



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

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

BRINGING
GREEN POWER TO LIFE

Interim Report 2016



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FINANCIAL HIGHLIGHTS

	Six months ended 30 June			
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	Change	% of change
Continuing operations				
Revenue				
Sales of wafer	10,346,561	7,841,602	2,504,959	32%
Sales of electricity	1,193,816	571,016	622,800	109%
Sales of polysilicon	640,552	717,969	(77,417)	-11%
Others (comprising the sales of ingots, modules, printed circuit boards and processing fees)	977,944	1,090,617	(112,673)	-10%
	13,158,873	10,221,204	2,937,669	29%
Continuing operations				
Profit attributable to owners of the Company	1,388,863	584,624	804,239	138%
	RMB Cents	RMB Cents	Change	% of change
Continuing operations				
Earnings per share				
— Basic	7.64	3.74	3.90	104%
— Diluted	7.64	3.56	4.08	115%
	RMB'000	RMB'000	Change	% of change
Continuing operations				
Adjusted EBITDA*	5,678,424	3,278,163	2,400,261	73%

* The following items were excluded in the calculation of earnings before interest expenses, tax, depreciation, amortization and exceptional items ("EBITDA"):

(i) Gain/loss on fair value change of convertible bonds receivable; (ii) Gain/loss on fair value change of convertible bonds payables; (iii) Gain/loss on fair value change of held for trading investments; (iv) Bargain purchase on business combination; (v) Gain/loss on fair value change of derivative financial instruments; and (vi) Impairment losses on property, plant and equipment. The adjusted EBITDA presented may, therefore, not be comparable to similarly titled measures reported by other companies.

FINANCIAL HIGHLIGHTS [CONTINUED]

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)	Change	% of change
Extracts of unaudited condensed consolidated statement of financial position				
Equity attributable to owners of the Company	20,162,698	15,854,172	4,308,526	27%
Total assets	81,179,972	79,691,490	1,488,482	2%
Bank balances and cash, pledged and restricted bank deposits	12,304,200	17,318,297	(5,014,097)	–29%
Indebtedness (bank and other borrowings, obligations under finance leases, notes and bonds payables, and convertible bonds payables)	41,160,695	44,567,902	(3,407,207)	–8%
Key financial ratios				
Current ratio	0.81	0.81	—	—
Quick ratio	0.78	0.77	0.01	1%
Net debt to equity attributable to owners of the Company	142.9%	171.4%	–28.5%	N/A

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I hereby report the following operating results of GCL-Poly in the first half of 2016. During the six months ended 30 June 2016, GCL-Poly recorded revenue of approximately RMB13.2 billion, representing a 28.7% increase as compared with the same period in 2015; gross profit was approximately RMB4.3 billion, a 66.0% increase as compared with the same period in 2015; profit attributable to owners of the Company amounted to approximately RMB1.4 billion and basic earnings per share were approximately RMB7.64 cents. In the first half of the year, the business environment of PV industry recovered remarkably and it is expected that the installed capacity of 2016 in the global PV application market will increase by over 15% to 64 GW from that of 2015. Maintaining its customer-oriented value and focusing on market demand, GCL-Poly continued to enhance its core competitive edges in terms of technology innovation, research and development, focusing on high-efficiency products, process improvement, production management and cost control. With our leading positions in upstream and downstream of the industrial chain further solidifying, the Company delivered excellent performance in the first half of 2016 and kept GCL's dominance in the industry trend of ever increasing product efficiency.

In 2016, global PV industry has marched on with steady steps. According to relevant industrial reports, global solar market demand is around 64 GW in 2016, representing an over 20% growth from the 53 GW in 2015. Traditional markets such as America and Japan maintained their robust growth, and more emerging markets started to sprout. The photovoltaic application in South-east Asia and Latin America countries are striding on with great pace. In addition, installed capacity in the countries of India, Thailand, Chile, Mexico and so on are developing rapidly in scales. China's newly increased PV installed capacity was 15.13 GW in 2015, accounting for more than a quarter of the world's newly installed capacity. With grid connected capacity exceeding 7 GW in the first quarter of 2016, China has become the largest photovoltaic power generation country in the world. At the same time, the advancement in the photovoltaic industry continues to accelerate, driven by emergence of new process technologies from various segments, driving the cost of PV products and photovoltaic power generation persistently down. The polysilicon and wafer markets are of a mixed bag this year. For polysilicon, its price started to pick up in mid-April after prolonged destocking. Wafer market price has witnessed an upward trend since the middle of last year and wafer enterprises had maintained relatively high gross margins.

This year, GCL-Poly further streamlined its production and launched a series of technological reform measures in polysilicon, ingots and wafer, reaching new highs in terms of productivity and cost reduction. We also achieved profit above original target through partial outsourcing. Meanwhile, as we have promised to enhance our balance sheet previously, we strengthened our balance sheet with the profits accumulated in 2015 such as we maintain our industry leader position with a much reduced financial leverage.

Constant innovation and strengthening our core competitiveness

As one of the most influential and competitive silicon material manufacturers and suppliers in the world, the Company achieved remarkable results in both the production and sales in 2016. For the six months ended 30 June 2016, the Company completed a total production of 36,328 MT and sales of 6,389 MT of polysilicon, a production of 8,643 MW and sales of 8,880 MW of wafers. In the first half of 2016, with the capacity utilisation exceeded 100%, we have fully achieved the manufacturing and sales targets. The Company's global market shares of polysilicon and wafers were estimated at 30% and 40% respectively, both ranking among the top of the world.

CHAIRMAN'S STATEMENT [CONTINUED]

We reached the following milestones in the first half of 2016: 1. We have fully achieved the manufacturing and sales targets in all product categories and successfully realised the yearly target of increasing the wafer production and cost control; 2. We implemented the wafer product strategy of “focusing on multi-crystalline silicon wafers while facilitating the production of mono-crystalline silicon wafers”, and the monocrystalline wafer products were put into the market in small quantities after the commencement of production of the Ningxia Wafer project as planned, which diversified our existing product portfolio and further consolidate our position as an industry leader; 3. We constantly promote our streamline production management, automation level and informational degree, which resulted in an over 15% improvement in our average overall production efficiency compared with the same period in prior year; 4. In the first six months, we optimised our overall financial structure by seeking more direct investment resources and channels as well as maintained adequate and secured cash flow with bank facilities; and 5. We reduced our finance cost and debt ratio prominently as we downsized our financing and replaced high interest bearing loans.

Due to our commitment of technological innovation and continuous input in research and development resources, we made remarkable achievements in the first half of the year in terms of intellectual property. During the first six months of 2016, we applied for 40 patents and were granted 38 patents, among which 34 were patents for invention.

In the meantime, the Company further enhanced Siemens-based polysilicon production technology. Moreover, the scientific research projects of upgrading the technological transformation of ingot casting furnaces, optimization of the high-efficiency polycrystalline ingot casting process, the research and development of ingot casting mono-crystalline technology, upgrades of diamond wire cutting and black silicon technology etc. were still progressing, setting the stage for subsequent capacity-driven cost reduction and product upgrades.

Seizing the historic opportunity and the rapid development of solar farm platform “GCL New Energy”

2016 marked an important milestone for the rapid business development of GCL New Energy (0451.HK) (GNE). During the first six months of 2016, GNE not only enhanced its team system building, attached great importance to project development and controlled project costs, but also strictly ensured project quality, explored for additional finance channels and constantly optimised its balance sheet, while focusing on four kinds of projects related to agricultural photovoltaic projects, poverty alleviation, the “Forerunner” Plan and distributed generation to seize historic opportunities in the rapid PV installation development. As we strengthened our strategy and implemented a series of management measures, we achieved more satisfactory performance than our expectation. For the six months ended 30 June 2016, revenue from solar energy business and segment profit of GNE significantly increased by 233.2% to RMB0.93 billion and by 127.6% to RMB0.26 billion, respectively. Compared to the first half of 2016, solar farms in operation of GNE spread over 19 provinces in PRC with number increased to 68 from 17 over the same period of last year, and the total installed capacity (included joint ventures) amounted to approximately 2,735 MW and total amount of sales of electricity (excluding joint ventures) amounted to approximately 1.14 million MWh, representing a significantly growth of 247% over the same period of last year.

CHAIRMAN'S STATEMENT [CONTINUED]

In the first half of 2016, revenue of GNE increased by 86.3% to RMB1.67 billion and the gross profit for the period amounted to approximately RMB0.77 billion, representing an increase of 197.9% over the same period of last year with gross margin of 46.2%, among which, the net profit sharply increased by 141% to RMB0.17 billion. As two non-recurring income and expenses were recorded over the current period and the same period of last year, which was the changes of fair value of business merged into bargain purchase and convertible bonds respectively. When the non-recurring project was excluded, the profit of GNE for the first half of 2016 amounted to approximately RMB0.21 billion, representing a satisfactory growth of 58 times compared to the same period of last year.

Social Responsibility

As a global leading enterprise that has long been engaged in the development of renewable energy, GCL-Poly is well aware of its responsibilities to environmental protection and social contribution. While ensuring our power generation and manufacturing activities to be in compliance with national environmental standards, we also actively participated in various public welfare activities, such as "Sunshine Love and Care Action" (陽光關愛行動) and "Higher Education Subsidies" (高等教育獎助學基金) organised by "GCL-Poly Sunshine Charity Fund" (協鑫陽光慈善基金會). Over the years, we have initiated and participated in over 100 charitable events and gained positive feedbacks from the society.

In the afternoon of 23 June 2016, Funing County of Yancheng City, Jiangsu Province was hit by devastating tornado and hail. In view of this, GCL-Poly actively participated and played an important role in the relief and post-disaster reconstruction activities in Jiangsu by immediately forming a volunteer team of around a hundred people and transporting relief supplies such as tents, quilts, food, water and portable emergency power source in 4 trucks to the affected areas.

In the future, we will continue to make active contribution to the society by jobs creation, charity donation, public welfare and every other possible ways.

Outlook

We will proactively adapt to the new norms of economic development in the future and sharpen our core competitive edges of the products with technology innovation and focus on improving efficiency and product differentiation advantages. We will further increase the production volumes, improve quality and reduce costs, through internal management, streamlining production, creating economy of scale and continuing to develop, innovate and improve the quality of products and to reduce cost. By closer ties with financial institutions, we will continue to promote direct financial issuance, improve financial leverage and capital structure, so as to reduce financial fees and optimize liquidity. We will accelerate the construction of the semi-conductor high purity poly-silicon applicable to integrated circuit. As the only production base funded by the national integrated circuit fund, GCL-Poly will fill in the blank by putting an end to the reliance of imported electronic grade high purity poly-silicon of China, in order to contribute to the development of semi-conductor material and integrated circuit industry in the country. At the same time, with the acceleration of intelligent manufacturing and data-mining construction, we will enhance the automation level of the existing production capacity with a view to promote and realise the industrial upgrading.

As Confucius said "it's difficult to make the smartest and the most foolish change their mind", we will never stop pursuing the great undertaking of environmental protection through solar power generation. I believe for certain that we will perfectly accomplish our mission of Bringing Green Power to Life with the joint effort of the whole industry.

CHAIRMAN'S STATEMENT [CONTINUED]

Finally, I would like to express my heartfelt gratitude to our Directors, management team and all the staff members of the Company for their efforts and hard work in the first half of 2016. I also wish to extend my gratitude to our shareholders and business partners for their strong support to the Company.

Chairman

Zhu Gongshan

Hong Kong, 24 August 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the six months ended 30 June 2016, the Group achieved a remarkable financial performance as a result of the further reduction in production costs of polysilicon and wafer, the increase in average selling price and the strong increase in sales volume of wafer in the first half of 2016.

The Group's financial position had been significantly improved as a result of the completion of the right issues in early 2016 and the Group's remarkable financial performance in the first half of 2016. The Group's equity attributable to owners of the Company has increased by 27.2% from RMB15,854 million as at 31 December 2015 to RMB20,163 million as at 30 June 2016. The Group's net debt to equity attributable to owners of the Company has decreased from 171.4% as at 31 December 2015 to 142.9% as at 30 June 2016.

Half Year Results

Continuing operations

For the six months ended 30 June 2016, the Group recorded a significant growth of 28.7% in revenue from continuing operations to approximately RMB13,159 million and 137.6% in net profit attributable to owners of the Company from continuing operations to approximately RMB1,389 million, compared with the same period in prior year.

Discontinued operations

The Group ceased to carry on non-solar power business in December 2015 and the related operation results had been classified as discontinued operations. The profit attributable to owners of the Company from the discontinued operations for the six months ended 30 June 2015 was approximately RMB68 million.

Fund Raising Activities

In January 2016, the Company raised approximately HK\$3,396 million (equivalent to approximately RMB2,845 million, net of expenses), by way of the rights issue of 3,097,927,453 rights shares at the Subscription Price of HK\$1.12 per rights share.

Use of Proceeds

The Company had mainly utilised the net proceeds from the disposal of the non-solar power business of approximately RMB2,945 million, the settlement sum received in respect of the deed of non-competition of approximately RMB1,160 million and the rights issue of approximately RMB2,845 million for the following purposes:

1. Special dividend distribution of RMB1,120 million;
2. Subscription of 3,240,000,000 GNE Rights Shares of RMB1,222 million;
3. Repayment of bank borrowings of US\$530 million (equivalent to RMB3,493 million);

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

4. Partial redemption of convertible bonds in the principal amount of US\$50 million at a purchase price of US\$48 million (equivalent to RMB308 million); and
5. Payment of bank loan interest of US\$13 million (equivalent to RMB88 million).

Business Structure

The Group's core integrated solar business includes the manufacturing and sale of polysilicon and wafer products, and developing, constructing and operating downstream solar farms both within the PRC and overseas. Except for the solar farm projects of 371 MW that were constructed or acquired by the Group prior to obtaining a controlling stake in GCL New Energy Holdings Limited ("GNE"), the Group primarily develops, constructs, or acquires downstream solar farms through its platform GNE.

For illustrative purpose, if deconsolidating GNE Group and recognising the costs of investment in GNE as non-current assets, the financial position of the Group, GNE Group and the Group (De-consolidated GNE Group) as at 30 June 2016 would be as follows:

	The Group RMB million	GNE Group RMB million	De-consolidation adjustment ¹ RMB million	The Group (De-consolidated GNE Group) RMB million
Total assets	81,180	31,753	(3,411)	52,838
Total liabilities	58,354	27,131	(958)	32,181
Bank balances and cash, pledged and restricted bank deposits	12,304	4,288	—	8,016
Bank balances and cash classified as assets held for sale	52	—	—	52
Subtotal	12,356	4,288	—	8,068
Indebtedness				
Bank and other borrowings	31,808	15,869	—	15,939
Loan from fellow subsidiaries	—	946	(946)	—
Obligations under finance leases	2,984	71	—	2,913
Notes and bonds payables	4,566	239	—	4,327
Convertible bonds payables	1,803	749	—	1,054
Subtotal	41,161	17,874	(946)	24,233
Net debt	28,805	13,586	(946)	16,165

Note:

1. The de-consolidation adjustment mainly includes adjustments to reflect the investment costs in GNE, fair value adjustments for the acquisition of GNE, and other intercompany transactions and balances.

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

Segment Information

The Group organised its financial information in the following continuing business segments:

- (a) Solar Material Business
- (b) Solar Farm Business
- (c) New Energy Business

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

	Six months ended 30 June 2016			Six months ended 30 June 2015 (Restated)		
	Revenue RMB million	Segment profit (loss) RMB million	Adjusted EBITDA ¹ RMB million	Revenue RMB million	Segment profit (loss) RMB million	Adjusted EBITDA ¹ RMB million
Solar Material Business	11,221	1,756	4,785	9,020	784	2,973
Solar Farm Business	267	(241)	31	304	(59)	132
Corporate ²	N/A	N/A	(31)	N/A	N/A	(55)
Sub-total	11,488	1,515	4,785	9,324	725	3,050
New Energy Business ³	1,671	162	895	897	72	228
Total	13,159	1,677	5,680	10,221	797	3,278

- For the purpose of this report, the following items were excluded in the calculation of earnings before interest expenses, tax, depreciation, amortisation and exceptional items ("EBITDA"): i) Gain/loss on fair value change of convertible bonds receivable; ii) Gain/loss on fair value change of convertible bonds payables; iii) Gain/loss on fair value change of held for trading investments; iv) Bargain purchase on business combination, v) Gain/loss on fair value change of derivative financial instruments and vi) Impairment loss on property, plant and equipment. The Adjusted EBITDA presented may, therefore, not be comparable to similarly titled measures reported by other companies.
- The corporate items is not a reportable segment and primarily included unallocated income and unallocated expenses.
- For the six months ended 30 June 2016, the segment profit of the new energy business includes reported net profit of GNE Group of approximately RMB171 million (six months ended 30 June 2015: RMB71 million), allocated corporate expenses of approximately RMB12 million (six months ended 30 June 2015: RMB2 million) and the amortisation of fair value adjustments of approximately RMB3 million (six months ended 30 June 2015: RMB3 million), which was related to the assets and liabilities of GNE acquired in 2014 which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

Business Review

Solar Material Business

Production

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

As at 30 June 2016, the Group's polysilicon annual production capacity remained at 70,000 MT. During the six months ended 30 June 2016, the Group operated its polysilicon business at full capacity and produced approximately 36,328 MT of polysilicon, representing a slight decrease of 1.2% as compared to 36,768 MT for the same period in 2015.

During the six months ended 30 June 2016, the Group continued to adopt various technological improvements on application of advanced ingot furnace facility and wafer slicing process. The Group's annual wafer production capacity has increased to 17 GW (including 16 GW for multi-crystalline silicon wafer and 1 GW for monocrystalline silicon wafer) as at 30 June 2016. During the six months ended 30 June 2016, the Group produced approximately 8,643 MW of wafers (including processing business with supplied materials), representing an increase of 21.7% from 7,102 MW for the same period in 2015.

Sales Volume and Revenue

For the six months ended 30 June 2016, the Group sold 6,389 MT of polysilicon and 8,880 MW of wafer (including processing business with supplied materials), representing a decrease of 8.8% and increase of 25.8% respectively, as compared with 7,005 MT of polysilicon and 7,061 MW of wafer for the same period in 2015.

The average selling prices of polysilicon and wafer were approximately RMB100.3 (US\$15.3) per kilogram and RMB1.224 (US\$0.187) per W respectively for the six months ended 30 June 2016. The corresponding average selling prices of polysilicon and wafer for the six months ended 30 June 2015 were approximately RMB105.4 (US\$17.2) per kilogram and RMB1.192 (US\$0.195) per W respectively.

With a strong increase of sale volume and an increase of average selling prices of wafer in the first half of 2016 as compared with the corresponding period in 2015, revenue from external customers of our Solar Material Business amounted to approximately RMB11,221 million, representing an increase of 24.4% from RMB9,020 million for the same period in 2015.

Cost and Net Profit Margin

The Group's polysilicon and wafer production costs mainly depend on its ability to control raw material costs, lower energy consumption, achieve economies of scale in its operations and streamline production processes. During the six months ended 30 June 2016, the Group was able to maintain its fundamental production cost at an extremely competitive level due to (i) commercial operation of the direct electricity supply by the captive cogeneration power plant to Jiangsu Zhongneng; and (ii) the Group's continuous technology improvements on the manufacturing process. With a full capacity utilisation rate and reduction in costs for the six months ended 30 June 2016 for both polysilicon and wafer production, our operating performance further improved and the net profit margin of our Solar Material Business for the six months ended 30 June 2016 was 15.6% as compared with net profit margin of 8.7% in the same period in 2015.

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

Solar Farm Business

Overseas Solar Farms

As at 30 June 2016, the Solar Farm Business includes 18 MW of solar farms in the United States. Besides, the Group has an effective ownership of 9.7% in a 150 MW solar farms in South Africa, which was partnered with China-Africa Development Fund.

PRC Solar Farms

As at 30 June 2016, the Solar Farm Business also includes 10 solar farms in the PRC and the installed capacity and attributable installed capacity were remained unchanged at 353.0 MW and 289.3 MW, respectively.

Sales Volume and Revenue

For the six months ended 30 June 2016, the electricity sales volume of Solar Farm Business in overseas and the PRC were 16,325 MWh and 256,324 MWh respectively (six months ended 30 June 2015: 16,377 MWh and 281,547 MWh, respectively).

For the six months ended 30 June 2016, revenue for Solar Farm Business was approximately RMB267 million (Six months ended 30 June 2015: RMB304 million).

New Energy Business

As at 30 June 2016, the Group owns 11,880 million shares of GNE (approximately 62.28% of GNE's issued capital), with total investment costs of RMB2,365 million (equivalent to HK\$2,898 million) and the average investment costs per share amounted to RMB0.199 (equivalent to HK\$0.244).

During the current period, GNE Group continued to expand its solar energy business through joint-development, acquisitions and self-development. As at 30 June 2016, GNE Group has completed 40 joint developed solar farm projects with an aggregate installed capital of 1,630 MW, acquired 8 solar farms with an aggregated installed capacity of 415 MW and completed 20 in-house developed projects with an aggregated installed capacity of 690 MW. As at 30 June 2016, GNE Group's aggregate installed capacity was 2,735 MW.

Development Type	Aggregate installed capacity		% of Changes
	As at 30 June 2016 MW	As at 31 December 2015 MW	
Joint development	1,630	1,170	39%
Acquisition	415	300	38%
In-house development	690	170	306%
Total	2,735	1,640	67%

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

As at 30 June 2016, GNE Group has 68 (31 December 2015: 41) grid-connected solar farms. The aggregated installed capacity of GNE Group's grid-connected solar power plants has increased by 67% from 1,640 MW as at 31 December 2015 to 2,735 MW as at 30 June 2016. Details of the electricity sales volume and revenue for the six months ended 30 June 2016 are set out below:

Locations	Number of solar farms	Aggregate Installed Capacity ⁽¹⁾ (MW)	Grid-connected Capacity ⁽²⁾ (MW)	Electricity Sales Volume (MWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB Million)
Subsidiaries						
Inner Mongolia	7	316	289	210,402	0.77	163
Jiangsu	15	313	197	112,502	0.87	97
Shaanxi	4	240	210	82,350	0.81	67
Henan	4	220	141	51,417	0.85	44
Hebei	4	192	184	137,566	1.03	142
Anhui	3	180	170	26,276	0.85	22
Shanxi	4	180	160	122,486	0.85	105
Ningxia	4	150	150	94,573	0.75	71
Qinghai	4	150	136	82,521	0.86	71
Hubei	1	116	116	62,135	0.96	60
Guangdong	1	100	2	—	N/A	—
Jiangxi	3	120	59	4,900	0.85	4
Shandong	3	95	71	28,776	0.85	25
Xinjiang	2	80	80	42,956	0.73	31
Yunnan	2	80	71	36,100	0.81	29
Hunan	1	60	5	—	N/A	—
Hainan	2	50	50	32,799	0.85	28
Zhejiang	1	23	21	9,544	0.99	9
Jilin	1	15	15	2,381	0.81	2
Sub-total	66	2,680	2,127	1,139,684	0.85	970
Less: effect of discounting non-current tariff adjustment receivables ⁽³⁾						(41)
						929
Joint ventures						
Qinghai	1	30	30	23,487	0.86	20 ⁽⁴⁾
Xinjiang	1	25	25	6,178	0.81	5 ⁽⁴⁾
Total	68	2,735	2,182	1,169,349	0.85	954

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

- (1) Aggregate installed capacity represents the maximum capacity that approved by State Grid companies.
- (2) Grid-connected capacity represents that the actual capacity connected to the State Grid.
- (3) Certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date. The non-current tariff adjustment receivables are discounted at an effective interest rate of 4.75% per annum.
- (4) Revenue from joint venture solar farms was accounted for under "Share of Profits of Joint Ventures" in the consolidated statement of profit and loss and other comprehensive income. GNE Group held 60% and 50% of shareholdings for the joint ventures in Qinghai and Xinjiang, respectively.

In terms of project type, the large-scale ground-mounted, agriculture-photovoltaic, fishery-photovoltaic and rooftop distributed power plants accounted for approximately 61%, 24%, 12% and 3%, respectively (31 December 2015: 65%, 17%, 10% and 8%) of the aggregated installed capacity of all the solar farms owned by GNE Group.

Sales Volume and Revenue

For the six months ended 30 June 2016, revenue contributed by new energy business amounted to approximately RMB1,671 million, representing an increase of 86.3% when compared with approximately RMB897 million for the same period in 2015. The revenue of the new energy business for the current period mainly comprised sales of electricity and tariff adjustment amounting to approximately RMB929 million (six months ended 30 June 2015: RMB279 million) and sales of printed circuit boards amounting to approximately RMB742 million (six months ended 30 June 2015: RMB618 million).

The increase in revenue was mainly attributable to the increase in the generation volume of electricity by the solar farms from 328,464 MWh for the six months ended 30 June 2015 to 1,139,684 MWh for the six months ended 30 June 2016.

Financial Resources of GNE Group

For the six months ended 30 June 2016, GNE Group's main sources of funding were cash generated from financing activities of RMB5,389 million, mainly through newly raised bank and other borrowings of RMB5,007 million and the Rights Issue of RMB1,941 million.

GNE Group's net cash used in operating activities during the six months ended 30 June 2016 was RMB345 million, which was mainly attributable to the repayment of trade and other payables.

GNE Group's net cash used in investing activities during the six months ended 30 June 2016 was RMB4,049 million, primarily arose from payments and deposit paid for the acquisition and development of solar farms.

GNE Group's Use of Proceeds

GNE Group had completed the rights issue of 5,201,922,393 rights shares at HK\$0.45 per rights share in early February 2016 with net proceeds of approximately RMB1,941 million (equivalent to HK\$2,317 million). GNE Group had used RMB1,014 million for project development, RMB754 million for reducing indebtedness and approximately RMB36 million for general working capital.

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

Outlook

Following a sharp decline in 2015, polysilicon prices began to rebound in the first quarter of 2016. With polysilicon prices trend began to converge with that of wafers, we believe it became more challenging for our dedicated solar wafer competitors to lower price significantly, as their polysilicon input cost became higher. As such, on a year-on-year basis, we expect solar wafer pricing trend to remain resilient.

With strong seasonality in the first half of 2016 driven by domestic Chinese solar installation demand, we believe the volume outlook to remain healthy with robust demand coming from overseas and rest-of-the-world. In the past, typical seasonality is more back-half loaded and we believe that, with the exception of strong China demand in 1H16, we believe the seasonality is more balanced between first and second half and it is more healthy for manufacturing to maintain factory utilization and manage inventory. In addition, as in the previous years, we continue to make good progress driven by higher efficiency products and increase in manufacturing productivity, solidifying our leadership position in the solar materials space.

We anticipate that 2016 global PV solar demand to grow modestly to approximately 64 GW, up from 51~57 GW in 2015 and from 44 GW in 2014, with strong demand in China, the USA and Japan, while emerging market such as India, Australia and Latin America will continue to increase. These emerging markets will play a more important role in the solar industry development, resulting in a more balanced geographical diversification.

Despite a strong first half of solar installation in China, we also believe that environmental and energy-related spending will remain as one of the key drivers in sustaining China's GDP growth, as air pollution still remained a big concern in China. In addition, Chinese government had revised down the ground-mounted Feed-In-Tariff ("FIT") in China, but the returns of solar farms will remain attractive given falling borrowing rate and improvement in lending. We continue to see the Chinese government continue to issue favorable policy for the industry.

Recently, the Chinese government had been making fine tunes to the issues renewable energy funding and distribution policies, alleviating the issue of postponed subsidy payments to renewable projects. China also made it mandatory for the State Grid to buy back all renewable energy generation. While renewable energy projects in some provinces such as those in Gansu and Xinjiang are experiencing curtailments, but the completion of Ultra-High Voltage transmission lines linking the western part of China was already underway to resolve the issues. With the advent of the 13th Five-Year-Plan, and an earmarked target of over 150 GW by 2020, we expect new solar installations will remain robust in the next several years.

In late 2015, The U.S. Government extended the 30% solar Investment Tax Credit (ITC) through 2019, reinstated confidence among investors as some had feared a demand cliff after 2016 for the U.S. Market. As many of the U.S. solar projects were already underway, we believe the installation growth will remain robust.

Last year as we recently have commissioned, operation of our captive power plant, we expect the Group will remain competitive with our superior cost structure and effective execution to manage our production facilities. In 2016, the Group will be able to harness all the cost benefit of the captive power plant throughout the entire year.

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

Employees

We consider our employees to be our most important resource. As at 30 June 2016, the Group had approximately 13,106 employees in Hong Kong, 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.

Financial Review

Continuing operations

Revenue

Revenue for the six months ended 30 June 2016 amounted to approximately RMB13,159 million, representing an increase of 28.7% as compared with approximately RMB10,221 million for the same period in 2015. The increase was primarily contributed by the strong increase in sales volume and the increase in the average selling price of wafer.

Gross Profit Margin

The Group's overall gross profit margin for the six months ended 30 June 2016 was 32.9%, as compared with 25.5% for the same period in 2015.

Gross profit margin for the solar material business increased from 24.1% for the six months ended 30 June 2015 to 31.8% for the six months ended 30 June 2016. The increase was mainly due to (i) further reduction in production costs of polysilicon and wafer as a result of the commencement of operation of the captive cogeneration power plant and continuous technology improvements on the manufacturing process, respectively, and (ii) the increase in the average selling price of wafer.

Solar farm business has a gross loss margin of 11.3% for the six months ended 30 June 2016, as compared with gross profit margin of 51.4% for the corresponding period in 2015. The gross loss margin was primarily due to the increase in impairment loss on project assets in the current period.

The gross profit margin for the new energy business was 46.4% for the six months ended 30 June 2016 and 28.9% for the corresponding period in 2015. The increase in gross profit margin was due to the increased revenue contribution by its solar power plants, which has a higher gross profit margin than its printed circuit boards business.

Other Income

For the six months ended 30 June 2016, other income mainly comprised government grants of approximately RMB130 million (Six months ended 30 June 2015: RMB60 million), sales of scrap materials of approximately RMB116 million (Six months ended 30 June 2015: RMB100 million) and bank and other interest income of approximately RMB108 million (Six months ended 30 June 2015: RMB149 million).

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

Distribution and Selling Expenses

Distribution and selling expenses increased slightly from approximately RMB35 million for the first half of 2015 to approximately RMB39 million for the first half of 2016.

Administrative Expenses

Administrative expenses amounted to approximately RMB923 million for the six months ended 30 June 2016, representing an increase of 24.2% from approximately RMB743 million for the same period in 2015. Increase in administrative expenses was primarily due to the increase in staff costs of our solar material business and the expansion of our new energy business.

Other Expenses, Gains and Losses, Net

The other expenses, gains and losses represents net expenses of RMB658 million for the six months ended 30 June 2016 (Six months ended 30 June 2015: net expenses of RMB244 million). The net expenses for the current period mainly comprises of the impairment loss on property, plant and equipment of approximately RMB446 million, loss on fair value change of convertible bonds payables of approximately RMB122 million, and research and development costs of approximately RMB119 million.

Finance Costs

Finance costs for the six months ended 30 June 2016 were approximately RMB1,059 million, increased by 1.9% as compared to approximately RMB1,039 million for the corresponding period in 2015. Increase was mainly related to the increase of bank and other borrowings by GNE Group during the period, offsetting by the reduction of indebtedness by our solar material business.

Share of Profits of Joint Ventures

The Group's share of profits of joint ventures for the six months ended 30 June 2016 was approximately RMB6 million, mainly contributed by a joint venture in the South Africa of approximately RMB6 million.

Income Tax Expense

Income tax expense for the six months ended 30 June 2016 was approximately RMB494 million, representing an increase of 125.6% as compared with approximately RMB219 million for the same period in 2015. The increase was mainly due to the increase in profit during the current period.

Profit attributable to Owners of the Company

Profit attributable to Owners of the Company from continuing operations amounted to approximately RMB1,389 million for the six months ended 30 June 2016, representing an increase of 137.6% as compared with a profit of approximately RMB585 million for the same period in 2015.

The profit for the six months ended 30 June 2015 from discontinued operations was RMB68 million.

Profit attributable to Owners of the Company from continuing operations and discontinued operations amounted to approximately RMB1,389 million for the six months ended 30 June 2016 as compared with a profit of approximately RMB653 million for the same period in 2015.

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

Property, Plant and Equipment

Property, plant and equipment increased from RMB41,650 million as at 31 December 2015 to RMB45,996 million as at 30 June 2016. This is mainly attributable to the increase in solar power plant assets contributed by GNE Group.

Deposits, Prepayments and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets increased from RMB2,686 million as at 31 December 2015 to RMB3,689 million as at 30 June 2016. The increase was mainly attributable to the increase in deposits for EPC contracts by GNE Group and the increase of its non-current trade receivables.

Liquidity and Financial Resources

As at 30 June 2016, the total assets of the Group were about RMB81,180 million, of which the aggregate restricted and unrestricted cash and bank balances amounted to approximately RMB12,356 million (including bank balances and cash classified as assets held for sale of RMB52 million). The bank and other interest received for the six months ended 30 June 2016 was approximately RMB116 million.

For the six months ended 30 June 2016, the Group's main source of funding was cash generated from operating activities. For the six months ended 30 June 2016, the net cash from operating activities was RMB1.8 billion, compared with RMB1.7 billion in the same period in 2015.

For the six months ended 30 June 2016, the net cash used in investing activities was approximately RMB2.5 billion, primarily related to the deposits paid for and purchase of property, plant and equipment of approximately RMB4.9 billion (which was mainly attributable to GNE Group of approximately RMB3.3 billion), partially offsetting by inflow of approximately RMB3.0 billion for net withdrawal of pledged bank deposits.

The net cash used in financing activities for the current period was approximately RMB1.4 billion, compared with net cash from financing activities of approximately RMB5.4 billion in the corresponding period in 2015. During the current period, the net cash used in financing activities was mainly due to the decrease in bank and other borrowings and partial redemption of convertible bonds payable, partially offsetting by the proceeds from rights issues of the Company and GNE.

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB6,513 million as at 30 June 2016 and the Group had cash and cash equivalents of RMB8,249 million (including bank balances and cash classified as assets held for sale of RMB52 million) against the Group's total borrowings (comprising bank and other borrowings, convertible bonds payable, notes and bonds payable and obligations under finance leases) amounted to approximately RMB41,161 million, out of which approximately RMB18,443 million will be due in the coming twelve months. The Directors have evaluated the Group's current undrawn banking facilities and renewable bank borrowings. In order to improve liquidity, the Group continues to pay close attention to managing the Group's cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates and raise additional banking facilities as and when required by the Group's operating cash needs.

The Directors are of the opinion that, taking into account the above undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projection for the coming year and the successful implementation of measures of GNE Group, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months. For detailed information, please refer to "Basis of Preparation" Section of this report.

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

Indebtedness

Details of the Group's indebtedness are as follows:

	As at 30 June 2016 RMB million (Unaudited)	As at 31 December 2015 RMB million (Audited)
Bank and other borrowings	31,807.9	34,435.7
Obligations under finance leases (Note 1)	2,983.9	3,434.4
Notes and bonds payables	4,565.8	4,679.3
Convertible bonds payables (Note 2)	1,803.1	2,018.5
	41,160.7	44,567.9

Notes:

- (1) As at 30 June 2016, approximately 12.6% of the obligations under finance leases are denominated in US\$.
- (2) As at 30 June 2016, approximately 58.5% and 41.5% of the convertible bonds payables are denominated in US\$ and HK\$, respectively.

Bank and other borrowings are denominated in the following currencies:

	As at 30 June 2016 RMB million (Unaudited)	As at 31 December 2015 RMB million (Audited)
RMB	28,058.9	25,507.6
US\$	3,731.9	8,902.2
HK\$	17.1	25.9
	31,807.9	34,435.7

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

	As at 30 June 2016 RMB million (Unaudited)	As at 31 December 2015 RMB million (Audited)
Secured	20,945.4	21,803.9
Unsecured	10,862.5	12,631.8
	31,807.9	34,435.7
Maturity profile of bank and other borrowings		
On demand or within one year	16,673.3	22,314.9
After one year but within two years	5,552.8	3,913.8
After two years but within five years	4,642.4	4,165.9
After five years	4,939.4	4,041.1
Group's total bank and other borrowings	31,807.9	34,435.7

As at 30 June 2016, RMB bank and other borrowings carried floating interest rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. US\$ bank and other borrowings carried interest rates with reference to the London Interbank Offer Rate.

The note payables bear interest at a rate of 5.5%–7.5% per annum, the bonds payable bears interest at a rate of 6.7% and the convertible bonds payables bear interest at a fixed rate of 0.75%–6.0% per annum.

Key Financial Ratios of the Group

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Current ratio	0.81	0.81
Quick ratio	0.78	0.77
Net debt to equity attributable to owners of the Company (Note)	142.9%	171.4%

Note: As at 30 June 2016, the net debt of GNE was approximately RMB13,586million (including the loans from fellow subsidiaries of RMB946 million) and the net debt to equity attributable to owners of GNE was 296.8%. For illustration purpose, if purely excluding GNE Group's net debt of RMB12,640 million (excluded the loans provided by the Group to GNE Group) and assuming the equity attributable to owners of the Company remains unchanged, the net debt to equity attributable to owners of the Company would be 80.2%.

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

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

Foreign Currency Risk

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

The Group continues to adopt a conservative approach on foreign exchange exposure management and ensure that its exposure to fluctuations in foreign exchange rates is minimised. During the current period, the Group has significantly reduced its foreign currency denominated indebtedness and increased its foreign currency denominated assets (mainly include US dollar bank deposits and US dollar investments, etc.)

Foreign currency forward contracts are also utilised when it is considered as appropriate to hedge against foreign currency risk exposure and when suitable opportunities arise. Current US dollar forward contracts are typically for a period of less than 12 months. The Company's policy is not to utilise derivative financial instruments for trading or speculative purposes.

For sensitivity analysis purpose, the Group's profit after tax for the six months ended 30 June 2016 would increase/decrease by approximately RMB77 million if the Group's outstanding US dollar and HK dollar denominated monetary items adjusts its translation at the end of the reporting period for a 5% change in RMB against US dollar and HK dollar.

The Company is actively considering the effective measures at reasonable costs to further reduce the foreign currency risk exposure, including the additional investment of assets denominated in US\$, currency derivatives as well as other related hedging instruments. The Directors are of the opinion that, with the successful implementation of the above measures, the abovementioned foreign currency risk exposure can be reduced.

Pledge of Assets

As at 30 June 2016, property, plant and equipment and prepaid lease payments with a carrying value of approximately RMB20,788 million and RMB6 million respectively, were pledged as security for certain banking facilities and borrowings granted to the Group (31 December 2015: RMB15,610 million and RMB6 million respectively). In addition, property, plant and equipment with a carrying amount of approximately RMB3,941 million (31 December 2015: RMB4,568 million) were pledged as security for certain finance leases.

MANAGEMENT DISCUSSION AND ANALYSIS [CONTINUED]

Apart from these, bank deposits, bill receivables and available-for-sale investments of RMB625 million (31 December 2015: RMB2,506 million), RMB4,226 million (31 December 2015: RMB4,555 million) and Nil (31 December 2015: RMB13 million), respectively, were also pledged to the banks to secure borrowings and finance leases granted to the Group.

Restricted bank deposits include RMB3,383 million (31 December 2015: RMB4,453 million) have been restricted to secure bills payable, short term letters of credit for trade and other payables and RMB100 million (31 December 2015: RMB99 million) have been restricted to secure obligations under finance leases which are due after one year.

Capital Commitments

As at 30 June 2016, the Group's capital commitments in respect of purchase of property, plant and equipment, constructions costs in respect of projects, share capital commitment to a joint venture and share capital commitment to an available-for-sale investment contracted for but not provided amounted to RMB9,159 million, RMB36 million and Nil respectively (31 December 2015: RMB5,861 million, RMB36 million and RMB210 million, respectively).

Contingencies

Financial guarantees contracts

As at 30 June 2016, certain subsidiaries of the Company guaranteed bank and other borrowings of certain subsidiaries of GNE which amounted to RMB4,560 million (31 December 2015: RMB4,163 million).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

For the period ended 30 June 2016, GNE Group acquired three subsidiaries at a total consideration of RMB10 million. The three subsidiaries are 常州中暉光伏科技有限公司 ("Changzhou Zhonghui"), 高唐縣協鑫晶輝光伏有限公司 ("Gaotang") and 上高縣利豐新能源有限公司 ("Lifeng"). At the date of acquisition, the three subsidiaries owned solar power plant projects of 50MW, 30MW and 20MW, respectively, which were connected to the grid.

Save as disclosed above, there were no other significant investments during the six months ended 30 June 2016, or plans for material investments as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries during the six months ended 30 June 2016.

Events After the End of The Reporting Period

On 18 July 2016, one of GNE Group's subsidiaries, Suzhou GCL New Energy Investment Company Limited (the "Issuer") proposes to apply to the Shanghai Stock Exchange for the issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000 million. The bonds shall have a term of up to 3 years with a fixed interest rate to be determined by the Issuer and the underwriter in accordance with the relevant PRC regulations. As of the date of this report, the issuance of the bonds is subject to the satisfaction of certain conditions precedent, including all necessary approvals and consents for the issuance of the bonds under PRC laws.

REPORT ON REVIEW OF UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF GCL-POLY ENERGY HOLDINGS LIMITED

保利協鑫能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the unaudited condensed interim consolidated financial statements of GCL-Poly Energy Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 24 to 73, which comprise the unaudited condensed consolidated statement of financial position as of 30 June 2016 and the related unaudited condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these unaudited condensed interim consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 August 2016

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

For the six months ended 30 June 2016

		Six months ended 30 June	
	Notes	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Continuing operations			
Revenue	3	13,158,873	10,221,204
Cost of sales		(8,826,792)	(7,611,532)
Gross profit		4,332,081	2,609,672
Other income	4	395,769	364,231
Distribution and selling expenses		(38,593)	(35,425)
Administrative expenses		(923,119)	(743,330)
Finance costs	5	(1,059,453)	(1,038,778)
Other expenses, gains and losses, net	6	(657,744)	(244,026)
Share of profits (losses) of joint ventures		6,218	(44,282)
Profit before tax		2,055,159	868,062
Income tax expense	7	(494,089)	(219,108)
Profit for the period from continuing operations	8	1,561,070	648,954
Discontinued operations			
Profit for the period from discontinued operations	9	—	139,908
Profit for the period		1,561,070	788,862
Other comprehensive income (expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		27,461	(557)
Total comprehensive income for the period		1,588,531	788,305

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

For the six months ended 30 June 2016

	Note	Six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Profit for the period attributable to owners of the Company			
— from continuing operations		1,388,863	584,624
— from discontinued operations		—	67,979
Profit for the period attributable to owners of the Company		1,388,863	652,603
Profit for the period attributable to non-controlling interests			
— from continuing operations		172,207	64,330
— from discontinued operations		—	71,929
Profit for the period attributable to non-controlling interests		172,207	136,259
Total profit for the period		1,561,070	788,862
Total comprehensive income for the period attributable to:			
Owners of the Company		1,420,220	651,930
Non-controlling interests		168,311	136,375
		1,588,531	788,305
		RMB cents (Unaudited)	RMB cents (Unaudited) (Restated)
Earnings per share	11		
From continuing and discontinued operations			
— Basic		7.64	4.18
— Diluted		7.64	3.99
From continuing operations			
— Basic		7.64	3.74
— Diluted		7.64	3.56

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	45,996,089	41,649,905
Prepaid lease payments		1,103,214	1,101,931
Goodwill		176,528	176,528
Other intangible assets		88,212	54,078
Interests in joint ventures	13	708,974	158,063
Available-for-sale investments	14	300,000	90,000
Convertible bonds receivable	15	107,359	93,707
Deferred tax assets		83,558	54,305
Deposits, prepayments and other non-current assets	17	3,688,902	2,685,754
Amounts due from related companies	18	124,700	129,936
Pledged and restricted bank deposits		573,320	442,225
		52,950,856	46,636,432
CURRENT ASSETS			
Inventories	16	1,063,621	1,386,584
Trade and other receivables	17	14,941,125	14,367,687
Amounts due from related companies	18	46,617	51,809
Prepaid lease payments		25,450	25,127
Available-for-sale investments	14	108,671	38,726
Held for trading investments		82,903	14,456
Tax recoverable		5,799	2,690
Derivative financial instruments		1,896	—
Pledged and restricted bank deposits		3,534,479	6,616,105
Bank balances and cash		8,196,401	10,259,967
Assets classified as held for sale	19	28,006,962 222,154	32,763,151 291,907
		28,229,116	33,055,058
CURRENT LIABILITIES			
Trade and other payables	20	15,262,120	15,698,110
Amounts due to related companies	18	134,433	206,171
Advances from customers		529,781	478,773
Bank and other borrowings — due within one year	21	16,673,292	22,314,968
Obligations under finance leases — due within one year	22	880,103	934,578
Notes and bonds payables — due within one year	24	889,200	1,008,716
Derivative financial instruments		—	12,575
Deferred income		73,918	105,330
Tax payables		282,518	233,857
Liabilities directly associated with assets classified as held for sale	19	34,725,365 16,684	40,993,078 51,462
		34,742,049	41,044,540
NET CURRENT LIABILITIES		(6,512,933)	(7,989,482)
TOTAL ASSETS LESS CURRENT LIABILITIES		46,437,923	38,646,950

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION [CONTINUED]

At 30 June 2016

	Notes	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Advances from customers		192,449	202,735
Bank and other borrowings — due after one year	21	15,134,612	12,120,725
Obligations under finance leases — due after one year	22	2,103,760	2,499,828
Notes payables — due after one year	24	3,676,656	3,670,615
Convertible bonds payables	23	1,803,072	2,018,472
Deferred income		355,079	352,002
Deferred tax liabilities		346,728	223,089
		23,612,356	21,087,466
NET ASSETS			
		22,825,567	17,559,484
CAPITAL AND RESERVES			
Share capital	25	1,631,804	1,372,260
Reserves		18,530,894	14,481,912
Equity attributable to owners of the Company		20,162,698	15,854,172
Non-controlling interests		2,662,869	1,705,312
TOTAL EQUITY			
		22,825,567	17,559,484

The unaudited condensed interim consolidated financial statements on pages 24 to 73 were approved and authorised for issue by the Board of Directors on 24 August 2016 and are signed on its behalf by:

Zhu Gongshan
DIRECTOR

Yeung Man Chung, Charles
DIRECTOR

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Capital reserve RMB'000	Statutory reserve fund RMB'000	Special reserves RMB'000	Share options reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000		
At 1 January 2015 (Audited) (Restated)	1,372,226	6,198,607	2,384,001	67,251	1,578,613	(2,405,207)	176,480	(10,655)	5,147,617	14,508,933	2,336,016	16,844,949
Exchange differences arising from translation of financial statements of foreign operations	—	—	—	—	—	—	—	(673)	—	(673)	116	(557)
Profit for the period	—	—	—	—	—	—	—	—	652,603	652,603	136,259	788,862
Total comprehensive income for the period	—	—	—	—	—	—	—	(673)	652,603	651,930	136,375	788,305
Recognition of share-based payment expenses in respect of share options	—	—	—	—	—	—	11,918	—	—	11,918	48,736	60,654
Forfeitures of share options	—	—	—	—	—	—	(18,409)	—	30,328	11,919	(11,919)	—
Exercise of share options	21	272	—	—	—	—	(84)	—	—	209	—	209
Contribution from non-controlling interest	—	—	—	—	—	—	—	—	—	—	98,586	98,586
Transfer to reserves	—	—	—	—	66,746	—	—	—	(66,746)	—	—	—
Dividend declared to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	(130,610)	(130,610)
At 30 June 2015 (Unaudited) (Restated)	1,372,247	6,198,879	2,384,001	67,251	1,645,359	(2,405,207)	169,905	(11,328)	5,763,802	15,184,909	2,477,184	17,662,093
At 1 January 2016 (Audited)	1,372,260	7,353,442	(619,157)	67,251	1,454,789	(2,399,641)	190,846	(15,120)	8,449,502	15,854,172	1,705,312	17,559,484
Exchange differences arising from translation of financial statements of foreign operations	—	—	—	—	—	—	—	31,357	—	31,357	(3,896)	27,461
Profit for the period	—	—	—	—	—	—	—	—	1,388,863	1,388,863	172,207	1,561,070
Total comprehensive income for the period	—	—	—	—	—	—	—	31,357	1,388,863	1,420,220	168,311	1,588,531
Recognition of share-based payment expenses in respect of share options	—	—	—	—	—	—	30,650	—	—	30,650	38,060	68,710
Forfeitures of share options	—	—	—	—	—	—	(5,647)	—	17,948	12,301	(12,301)	—
Issue of new shares through Rights Issue (as defined in note 25)	259,544	2,647,352	—	—	—	—	—	—	—	2,906,896	742,378	3,649,274
Transaction costs attributable to the issuance of Rights Issues	—	(61,541)	—	—	—	—	—	—	—	(61,541)	(23,005)	(84,546)
Contribution from non-controlling interest	—	—	—	—	—	—	—	—	—	—	124,214	124,214
Transfer to reserves	—	—	—	—	636,711	—	—	—	(636,711)	—	—	—
Dividend declared to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	(80,100)	(80,100)
At 30 June 2016 (Unaudited)	1,631,804	9,939,253	(619,157)	67,251	2,091,500	(2,399,641)	215,849	16,237	9,219,602	20,162,698	2,662,869	22,825,567

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
NET CASH FROM OPERATING ACTIVITIES	1,798,412	1,728,048
NET CASH USED IN INVESTING ACTIVITIES		
Interest received	116,089	167,224
Dividend received from associates	—	8,785
Dividend received from joint ventures	—	36,682
Proceeds from disposal of an associate	—	12,400
Proceeds from disposal of assets classified as held for sale	29,991	—
Proceeds from disposal of property, plant and equipment	11,831	25,575
Addition of property, plant and equipment	(4,421,493)	(2,812,891)
Deposits paid for acquisitions of property, plant and equipment	(468,262)	(472,100)
Refund of deposits received for a proposed disposal of business	—	(400,000)
Investments in joint ventures	—	(17,880)
Investment in associates	—	(26,000)
Addition of available-for-sale investments	(279,358)	—
Addition of held-to-maturity investment	—	(12,828)
Addition of prepaid lease payments	(1,040)	(29,111)
Addition of other intangible assets	(39,155)	(5,822)
Addition of entrusted loans receivable	—	(50,000)
Acquisition of subsidiaries	35,703	(22,135)
Withdrawal of pledged and restricted bank deposits	8,044,010	8,602,316
Placement of pledged and restricted bank deposits	(5,093,171)	(11,502,566)
Receipt of government grants related to depreciable assets	10,000	55,900
Advances to related companies	(8,981)	(16,759)
Loan to third parties	(386,452)	—
Settlement of payables to vendors of solar farms	(17,100)	—
	(2,467,388)	(6,459,210)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		
Interest paid	(1,088,700)	(1,222,162)
New bank and other borrowings raised	13,998,329	18,892,919
Repayment of bank and other borrowings	(17,043,925)	(13,204,482)
Proceeds from sale and finance lease back arrangements	50,000	1,337,232
Repayment of obligations under finance leases	(517,377)	(544,344)
Proceeds from issuance of convertible bonds payable	—	611,244
Partial redemption of convertible bonds payable	(307,605)	—
Repayment of notes and bonds payables	(120,800)	(1,400,000)
Proceeds from Rights Issue	3,564,728	—
Proceeds from issuance of notes and bonds payables	—	976,804
Proceeds from exercise of share options	—	209
Contribution from non-controlling shareholders	100,597	98,000
Dividends paid to non-controlling shareholders	(80,100)	(50,988)
Repayment of loan from a related company	—	(8,409)
Advance from (repayment of) related companies	320	(61,700)
	(1,444,533)	5,424,323
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,113,509)	693,161
CASH AND CASH EQUIVALENTS AT 1 JANUARY	10,340,815	4,361,794
Effect of exchange rate changes on the balance of bank balances and cash held in foreign currencies	21,249	8,402
CASH AND CASH EQUIVALENTS AT 30 JUNE		
represented by		
— Bank balances and cash	8,196,401	5,063,357
— Bank balances and cash classified as held for sale	52,154	—

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. 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 International Accounting Standard Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of International Financial Reporting Standards (“IFRSs”) financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2015.

The directors of the Company (the “Directors”) have given careful consideration to the going concern status of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by RMB6,513 million as at 30 June 2016 and the Group had cash and cash equivalents of RMB8,249 million (including bank balances and cash classified as assets held for sale of RMB52 million) against the Group’s total borrowings (comprising bank and other borrowings, obligations under finance leases, notes and bonds payables and convertible bonds payables) amounted to approximately RMB41,161 million, out of which approximately RMB18,443 million will be due in the coming twelve months. The Directors have evaluated the Group’s current undrawn banking facilities and renewable bank borrowings. In order to improve liquidity, the Group continues to pay close attention in managing the Group’s cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary. The Directors believe that the Group will be able to renew the banking facilities upon maturity dates and raise additional banking facilities as and when required by the Group’s operating cash needs.

In 2014, the Group acquired GCL New Energy Holdings Limited (“GNE”), whose shares are listed on the Stock Exchange. As at 30 June 2016, certain subsidiaries of the Company guaranteed bank and other borrowings of GNE and its subsidiaries (collectively referred to as “GNE Group”) amounted to RMB4,560 million. The Directors have evaluated the going concern status of GNE Group in preparing these unaudited condensed interim consolidated financial statements, in light of the fact that, as at 30 June 2016, GNE Group’s current liabilities exceeded its current assets by RMB8,694 million. In addition, GNE Group has entered into agreements to acquire and construct solar farm sites and other assets which will involve total capital expenditures of approximately RMB8,878 million.

In addition, subject to the availability of additional financial resources, GNE Group is currently looking for further opportunities to increase the scale of its solar farm operations through mergers and acquisitions. In the event that GNE Group is successful in securing more solar farm investments or expanding the investments in the existing solar farms in the coming twelve months from 30 June 2016, additional cash outflows will be required to settle further committed capital expenditure. As at 30 June 2016, GNE Group’s total borrowings comprising bank and other borrowings, convertible bonds payable, bonds payable, obligations under finance leases, loan from a shareholder and loans from fellow subsidiaries amounted to RMB17,874 million, out of which RMB7,316 million will be due in the coming twelve months from 30 June 2016. GNE Group is required to comply with certain restrictive financial covenant and undertaking requirements under certain borrowing agreements. GNE Group’s pledged and restricted bank deposits and bank balances and cash amounted to approximately RMB1,350 million and RMB2,939 million as at 30 June 2016, respectively. The financial resources available to GNE Group as at 30 June 2016 and up to the date of approval of these unaudited condensed interim consolidated financial statements may not be sufficient to satisfy the above capital expenditure requirements and other financial obligations. GNE Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

1. Basis of Preparation (Continued)

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

- (i) Subsequent to 30 June 2016, GNE Group successfully obtained new borrowings with an aggregate amount of approximately RMB950 million from banks in both Hong Kong and the People's Republic of China (the "PRC");
- (ii) GNE Group has been actively negotiating with banks for the renewal of its current borrowings as necessary when they fall due in the coming twelve months. Based on the past experience, GNE Group did not encounter any significant difficulties in renewing the borrowings and the directors of GNE are confident that all borrowings can be renewed upon the application when necessary;
- (iii) GNE Group is currently negotiating with several banks in both Hong Kong and the PRC for additional financing. It has received detailed proposals from certain banks for total banking facilities with repayment periods for more than one year. GNE Group also received letters of intent from certain other banks which indicated that these banks preliminarily agreed to offer banking facilities to GNE Group;
- (iv) In February 2016, GNE completed a rights issue for a net proceeds of approximately RMB1,941 million ("GNE Rights Issue"). In addition, GNE Group proposed in July 2016 an issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000 million which shall have a term of up to 3 years. GNE Group is also negotiating with other private investors for additional financing in the form of equity or debt or a combination of both; and
- (v) GNE Group has completed construction of 68 solar farms with approval for on-grid connection up to 30 June 2016. In addition, GNE Group has additional 8 solar farms under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these unaudited condensed interim consolidated financial statements. The abovementioned solar farms have an aggregate installed capacity of approximately 3.4GW and are expected to generate operating cash inflows to GNE Group.

Although the directors of GNE identified going concern as an area of significant uncertainty, the Directors are of the opinion that, taking into account the above undrawn banking facilities, renewal of existing banking facilities, the Group's cash flow projection for the coming year, and the successful implementation of measures of GNE Group as described above, the uncertainty from GNE Group will not have significant impact to the Group and the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months. Accordingly, these unaudited condensed interim consolidated financial statements have been prepared on a going concern basis.

The Group changed its presentation currency from Hong Kong dollar ("HK\$") to Renminbi ("RMB") effective from 1 July 2015 with details disclosed in the Company's 2015 annual report. Therefore, the comparative information in these unaudited condensed interim consolidated financial statements has been restated to reflect such change in presentation currency accordingly, in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

1A. Significant Events and Transactions in the Current Interim Period

The Group has the following significant events and transactions after the end of 31 December 2015:

- (i) On 26 January 2016, the Company raised funds by way of the Rights Issue (details set out in note 25).
- (ii) Due to the business expansion of GNE Group, GNE Group has several material acquisitions in acquiring controlling interests in certain companies (details set out in note 29).

2. Principal Accounting Policies

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

Except as described below, the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by IASB that are relevant for the preparation of the Group's unaudited condensed interim consolidated financial statements:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these unaudited condensed interim consolidated financial statements.

3. Segment Information

The Group's reportable and operating segments under IFRS 8 are as follows:

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

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

3. Segment Information (Continued)

- (b) Solar farm business — manages and operates 371 MW solar farms, of which 18 MW is located in the United States of America (the “USA”) and 353 MW is located in the PRC. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE.
- (c) New energy business — represents the business operations of GNE, which is principally engaged in the development, construction, operation and management of solar farms, as well as manufacturing and selling of printed circuit boards.

An operating segment regarding the development, construction, management and operation of power plants and sales of coals in the PRC (collectively referred to as the “non-solar power business”) was discontinued in December 2015. The segment information reported below does not include these discontinued operations which are described in more details in note 9.

Segment revenue and results

The following is an analysis of the Group’s revenue and results from continuing operations by reportable and operating segment:

Six months ended 30 June 2016

Continuing operations

	Solar material business RMB’000 (Unaudited)	Solar farm business RMB’000 (Unaudited)	New energy business RMB’000 (Unaudited) (Note)	Total RMB’000 (Unaudited)
Segment revenue	11,220,594	267,244	1,671,035	13,158,873
Segment profit (loss)	1,755,940	(241,058)	161,739	1,676,621
Unallocated income				23,105
Unallocated expenses				(72,305)
Gain on fair value change of convertible bonds receivable				13,652
Loss on fair value change of convertible bonds payable issued by the Company				(81,832)
Gain on fair value change of held for trading investments				1,829
Profit for the period from continuing operations				1,561,070

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

3. Segment Information (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2015 (Restated)

Continuing operations

	Solar material business RMB'000 (Unaudited)	Solar farm business RMB'000 (Unaudited)	New energy business RMB'000 (Unaudited) (Note)	Total RMB'000 (Unaudited)
Segment revenue	9,020,058	303,855	897,291	10,221,204
Segment profit (loss)	784,273	(58,971)	71,959	797,261
Elimination of inter-segment profit				(25,088)
Unallocated income				20,756
Unallocated expenses				(62,599)
Loss on fair value change of convertible bonds receivable				(21,341)
Loss on fair value change of convertible bonds payable issued by the Company				(70,665)
Gain on fair value change of held for trading investments				10,630
Profit for the period from continuing operations				648,954

Note: The operating results of new energy business includes operating results of GNE Group, allocated corporate expenses and the effect arising from fair value adjustments relating to the assets and liabilities of GNE acquired in 2014, which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

The revenue of the new energy business for the current period mainly comprised sales of electricity (including tariff adjustments) amounting to approximately RMB929 million (six months ended 30 June 2015: RMB279 million) and sales of printed circuit boards amounting to approximately RMB742 million (six months ended 30 June 2015: RMB618 million).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) from continuing operations represents the profit (loss) of each respective segment excluding unallocated income, unallocated expenses (including certain exchange losses (gain), depreciation of an aircraft and respective finance costs under sale and finance leaseback arrangements), change in fair value of convertible bonds receivable, change in fair value of convertible bonds payable issued by the Company and change in fair value of held for trading investments. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

3. Segment Information (Continued)

Segment assets and liabilities

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

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Segment assets		
Solar material business	41,533,911	47,161,479
Solar farm business	4,384,996	4,709,445
New energy business (Note)	31,637,299	23,194,743
Total segment assets	77,556,206	75,065,667
Assets classified as held for sale	222,154	291,907
Convertible bonds receivable	107,359	93,707
Held for trading investments	82,903	14,456
Available-for-sale investments	108,671	38,726
Unallocated bank balances and cash	2,853,358	3,989,362
Unallocated corporate assets	249,321	197,665
Consolidated assets	81,179,972	79,691,490
Segment liabilities		
Solar material business	28,372,330	36,246,293
Solar farm business	2,469,283	3,843,939
New energy business (Note)	26,172,426	20,422,363
Total segment liabilities	57,014,039	60,512,595
Liabilities directly associated with assets classified as held for sale	16,684	51,462
Convertible bonds payable issued by the Company	1,054,364	1,285,616
Unallocated corporate liabilities	269,318	282,333
Consolidated liabilities	58,354,405	62,132,006

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

3. Segment Information (Continued)

Segment assets and liabilities (Continued)

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

- All assets are allocated to operating segments, other than assets classified as held for sale, corporate bank balances and cash and other assets (including an aircraft, convertible bonds receivable, held for trading investments and certain available-for-sale investments) of the management companies and investment holdings companies; and
- All liabilities are allocated to operating segments, other than liabilities directly associated with assets classified as held for sale and other liabilities (including convertible bonds payable issued by the Company and certain obligations under finance leases) of the management companies and investment holdings companies.

Note: The segment assets and liabilities of new energy business included the segment assets and liabilities of GNE Group and the effect arising from fair value adjustments relating to the assets and liabilities of GNE acquired in 2014, which are subject to the amortisation/depreciation over the estimated useful lives of the relevant assets.

Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Sales of wafer	10,346,561	7,841,602
Sales of electricity (Note)	1,193,816	571,016
Sales of polysilicon	640,552	717,969
Others (comprising the sales of ingots, modules, printed circuit boards and processing fees)	977,944	1,090,617
	13,158,873	10,221,204

Note: Sales of electricity included RMB816,747,000 (six months ended 30 June 2015: RMB358,331,000) tariff adjustment received and receivable from the state grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar farms. Details of settlement arrangement of tariff is disclosed in note 17.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

4. Other Income

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Continuing operations		
Government grants (<i>Note</i>)	130,315	60,331
Sales of scrap materials	115,529	99,833
Bank and other interest income	108,343	149,156
Interest income from a related party	—	13,469
Management and consultancy fee income	17,513	428
Waiver of other payables	3,065	7,614
Others	21,004	33,400
	395,769	364,231

Note: Government grants include subsidies received from the relevant PRC government authorities for improvement of working capital and incentive subsidies received in relation to activities carried out by the Group. There were no specific conditions attached to the grants and, therefore, the Group recognised the grants upon receipt of the grants. The subsidies were granted on a discretionary basis to the Group during the period. Government grants and value-added tax refunds related to depreciable assets have been deferred and released over the estimated useful lives of the relevant assets.

5. Finance Costs

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Continuing operations		
Interest on:		
Bank and other borrowings	887,495	574,690
Discounted bills receivable and letters of credit	98,235	457,404
Obligations under finance leases	106,673	41,462
Notes and bonds payables	162,630	54,304
Total borrowing costs	1,255,033	1,127,860
Less: Interest capitalised	(195,580)	(89,082)
	1,059,453	1,038,778

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

5. Finance Costs (Continued)

Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 9.73% (six months ended 30 June 2015: 6.23%) per annum to expenditure on qualifying assets.

6. Other Expenses, Gains and Losses, Net

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Continuing operations		
Research and development costs	118,856	108,893
Exchange loss (gain), net	11,636	(8,630)
(Gain) loss on fair value change of convertible bonds receivable	(13,652)	21,341
Loss on fair value change of convertible bonds payables	122,393	24,558
Gain on fair value change of held for trading investments	(1,829)	(10,630)
Bargain purchase from business combination	—	(21,626)
Impairment loss on property, plant and equipment (<i>note 12</i>)	445,591	—
Gain on fair value change of derivative financial instruments	(14,471)	—
(Reversal of) impairment loss on trade and other receivables	(23,781)	127,571
Bad debts directly written off	260	—
Loss on disposal of property, plant and equipment	12,741	2,549
	657,744	244,026

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

7. Income Tax Expense

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Continuing operations		
PRC Enterprise Income Tax ("EIT")		
Current tax	403,974	143,979
Overprovisions in prior periods	(15,786)	(15,060)
	388,188	128,919
Hong Kong Profits Tax		
Current tax	336	11,874
Underprovisions in prior period	—	94
	336	11,968
USA Federal and State Income Tax		
Current tax	210	193
Underprovisions in prior period	8	—
	218	193
PRC dividend withholding tax	10,972	7,376
Deferred tax	94,375	70,652
	494,089	219,108

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%, except for those subsidiaries described below.

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

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

7. Income Tax Expense (Continued)

Certain subsidiaries of GNE Group, being enterprises in public infrastructure projects, under the PRC Tax 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.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Federal and State tax rates in the USA are calculated at 35% and 8.84% respectively for both periods.

The Group's subsidiaries and associates that are tax residents in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding companies registered in Hong Kong and the British Virgin Islands, respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008.

8. Profit for the Period

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Continuing operations		
Profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	2,066,792	1,406,293
Amortisation of prepaid lease payments	12,321	11,234
Amortisation of other intangible assets (included in cost of sales)	5,021	4,019
Total depreciation and amortisation	2,084,134	1,421,546
Less: Amounts included in closing inventories	(55,435)	(63,871)
Total of depreciation and amortisation charged to profit or loss	2,028,699	1,357,675
Less: Depreciation and amortisation included in costs of inventories	(1,814,245)	(1,154,390)
	214,454	203,285
Cost of inventories recognised as an expense	8,503,932	7,203,859
Bad debts directly written off (included in other expenses, gains and losses, net)	260	—
Loss on disposal of property, plant and equipment (included in other expenses, gains and losses, net)	12,741	2,549
(Reversal of) impairment loss on trade and other receivables (included in other expenses, gains and losses, net)	(23,781)	127,571
Share-based payment expenses (included in administrative expenses)	68,710	59,536
Write-down on inventories (included in cost of sales)	189,874	57,691

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

9. Discontinued Operations

On 14 September 2015, the Group entered into a sale agreement to dispose of the Group's non-solar power business to 上海其辰投資管理有限公司 Shanghai Qichen Investment Management Co. Ltd., a company in which Mr. Zhu Gongshan, who is a director and a substantial shareholder of the Company, has control, at a consideration of RMB3.2 billion. The disposal of non-solar power business is consistent with the Group's long-term policy to focus on its core integrated solar business, including the manufacturing and sale of polysilicon and wafer products, and developing, owning and operating downstream solar farms both within the PRC and overseas, to reinforce its position as a leading global player in the rapidly growing photovoltaic industry. The disposal was completed on 8 December 2015, when control of the non-solar power business was passed to the acquirer. Details of the disposal of the non-solar power business are set out in the announcement of the Company dated 7 September 2015 and the circular of the Company issued to the shareholders dated 10 November 2015.

Analysis of profit for the period from discontinued operations

The result of the discontinued operations for the six months ended 30 June 2015, was as follows:

	Six months ended 30 June 2015 RMB'000 (Unaudited) (Restated)
Revenue	3,957,908
Cost of sales	(3,489,457)
Other income	112,261
Distribution and selling expenses	(3,539)
Administrative expenses	(280,931)
Finance costs	(137,234)
Other expenses, gains and losses, net	70,124
Share of profits of associates	2,832
Profit before tax	231,964
Income tax expense	(92,056)
Profit for the period from discontinued operations	139,908

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

9. Discontinued Operations (Continued)

Analysis of profit for the period from discontinued operations (Continued)

Profit for the period from discontinued operations include the following:

	Six months ended 30 June 2015 RMB'000 (Unaudited) (Restated)
Depreciation of property, plant and equipment	181,808
Amortisation of prepaid lease payments	5,534
Amortisation of other intangible assets	5,849
Total of depreciation and amortisation charged to profit or loss	193,191
Cost of inventories recognised as an expense	2,995,792
Impairment loss on trade and other receivables	2,681
Loss on disposal of property, plant and equipment	639
Share-based payment expenses	1,096

During the period ended 30 June 2015, the Group's non-solar power business contributed RMB407 million to the Group's net operating cash flows, used RMB679 million in respect of investing activities and used RMB76 million in respect of financing activities.

10. Dividends

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

11. Earnings Per Share

Continuing and discontinued operations

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

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Earnings		
Earnings for the purpose of basic earnings per share		
– Profit for the period attributable to owners of the Company	1,388,863	652,603
Effect of dilutive potential ordinary shares:		
– Adjustment to the share of profit of GNE Group based on dilution of its earnings per share	—	(28,810)
Earnings for the purpose of diluted earnings per share	1,388,863	623,793

	Six months ended 30 June	
	2016 '000 (Unaudited)	2015 '000 (Unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	18,180,211	15,621,734
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	6,330	13,652
Weighted average number of ordinary shares for the purpose of diluted earnings per share	18,186,541	15,635,386

For the six months ended 30 June 2015, the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the effect of the Rights Issue completed on 26 January 2016.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

11. Earnings Per Share (Continued)

Continuing and discontinued operations (Continued)

Diluted earnings per share for the six months ended 30 June 2016 did not assume (1) the conversion of convertible bonds issued by the Company in July 2015 and GNE in May and July 2015 because the assumed conversion would result an increase in earnings per share; and (2) the exercise of certain share options granted by the Company and share options granted by GNE, since the exercise prices were higher than the average market prices of the shares of the Company and GNE, respectively, for the six months ended 30 June 2016.

Diluted earnings per share for the six months ended 30 June 2015 did not assume (1) the conversion of convertible bonds issued by the Company in 2013 because the assumed conversion would result in an increase in earnings per share; and (2) the exercise of certain share options granted by the Company and share options granted by GNE, since the exercise prices were higher than the average market price of the shares of the Company and GNE, respectively, for the six months ended 30 June 2015.

Continuing operations

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

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Profit for the period attributable to owners of the Company	1,388,863	652,603
Less: Profit for the period from discontinued operations attributable to owners of the Company	—	(67,979)
Earnings for the purpose of basic earnings per share from continuing operations	1,388,863	584,624
Effect of dilutive potential ordinary shares:		
– Adjustment to share of profit of GNE Group based on dilution of its earnings per share	—	(28,810)
Earnings for the purpose of diluted earnings per share from continuing operations	1,388,863	555,814

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

11. Earnings Per Share (Continued)

Discontinued operations

For the six months ended 30 June 2015, basic earnings per share for the discontinued operations was RMB0.44 cents per share and diluted earnings per share for the discontinued operations was RMB0.43 cents per share, based on the profit for the period from the discontinued operations of RMB67,979,000 and the denominators attributable to owners of the Company detailed above for both basic and diluted earnings per share.

12. Property, Plant and Equipment

	Carrying values RMB'000
At 1 January 2016 (Audited)	41,649,905
Additions	6,391,630
Acquired on acquisitions of subsidiaries (note 29)	948,411
Depreciation expense	(2,066,792)
Disposals	(486,154)
Impairment	(445,591)
Effect of foreign currency exchange differences	4,680
At 30 June 2016 (Unaudited)	45,996,089

During the six months ended 30 June 2016, the Group spent approximately RMB5,230 million (six months ended 30 June 2015: RMB2,420 million) on construction of solar farm and related facilities in the PRC in order to enlarge its power generation capacities. Furthermore, the Group spent approximately RMB415 million (six months ended 30 June 2015: RMB374 million) on technological improvement and other production facilities to enhance the wafer and polysilicon production efficiency. As at 30 June 2016, the construction is still in progress.

Due to technological advancement, during the six months ended 30 June 2016, the Group determined certain plant and machinery of the solar material business were not in a good condition to be used in the future and recognised an impairment loss of RMB348 million (six months ended 30 June 2015: Nil).

The Group further recognised an impairment loss of RMB97 million (six months ended 30 June 2015: Nil) in respect of property, plant and equipment of the solar farm business, mainly related to the solar farm projects under development in Puerto Rico since there is high uncertainty on expected return with reference to recent local economic situation and hence the management determined to impair the related project assets.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

13. Interests in Joint Ventures

In April 2016, the Group entered into an agreement with an independent third party, pursuant to which the Group invested 50.98% equity interest in 江蘇鑫華半導體材料科技有限公司 ("Jiangsu Xinhua") at a consideration of RMB520,000,000 in form of property, plant and equipment. Pursuant to the shareholders' agreement of Jiangsu Xinhua, two-third of the votes is required to direct the relevant activities of Jiangsu Xinhua and certain relevant activities also require unanimous consent of the parties sharing control. The Directors consider that the Group can only exercise joint control over Jiangsu Xinhua and it is therefore classified as a joint venture of the Group.

Pursuant to the agreement, the independent third party has the right to request the Group to repurchase the 49.02% equity interest held by the independent third party at a premium price if Jiangsu Xinhua failed to complete initial public offering at a stock exchange in a mutually agreed region in 5 years. This put option is a derivative financial instrument within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*. However, in the opinion of the directors, the fair value of the put option is insignificant at initial recognition and as at 30 June 2016.

14. Available-for-sale Investments

During the six months ended 30 June 2016, there are four additional listed investments on debt securities listed in the Stock Exchange totalling RMB69,945,000 with fixed interest rates ranging from 5% to 7.5% and further investment of RMB210,000,000 on unlisted equity securities, respectively.

15. Convertible Bonds Receivable

Same as disclosed in the Company's 2015 annual report, there is no material change for the six months ended 30 June 2016, except for the gain on fair value change of RMB13,652,000 (six months ended 30 June 2015: loss on fair value change of RMB21,341,000) recognised in profit or loss in the current interim period.

16. Inventories

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Raw materials	473,044	427,138
Work in progress	224,093	206,593
Semi-finished goods (Note)	156,699	376,208
Finished goods	143,625	133,288
Solar modules	41,348	79,065
Project assets	24,812	164,292
	1,063,621	1,386,584

Note: Semi-finished goods mainly represented polysilicon.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

16. Inventories (Continued)

During the six months ended 30 June 2016, inventories were written down by RMB189,874,000 (six months ended 30 June 2015: RMB57,691,000) mainly in relation to project assets and solar modules relating to solar farm projects in the USA. The Group reviews project assets whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. In determining whether or not the project assets are recoverable, the Group considers a number of factors, including the changes in environmental, ecological, permitting or regulatory conditions that affect the project. The management concluded that certain project assets and solar modules are then written down because the relevant costs were higher than their net realisable values.

17. Deposits, Prepayments and Other Non-current Assets/Trade and Other Receivables

Deposits, prepayments and other non-current assets

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Deposits for acquisitions of property, plant and equipment	442,033	330,432
Deposits paid for engineering, procurement and constructions ("EPC") contracts and constructions (Note a)	1,173,448	929,739
Refundable value-added tax	1,146,405	1,036,986
Deposits paid for acquisitions of solar farm projects	25,350	13,410
Prepaid rent for parcels of land	181,177	160,715
Trade receivables (Note b)	658,011	175,700
Others	62,478	38,772
	3,688,902	2,685,754

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

17. Deposits, Prepayments and Other Non-current Assets/Trade and Other Receivables (Continued)

Trade and other receivables

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Trade receivables (Note b)	4,015,786	3,209,326
Other receivables	339,974	332,712
Refundable value-added tax	482,674	399,141
Bills receivables (trade) (Note c)	8,272,697	8,347,730
Other loan receivables (Note d)	775,830	389,378
Receivables for modules procurement (Note e)	1,072,274	1,325,203
Prepayments	639,901	539,897
	15,599,136	14,543,387
Analysed for reporting purposes as:		
– Current assets	14,941,125	14,367,687
– Non-current assets (Note b)	658,011	175,700
	15,599,136	14,543,387

Notes:

- (a) Deposits for EPC contracts and constructions represent deposits paid to contractors which will be transferred to property, plant and equipment under construction when the constructions commence.
- (b) Included in the Group's trade receivables are tariff adjustment receivables amounting to approximately RMB1,907,590,000 (31 December 2015: RMB1,013,018,000) recognised based on the prevailing nationwide government policies on renewable energy for solar farms. The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date and have classified them as non-current assets accordingly. The current portion and non-current portion of tariff adjustment receivables are approximately RMB1,249,579,000 (31 December 2015: RMB837,318,000) and RMB658,011,000 (31 December 2015: RMB175,700,000), respectively. The non-current portion of the receivables are discounted at an effective interest rate of 4.75% per annum as at 30 June 2016.

The Group allows a credit period of 1 to 4 months from the invoice date for trade receivables and may further extend 3 to 6 months for settlement through bills issued by banks and financial institutions obtained from trade customers.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

17. Deposits, Prepayments and Other Non-current Assets/Trade and Other Receivables (Continued)

Trade and other receivables (Continued)

Notes: (Continued)

(b) (Continued)

The following is an aged analysis of trade receivables, net of allowances for doubtful debts, presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Unbilled (Note)	1,907,590	1,013,018
Within 3 months	1,825,593	1,626,908
3 to 6 months	133,028	286,662
Over 6 months	149,575	282,738
	4,015,786	3,209,326

Note: Unbilled trade receivables represent tariff adjustment to be billed and received based on prevailing nationwide government policies on renewable energy from the state grid companies.

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

Included in the Group's trade receivables are debtors with aggregate carrying amount of RMB419,951,000 (31 December 2015: RMB581,196,000) which are past due as at the end of the reporting date. The Group has not provided allowance for doubtful debts for such receivables as part of such receivables are either covered by letters of credit and advances from customers or substantially settled subsequent to the end of the reporting period. For the remaining receivables, there is no historical default of payments by the respective customers and the Directors are closely monitoring the settlement status from the customers. The Group holds collateral over part of these receivables.

(c) The following is an aged analysis of bills receivable (trade) presented based on the bills issue date at the end of the reporting period:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Bills receivable (trade):		
Within 3 months	4,204,149	4,304,120
3 to 6 months	4,068,548	4,043,610
	8,272,697	8,347,730

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

17. Deposits, Prepayments and Other Non-current Assets/Trade and Other Receivables (Continued)

Trade and other receivables (Continued)

Notes: (Continued)

- (d) GNE Group, as lender, entered into loan agreements with independent third parties to provide credit facilities to finance their development and operation of certain solar farm projects in the PRC (the "Projects"). Approximately RMB775,830,000 (31 December 2015: RMB389,378,000) was drawn at the end of the reporting period. The terms of the loans are one year and carry interest from 6.765% to 12% (31 December 2015: 6.765% to 15%) per annum. Certain loan receivables are secured by pledge of equity interest of the borrowers, pledge of the rights over electricity fee receivables by borrowers in the Projects and a grant of security over any future equipment and engineering works acquired or constructed by borrowers in the Projects.
- (e) Receivables for modules procurement comprise modules procurement cost and commission earned by GNE Group. Consultancy service fee and receivables for modules procurement are aged from 180 to 365 days (31 December 2015: 0 to 90 days).

18. Balances with Related Companies

The related companies included joint ventures of the Group and companies controlled by Mr. Zhu Gongshan and his family members which hold in aggregate 34.27% of the Company's share capital as at 30 June 2016 and exercises significant influence over the Company.

Except for a loan granted by GNE Group to its joint venture of RMB124,700,000 (31 December 2015: RMB123,700,000) which carries a fixed-rate of 8% (31 December 2015: 9.05%) per annum, the amounts due from/to related companies are unsecured, non-interest bearing and the credit period for trade-related balances are within 3 months.

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Amounts due from related companies		
– Trade related (Note a)	510	1,664
– Non-trade related	170,807	180,081
	171,317	181,745
Analysed for reporting purposes as:		
– Current assets	46,617	51,809
– Non-current assets	124,700	129,936
	171,317	181,745
Amounts due to related companies		
– Trade related (Note b)	88,969	3,852
– Non-trade related	45,464	202,319
Current liabilities	134,433	206,171

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

18. Balances with Related Companies (Continued)

Notes:

- (a) The following is an aged analysis of amounts due from related companies (trade) at the end of the reporting period, presented based on the invoice date which approximated the respective revenue recognition dates:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 3 months	36	474
3 to 6 months	—	111
Over 6 months	474	1,079
	510	1,664

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

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 3 months	85,205	3,660
3 to 6 months	3,313	24
Over 6 months	451	168
	88,969	3,852

19. Assets Classified as Held for Sale/Liabilities Directly Associated with Assets Classified as Held for Sale

During the six months ended 30 June 2016, one of the non-solar power entities, which had ceased operation, was liquidated with net proceeds of RMB29,991,000, and the Group recognised a loss on disposal of RMB577,000 in administrative expenses.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

20. Trade and Other Payables

The credit period for trade payables and bills payable (trade) are normally within 3 months and 6 months, respectively.

The following is an aged analysis of trade payables and bills payable (trade) presented based on the invoice date and the issue date of bills payable, respectively, at the end of the reporting period:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Trade payables:		
Within 3 months	1,678,740	1,616,474
3 to 6 months	487,669	1,248,556
Over 6 months	12,411	11,455
	2,178,820	2,876,485
Bills payable (trade):		
Within 3 months	1,648,969	2,923,941
3 to 6 months	1,254,798	1,553,645
	2,903,767	4,477,586
Bills payable (non-trade)	196,515	86,756
Payables for purchase of plant and machinery and construction costs payables	7,388,897	5,307,897
Payables for modules procurement	467,718	1,211,075
Other payables	984,210	898,670
Dividend payables to non-controlling shareholders of subsidiaries	38,773	38,773
Other tax payables	218,346	286,430
Interest payables	373,473	177,693
Accruals	511,601	336,745
	15,262,120	15,698,110

Included in trade and other payables are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement of trade and other payables with an aggregate amount of RMB478,629,000 (31 December 2015: RMB1,350,601,000).

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

21. Bank and Other Borrowings

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Bank loans	23,305,029	29,782,430
Other loans	8,502,875	4,653,263
	31,807,904	34,435,693
Representing:		
Secured	20,945,425	21,803,960
Unsecured	10,862,479	12,631,733
	31,807,904	34,435,693
Short-term borrowings	13,752,579	17,135,195
Long-term borrowings		
Within one year	2,920,713	5,179,773
More than one year, but not exceeding two years	5,552,768	3,913,745
More than two years, but not exceeding five years	4,642,473	4,165,874
More than five years	4,939,371	4,041,106
	31,807,904	34,435,693
Less: Amounts due within one year or on demand shown under current liabilities	(16,673,292)	(22,314,968)
Amounts due after one year	15,134,612	12,120,725

Included in short-term bank borrowings are obligations arising from bills receivable issued by third parties and the Group's entities with aggregate carrying amount of approximately RMB5,608,182,000 (31 December 2015: RMB8,783,986,000).

At 30 June 2016, included in other loans is an amount due to a shareholder of a subsidiary of RMB17,094,000 (31 December 2015: RMB16,756,000) which is unsecured, interest free and repayable in July 2017 (31 December 2015: July 2016).

In respect of a bank loan with a carrying amount of approximately RMB2,917,728,000 as at 30 June 2016 (31 December 2015: RMB6,044,032,000) which contains certain covenants, the Directors had reviewed these covenants and no breach of covenants was noted at 30 June 2016 and 31 December 2015.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

22. Obligations Under Finance Leases

The Group entered into sale and leaseback agreements with lessors in respect of its property, manufacturing equipment and prepaid lease payments in the PRC, solar farms in the USA and an aircraft in Hong Kong.

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Amounts payable under finance leases				
Within one year	1,025,364	1,104,586	880,103	934,578
More than one year, but not exceeding two years	1,001,627	999,480	902,287	873,120
More than two years, but not exceeding five years	930,217	1,365,741	824,419	1,194,639
More than five years	445,956	512,228	377,054	432,069
Less: future finance charges	3,403,164 (419,301)	3,982,035 (547,629)	2,983,863 N/A	3,434,406 N/A
Present value of lease obligations	2,983,863	3,434,406	2,983,863	3,434,406
Less: Amount due for settlement within one year (shown under current liabilities)			(880,103)	(934,578)
Amount due for settlement after one year			2,103,760	2,499,828

During the six months ended 30 June 2016, the Group entered into a finance lease agreement with a third party financial institution with lease term of 3 years for net proceeds of RMB50,000,000, pursuant to which the Group agreed to sell certain plant and equipment to the financial institutions. At the end of the lease term, the Group has the option to purchase the assets at nominal value. The sale and leaseback arrangement resulted in finance leases.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

23. Convertible Bonds Payables

	2019 Convertible bonds issued by the Company RMB'000	Convertible bonds issued by GNE RMB'000	Total RMB'000
As at 1 January 2016 (Audited)	1,285,616	732,856	2,018,472
Change in fair value charged to profit or loss (note 6)	81,832	40,561	122,393
Payments of interests	(5,478)	(24,710)	(30,188)
Partial redemption of convertible bonds	(307,605)	—	(307,605)
At 30 June 2016 (Unaudited)	1,054,365	748,707	1,803,072

2019 Convertible bonds issued by the Company

On 22 July 2015, the Company completed the issue of convertible bonds due 2019 (the "2019 Convertible Bonds") in the aggregate principal amount of US\$225,000,000 (equivalent to approximately RMB1,397,115,000), at the interest rate of 0.75% per annum. Details of the major terms and conditions of the convertible bonds are set out in notes to the Group's consolidated financial statements for the year ended 31 December 2015.

The Directors have designated the 2019 Convertible Bonds as fair value through profit or loss ("FVTPL") and initially recognised at fair value with subsequent changes in fair value recognised in profit or loss. During the six months ended 30 June 2016, the Company partially redeemed the 2019 Convertible Bonds in the principal amount of US\$50,000,000 at the purchase price of US\$47,625,000 (equivalent to RMB307,605,000) at private arrangement.

Convertible bonds issued by GNE

On 27 May 2015 and 20 July 2015, GNE issued three-year convertible bonds at a nominal value of HK\$775,100,000 (equivalent to approximately RMB611,244,000) ("Talent Legend Issue") and HK\$200,000,000 (equivalent to approximately RMB157,720,000) ("Ivyrock Issue"), respectively. Details of the major terms and conditions of the convertible bonds are set out in notes to GNE's consolidated financial statements for the year ended 31 December 2015.

GNE designated the convertible bond (including the conversion option) as a financial liability at FVTPL which is initially recognised at fair value. In subsequent periods, such convertible bonds are measured at fair value with changes in fair values recognised in profit or loss. Transaction costs relating to the issuance of the convertible bonds are charged to profit or loss immediately.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

23. Convertible Bonds Payables (Continued)

The fair values of the convertible bonds as at 30 June 2016 were determined by an independent qualified valuer, DTZ Cushman & Wakefield Limited based on the Binomial Lattice Model.

The following assumptions were applied.

	2019 Convertible bonds issued by the Company		Convertible bonds issued by GNE			
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	(Unaudited)	(Audited)	Talent Legend Issue (Unaudited)	(Audited)	Ivyrock Issue (Unaudited)	(Audited)
Discount rate	12.43%	10.07%	25.52%	30.77%	25.52%	31.03%
Share price (per share)	HK\$1.01	HK\$1.16	HK\$0.46	HK\$0.46	HK\$0.46	HK\$0.46
Conversion price (per share)	HK\$2.34	HK\$2.34	HK\$0.754	HK\$0.96	HK\$0.754	HK\$1.20
Risk free interest rate	0.55%	1.52%	0.47%	0.62%	0.48%	0.68%
Time to maturity	3.06 years	3.56 years	1.91 years	2.41 years	2.07 years	2.56 years
Expected volatility	52.90%	56.29%	64.85%	64.85%	64.53%	64.42%
Expected dividend yield	0%	0%	0%	0%	0%	0%

24. Notes and Bonds Payables

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Principal amount of notes payables	4,350,000	4,350,000
Less: Unamortised issuance costs	(23,344)	(30,669)
Net carrying amount	4,326,656	4,319,331
Bonds payable (Note)	239,200	360,000
Less: Amounts due within one year shown under current liabilities	4,565,856 (889,200)	4,679,331 (1,008,716)
Amounts due for settlement after one year shown under non-current liabilities	3,676,656	3,670,615

Note: On 19 June 2015 and 7 July 2015, Nanjing GCL New Energy Development Co., Ltd., a wholly-owned subsidiary of GNE Group, issued two bonds with a total nominal value of RMB360,000,000. The bonds mature one year from the date of issuance. The bonds payable are interest bearing at 6.7% per annum. During the six months ended 30 June 2016, one of the bonds with nominal value of RMB120,800,000 was repaid upon maturity.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

25. Share Capital

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised		
At 1 January 2015 (Audited), 30 June 2015 (Unaudited) and 1 January 2016 (Audited)	20,000,000	2,000,000
Increase of authorised share capital (<i>Note a</i>)	10,000,000	1,000,000
At 30 June 2016 (Unaudited)	30,000,000	3,000,000
Issued and fully paid		
At 1 January 2015 (Audited)	15,489,207	1,548,920
Exercise of share options (<i>Note b</i>)	270	27
At 30 June 2015 (Unaudited)	15,489,477	1,548,947
At 1 January 2016 (Audited)	15,489,637	1,548,963
Issue of new shares as a result of Rights Issue (<i>Note c</i>)	3,097,928	309,793
At 30 June 2016 (Unaudited)	18,587,565	1,858,756
	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Share capital shown in the financial statements as	1,631,804	1,372,260

Notes:

- (a) By an ordinary resolution passed on 25 May 2016, the authorised share capital of the Company was increased from HK\$2,000,000,000 to HK\$3,000,000,000 by creation of an additional 10,000,000,000 shares of HK\$0.1 each.
- (b) During the six months ended 30 June 2015, share options holders exercised their rights to subscribe for 80,000, 160,000 and 30,000 ordinary shares in the Company at HK\$0.59, HK\$1.054 and HK\$1.642 per share, respectively, with net proceeds of approximately HK\$265,000 (equivalent to RMB209,000).
- (c) On 26 January 2016, the Company raised approximately HK\$3,470 million (equivalent to RMB2,907 million), before expenses, by way of the rights issue of 3,097,927,453 rights shares at the subscription price of HK\$1.12 per rights share ("Rights Issue"). Net proceeds from the Rights Issue is approximately RMB2,845 million, after deducting related expenses of approximately RMB61,541,000.

All shares issued rank pari passu in all respects with the then existing shares.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

26. Pledge of Assets

At 30 June 2016, the Group has pledged the following assets to secure credit facilities of the Group:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Bank and other borrowings secured by:		
Bills receivables	4,225,680	4,554,979
Pledged bank deposits	387,552	2,291,349
Prepaid leases payments	6,096	6,173
Property, plant and equipment	20,788,034	15,609,980
Trade receivables	1,640,234	701,841
	27,047,596	23,164,322
Obligations under finance leases secured by:		
Aircraft	272,395	284,684
Available for sale investments	—	12,847
Pledged bank deposits	236,987	215,120
Property, plant and equipment	3,668,862	4,282,821
	4,178,244	4,795,472
Total	31,225,840	27,959,794

Certain subsidiaries pledged their fee collection rights in relation to the sales of electricity and as at 30 June 2016, trade receivables in respect of such fee collection rights pledged amounted to approximately RMB1,640 million (31 December 2015: RMB702 million).

Despite of the pledged bank deposits, there are restricted bank deposits of RMB3,383 million (31 December 2015: RMB4,453 million) which have been restricted to secure bills payable, short term letters of credit for trade and other payables and RMB100 million (31 December 2015: RMB99 million) have been restricted to secure obligations under finance leases which are due after one year.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

27. Share-based Payment Transactions

Same as disclosed in the Company's 2015 annual report relating to the share-based payment transactions, there is no material change for the six months ended 30 June 2016, except for the following:

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

(i) Pre-IPO Share Option Scheme of the Company

	Exercise price (Note a)	Date of grant	Number of share options					Outstanding at 30 June 2016
			Outstanding at 1 January 2016	Adjusted for the Rights Issue (Note a)	During the period			
					Exercised	Forfeited	Transferred (Note c)	
Directors	HK\$4.071	13.11.2007	3,000,000	21,510	—	—	201,434	3,222,944
Employees and others	HK\$4.071	13.11.2007	20,740,000	148,706	—	—	(201,434)	20,687,272
			23,740,000	170,216	—	—	—	23,910,216

(ii) Share Option Scheme of the Company

	Exercise price (Note a)	Date of grant	Outstanding at 1 January 2016	Number of share options					Outstanding at 30 June 2016
				During the period					
				Adjusted for the Rights Issue (Note a)	Granted (Note b)	Cancelled (Note b)	Forfeited	Transferred (Note c)	
Directors	HK\$0.586	16.02.2009	4,000,000	28,680	—	—	—	—	4,028,680
	HK\$3.296	12.01.2011	1,000,000	7,170	—	(1,007,170)	—	—	—
	HK\$4.071	15.07.2011	1,000,000	7,170	—	(1,812,905)	—	805,735	—
	HK\$2.867	24.03.2014	6,600,000	47,322	—	(10,071,700)	—	3,424,378	—
	HK\$1.16	19.02.2016	—	—	—	—	—	4,230,113	4,230,113
	HK\$1.324	29.03.2016	—	—	10,361,662	—	—	—	10,361,662
Employees and others	HK\$0.586	16.02.2009	8,931,000	64,035	—	—	—	—	8,995,035
	HK\$1.046	24.04.2009	842,000	6,037	—	—	(40,287)	—	807,750
	HK\$3.296	12.01.2011	9,500,000	68,115	—	(4,532,265)	—	—	5,035,850
	HK\$4.071	15.07.2011	57,950,000	415,502	—	(50,559,936)	(906,453)	(805,735)	6,093,378
	HK\$1.630	05.07.2013	34,325,000	246,110	—	—	(2,961,081)	—	31,610,029
	HK\$2.867	24.03.2014	68,000,000	476,805	—	(41,193,253)	(1,500,000)	(3,424,378)	22,359,174
	HK\$1.16	19.02.2016	—	—	98,904,095	—	(1,007,170)	(4,230,113)	93,666,812
	HK\$1.324	29.03.2016	—	—	1,611,472	—	—	—	1,611,472
			192,148,000	1,366,946	110,877,229	(109,177,229)	(6,414,991)	—	188,799,955

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

27. Share-based Payment Transactions (Continued)

(iii) Share option scheme of GNE

	Exercise price (Note a)	Date of grant	Number of share options			
			Outstanding at 1 January 2016	During the period		Outstanding at 30 June 2016
				Adjusted for the Rights Issue (Note a)	Forfeited	
Directors	HK\$1.1798	23.10.2014	70,000,000	462,000	—	70,462,000
	HK\$0.606	24.07.2015	51,000,000	336,600	—	51,336,600
Employees of GNE and others	HK\$1.1798	23.10.2014	324,720,000	2,143,152	(42,518,784)	284,344,368
	HK\$0.606	24.07.2015	399,180,000	2,634,588	(50,420,594)	351,393,994
			844,900,000	5,576,340	(92,939,378)	757,536,962

Notes:

- (a) In January 2016, the Company completed a rights issue on the basis of one rights share for every five shares held. Accordingly, adjustments have been made to the exercise price and the number of shares that can be subscribed for under the outstanding share options.

In February 2016, GNE completed a rights issue on the basis of three rights shares for every eight existing shares held. Accordingly, adjustments have been made to the exercise price and the number of shares that can be subscribed for under the outstanding share options.

- (b) On 19 February 2016 and 29 March 2016, the Company modified certain of its share option scheme:
- (i) On 19 February 2016, (1) a total of 98,904,095 share options (the "Outstanding Options 1") previously granted by the Company to its directors and employees (the "Grantees") under the Share Option Scheme on 12 January 2011, 15 July 2011 and 24 March 2014, which had not been exercised or lapsed since they were granted, were cancelled (the "Cancelled Share Options 1"); and (2) a total of 98,904,095 new share options (the "Replacement Share Options 1") were granted under the Share Option Scheme to the Grantees in replacement of the Outstanding Options 1. All the Grantees had given their written consent to cancel their respective Outstanding Options 1.
 - (ii) On 29 March 2016, (1) a total of 10,273,134 share options (the "Outstanding Options 2") previously granted by the Company to the Grantees under the Share Option Scheme on 12 January 2011, 15 July 2011 and 24 March 2014, which had not been exercised or lapsed since they were granted, were cancelled (the "Cancelled Share Options 2"); and (2) a total of 10,273,134 new share options (the "Replacement Share Options 2") were granted under the Share Option Scheme to the Grantees in replacement of the Outstanding Options 2. All the Grantees had given their written consent to cancel their respective Outstanding Options 2.
 - (iii) In addition, 1,700,000 share options (the "New Options") was granted to a director on 29 March 2016 and the fair value of the options determined at the date of grant using the Binomial model was HK\$1,254,000 (equivalent to RMB1,054,000).

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

27. Share-based Payment Transactions (Continued)

Notes: (Continued)

(b) (Continued)

On 19 February 2016 and 29 March 2016, the Company granted a total of 109,177,229 Replacement Share Options to the Grantees under the Share Option Scheme. The validity period of the options is ten years, from 19 February 2016 to 18 February 2026 and from 29 March 2016 to 28 March 2026, respectively. The option will entitle the Grantees to subscribe for a total of 98,904,095 and 10,273,134 new shares at an exercise prices of HK\$1.16 and HK\$1.324 per share of the Company, respectively. The fair values of the Cancelled Share Options was approximately HK\$32,027,000 (equivalent to RMB26,933,000) at the dates of cancellation and the fair values of the Replacement Share Options was approximately HK\$62,592,000 (equivalent to RMB52,637,000) at the date of grant, respectively. The incremental fair value at date of grant of HK\$30,565,000 (equivalent to RMB25,704,000) will be expensed over the vesting periods subject to a vesting scale in tranches of one-fifth of the shares starting from 15 March 2016 and 18 April 2016 and then the first, second, third and fourth anniversary dates of the date of grant, respectively. In addition, the share-based payment expenses in relation to original share options will be expensed over the remainder of the original vesting period.

The following inputs were used to derive the fair value of the Cancelled Share Options at the date of cancellation and the fair value of the Replacement Share Options at the date of grant, using the Binomial model:

	Replacement Share Options granted on 19 February 2016 (Unaudited)	Cancelled Share Options granted on 12 January 2011 (Unaudited)	Cancelled Share Options granted on 15 July 2011 (Unaudited)	Cancelled Share Options granted on 24 March 2014 (Unaudited)
Number of options granted (cancelled)	98,904,095	(4,532,265)	(51,365,671)	(43,006,159)
Closing share prices immediately before date of grant	HK\$1.16	HK\$1.16	HK\$1.16	HK\$1.16
Exercise price (per share)	HK\$1.16	HK\$3.296	HK\$4.071	HK\$2.867
Risk-free interest rate	1.438%	1.122%	1.163%	1.331%
Expected life	10 years	4.89 years	5.40 years	8.09 years
Expected volatility	65.49%	61.12%	59.83%	65.49%
Expected dividend yield	0%	0%	0%	0%

	New Options granted on 29 March 2016 (Unaudited)	Replacement Share Options granted on 29 March 2016 (Unaudited)	Cancelled Share Options granted on 12 January 2011 (Unaudited)	Cancelled Share Options granted on 15 July 2011 (Unaudited)	Cancelled Share Options granted on 24 March 2014 (Unaudited)
Number of options granted (cancelled)	1,700,000	10,273,134	(1,007,170)	(1,007,170)	(8,258,794)
Closing share prices immediately before date of grant	HK\$1.25	HK\$1.25	HK\$1.25	HK\$1.25	HK\$1.25
Exercise price (per share)	HK\$1.324	HK\$1.324	HK\$3.296	HK\$4.071	HK\$2.867
Risk-free interest rate	1.402%	1.402%	1.109%	1.144%	1.290%
Expected life	10 years	10 years	4.78 years	5.29 years	7.98 years
Expected volatility	65.33%	65.33%	61.30%	60.36%	65.33%
Expected dividend yield	0%	0%	0%	0%	0%

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

27. Share-based Payment Transactions (Continued)

Notes: (Continued)

(b) (Continued)

The expected volatility was determined by using the volatility of the stock return of the Company and comparable listed companies as at the valuation date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of nontransferability, exercise restrictions and behavioural considerations. Except for the inputs mentioned above, exercise multiples are also assumed to reflect the exercise behaviour of directors and employees.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in estimating the fair value of the share options are based on the Director's best estimate. Change in subjective input assumptions can materially affect the fair value.

(c) Mr. Zheng Xiongjiu, who was an employee of the Company, was appointed as an executive director of the Company on 1 April 2016. Upon appointment, his entitlement of 201,434 share options, 805,735 share options and 1,712,189 share options (200,000 share options, 800,000 share options and 1,700,000 share options before adjustment for the Rights Issue) granted on 13 November 2007, 15 July 2011 and 24 March 2014, respectively, and 2,517,924 share options granted on 19 February 2016, were transferred from those held by employees to directors accordingly.

Mr. Jiang Wenwu, who was an employee of the Company, was appointed as an executive director of the Company on 1 April 2016. Upon appointment, his entitlement of 1,712,189 share options (1,700,000 share options before adjustment for the Rights Issue) granted on 24 March 2014 and 1,712,189 share options granted on 19 February 2016, were transferred from those held by employees to directors accordingly.

During the six months ended 30 June 2016, share-based payment expenses of approximately RMB68,710,000 (six months ended 30 June 2015: RMB60,654,000) have been recognised in profit or loss. In addition, certain share options granted to employees under Share Option Scheme of the Company have been forfeited after the vesting period, and respective share option reserve of approximately RMB5,647,000 (six months ended 30 June 2015: RMB18,409,000) are transferred to the Group's accumulated profits. Certain share options granted to employees under share option scheme of GNE have been forfeited after the vesting period, and respective non-controlling interests of approximately RMB12,301,000 (six months ended 30 June 2015: RMB11,919,000) are transferred to the Group's accumulated profits.

28. Commitments

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Contracted but not provided for:		
Commitment in respect of construction of solar farms	8,801,865	4,847,312
Commitment in respect of acquisitions of solar farms	12,900	—
Commitment in respect of acquisitions of property, plant and equipment	344,718	1,013,903
Commitment in respect of contribution of share capital to a joint venture	36,000	36,000
Commitment in respect of contribution of share capital to an available-for-sale investment	—	210,000
	9,195,483	6,107,215

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

29. Acquisition of Subsidiaries

For the six months ended 30 June 2016, due to the business expansion, GNE Group had several material acquisitions in acquiring a controlling interest in certain companies for a total consideration of approximately RMB10,411,000.

For the companies set out in note (i), these are solar farm project companies in development stage and did not have any substantial economic resources and processes for creating economic benefits; accordingly, GNE Group considers the nature of these acquisitions as acquisitions of assets in substance and the considerations have been allocated first to the financial assets acquired and financial liabilities assumed at the respective fair values. The remaining balance of the considerations is then allocated to other identifiable assets and liabilities on the basis of their relative fair values at the date of acquisitions.

For the other acquisitions as mentioned in note (ii), these solar farm project companies are in on-grid stage with relevant economic resources such as completed or near to complete farm and operational and management processes as at the date of the respective acquisitions and are considered as businesses. Therefore, those acquisitions are considered as business combinations under IFRS 3 and accounted for using acquisition method.

(i) Assets acquisition

(a) Acquisition of 平邑富翔光伏電力有限公司 ("Pingyi")

On 5 January 2016, GNE Group acquired 100% equity interest in Pingyi at a consideration of RMB100,000. At the date of acquisition, Pingyi had a 30MW solar farm project under development.

(b) Acquisition of 內蒙古金曦能源有限公司 ("Jinxi")

On 17 May 2016, GNE Group acquired 100% equity interest in Jinxi at a consideration of RMB1,000. At the date of acquisition, Jinxi had a 30MW solar farm project under development.

(c) Acquisition of 玉溪市太新新能源科技有限公司 ("Yuxi")

On 18 May 2016, GNE Group acquired 100% equity interest in Yuxi at a consideration of RMB100,000. At the date of acquisition, Yuxi had a 20MW solar farm project under development.

(d) Acquisition of 神木縣平西電力有限公司 ("Pingxi")

On 20 May 2016, GNE Group acquired 100% equity interest in Pingxi at a consideration of RMB10,000. At the date of acquisition, Pingxi had a 50MW solar farm project under development.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

29. Acquisition of Subsidiaries (Continued)

(i) Assets acquisition (Continued)

(e) Acquisition of 神木縣平元電力有限公司 ("Pingyuan")

On 20 May 2016, GNE Group acquired 100% equity interest in Pingyuan at a consideration of RMB10,000. At the date of acquisition, Pingyuan had a 50MW solar farm project under development.

(f) Acquisition of 德令哈時代新能源發展有限公司 ("Delingha Shidai")

On 16 June 2016, GNE Group acquired 100% equity interest in Delingha Shidai at a consideration of RMB80,000. At the date of acquisition, Delingha Shidai had a 20MW solar farm project under development.

(g) Acquisition of 吉林億聯新能源科技有限公司 ("Yilian")

On 28 June 2016, GNE Group acquired 100% equity interest in Yilian at a consideration of RMB10,000. At the date of acquisition, Yilian had a 10MW solar farm project under development.

	Pingyi	Jinxi	Yuxi	Pingxi	Pingyuan	Delingha Shidai	Yilian	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Assets and liabilities recognised at the date of acquisition								
Property, plant and equipment	8,306	1,425	—	2,684	2,669	123,719	11,161	149,964
Prepayments and other receivables	5,920	7,766	3,201	804	947	11,303	270	30,211
Bank balances and cash	22,385	2,614	—	2	—	48	119	25,168
Other payables	(36,511)	(11,804)	(3,101)	(3,480)	(3,606)	(134,990)	(11,540)	(205,032)
Total identifiable net assets acquired	100	1	100	10	10	80	10	311
Consideration payable to the former owner	(100)	(1)	(100)	(10)	(10)	(80)	(10)	(311)
Cash consideration paid	—	—	—	—	—	—	—	—
Bank balances and cash acquired	(22,385)	(2,614)	—	(2)	—	(48)	(119)	(25,168)
Net cash inflow	(22,385)	(2,614)	—	(2)	—	(48)	(119)	(25,168)

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

29. Acquisition of Subsidiaries (Continued)

(ii) Business acquisition

(a) Acquisition of 常州中暉光伏科技有限公司 ("Changzhou Zhonghui")

On 31 December 2015, GNE Group entered into equity purchase agreement with two individuals, pursuant to which GNE Group agreed to acquire 100% equity interest of Changzhou Zhonghui with its subsidiary, 包頭市中利騰暉光伏發電有限公司, for a total consideration of RMB10,000,000. The transaction was completed on 19 January 2016. At the date of acquisition, Changzhou Zhonghui had a 30MW solar farm project and a 20MW solar farm project in operation.

(b) Acquisition of 高唐縣協鑫晶輝光伏有限公司 ("Gaotang")

On 27 June 2016, GNE Group acquired 100% equity interest in Gaotang at a consideration of RMB1. At the date of acquisition, Gaotang had a 30MW solar farm project on grid.

(c) Acquisition of 上高縣利豐新能源有限公司 ("Shanggao")

On 28 June 2016, GNE Group acquired 100% equity interest in Shanggao at a consideration of RMB100,000. At the date of acquisition, Shanggao had a 20MW solar farm project on grid.

	Changzhou Zhonghui RMB'000 (Unaudited)	Gaotang RMB'000 (Unaudited)	Shanggao RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Fair value of assets and liabilities recognised at the date of acquisition:				
Property, plant and equipment	434,647	224,482	139,318	798,447
Trade receivables	60,923	12,595	3,322	76,840
Prepayments and other receivables	72,284	35,809	16,543	124,636
Bank balances and cash	3,411	7,123	1	10,535
Other payables	(259,186)	(160,896)	(159,084)	(579,166)
Borrowings	(302,079)	(119,113)	—	(421,192)
Total identifiable net assets acquired	10,000	—	100	10,100
Consideration payable to the former owner	(10,000)	—	(100)	(10,100)
Cash consideration paid	—	—	—	—
Cash consideration paid	—	—	—	—
Bank balances and cash acquired	(3,411)	(7,123)	(1)	(10,535)
Net cash inflow	(3,411)	(7,123)	(1)	(10,535)

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

29. Acquisition of Subsidiaries (Continued)

(ii) Business acquisition (Continued)

Impact of acquisition on the results of Group

Save as disclosed in GNE Group's 2015 annual report relating to the acquisition, GNE Group completed seven asset acquisitions and four business acquisitions during the year ended 31 December 2015.

Had the acquisitions as mentioned in note (ii) been effected at the beginning of the period, total amounts of revenue and profit for the period of Group would have been increased by RMB19,743,000 and decreased by RMB2,055,000, respectively. Such pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the above pro-forma financial information, depreciation and amortisation of the property, plant and equipment was calculated based on their recognised amounts of at the date of the acquisition.

The revenue and profit contributed by entities acquired during the current interim period are RMB28,808,000 and RMB12,774,000 respectively.

The fair value of trade and other receivables at the date of acquisition amounted to approximately RMB201 million, which approximates to the gross contractual amounts. Based on the best estimate at acquisition date, the contractual cash flows are expected to be fully collected.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

30. Fair Value Measurements of Financial Instruments

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

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

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30.06.2016 RMB'000 (Unaudited)	31.12.2015 RMB'000 (Audited)				
1) Convertible bonds receivable (Note a)	107,359	93,707	Level 3	Binomial model, the key inputs are: underlying share price, exercise price, risk free interest rate, share price volatility, discount rate, and dividend yield.	Share price volatility of 50.90% and discount rate of 20.03% (31 December 2015: share price volatility of 50.08% and discount rate of 23.03%), taking into account the historical share price of United Photovoltaics Group Limited ("United Photovoltaics") and comparable companies for the period of time close to the expected time to exercise. Dividend yield of 0% (31 December 2015: 0%), taking into account management's experience and knowledge of the dividend to be paid.	The higher the volatility the higher the fair value. The higher the discount rate the lower the fair value. The higher the dividend yield the lower the fair value.
2) Convertible bonds payable issued by the Company (Note b)	1,054,365	1,285,616	Level 3	Binomial model, the key inputs are: underlying share price, exercise price, risk free interest rate, share price volatility, discount rate, and dividend yield.	Share price volatility of 52.90% and discount rate of 12.43% (31 December 2015: share price volatility of 56.29% and discount rate of 10.07%) taking into account the historical share price of the Company for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value. The higher the discount rate the lower the fair value.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30.06.2016	31.12.2015				
	RMB'000 (Unaudited)	RMB'000 (Audited)				
3) Convertible bonds payables issued by GNE (Note c)	748,707	732,856	Level 3	Binomial model, the key inputs are: underlying share price, conversion price, risk free interest rate, share price volatility, discount rate, and dividend yield.	Share price volatility of 64.62%–64.53% and discount rate of 25.52% (31 December 2015: share price volatility of 64.42%–64.85% and discount rate of 30.97%–31.03%), taking into account the historical share price of GNE for the period of time close to the expected time to exercise.	The higher the volatility the higher the fair value. The higher the discount rate the lower the fair value.
4) Listed equity securities classified as held for trading investments	82,903	14,456	Level 1	Quoted bid price in an active market.	N/A	N/A
5) Listed available-for-sale investments	108,671	38,726	Level 1	Quoted bid price in an active market.	N/A	N/A
6) Foreign currency forward contracts classified as derivative financial instruments in the statement of financial position	1,896	(12,575)	Level 2	Discounted cash flow, future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various parties.	N/A	N/A

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

30. Fair Value Measurements of Financial Instruments (Continued)

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

Notes:

- (a) If the share price volatility of the United Photovoltaics shares was 5% higher/lower while all the other variables were held constant, the carrying amount of the convertible bonds receivable would increase by approximately RMB3,223,000 (31 December 2015: RMB2,535,000) decrease by approximately RMB1,928,000 (31 December 2015: RMB5,287,000).

If the dividend yield of the shares was 5% higher while all the other variables were held constant, the carrying amount of the convertible bonds receivable would decrease by approximately RMB1,031,000 (31 December 2015: RMB6,620,000).

- (b) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the gain on change in fair value of the derivative financial instrument in relation to the convertible bonds issued by the Company would increase by approximately RMB11,002,000 (31 December 2015: RMB16,221,000)/decrease by approximately RMB21,173,000 (31 December 2015: RMB16,215,000).

- (c) If the share price volatility of the underlying shares was 5% higher/lower while all the other variables were held constant, the loss on change in fair value of the convertible bonds issued by GNE would increase by approximately RMB7,590,000/decrease by approximately RMB14,369,000 (31 December 2015: gain on change in fair value of the convertible bonds issued by GNE would decrease by approximately RMB11,230,000/increase by approximately RMB23,494,000).

If the discount rate of the underlying shares was multiplied by 95% or 105% while all the other variables were held constant, the loss on change in fair value of the convertible bonds issued by GNE would increase by approximately RMB11,586,000 (31 December 2015: RMB12,863,000)/decrease by approximately RMB11,932,000 (31 December 2015: RMB13,383,000).

There is no transfer among the different levels of the fair value hierarchy for the period.

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

Reconciliation of Level 3 fair value measurements

	Convertible bonds receivable RMB'000	Convertible bonds issued in 2013 by the Company RMB'000	Convertible bonds issued by GNE RMB'000	Total RMB'000
At 1 January 2015 (Audited)	137,932	(1,138,452)	—	(1,000,520)
(Loss) gain in profit or loss	(21,341)	(70,665)	46,107	(45,899)
Issues	—	—	(611,244)	(611,244)
Payment of interests	—	3,821	—	3,821
At 30 June 2015 (Unaudited)	116,591	(1,205,296)	(565,137)	(1,653,842)

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

30. Fair Value Measurements of Financial Instruments (Continued)

Reconciliation of Level 3 fair value measurements (Continued)

	Convertible bonds receivable RMB'000	2019 Convertible Bonds issued by the Company RMB'000	Convertible bonds issued by GNE RMB'000	Total RMB'000
At 1 January 2016 (Audited)	93,707	(1,285,616)	(732,856)	(1,924,765)
Gain (loss) in profit or loss	13,652	(81,832)	(40,561)	(108,741)
Payment of interests	—	5,478	24,710	30,188
Partial redemption of convertible bonds	—	307,605	—	307,605
At 30 June 2016 (Unaudited)	107,359	(1,054,365)	(748,707)	(1,695,713)

Fair value measurements and valuation processes

The Directors have engaged independent professional qualified valuers to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the Directors every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

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

No significant change in fair value resulting from credit risk for the six months ended 30 June 2016.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

31. Related Party Transactions

Other than as disclosed in note 18, the Group has also entered into the following significant transactions with related parties during the period:

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited) (Restated)
Continuing operations		
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Construction-related services expense	—	4,517
Consulting service fee expense	13,638	7,435
Management fee expenses	8,493	—
Purchase of property, plant and equipment	13	25,662
Purchase of steam (Note)	329,023	297,303
Purchase of coal (Note)	21,990	—
Purchase of coal capacity (Note)	34,188	—
Interest income	—	13,469
Discontinued operations		
Transactions with companies in which Mr. Zhu Gongshan and his family have control:		
Management fee income	—	9,390
Rental expense	—	4,932
Sales of coal	—	113,175
Transactions with associates:		
Sales of coal	—	9,747
Interest income	—	357

Note: Stream, coal and coal capacity are purchased by a subsidiary of the solar material business mainly for the manufacturing of polysilicon, at prices mutually agreed by the two parties.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS [CONTINUED]

For the six months ended 30 June 2016

32. Events after the end of the Interim Period

After the end of the interim period, the Group has entered into the below significant transaction and the directors of the Company is in progress of assessing the financial impact of this transaction:

On 18 July 2016, one of the GNE Group's subsidiaries, Suzhou GCL New Energy Investment Company Limited (the "Issuer") proposes to apply to the Shanghai Stock Exchange for the issuance of non-public corporate bonds to qualifying investors in the maximum principal amount of RMB2,000 million. The bonds shall have a term of up to 3 years with a fixed interest rate to be determined by the Issuer and the underwriter in accordance with the relevant PRC regulations. As of the date of the approval of the unaudited condensed interim consolidated financial statements, the issuance of the bonds is subject to the satisfaction of certain conditions precedent, including all necessary approvals and consents for the issuance of the bonds under PRC laws.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") adopted by the Company:

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

Name of director/ chief executive	Number of ordinary shares held			Number of underlying shares	Total	Approximate percentage of issued share capital
	Beneficiary of a trust	Corporate interests	Personal interests			
Zhu Gongshan	6,127,721,489 (Note 1)	—	—	242,666,667 (Note 1)	6,370,388,156	34.27%
Zhu Zhanjun	—	—	3,400,000	2,719,359 (Note 2)	6,119,359	0.03%
Ji Jun	—	—	—	3,726,529 (Note 2)	3,726,529	0.02%
Zhu Yufeng	6,127,721,489 (Note 1)	—	—	245,184,592 (Note 3)	6,372,906,081	32.29%
Yeung Man Chung, Charles	—	—	—	1,700,000 (Note 2)	1,700,000	0.01%
Jiang Wenwu	—	—	9,600,000	1,712,189 (Note 2)	11,312,189	0.06%
Zheng Xiongjiu	—	—	250,000	2,719,358 (Note 2)	2,969,358	0.02%
Shu Hua	—	—	—	4,733,699 (Note 2)	4,733,699	0.03%
Yip Tai Him	—	—	—	1,007,170 (Note 2)	1,007,170	0.01%
Ho Chung Tai, Raymond	—	—	—	1,007,170 (Note 2)	1,007,170	0.01%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES [CONTINUED]

Notes:

- (1) An aggregate of 6,127,721,489 shares of the Company are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries. Happy Genius Holdings Limited had lent 312,000,000 shares of the Company to the convertible bond investor's associate under the shares lending agreement dated 23 November 2013 (as amended by an agreement dated 15 July 2015 and further amended by an agreement dated 25 January 2016), out of which 69,333,333 shares were returned on 29 April 2016. Happy Genius Holdings Limited was thus also interested in a long position of 242,666,667 shares of the Company.
- (2) These are share options granted by the Company to the Directors, pursuant to the pre-IPO share option scheme and the share option scheme, both adopted by the shareholders of the Company on 22 October 2007. Such granted share options can be exercised by the Directors at various intervals during the period from 1 April 2009 to 28 March 2026 at an exercise price of HK\$4.071, HK\$1.324, HK\$1.160 or HK\$0.586. Details of the share options held by the Directors is set out under the "Option Scheme" section of this report.
- (3) The 245,184,592 underlying shares comprises the long position of 242,666,667 shares of the Company held by Happy Genius Holdings Limited under Note (1) and 2,517,925 share options mentioned under Note(2) above.

(ii) Long Position in the shares and underlying shares of the associated corporation of the Company

GCL New Energy Holdings Limited ("GNE"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 451), in which the Company indirectly owned 62.28% issued shares as at 30 June 2016, is a subsidiary of the Company.

Name of director/ chief executive	Beneficiary of a trust	Corporate interests	Personal interests	Number of ordinary shares in GNE		Approximate percentage of issued shares of GNE
				Number of underlying shares	Total	
Zhu Yufeng	—	—	—	3,523,100 (Note 1)	3,523,100	0.02%
Yeung Man Chung, Charles	—	—	—	15,099,000 (Note 1)	15,099,000	0.08%
Zheng Xiongjiu	—	—	2,450,000	—	—	0.01%

Note:

- (1) These are share options granted by GNE. Such granted share options can be exercised by Mr. Zhu Yufeng at the interval between 24 July 2015 and 23 July 2025 at an exercise price of HK\$0.606 per share and by Mr. Yeung Man Chung, Charles at the interval between 24 November 2014 and 23 July 2025 at an exercise price of HK\$1.1798 or HK\$0.606 per share. Both the number of share options and the exercise price were adjusted with effect from 2 February 2016 after the completion of rights issue of GNE.

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept under Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OPTION SCHEMES

(i) Pre-IPO share option scheme

The Company adopted a pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) on 22 October 2007 which became effective on 13 November 2007. No further options under the Pre-IPO Share Option Scheme can be granted after 13 November 2007, the date of listing of the shares of the Company on the Stock Exchange (“Date of Listing”). The provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect for a period of 10 years from 13 November 2007.

Details of the outstanding and movements of share options under the Pre-IPO Share Option Scheme during the six months ended 30 June 2016 (the “Period”) are as follows:

				Number of options					
Name or category of participant	Date of grant		Exercise Price per share (as adjusted) ¹ (HK\$)	Outstanding	Outstanding	Outstanding	Granted during the Period	Exercised during the Period	Outstanding
				as at 01.01.2016	as at 26.01.2016	as at 26.01.2016 (as adjusted) ¹			as at 30.06.2016
Directors/chief executive									
Ji Jun	13.11.2007	13.11.2010 to 12.11.2017	4.071	1,500,000	1,500,000	1,510,755	—	—	1,510,755
Zheng Xiongjiu	13.11.2007	13.11.2010 to 12.11.2017	4.071	200,000	200,000	201,434	—	—	201,434
Shu Hua	13.11.2007	13.11.2010 to 12.11.2017	4.071	1,500,000	1,500,000	1,510,755	—	—	1,510,755
Non-director employees (in aggregate)	13.11.2007	13.11.2010 to 12.11.2017	4.071	20,540,000 ³	20,540,000	20,687,272	—	—	20,687,272
Total				23,740,000		23,910,216	—	—	23,910,216

Notes:

- (1) Pursuant to the Pre-IPO Share Option Scheme, the exercise price per share and the number of option shares were required to adjust due to the rights issue of 3,097,927,453 rights shares of the Company. Details of the adjustment was set out on the announcement of the Company dated 26 January 2016.
- (2) the consideration for the pre-IPO Share Options granted to each participant is HK\$1.00.
- (3) Mr. Zheng Xiongjiu, who was entitled to 200,000 share options, was appointed as an Executive Director on 1 April 2016. His entitlement was re-classified from the category “Non-director employees” to “Directors/chief executive” under the column of “Outstanding as at 1 January 2016”.

The vesting scale of the granted share options is 20% , 30% and 50% to be vested on the third, fourth and fifth anniversaries of the date of grant, respectively, such that the share options granted are fully vested on the fifth anniversary of the Date of Listing, i.e. 13 November 2012.

During the Period, no share option was lapsed nor exercised.

OPTION SCHEMES [CONTINUED]

(ii) Share option scheme of the Company

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

During the Period, a total of 6,414,991 share options were lapsed, 109,177,229 share options were cancelled, 110,877,229 share options were granted. No share options was exercised during the Period. Due to the rights issue of 3,097,927,453 rights shares of the Company completed on 26 January 2016, the number of outstanding share options was adjusted from 190,648,000 share options to 192,014,946 share options. Details of the adjustment of exercise price per share and the number of outstanding share options were set out in the announcement of the Company dated 26 January 2016. As at 30 June 2016, the outstanding share options was 188,799,955.

OPTION SCHEMES [CONTINUED]

Details of the outstanding and movements under the Share Option Scheme during the Period are as follows:

				Number of options										
Name or category of participant	Date of grant	Exercise period	Exercise Price per share (as adjusted) ^a (HK\$)	Lapsed or forfeited during the period from				Granted during the Period	Lapsed or forfeited during the period from		Cancelled during the period from		Exercised during the Period	Outstanding as at 30.06.2016
				Outstanding as at 01.01.2016	to 26.01.2016	Outstanding as at 26.01.2016	Outstanding as at 26.01.2016 (as adjusted) ^a		27.01.2016 to 30.06.2016	27.01.2016 to 30.06.2016				
Directors/chief executive and their associates														
Ji Jun	16.02.2009	01.04.2009 to 15.02.2019	0.586	1,500,000	—	1,500,000	1,510,755	—	—	—	—	—	1,510,755	
	24.03.2014	26.05.2014 to 23.03.2024	2.867	700,000	—	700,000	705,019	—	—	(705,019)	—	—	0	
	29.03.2016	18.04.2016 to 28.03.2026	1.324	—	—	—	—	705,019	—	—	—	—	705,019	
Zhu Yufeng	16.02.2009	01.04.2009 to 15.02.2019	0.586	1,000,000	—	1,000,000	1,007,170	—	—	—	—	—	1,007,170	
	24.03.2014	26.05.2014 to 23.03.2024	2.867	1,500,000	—	1,500,000	1,510,755	—	—	(1,510,755)	—	—	0	
	29.03.2016	18.04.2016 to 28.03.2026	1.324	—	—	—	—	1,510,755	—	—	—	—	1,510,755	
Zhu Zhanjun	12.01.2011	01.03.2011 to 11.01.2021	3.296	1,000,000	—	1,000,000	1,007,170	—	—	(1,007,170)	—	—	0	
	24.03.2014	26.05.2014 to 23.03.2024	2.867	1,700,000	—	1,700,000	1,712,189	—	—	(1,712,189)	—	—	0	
	29.03.2016	18.04.2016 to 28.03.2026	1.324	—	—	—	—	2,719,359	—	—	—	—	2,719,359	
Yeung Man Chung, Charles	29.03.2016	18.04.2016 to 28.03.2026	1.324	—	—	—	—	1,700,000	—	—	—	—	1,700,000	
	Jiang Wenwu	24.03.2014	26.05.2014 to 23.03.2024	2.867	1,700,000 ^e	—	1,700,000	1,712,189	—	—	(1,712,189)	—	—	0
		19.02.2016	15.03.2016 to 18.02.2026	1.16	—	—	—	—	1,712,189	—	—	—	—	1,712,189
Zheng Xiongjiu	15.07.2011	01.09.2011 to 14.07.2021	4.071	800,000 ^d	—	800,000	805,735	—	—	(805,735)	—	—	0	
	24.03.2014	26.05.2014 to 23.03.2024	2.867	1,700,000 ^e	—	1,700,000	1,712,189	—	—	(1,712,189)	—	—	0	
	19.02.2016	15.03.2016 to 18.02.2026	1.16	—	—	—	—	2,517,924	—	—	—	—	2,517,924	
Shu Hua	16.02.2009	01.04.2009 to 15.02.2019	0.586	1,500,000	—	1,500,000	1,510,755	—	—	—	—	—	1,510,755	
	24.03.2014	26.05.2014 to 23.03.2024	2.867	1,700,000	—	1,700,000	1,712,189	—	—	(1,712,189)	—	—	0	
	29.03.2016	18.04.2016 to 28.03.2026	1.324	—	—	—	—	1,712,189	—	—	—	—	1,712,189	
Yip Tai Him	15.07.2011	01.09.2011 to 14.07.2021	4.071	500,000	—	500,000	503,585	—	—	(503,585)	—	—	0	
	24.03.2014	26.05.2014 to 23.03.2024	2.867	500,000	—	500,000	503,585	—	—	(503,585)	—	—	0	
	29.03.2016	18.04.2016 to 28.03.2026	1.324	—	—	—	—	1,007,170	—	—	—	—	1,007,170	
Ho Chung Tai, Raymond	15.07.2011	01.09.2011 to 14.07.2021	4.071	500,000	—	500,000	503,585	—	—	(503,585)	—	—	0	
	24.03.2014	26.05.2014 to 23.03.2024	2.867	500,000	—	500,000	503,585	—	—	(503,585)	—	—	0	
	29.03.2016	18.04.2016 to 28.03.2026	1.324	—	—	—	—	1,007,170	—	—	—	—	1,007,170	
Zhu Qingsong (associate of Mr. Zhu Gongshan and an employee)	24.03.2014	26.05.2014 to 23.03.2024	2.867	1,000,000	—	1,000,000	1,007,170	—	—	(1,007,170)	—	—	0	
	29.03.2016	18.04.2016 to 28.03.2026	1.324	—	—	—	—	1,007,170	—	—	—	—	1,007,170	
Non-director employees (in aggregate)	16.02.2009	01.04.2009 to 15.02.2019	0.586	8,931,000	—	8,931,000	8,995,035	—	—	—	—	—	8,995,035	
	24.04.2009	01.05.2009 to 23.04.2019	1.046	842,000	—	842,000	848,037	—	(40,287)	—	—	—	807,750	
	12.01.2011	01.03.2011 to 11.01.2021	3.296	9,500,000	—	9,500,000	9,568,115	—	—	(4,532,265)	—	—	5,035,850	
	15.07.2011	01.09.2011 to 14.07.2021	4.071	57,150,000 ^d	—	57,150,000	57,559,767	—	(906,453)	(50,559,936)	—	—	6,093,378	
	05.07.2013	16.09.2013 to 04.07.2023	1.630	34,325,000	—	34,325,000	34,571,110	—	(2,961,081)	—	—	—	31,610,029	
	24.03.2014	26.05.2014 to 23.03.2024	2.867	63,600,000 ^e	(1,500,000)	62,100,000	62,545,257	—	—	(40,186,083)	—	—	22,359,174	
	19.02.2016	15.03.2016 to 18.02.2026	1.16	—	—	—	—	94,673,982	(1,007,170)	—	—	—	93,666,812	
	29.03.2016	18.04.2016 to 28.03.2026	1.324	—	—	—	—	604,302	—	—	—	—	604,302	
Total				192,148,000	(1,500,000)	190,648,000	192,014,946	110,877,229	(4,914,991)	(109,177,229)	—	—	188,799,955	

OPTION SCHEMES [CONTINUED]

Notes:

- a. Pursuant to the terms of the Share Option Scheme, the exercise price per share and the number of share options were required to adjust due to the rights issue of 3,097,927,453 rights shares of the Company. Details of the adjustment was set out on the announcement of the Company dated 26 January 2016.
- b. The vesting period of all share options granted under the Share Option Scheme is 20% of the share options granted will be vested on the year of grant, the first, second, third and fourth anniversary of the date of grant, respectively, such that the share options granted are fully vested on the fourth anniversary of the date of grant.
- c. The closing price of the shares of the Company on 18 February 2016 and 24 March 2016, the trading dates on which immediately before options were granted on 19 February 2016 and 29 March 2016 are HK\$1.13 and HK\$1.27, respectively.
- d. Mr. Zheng Xiongjiu, who was entitled to 800,000 share options with an adjusted exercise price of HK\$4.071 per share granted on 15 July 2011, was appointed as an Executive Director of the Company with effect from 1 April 2016. His entitlement was re-classified from the category "Non-director employees" to "Directors/chief executive and their associates" under the column of "outstanding share options as at 1 January 2016".
- e. Mr. Jiang Wenwu and Mr. Zheng Xiongjiu, each of whom was entitled to 1,700,000 share options with an adjusted exercise price of HK\$2.867 per share granted on 24 March 2014, were appointed as Executive Directors of the Company with effect from 1 April 2016. Their entitlements were re-classified from the category "Non-director employees" to "Directors/chief executive and their associates" under the column of "outstanding share options as at 1 January 2016".

OPTION SCHEMES [CONTINUED]

(iii) Share option scheme of a subsidiary

GCL New Energy Holdings Limited ("GNE"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 451), in which the Company indirectly owned 62.28% issued shares as at 30 June 2016, is a subsidiary of the Company.

GNE adopted a share option scheme (the "GNE 2014 Share Option Scheme") on 15 October 2014.

During the Period, no option was granted, exercised nor cancelled under the GNE 2014 Share Option Scheme, and 92,939,378 share options were lapsed.

Details of the outstanding and movements of share options under the GNE 2014 Share Option Scheme during the Period are as follows:

			Exercise Price per share (as adjusted) [†] (HK\$)	Number of options					
Name or category of participant	Date of grant	Exercise period		Outstanding as at 01.01.2016	Outstanding as at 02.02.2016 (as adjusted) [†]	Granted during the Period	Lapsed or forfeited during the Period	Exercised during the Period	Outstanding as at 30.06.2016
Directors/chief executive									
Yeung Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1798	12,000,000	12,079,200	—	—	—	12,079,200
	24.07.2015	24.07.2015 to 23.07.2025	0.606	3,000,000	3,019,800	—	—	—	3,019,800
Zhu Yufeng	24.07.2015	24.07.2015 to 23.07.2025	0.606	3,500,000	3,523,100	—	—	—	3,523,100
Directors of GNE and employees of GNE	23.10.2014	24.11.2014 to 22.10.2024	1.1798	382,720,000	385,245,952	—	(42,518,784)	—	342,727,168
	24.07.2015	24.07.2015 to 23.07.2025	0.606	443,680,000	446,608,288	—	(50,420,594)	—	396,187,694
Total				844,900,000	850,476,340	—	(92,939,378)	—	757,536,962

Note:

- Pursuant to the terms of the GNE 2014 Share Option Scheme, the exercise price per share and the number of share options were required to adjust due to the rights issue of 5,201,922,393 rights shares of GNE. Details of the adjustment was set out on the announcement of GNE dated 2 February 2016.

Please refer to the interim report of GNE under the section "Share Option Scheme" for the details of the GNE 2014 Share Option Scheme and the movements of options granted thereunder during the Period.

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

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as record in the register kept pursuant to Section 336 of the SFO:

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

Name	Note	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	1	Interest in a controlled corporation	6,370,388,156	34.27%
JP Morgan Chase & Co.	2	Beneficial owner, investment manager, trustee, custodian corporation/ approved lending agent	1,681,772,093	9.05%
Templeton Global Advisors Limited		Investment manager	930,948,864	5.01%
Templeton Investment Counsel, LLC		Investment manager	943,382,262	5.08%

(ii) Short position in the shares or underlying shares of the Company

Name	Note	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
JP Morgan Chase & Co.	2	Beneficial owner	4,104,988	0.02%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS [CONTINUED]

Notes:

1. An aggregate of 6,127,721,489 shares of the Company are collectively held by Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited, which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust ("Zhu Family Trust") with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries. Happy Genius Holdings Limited had lent 312,000,000 shares of the Company to the convertible bond investor's associate under the shares lending agreement dated 23 November 2013 (as amended by an agreement dated 15 July 2015 and further amended by an agreement dated 25 January 2016), out of which 69,333,333 shares were returned on 29 April 2016. Happy Genius Holdings Limited was thus also interested in a long position of 242,666,667 shares of the Company.
2. JP Morgan Chase & Co. disclosed that as at 11 March 2016, it had long positions in 1,681,772,093 shares of the Company, out of which 138,851,014 shares were held as beneficial owner, 122,400 shares were held as investment manager and 1,542,798,679 shares were held as custodian corporation/approved lending agent, respectively. Amongst the long positions interest in 4,385,338 shares under derivative interest, 231,000 shares are physically settled and 4,154,338 shares are cash settled. Out of the short position in 2,604,988 shares under derivative interest, 287,000 shares are physically settled and 2,317,988 shares are cash settled.
3. The total number of ordinary shares of the Company in issue as at 30 June 2016 is 18,587,564,721.

Save as disclosed above that (i) Mr. Zhu Gongshan and Mr. Zhu Yufeng are members of the beneficiaries of Zhu Family Trust; and (ii) Mr. Shu Hua is the chairman of a company controlled by Mr. Zhu Yufeng and Zhu Family Trust (which is a controlling shareholder of the Company), as at the date of this report, none of the Directors was a director or employee of a company or a beneficiary of a trust which has an interest or a short position in the shares or underlying shares that would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The corporate governance report of the Company has been set out in the Company's 2015 Annual Report. During the six months ended 30 June 2016, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules with the exception of the following areas:

(i) Code provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhu Gongshan (the Chairman and a Director of the Company) has been appointed as the Chief Executive Officer since 1 September, 2009. The Nomination Committee has continued to review the board structure regularly and report to the Board of its recommendation. In March 2016, the Nomination Committee recommended and the Board approved to appoint Mr. Zhu Zhanjun, the executive Director and the then Executive President, as the Chief Executive Officer of the Company with effect from 1 April 2016. The Company has complied with Code provision A.2.1 subsequent to such appointment effective 1 April 2016.

(ii) Code provision A.6.7

Code provision A.6.7 stipulates that (including but not limited to) INEDs and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. A Non-executive Director, who was not in Hong Kong and unable to attend the annual general meeting of the Company held on 25 May 2016.

(iii) Code provision E.1.2

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Zhu Gongshan, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 25 May 2016 as he had to attend certain business abroad. Mr. Zhu had invited Mr. Zhu Zhanjun, an executive Director and Chief Executive Officer of the Company to attend and act as the chairman of such meeting.

Risk Management and Internal Controls

The Board has the overall responsibility to maintain sound and effective risk management and internal control mechanism for the Group and to review their effectiveness to safeguard the Group's assets, protect shareholders' values, and manage or mitigate rather than eliminate risks of failure to achieve business objectives.

During this reporting period, the Group persistently dedicated efforts in enhancing the maturity of the corporate governance infrastructure across various business units and functions. In particular, the Group has refined all the policies and procedures regarding to risk management and internal control to ensure a sound and effective corporate governance mechanism is designed and established. To better promote the "Internal Control Manual" which was updated in 2015, the Group implemented an internal control testing program among three of its major business units in the key business areas such as EHS, procurement management, human resource management and financial management. All major findings were communicated to senior management of the respective business units to enforce the remediation.

CORPORATE GOVERNANCE AND OTHER INFORMATION [CONTINUED]

The Group continuously implements monthly risk self-inspection, which a list of major risks in most of its business processes will be examined by trained functional internal control coordinators.

In addition, the Group has also engaged Protiviti Hong Kong Co. Limited, a global risk and business consulting firm, to conduct an in-depth review on three key risks, namely production safety, liquidity and information system planning, and to assess effectiveness and adequacy of current risk management measures as well as to ensure such risks are properly monitored within the Group.

Meanwhile, by adopting quarterly report to the Corporate Governance Committee, management communicates the progress of various corporate governance initiatives (including risk management, internal controls and etc.) to the Board to facilitate the Board's ongoing monitoring of the Group's internal control and risk management environment.

The internal audit function, which is independent of the daily operations of the Group, is led by the deputy general manager of the internal audit function, who functionally report to the Audit Committee. All other Directors are informed of the findings of internal audit and the respective progress of remediation.

Model Code for Securities Transactions

The Board has adopted the model code for securities transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2016.

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

The Company announced on 15 July 2015 that it proposed to issue an aggregate principal amount of US\$225 million of 0.75% convertible bonds due 2019 (the "**2019 Convertible Bonds**"), the issuance of which was completed on 22 July 2015. The 2019 Convertible Bonds was listed and quoted on the Singapore Stock Exchange with effect from 22 January 2016.

The Company entered into an agreement with the bondholder to purchase US\$50,000,000 in the principal amount of the 2019 Convertible Bonds (the "**Repurchased Bonds**") at the purchase price of US\$47,625,000 in cash (the "**Partial Buy-back**") through private arrangement. Completion of the Partial Buy-back ("**Completion**") was taken place on 4 May 2016. Following the Partial Buy-back and upon Completion, the Company has cancelled the Repurchased Bonds and the principal amount of the 2019 Convertible Bonds which remains outstanding is US\$175,000,000.

Other than disclosed above, during the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE AND OTHER INFORMATION [CONTINUED]

Auditor's and Audit Committee's Review

The financial information set out in this report represents the unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2016, which have been reviewed by the Group's external auditor, Deloitte Touche Tohmatsu, in accordance with International Standard on Review Engagements 2410 issued by the International Auditing and Assurance Standards Board and by the Audit Committee of the Company which consists of three independent non-executive Directors, namely Mr. Yip Tai Him, Ir. Dr. Raymond Ho Chung Tai and Dr. Shen Wenzhong. The Audit Committee expressed no disagreement with the accounting policies and principles adopted by the Group.

Changes in Information on Directors

Changes in information required to be disclosed by the Directors of the Company pursuant to Rule 13.51(B) of the Listing Rules are set out below:

Name of Director	Details of Change	Effective Date
Mr. Zhu Gongshan	Resigned as the Chief Executive Officer of the Company and continued to serve the Company as Chairman and an executive Director	1 April 2016
	Ceased as the Honorary Chairman of GCL New Energy Holdings Limited	24 May 2016
	A housing allowance of HK\$300,000 per month for Mr. Zhu Gongshan was approved by the Remuneration Committee of the Company	1 July 2016
Mr. Zhu Zhanjun	Appointed as the Chief Executive Officer of the Company	1 April 2016
	Appointed as a member of the Strategy & Investment Committee of the Company	14 June 2016
Mr. Wong Man Chung, Francis	Appointed as an independent non-executive Director of the Company	1 April 2016
	Appointed as a member of the Strategy & Investment Committee of the Company	14 June 2016
Dr. Ho Chung Tai, Raymond	Appointed as an independent non-executive director of AP Rentals Holdings Limited, a company with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited	17 March 2016
Mr. Yip Tai Him	Resigned as an independent non-executive director of Vinco Financial Group Limited	1 August 2016

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

CORPORATE GOVERNANCE AND OTHER INFORMATION [CONTINUED]

Loan Agreement with Covenants Relating to Specific Performance of the Controlling Shareholder

As at the date of this report, the following facility agreements contain a condition imposing specific performance obligations on the controlling shareholders and breach of such obligation will cause a default in respect of loan that are significant to the operations of the Company:

On 25 August 2014, the Company (as borrower) entered into the following two facility agreements with China Development Bank Corporation Hong Kong Branch (the “Bank”), each for a term of three years:

- i. the facility agreement (“Facility I Agreement”) in respect of US\$240 million facility (the “Facility I”); and
- ii. the facility agreement (“Facility II Agreement”) in respect of US\$250 million facility (the “Facility II”)

Under the terms of the Facility I Agreement and the Facility II Agreement, it will be a change of control event if at any time (i) Mr. Zhu Gongshan, the Chairman and a director of the Company, ceases to remain as one of the major beneficiaries of a discretionary trust with Credit Suisse Trust Limited as trustee; (ii) such discretionary trust ceases to own 100% interest in (whether directly or indirectly) Asia Pacific Energy Fund Limited; (iii) Asia Pacific Energy Fund Limited ceases to be the single largest shareholder of the Company; or (iv) Mr. Zhu Gongshan ceases to control the Company. If any of the above change of control events occurs, the Bank may, by notice to the Company, immediately cancel the facilities and declare the outstanding principal together with accrued interest and all other amounts accrued under the Facility I Agreement and Facility II Agreement, and all relevant security documents, to be immediately due and payable.

Up to the date of this report, an amount of US\$440 million under Facility I and Facility II remains outstanding and the above obligation continues to exist.

CORPORATE SUSTAINABILITY

GCL-Poly has been adhering to the philosophy of “Bringing Green Power to Life” since it was founded in 2006. We commit to provide reliable clean energy for society at a reasonable price, while minimizing negative impact on the environment and neighboring communities.

The Company has prepared an environmental, social and governance report for the year 2015 based on the Global Reporting Initiative (GRI)'s G4 Sustainability Reporting Guidelines as well as the Environmental, Social and Governance Reporting Guide published by The Stock Exchange of Hong Kong Limited. The full text of the report is available under the “Corporate Social Responsibilities” section of the Company's website www.gcl-poly.com.hk, with a summary of the report is set out below.

Subsequent to the disposal of the non-solar power business of the Company in December 2015, the Group principally engaged in the manufacturing and sale of polysilicon and wafers products in the upstream, and (mainly through its subsidiary, namely GCL New Energy Holdings Limited) developing, owning and operating downstream solar farms.

Quality Products to Generate Reliable Clean Energy

GCL-Poly continually upgrades its technology. In 2015, we launched the “GCL Multi-Wafer S4” polysilicon wafer product which has an average conversion rate of 18.3%-18.5%. The high conversion efficiency rate will enhance the effectiveness of solar energy generation. We are working towards the goal to achieve grid-parity so that more people can enjoy the clean solar energy.

Supply Chain Management

We have always had excellent relationships with our suppliers. GCL-Poly has formulated standards involve open tender, resource management and supplier management for our employees to follow. We also communicated with suppliers on our social and environmental performance requirements, such as they should hold valid environmental permits or licenses, abide by regulations, have measures in place to conserve natural resources or facilitate recycling in case of facility upgrade. We also value feedback from our suppliers and continually review their performance during the contract term.

Emissions

In 2015, GCL-Poly has invested more than RMB250 million into upgrading environmental facilities, solid waste disposal, hazardous waste disposal, environmental monitoring and clean-ups, in an effort to raise the standard of environmental protection. Efforts have been put on controlling the emissions and generation of wastewater. Below is a table of the emissions and wastewater data for the years 2013- 2015:

Indicator	2013	2014	2015
Dust (tonne)	3,669	1,787	460
Nitrogen oxides (tonne)	6,993	4,396	2,868
Sulfur oxides (tonne)	3,424	3,082	1,801
Wastewater (10,000 tonnes)	n.a.	n.a.	425*

Note*: Data is for wastewater generated only by the PV business unit. Wastewater generated in cogeneration plants was recycled, achieving zero wastewater discharge.

CORPORATE SUSTAINABILITY [CONTINUED]

Conservation of Natural Resources

We concern conservation of natural resources. During our manufacture process of silicon products, wastewater is treated by sedimentation and biochemical process so that it can meet national emission standards before being discharged to local wastewater treatment plants for further processing. At our operation sites, our water conservation measures include water reclamation and rain water collection to improve efficiency of water use.

Staff Training

Talent is GCL-Poly's most important resources. We have a comprehensive training management system to allow employees have access to integrated online and offline training, helping them to improve their management and professional skills and the newly recruited staff to familiar with the working environment. In 2015, the coverage of training of our PRC employees was 90%.

Health and Safety

Healthy working conditions and production safety are the core of our sustainable development. We adhere by national regulations and laws on production safety and workplace health, and implement the National OHSAS 18000 standard on health and safety management. GCL-Poly offers annual medical check-ups for all employees. For employees in high-risk locations — where noise or dust levels are high, the Company provides regular health checks. We continue to strengthen employee health and safety awareness and promote good working habits by providing occupational health and safety education.

The Company conducts risk assessment and evaluations to identify risk, set out mitigating measures accordingly, and provide relevant training to employees regularly. At the beginning of each year, safety objectives and action plans are set; managers and employees of all levels will acknowledge responsibility for production safety. There are appraisal and incentive systems in place, and any workplace incidents will be investigated and dealt with seriously. Our goal is zero workplace accidents.

Caring for Community

Certain GCL-Poly's operations are located in the remote areas of China. While operating our daily business, we also care for the communities and the environment in these locations. Some of our employees are active volunteers in these communities.

We have organized a series of lively and interesting activities and events with the aim of increasing public awareness on animal conservation and peaceful coexistence with nature in Tibet, namely, "Earth's Life Force — Tibetan Antelope Conservation Education Project". We also organised the clean Hong Kong beach activity, through which our volunteers are able to gain insight to coastal pollution and the importance of environmental protection.

Children are our future, they need our protection and nurture. GCL-Poly holds regular children care activities at our various operation areas. In addition, we try to identify those who need our help most, including children in local communities, faraway mountain districts and remote areas, arrange donations and organize activities for them.

CORPORATE INFORMATION

Chairman

Zhu Gongshan

Executive Directors

Zhu Gongshan
Zhu Zhanjun (CEO)
Ji Jun
Zhu Yufeng
Yeung Man Chung, Charles (CFO)
Jiang Wenwu
Zheng Xiongjiu

Non-Executive Director

Shu Hua

Independent Non-Executive Directors

Ho Chung Tai, Raymond
Yip Tai Him
Shen Wenzhong
Wong Man Chung, Francis

Composition of Board Committees

Audit Committee

Yip Tai Him (Chairman)
Ho Chung Tai, Raymond
Shen Wenzhong

Remuneration Committee

Ho Chung Tai, Raymond (Chairman)
Yip Tai Him
Zhu Yufeng

Nomination Committee

Yip Tai Him (Chairman)
Ho Chung Tai, Raymond
Yeung Man Chung, Charles

Corporate Governance Committee

Ho Chung Tai, Raymond (Chairman)
Yip Tai Him
Yeung Man Chung, Charles

Strategy & Investment Committee

Ho Chung Tai, Raymond (Chairman)
Zhu Gongshan
Yip Tai Him
Shen Wenzhong
Wong Man Chung, Francis
Zhu Zhanjun
Ji Jun
Yeung Man Chung, Charles

Company Secretary

Chan Yuk Chun

Authorized Representatives

Yeung Man Chung, Charles
Chan Yuk Chun

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

CORPORATE INFORMATION [CONTINUED]

Principal Place of Business in Hong Kong

Unit 1703B-1706, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Legal Advisers to the Company

As to Hong Kong law

Freshfields Bruckhaus Deringer	Hebert Smith Freehills
11th Floor,	23rd Floor,
Two Exchange Square	Gloucester Tower
Hong Kong	15 Queen's Road Central
	Hong Kong

As to Cayman Islands law

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Cayman Islands

As to PRC law

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Chaoyang District
Beijing, 100026
PRC

Company's Website

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