(3,822,365)
Amounts due after one year	**638,403**	3,841,702
Analysed as:		
Fixed-rate borrowings	**109,259**	1,529,472
Variable-rate borrowings	**880,737**	6,134,595
	989,996	7,664,067

	2021	2020
	RMB'000	*RMB'000*
The maturity of other borrowings is as follows*:		
Within one year	**519,567**	4,445,158
More than one year, but not exceeding two years	**343,061**	1,796,182
More than two years, but not exceeding five years	**712,198**	3,850,805
More than five years	**315,523**	2,123,138
	1,890,349	12,215,283
The carrying amount of other borrowings that are repayable on demand due to breach of loan covenants# (Shown under current liabilities)	**213,125**	4,125,172
Less: Amounts due within one year shown under current liabilities	**(732,692)**	(8,570,330)
Amounts due after one year	**1,370,782**	7,770,125
Analysed as:		
Fixed-rate borrowings	**100,557**	6,410,937
Variable-rate borrowings	**2,002,917**	9,929,518
	2,103,474	16,340,455

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

During the current year, 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 borrowings (2020: the default on the repayment of a bank borrowing by GCL-Poly, the Group's involvement in certain litigation cases relating to claims by relevant claimants exceeded the limit of litigation amounts stipulated in the financial covenants of certain bank borrowings and the Group's default in certain bank and other borrowings have triggered the cross default clauses of certain of the Group's bank and other borrowings as set out in the respective loan agreements between the Company and several banks and financial institutions). Accordingly, other borrowings of the Group amounting to RMB89 million (2020: bank and other borrowings of the Group amounting to RMB4,541 million) is reclassified from non-current liabilities to current liabilities as at 31 December 2021. The management of the Group considers that the claims arising from the litigation will not have material impact to the Group as majority of the claims have been provided and included in payables for purchase of plant and machinery and construction costs as at 31 December 2021.

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

	2021	2020
	RMB'000	*RMB'000*
Within one year	–	212,083
More than one year, but not exceeding two years	–	234,667
More than two years, but not exceeding five years	–	1,042,851
More than five years	–	738,640
	–	2,228,241

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

	2021	2020
	RMB'000	*RMB'000*
Within one year	**123,653**	1,600,206
More than one year, but not exceeding two years	**20,566**	302,175
More than two years, but not exceeding five years	**62,850**	1,386,432
More than five years	**6,056**	836,359
	213,125	4,125,172

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are analysed as follows:

	2021	2020
Fixed-rate borrowings		
RMB borrowings	**4.41% to 8.1%**	4.35% to 18%
US$ borrowing	**1.72% to 5%**	1.72% to 5%
HK$ borrowings	**9.75%**	9.75%
Variable-rate borrowings		
RMB borrowings	**93% to 170% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")**	100% to 180% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")
US$ borrowing	**LIBOR +3.25% to 4.3%**	LIBOR +3.25% to 4.3%

The Group's borrowings denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2021	2020
	RMB'000	*RMB'000*
US$	**414,566**	1,371,177
HK$	**178,237**	185,152

Included in other loans are RMB5,656 million (2020: RMB11,211 million) in which the Group entered into financing arrangements with financial institutions with lease terms ranging from 1 year to 12 years (2020: 1 year to 12 years), with legal title of the respective equipment transferred to the financial institutions. The Group continued to operate and manage the relevant equipment during the lease term without any involvement from the financial institutions, and the Group is entitled to purchase back the equipment at a minimal consideration upon maturity of respective leases, except for one of the financing arrangements with a financial institution that the Group can either exercise the early buyout option granted to the Group to purchase back the relevant equipment at a pre-determined price at the end of the seventh year of the lease term, or to purchase back the equipment from this financial institution at fair value upon the end of the lease period. Despite the arrangement involves a legal form of a lease while it does not constitute a sale and leaseback transaction, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method under IFRS 9/IAS 39 in prior years before application of IFRS 16, in accordance with the substance of the arrangement. Effective from 1 January 2020, the Group applies the requirements of IFRS 15 to assess whether sale and leaseback transactions constitute a sale.

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

14. SENIOR NOTES

	2021	2020
	RMB'000	*RMB'000*
Senior notes	**3,115,367**	3,261,099

Note:

On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to RMB3,167 million), which bear interest at 7.1% per annum and mature on 30 January 2021. The net proceeds of the notes issuance, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million (equivalent to RMB3,119 million).

During the year ended 31 December 2021, the restructuring of the 2018 Senior Notes (the "Restructuring") was implemented and completed under the Bermuda Scheme (i.e. the scheme of arrangement under Part VII of the Bermuda Companies Act 1981). On 16 June 2021, the Restructuring has become effective, i.e., the 2018 Senior Notes was cancelled and the New Notes (defined below) was issued. Under the restructuring support agreement ("RSA"), 5% of the original principal amount of US$25 million (the "Upfront Consideration") was repaid to the holders of the senior notes. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration was settled through issuance of new senior note (the "New Notes").

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

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

15. EVENTS AFTER REPORTING PERIOD

(a) On 25 January 2022, with reference to (i) joint announcement of GCL-Poly and the Company dated 30 August 2021 in relation to the Previous De Minimis Disposal and the First Phase Disposals and (ii) the announcement of the Company dated 13 September 2021 and the circular of the Company dated 29 October 2021 in relation to the Second Phase Disposals, an indirect subsidiary of the Company entered into the Third Phase Share Purchase Agreement with Hunan Xinhua Water Conservancy and Electric Power Co., Ltd. to sell its entire equity interest of the subsidiary at consideration in aggregate of RMB8,800,000.

On 21 March 2022, an indirect subsidiary of the Company ("Fourth Phase Seller") entered into the Fourth Phase Share Purchase Agreement with Hunan Xinhua Water Conservancy and Electric Power Co., Ltd. ("Fourth Phase Purchaser") to sell its 90.1% equity interest of the subsidiary. The Fourth Phase Seller shall further sell 9.9% equity interest of the subsidiary to the Fourth Phase Purchaser after acquiring the 9.9% equity interest from Qingdao Changsheng Ridian Solar Technology Co., Ltd., an independent third party to the Company. The consideration under the Fourth Phase Share Purchase Agreement was RMB153,910,000 and shall be paid by the Fourth Phase Purchaser to the Fourth Phase Seller by instalment.

(b) On 16 March 2022, with reference to the announcement made by the Company dated 8 March 2022 in relation to the launch of the offer to purchase (the "Offer") cash of up to a total of US$53,400,000 of the outstanding principal amount at face value of the Outstanding 10.00% Senior Notes Due 2024 at the Purchase Price, the Company announced the results of the Offer. At the expiration deadline, the valid tender instructions received by the Company was significantly greater than the maximum tender amount. In light of the positive response to the Offer, the Company has determined to accept for purchase validly tendered notes in an aggregate principal amount outstanding at face value of US$53,398,267 with proration scaling mechanism.

On 18 March 2022, the Company announced the successful settlement of the Offer.

(c) On 16 March 2022, two indirect subsidiaries of the Company entered into the Share Purchase Agreements with Jiangsu Hesheng New Energy Co., Ltd.*（江蘇和盛新能源有限公司）to sell (i) the entire equity interest in Gaoyou GCL Photovoltaic Power Company Limited*（高郵協鑫光伏電力有限公司）, Nantong Haide New Energy Co., Ltd*（南通海德新能源有限公司）, Pizhou GCL Photovoltaic Power Co., Ltd*（邳州協鑫光伏電力有限公司）, Suqian Green Energy Power Co., Ltd*（宿遷綠能電力有限公司）and Suzhou Industrial Park Dingyu Solar Power Co., Ltd*（蘇州工業園區鼎裕光伏電力有限公司）and (ii) 60% equity interest in Jiangsu GCL Haibin New Energy Technology Development Co., Ltd*（江蘇協鑫海濱新能源科技發展有限公司）at consideration in aggregate of RMB90,379,800.

* *English name for identification only.*

STATEMENT OF THE CHAIRMAN AND PRESIDENT

Dear shareholders and investors,

The year 2021 was a challenging and extraordinary year for GCL New Energy. During the year, we spared no effort in speeding up the transformation and made unremitting efforts to explore new directions for the future development. After going through a few challenging years, GCL New Energy has eventually accomplished the asset-light strategic transformation in 2021 and its gearing ratio has declined to a relatively sound and stable level, which has provided strength to stride forward. In 2021, GCL New Energy seized the zero-carbon opportunity and accelerated its journey towards "hydrogen" energy business to gradually achieve the development of both solar power business and hydrogen energy business, driving its sustainable development to the next level.

ADJUST STRUCTURE TO REDUCE GEARING RATIO TO A SOUND AND STABLE LEVEL

During the year, GCL New Energy firmly advanced towards the clear goal of reducing debt and maintaining a stable cash flow, resolutely promoted the implementation of the strategic asset-light transformation and announced the disposal of solar power plants with installed capacity of nearly 2.9GW, from which the debt scales was reduced by RMB11.2 billion and the gearing ratio declined from 81% at the same period of previous year to 56%. The cash disposal proceeds can not only effectively reduce the debt scale of GCL New Energy and mitigate the financial strain, but also maintain a stable cash flow to provide solid capital foundation at the outset of its new business. After deducting the disposed and transferred assets, the total installed capacity of the Group's subsidiary solar power plants was approximately 1,051MW. As of the date of this results announcement, the total installed capacity of the Group's subsidiary solar power plants that has been contracted for disposal but has yet to be completed was approximately 298MW and the total installed capacity of the Group's subsidiary solar power plants upon completion of the asset disposal transactions will be approximately 753MW. The successful strategic asset-light transformation enables GCL New Energy to focus on its core capabilities and lays a solid foundation of its new business development.

ACCELERATING THE PACE OF INTELLIGENT OPERATION AND MAINTENANCE WITH THE SUPPORT OF TECHNOLOGY

Despite the scale-down of the solar power plant scale of GCL New Energy under the asset-light operation model, innovation has enhanced the core competitiveness of the Group. Leveraging on its seasoned experience in operation and maintenance ("O&M") of solar power plants and taking advantage of its scale and accumulation of massive data, the Group's outsourcing O&M business has thrived. Currently, the Group continues to provide O&M services for most of the disposed solar power plant projects and is constantly exploring other business opportunities. 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 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.

During the year, the Group had entered into contract to provide O&M services for 69 solar power plants with total installed capacity of approximately 3GW. The Group has extended its O&M business across the country and established a leading market presence. In February 2021, the Group was invited by the China Electricity Council to lead the development and official release of the TCEC 417-2020 Administrative Regulation on Operation and Maintenance Services for Solar Power Plants (《TCEC 417-2020光伏電站運行維護服務管理規範》), which outlined the guidance of solar power plants intelligent operation development, and was first in the country to be accredited the honourary title of "5A Solar Power Plants Operation and Maintenance Service Provider". The Group also obtained four-standard management system certification in quality, occupational health and safety, environment, and information security. Meanwhile, on 30 November 2021, according to the relevant provisions of the "Administrative Measures for the Accreditation of High-tech Enterprises" (Guoke Fahuo [2016] No. 32) (《高新技術企業認定管理辦法》(國科發火[2016]32號)) and the "Guidelines for the Administration of High-tech Enterprise Accreditation" (Guoke Fahuo [2016] No. 195) (《高新技術企業認定管理工作指引》(國科發火[2016]195號)), the Leading Group Office of National High-tech Enterprises Accreditation and Management issued the "Notification on the List of 2021 Second Group of Proposed High-tech Enterprises of Jiangsu Province" (《關於公示江蘇省2021年第二批認定報備高新技術企業名單的通知》). Suzhou GCL New Energy Operation and Technology Co., Ltd.* (蘇州協鑫新能源運營科技有限公司), a subsidiary of the Group responsible for businesses related to operation and maintenance, will successfully pass the high-tech enterprise certification after the publicity, thus officially entering the ranks of national high-tech enterprises.

MULTI-DIMENSIONAL RECOGNITION FROM THE CAPITAL MARKET AND MUTUAL ASSISTANCE OF INVESTORS

GCL New Energy has not only effectively reduced the scale of the Company's debts through the strategic asset-light transformation, but also successfully completed the debt restructuring and placement with the support of bondholders and equity investors for the Group and their confidence in the Group's future development. The restructuring plan of Bermuda Scheme (i.e. the scheme of arrangement under Part VII of the Bermuda Companies Act 1981) that the Group proposed in December 2020 was officially being put into effect on 16 June 2021 and listed on Singapore Stock Exchange on 17 June 2021, with a new debt size of US$497 million under the high percentage of support from the existing notes holders. Following the success of the debt restructuring, the Group obtained a debt extension of up to three years for the Existing Notes, as well as deferred payment of part of the cash interests, which allowed the Group have the autonomy and flexibility to make debt prepayment without extra costs. Meanwhile, the Group announced on 8 March 2022 that it would repurchase a total repurchase value of up to approximately US$53.4 million of the Existing Notes with a face value of US$1 each from the holders of Existing Notes at a price of US$0.975. As it was well received by the market and the acceptance rate was much higher than the repurchase amount, the Group completed the repurchase in accordance with the repurchase mechanism with a proration scaling factor of approximately 18.54%.

In addition, in February 2021, the Group completed a top-up placing of 2 billion shares at HK$0.455 per share to various professional, institutional or other investors, with net proceeds of approximately HK$895 million. The successful completion of the debt restructuring and the top-up placing, greatly improved the liquidity, overall debt issue and financing pressure of the Group, which enabled its gearing ratio to decline to a healthy level of approximately 56%. Following the subsequent completion of disposal of power plants, cash inflow and debt pay off, the Group expected that the debt scale will be further reduced by approximately RMB6 billion in 2022 with the Company's gearing ratio to decline further to a more stable level.

GCL New Energy regrouped and set off to further strengthen its unique core competences. With its strong innovative culture, scientific research capabilities, seasoned experience in intelligent operations, and the integration of solar power business on the entire industry chain, and through strategic cooperation with state-owned enterprises and central enterprises to unleash their full potentials, GCL New Energy reshapes its strategic development direction and explore other development models such as joint-development for the solar power business. Meanwhile, the Group believed that only with the persistence of innovation, reform and establishment of a dynamic growth model can it maintain a robust development. Riding on the backdrop of dual carbon goals and the development of green circular economy, GCL New Energy focused on the solar power business, and actively sought opportunities in other clean energy businesses, with an aim to seizing the great opportunities arise from the energy transformation during the "14th Five-Year Plan".

TAPPING INTO THE HYDROGEN ENERGY INDUSTRY THROUGH MARKET INSIGHT

Thinking out of the box to visualize the insights, GCL New Energy has taken an unique approach to ride on its own competences in solar power generation business platform, deploying its strong scientific research capabilities, profound technology knowledge and experience to tap into the hydrogen energy and related industries. In an effort to developing a sustainable hydrogen energy business with unique competitiveness, the Group is combining the major applications and market prospects of hydrogen energy, alongside a diversified deployment in both blue and green hydrogen to focus on the production of blue hydrogen and its ancillary products as well as using green power to produce hydrogen.

Under the backdrop that decarbonization has become a global goal, hydrogen energy, as one of the cleanest energy sources, has been listed as an important solution for decarbonization by many countries and plays an indispensable role in implementing the dual carbon strategy. The hydrogen energy industry in China is currently developing at full speed. China, as the world's largest hydrogen producer, its hydrogen energy production and consumption in 2020 have exceeded 25 million tons. Based on the forecast of China Hydrogen Alliance, by 2030 and 2060, the annual domestic hydrogen demand will account for approximately 5% and 20% of the end-terminal energy consumption, respectively. In the future, hydrogen energy will serve as an important supporting energy for large-scale and deep carbon reduction in power, transportation, industry, construction and other fields. Hydrogen energy is ushering in unprecedented strategic opportunities.

On 24 January 2022, Xi Jinping, General Secretary of the Central Committee of the Communist Party of China, emphasized at the thirty-sixth collective meeting conducted by the Political Bureau of the Central Committee of the Communist Party of China ("Political Bureau of CCCPC") on efforts to achieve the dual carbon goal, that it is required to fully understand the urgency and arduousness of achieving the "dual carbon" goal, to promote the "dual carbon" work, and to actively and orderly develop solar energy, silicon energy, hydrogen energy, and renewable energy. In the implementation of specific policies, Secretary Xi Jinping said that the promotion of new energy and clean energy should be given a prominent position, and the active and orderly development of solar energy, silicon energy, hydrogen energy, and renewable energy should be accelerated. He said that it is required to speed up the development of sizable and cost-effective new energy sources such as wind energy, solar energy, biomass energy, geothermal energy, ocean energy, and hydrogen energy, coordinate hydropower development and ecological protection, and actively develop nuclear power in a safe and orderly manner. Secretary Xi Jinping repeatedly emphasized the development of hydrogen energy at the meeting, which meant that hydrogen energy occupies an irreplaceable strategic position in the future development plan of China's new energy.

As high cost is a major problem in the current large-scale promotion of hydrogen production from renewable energy, blue hydrogen, which is mainly produced from natural gas, plays an important role in fulfilling the "dual carbon" strategy as a "transitional clean energy" due to its advantages such as abundant resources, low production costs, and mature technology. GCL New Energy is currently exploring the possible long-term natural gas procurement cooperation with POLY-GCL Petroleum Investments Limited (保利協鑫天然氣投資有限公司), which enables the Group to facilitate the implementation of hydrogen energy strategy and effectively set the stage for GCL New Energy to become a major international hydrogen energy supplier and integrated energy management service provider.

On the other hand, the green hydrogen produced by water electrolysis technology powered by renewable energy such as solar power generation achieved the green and clean life cycle of hydrogen energy, while expanding the scope of utilization of renewable energy. The Group believes that with the advent of renewable energy grid parity, the cost of the electrolyzed water hydrogen production system will be significantly reduced in the future by improving the technology of the whole industry chain, reducing the cost of renewable energy power generation and large-scale application in key industries. At this stage, GCL New Energy will give full play to its own technological advantages. It will strive to develop technological innovation and actively seek key technological breakthroughs, endeavour to build the core competitiveness of green hydrogen business, and provide technical support and innovative source of profit for the development of hydrogen energy business.

In order to fully guarantee the future development of the hydrogen energy project investment strategy, GCL New Energy has entered into a strategic cooperation framework agreement with each of JIC Capital Management (Tianjin) Limited and CCB International Asset Management Limited. The cooperation involves a hydrogen industrial investment fund with a scale of about RMB 10 billion and a new energy industrial investment fund with a scale of no more than US$800 million, with a total of nearly RMB15 billion. The Group expects that the relevant investment funds will not have a significant impact on the future capital commitment or gearing liabilities of operating the hydrogen energy business, and it can continue to develop its hydrogen energy business through the asset-light strategy model in the long term, as such, its debt can be maintained at a stable level.

OUTLOOK

The success of the asset-light strategy transformation has enabled GCL New Energy to make a magnificent turnaround and set the stage for its dual businesses to robust. Leveraging on its seasoned experience in the renewable energy realm, the Group will push forward the implementation of hydrogen strategy. Meanwhile, as a corporate that attaches great importance to social responsibility, GCL New Energy will strengthen its investment in the environment, society and corporate governance while pursuing sustainable profitability and stable cash flow, strive for maximizing social values and achieving "dual carbon goals" while pursuing to maximize shareholders' interests, financial benefits and profits. By improving corporate governance, optimizing resources allocation and actively fulfilling its corporate social responsibility, GCL New Energy acknowledges that environmental protection is one of the effective ways to achieve the "dual carbon goals" and by enriching the green energy development structure and optimizing the sustainable development of green energy under the strategic principles of low carbon emission reduction and energy conservation, so as to accelerate the application of green energy into thousands of households, dedicate to achieving a low and zero-carbon community as early as possible and generating greater returns for the society and the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 December 2021, loss attributable to owners of the Company for the year was RMB790 million, as compared to loss attributable to owners of the Company of RMB1,368 million in 2020. The decrease in loss for the year was mainly attributable to the combined effect of the followings:

1. the grid connected capacity decreased from 4.8GW as at 31 December 2020 to 1.0GW as at 31 December 2021, representing a decrease of approximately 79% in our business scale. Our electricity sales volume and revenue of the Group decreased proportionally by 44% and 45%, respectively. The drop in our business scale led to a decrease in gross profit by RMB1,441 million, from RMB3,220 million in the Prior Reporting Period to RMB1,779 million in the current year. The gross profit margin was 62.5% for the year ended 31 December 2021, as compared to 64.1% for the year ended 31 December 2020 after restatement;

2. the increase in administrative expenses by 33.5%, from RMB522 million to RMB697 million, mainly due to an increase in professional fee related to projects disposals and inclusion of share-based payment expenses of RMB21 million (2020: Nil);

3. the exchange gain of RMB54 million, as compared to the exchange gain of RMB307 million for the year ended 31 December 2020, the exchange gain is mainly caused by the depreciation of USD denominated indebtness against RMB;

4. the gain on disposal of solar power plant projects of RMB85 million, as compared to a loss on disposal of solar power plant projects of RMB218 million for the year ended 31 December 2020;

5. the impairment loss on property, plant and equipment of RMB294 million, as compared to the impairment loss on property, plant and equipment of RMB1,138 million for the year ended 31 December 2020; and

6. the decrease in finance costs of RMB872 million, mainly due to the decrease in business scale and repayment of debts.

BUSINESS REVIEW

Capacity and Electricity Generation

During the year, the Group's asset-light transformation pace was accelerated. As at 31 December 2021, the total installed capacity of the Group's subsidiary power plants was approximately 1,051MW (31 December 2020: 6,636MW). Details of capacity, electricity sales volume and revenue for the year ended 31 December 2021 are set out below.

Subsidiaries by provinces	**Tariff Zones**	**Number of solar power plant**	**Aggregate Installed Capacity[1]** *(MW)*	**Grid-connected Capacity[1]** *(MW)*	**Electricity Sales Volume** *(million kWh)*	**Average Tariff (Net of Tax)** *(RMB/ kWh)*	**Revenue** *(RMB million)*
Inner Mongolia	1	4	189	189	365	0.73	267
Ningxia	1	2	60	60	92	0.64	59
		6	**249**	**249**	**457**	**0.71**	**326**
Qinghai	2	4	98	98	205	0.66	135
Jilin	2	4	51	51	75	0.76	57
Liaoning	2	3	60	60	56	0.77	43
Gansu	2	1	20	20	36	0.72	26
Others	2	–	–	–	1,422	0.66	943
		12	**229**	**229**	**1,794**	**0.67**	**1,204**
Jiangsu	3	9	114	108	404	0.84	340
Hebei	3	1	30	21	26	0.37	10
Zhejiang	3	1	23	21	33	0.97	32
Shandong	3	5	161	149	188	0.81	152
Henan	3	3	9	9	303	0.73	221
Guangdong	3	4	39	13	106	0.71	76
Fujian	3	3	56	56	61	0.81	50
Shanghai	3	1	7	7	7	0.97	7
Others	3	–	–	–	286	0.80	230
		27	**439**	**384**	**1,414**	**0.79**	**1,118**
Subtotal		**45**	**917**	**862**	**3,665**	**0.72**	**2,648**
US		2	134	134	203	0.38	78
Total of Subsidiaries		**47**	**1,051**	**996**	**3,868**	**0.70**	**2,726**

	Revenue *(RMB million)*
Representing:	
Electricity sales	1,135
Tariff adjustment – government subsidies received and receivable	1,591
Total revenue of subsidiaries for electricity sales	2,726
Less: effect of discounting tariff adjustment to present value[2]	(31)
Total revenue of solar power plants, after discounting	2,695
Solar power plants operation and management service income	80
EPC consultancy and technical service income	70
Total revenue of the Group	2,845

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

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

Most of the solar power plants of the Group are located in China and almost all of the revenue is contributed by the subsidiaries of the 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

During the year ended 31 December 2021, 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 provision of engineering, procurement and construction consultancy and technical service. The table below sets forth an analysis of the Group's revenue:

	2021	2020
	RMB'000	*RMB'000*
Revenue		
— Sales of electricity and tariff adjustments	**2,694,979**	4,935,189
— Operation and management services for solar power plants	**79,637**	64,849
— Engineering, procurement and construction ("EPC") and technical service income	**70,283**	23,716
	2,844,899	5,023,754

The decrease in revenue was mainly attributable to the disposal of solar power plants during 2021. The grid connected capacity decreased from 4.8GW as at 31 December 2020 to 1.0GW as at 31 December 2021. The average tariff (net of tax) for the PRC was approximately RMB0.72/kWh (2020: RMB0.74/kWh).

During the year ended 31 December 2021, the Group provided operation and maintenance services for some of the disposed solar power plant projects and generate management service income. As at 31 December 2021, the Group had entered into contract to provide operation and maintenance services for solar power plants with total installed capacity of approximately 2,963 MW.

The gross profit margin was 62.5% for the year ended 31 December 2021, as compared to 64.1% for the year ended 31 December 2020. The cost of sales mainly consisted of depreciation, which accounted for 78.5% (2020: 78.7%) of the cost of sales, with the remaining costs being operation and maintenance costs of solar power plants.

Other Income

During the year ended 31 December 2021, other income mainly included imputed interest on discounting effect on tariff adjustment receivables (i.e. interest arising from contracts containing significant financing component) of RMB29 million (2020: RMB77 million) and bank and other interest income of RMB19 million (2020: RMB23 million).

Administrative Expenses

Administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses increased by 33.5% to RMB697 million for the year ended 31 December 2021 (2020: RMB522 million). The increase in administrative expenses was mainly due to an increase in professional fees related to disposal of solar power plants during 2021.

Other gains and losses, net/Impairment on expected credit loss model, net of reversal

During the year ended 31 December 2021, the net loss amounted to RMB153 million (2020: RMB1,220 million) was mainly due to impairment losses on property, plant and equipment of RMB294 million (2020: RMB1,138 million), gain on disposal of solar power plant projects of RMB85 million (2020: loss on disposal of solar power plant projects of RMB218 million), and exchange gain of RMB54 million (2020: exchange gain of RMB307 million), mainly arising from the depreciation of USD denominated indebtedness against the reporting currency in RMB. Impairment on expected credit loss of RMB61 million (2020: RMB321 million) meant the changes of the credit risk in 2021.

Share of profits of associates

Share of profits of associates amounted to RMB99 million (2020: RMB102 million), mainly representing the share of profits from several partly-held solar power plants. The Group disposed of majority of the equity interest of these solar power plants in 2020 and 2021.

Finance Costs

	2021 ***RMB million***	2020 *RMB million*
Total borrowing costs	**1,578**	2,463
Less: Interest expenses capitalized	**—**	(13)
	1,578	2,450

For the year ended 31 December 2021, total borrowing costs decrease by 36% as compared with same period of last year. The decrease was mainly due to decrease in average borrowing balance as a result of disposal of solar power plants during 2021. Interest-bearing debts has decreased from RMB30,930 million as at 31 December 2020 to RMB7,076 million as at 31 December 2021. However, the effect of the drop in average borrowing balance was partly offset by the increase in the average borrowing rate from approximately 7.2% in 2020 to approximately 8.6% in 2021.

Income Tax Expenses

Income tax expenses for the year ended 31 December 2021 was RMB47 million (2020: RMB156 million). There is a decrease in income tax expenses mainly due to the disposal of solar power plants during 2021.

Profit/loss attributable to other non-controlling interests

Profit attributable to other non-controlling interests amounted to RMB21 million for the year ended 31 December 2021 (2020: loss of RMB16 million).

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

Property, Plant and Equipment

Property, plant and equipment was RMB5,520 million as at 31 December 2021 and RMB25,363 million as at 31 December 2020. The decrease was mainly due to the disposal of solar power plants during 2021.

Deposits, Prepayment and other Non-current Assets

As at 31 December 2021, other non-current assets was RMB204 million (31 December 2020: RMB1,061 million), which mainly included approximately RMB142 million (31 December 2020: RMB981 million) of refundable value-added tax.

Contract Assets

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

Contract assets decreased from RMB1,228 million as at 31 December 2020 to RMB41 million as at 31 December 2021, as some solar power plants entered into the project list of subsidy for renewable energy power plants (the "Subsidy List").

Trade and Other Receivables

As at 31 December 2021, trade and other receivables of RMB6,320 million (31 December 2020: RMB8,962 million) mainly included trade and bills receivables of RMB1,591 million (31 December 2020: RMB7,221 million), refundable value-added tax of RMB67 million (31 December 2020: RMB498 million) and consideration receivables from disposal of subsidiaries of RMB374 million (31 December 2020: RMB372 million).

As at 31 December 2021, tariff adjustments receivables of RMB1,473 million (31 December 2020: RMB6,812 million), represents subsidy receivable from the government authorities in respect of the Group's solar power generation business and contract assets of RMB41 million (31 December 2020: RMB1,228 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 date. As at 31 December 2021, there was 41MW installed capacity of solar power plants projects to be registered (31 December 2020: 1,236MW).

Other Payables and Deferred Income

Other payables and deferred income decreased from RMB4,688 million as at 31 December 2020 to RMB1,340 million as at 31 December 2021. Other payables and deferred income mainly consisted of payables for purchase of plant and machinery and construction of RMB502 million (31 December 2020: RMB3,299 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 31 December 2021, bank balances and cash of the Group were approximately RMB609 million, including bank balances and cash of RMB23 million, for projects classified as held for sale (2020: RMB1,191 million). For the year ended 31 December 2021, the Group's primary source of funding included cash generated from its operating activities and receipts of consideration receivables from disposal of subsidiaries with solar power plant projects.

Indebtedness and gearing ratio

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

Because of the nature of the solar energy industry in the PRC, the Group was in net current assets position of approximately RMB4,558 million as at 31 December 2021 (31 December 2020: net current liabilities of RMB9,230 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 ratio as at 31 December 2021 and 31 December 2020 were calculated as follows:

	31 December 2021 *RMB million*	31 December 2020 *RMB million*
Non-current indebtedness		
Loans from related companies	**—**	120
Bank and other borrowings	**2,009**	11,612
Senior notes	**2,648**	—
Lease liabilities	**333**	899
	4,990	12,631
Current indebtedness		
Loans from related companies	**32**	789
Bank and other borrowings	**1,084**	12,392
Senior notes	**467**	3,261
Lease liabilities	**38**	89
	1,621	16,531
Indebtedness for solar power plants projects classified as held for sale		
Loan from a related company — due within one year	**—**	3
Bank and other borrowings — due within one year	**128**	330
Bank and other borrowings — due after one year	**327**	1,383
Lease liabilities	**10**	52
	465	1,768
Total indebtedness	**7,076**	30,930
Less: Cash and cash equivalents		
— continuing operations	**(586)**	(1,143)
— projects classified as held for sale	**(23)**	(48)
Pledged bank and other deposits		
— continuing operations	**(430)**	(744)
— projects classified as held for sale	**—**	(44)
Net debts	**6,037**	28,951
Total equity	**6,954**	8,537
Net debts to total equity	**87%**	339%
Total liabilities	**8,963**	36,499
Total assets	**15,917**	45,036
Total liabilities to total assets	**56.3%**	81.0%

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

	31 December 2021 *RMB million*	31 December 2020 *RMB million*
Renminbi ("RMB")	**3,368**	26,054
Hong Kong dollars ("HK$")	**178**	181
United States dollars ("US$")	**3,530**	4,695
	7,076	30,930

Fund raising activities

In February 2021, the Group completed a top-up placing and subscriptions of 2 billion shares at HK$0.455 per share, raising a net proceeds of approximately HK$895 million (equivalent to RMB747 million) after deducting placing commission and related expenses. The net proceeds have been used for repayment of borrowings.

Save as disclosed above, the Company has no other fund raising activities during the twelve months ended 31 December 2021.

Debt Restructuring

During the year ended 31 December 2021, the Group completed the restructuring of the 2018 Senior Notes implementation 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 became effective, i.e., the 2018 Senior Notes was cancelled and the New Notes was issued. Under the restructuring support agreement, 5% of the original principal amount of US$25 million was repaid to the holders of the senior notes. The original principal amount and all accrued and unpaid interest on the senior notes less the Upfront Consideration was settled through issuance of new senior notes. The New Notes were listed on the Singapore Exchange Securities Trading Limited.

Pledge of Assets

As at 31 December 2021, the following assets were pledged for bank and other facilities granted to the Group:

— property, plant and equipment of RMB4,106 million (31 December 2020: RMB14,938 million);

— bank and other deposits (including deposits for projects classified as held for sale and deposits placed at a related company) of RMB430 million (31 December 2020: RMB744 million);

— rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2021, the trade receivables and contract assets of those subsidiaries amounted to RMB1,538 million (31 December 2020: RMB7,823 million); and

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

Besides, lease liabilities of RMB371 million (31 December 2020: RMB988 million) are recognized in respect of right-of-use assets amounting to RMB317 million (31 December 2020: RMB1,258 million) as at 31 December 2021.

Financial Guarantees provided to Related Companies and Third Parties

As at 31 December 2021, the Group provided guarantees to its associates for certain of their bank and other borrowings in proportional to the Group's interest in those associates with a maximum amount of RMB1,541 million (31 December 2020: RMB3,050 million). Besides, the Group also provided financial guarantees to certain disposed subsidiaries during transitional period for their bank and other borrowings amounting to RMB477 million (31 December 2020: RMB1,385 million) as at 31 December 2021.

Capital and Other Commitments

As at 31 December 2021, the Group had no capital commitments in respect of construction commitments related to solar power plants contracted for but not provided (2020: RMB135 million).

Material disposals

During the year ended 31 December 2021, the Group has entered into various share transfer agreements with various third parties to dispose of equity interests in companies which hold various solar power plants. Material disposals during the year ended 31 December 2021 are summarised as follows:

Agreements signed in 2021	**Name of purchasers**	**Percentage of disposed equity interest**	**Capacity of solar power plants** *(MW)*	**Consideration** *(RMB million)*
March – April	Three Gorges Asset Management Co., Ltd* (三峽資產管理有限公司)	50%-100%	832	1,687
April	State Power Investment Corporation Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司) and Guangdong Jinyuan New Energy Co., Ltd.* (廣東金元新能源有限公司)	88%-100%	310	457
May	State Power Investment Corporation Chongqing Electric Power Co., Ltd.* (國家電投集團重慶電力有限公司)	100%	86	193
June	Chongqing Lvxin Energy Development Co., Ltd.* (重慶綠欣能源發展有限公司)	51%-100%	149	275
May – July	Guizhou West Power Construction Co., Ltd.* (貴州西能電力建設有限公司)	80%-100%	392	344
July	Yixing Hechuang New Energy Co., Ltd.* (宜興和創新能源有限公司)	100%	301	481
August	Ningxia Hanguang New Energy Co., Ltd.* (寧夏含光新能源有限公司)	100%	271	301
	Others		520	471
Total			**2,861**	**4,209**

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

* *English name for identification purpose only*

Save as disclosed above, there were no other significant investments during the year ended 31 December 2021, or plans for material investments as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries during the year ended 31 December 2021.

Events After the Reporting Period

Please refer to note 15 to the consolidated financial statements.

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, 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 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 NDRC targets to accelerate the technology development for solar energy industry in order to bring down development costs, solar power tariff may be lowered to the level of coal-fired power by near future and government subsidy for solar energy industry will finally be faded out. To minimise this risk, the Company will continue to increase the pace of technology development and implement cost control measures in order to lower development cost for new projects.

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 31 December 2021, the Group had approximately 896 employees (31 December 2020: 1,122 employees) in the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits also include discretionary bonuses and share options granted to eligible employees. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) for the year ended 31 December 2021 was approximately RMB331 million (31 December 2020: RMB268 million).

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Company completed a top-up placing and subscription of an aggregate of 2,000,000,000 shares of the Company ("Share(s)") (representing approximately 9.49% of the Company's issued share capital as enlarged by the transaction upon completion) at HK$0.455 per Share to various professional, institutional or other investors, with net proceeds of approximately HK$895 million. The net proceeds have been used for repayment of existing borrowings and for general corporate purposes. Further details can be referred to the Company's announcement dated 19 February 2021.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange during the Reporting Period.

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 Reporting Period, the Company complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for code provision A.2.1:

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

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group's consolidated financial statements for the year, but represents an extract from those consolidated financial statements. The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, and the annual results of the Group for the Reporting Period in conjunction with the external auditor of the Company.

AUDITOR

Following the resignation of Deloitte Touche Tohmatsu as the auditor of the Company with effect from 14 July 2021, Crowe (HK) CPA Limited was appointed as the auditor of the Company with effect from 15 July 2021 to fill the casual vacancy and to hold office until the conclusion of the next annual general meeting of the Company. For details, please refer to the announcement of the Company on 15 July 2021.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this preliminary announcement.

PUBLICATION OF 2021 FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.gclnewenergy.com) and HKEXnews (www.hkexnews.hk). The 2021 Annual 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, 28 March 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.