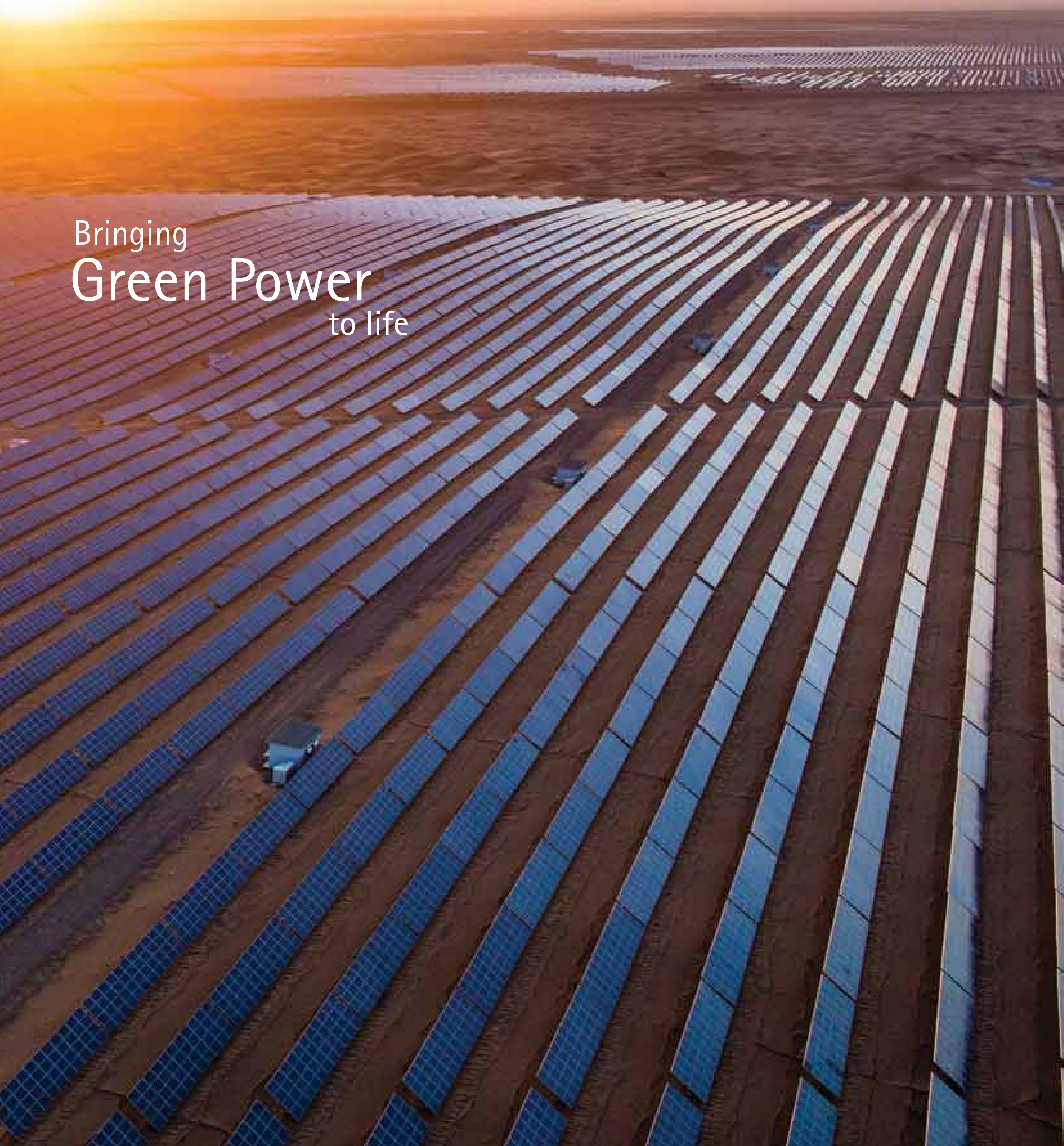
GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability) (Stock Code: 451)

Annual Report 2016



Bringing Green Power to life

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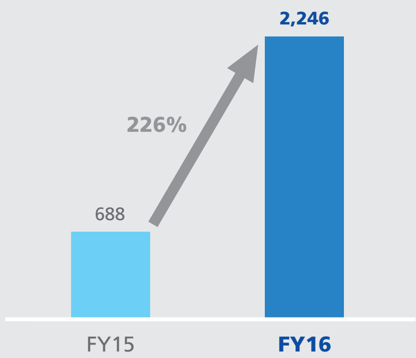
2016 Performance Summary

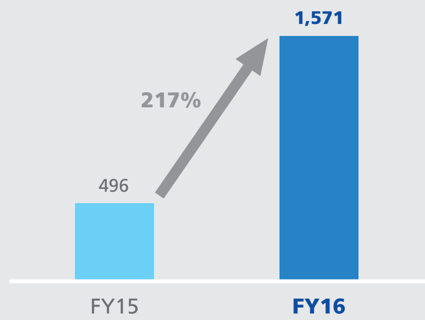
Revenue

Rmb mn



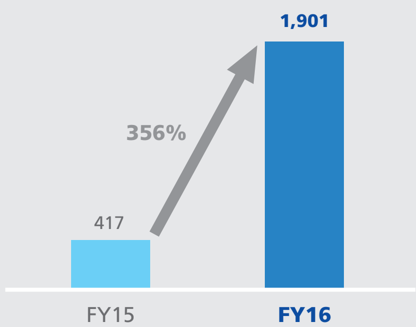
Gross Profit

Rmb mn



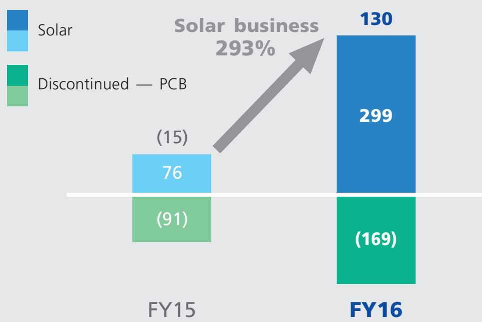
*EBITDA (Adjusted)

Rmb mn



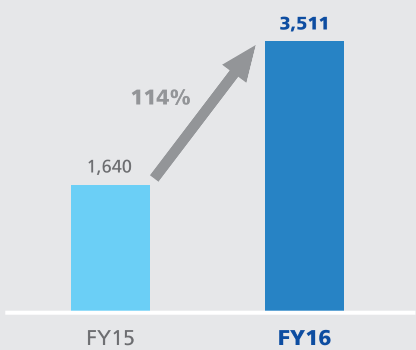
Profit/(Loss) Attributable to Shareholders

Rmb mn



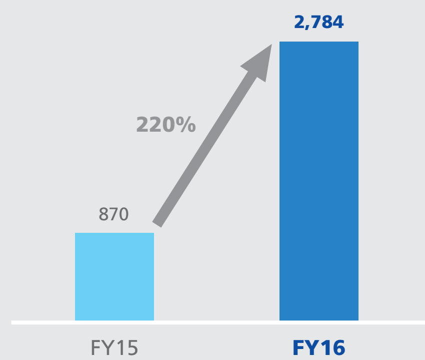
Installed Capacity in China

MW



Electricity Sales in China

Mn kWh



* EBITDA does not include bargain purchase on business combination and other non-recurring income

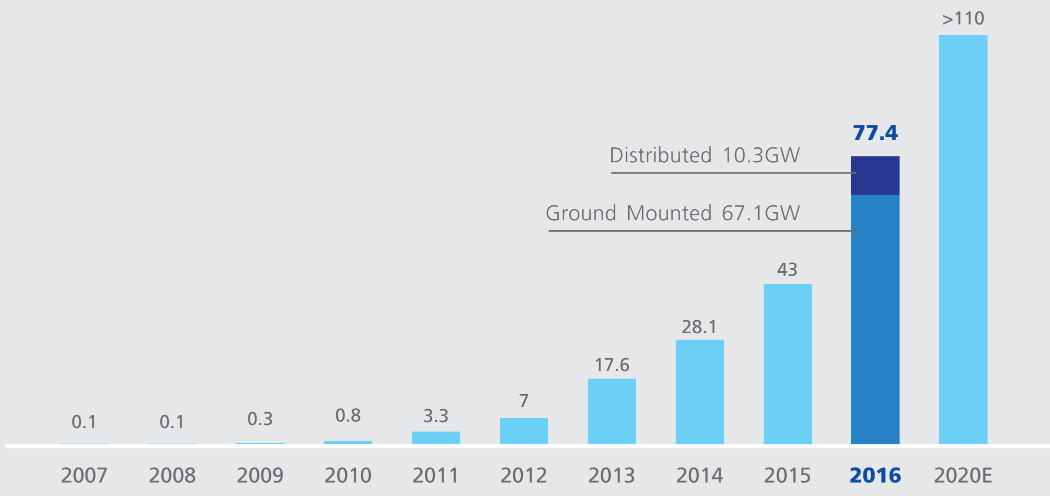
Chairman's Statement

Dear Shareholders and investors,

The global energy landscape has undergone profound changes driven by the balancing energy demand and supply. In view of the changes domestically and internationally, the Group has been devoted to exploring the best strategies for accelerating its development. Riding on the national 13^{th} Five-Year Plan for the energy sector, the Company is combining its long-term vision with advancing technologies, enhanced management and greater collaboration to relentlessly facilitate sustainable growth for its businesses in 2016.

As of 31 December 2016, GCL New Energy had a total installed capacity of approximately 3,511MW in China, representing a significant growth of 114% year-on-year, making it the world's second largest by installed capacity. In light of the Company's long-term strategic development, the Shareholders of GCL New Energy approved the disposal of its printed circuit board business in February 2017 for a consideration of approximately HK$250 million and the disposal is scheduled to be completed by the end of May 2017. The disposal will allow resources to be more focus on the Solar Energy Business, fortifying its leading position on the world's solar energy platform. Excluding the impact of the printed circuit board business, profit of the Company's Solar Energy Business for 2016 amounted to approximately RMB309 million, representing approximately a surging 309% growth over the previous year.

Accumulative Installed Capacity of Solar Power in China (GW)



Energy reform development

Paris Agreement guides the development of renewable energy

In April 2016, leaders of 167 countries signed the Paris Agreement in New York, pledging to control greenhouse gas emissions and limit the world's average temperature rise to not more than 2 degrees Celsius by 2100. The Paris Agreement was ratified by China and the United States, the two largest economies of the world, in September in a further move to implement the plan for reducing greenhouse gas emissions.

The execution of the Paris Agreement signifies the international collaboration to form a jointly operated and mutually beneficial global climate governance system. To achieve the goal of "2 degrees Celsius" in temperature control, radical changes are required for energy production and consumption, providing guidance for the application and development of renewable energy. As a form of clean energy, the importance of solar power is becoming more prominence in the process of energy reform, bringing new opportunities to the solar industry.

Also during the year under review, the solar power industry continued to drive grid parity through technological innovation, as large-scale production was achieved using advanced technologies such as PERC and black silicon, while the solar power conversion ratios of polycrystalline and monocrystalline components reached 19% and 20.5%, respectively. The growing economic viability of solar power generation has made it an important force for the energy revolution in more countries. Newly installed capacity in solar power generation in the global market amounted to more than 70GW, representing year-on-year growth of approximately 34%. China reported newly installed capacity in solar power generation of approximately 34.5GW, representing an approximately 82% year-on-year growth, as it continued to lead in the global solar power market.

Deepening of 13th Five-Year Plan paves the way for new developments in green energy

"Green development" has by now become a strong motif in China. The national "13th FYP" for the energy sector has called for sophisticated efforts to drive the energy revolution. Effective development and use of low-carbon energy has become a major theme in the adjustment of the national energy agency. In the National People's Congress and Chinese People's Political Consultative Conference sessions convened in March 2017, the government has made it clear in its work report that "emphatic effort should be made to resolve problems in mechanisms and technologies" and "hydropower, wind power and solar power curtailments should be effectively alleviated". Such statements have underlined the determination of the Chinese Government to develop green energy and the extent of effort it is prepared to commit.

The "Energy Development Strategic Action Plan (2014–2020)" issued by the State Council has also stated the goal of reducing the weighting of coal consumption to below 58% by 2020 and increasing that of non-fossil energy to above 15%, which will give rise to enormous opportunities in China's solar power sector.

To drive energy revolution and realise green development, the national "13^{th} FYP" for the energy sector has provided a positive, institutional environment for the sound and systematic development of the solar power industry. To assist the market-oriented, deregulated and fair development of the green energy sector, the State has been making strong efforts to develop the green power certificate trading system on the basis of the previous renewable energy quota system. Similar green power certificate trading systems have been implemented in more than 20 countries including the United States, United Kingdom and the Netherlands. This system will facilitate the take-up and consumption of green energy while reducing direct subsidies from the Government. Hopefully, this will help to alleviate the deficit in providing renewable energy subsidies in China and provide assurance for the positive development of solar power companies. Moreover, the Chinese Government has adjusted its macro policy framework for the industry to procure more reasonable and mature planning for the category, geographic distribution and form of power plants of solar power generation quotas, while driving large-scale development of the solar power industry through diverse approaches such as distributed solar power generation and "Solar Energy+".

Review of the solar power industry and the Company's business in 2016

Capitalising on favourable government policies to strengthen its leading position

In 2016, solar power generation continued to grow rapidly, increasing by approximately 72.0% to approximately 66.2 billion kWh as compared to the corresponding period of last year and reaching 1.0% for the first time in its share of total annual power generation in the country.

To drive the adjustment of the energy mix and facilitate ongoing development of the industry, the NDRC has raised the rate of tariff surcharge for power generation using renewable energy by approximately 27% to RMB0.019 with effect from January 2016, in order to increase the total amount of subsidies for renewable energy and mitigate the longstanding delay of renewable energy subsidies. During the second half of 2016, the sixth batch of renewable energy subsidies was granted and GCL New Energy was entitled to subsidies in relation to a capacity of approximately 461MW, providing assurance for the subsequent development of the Company.

At the same time, to alleviate the problem of solar power curtailment in certain regions, the Government has announced the minimum annual power generation utilisation hours for solar power generation projects of 1,300 to 1,500 hours per annum. In line with the national trend in solar energy development, the Company has worked vigorously to resolve the problem of solar power curtailment. While focusing the central-eastern regions which claims rich resources, the Company has also made strong efforts to develop central-western regions with rich resources, readiness for on-grid connection and strong take-up. In 2016, the shift of the domestic market focus from the northwestern region to the central-eastern region accelerated and the annual indicators for the central-eastern region accounted for an approximately 74%. Approximately 80% of the Company's solar power plants are located outside the northwestern region. These solar power plants will not only enjoy higher benchmark on-grid tariff, but will also be able to effectively avoid solar power curtailment.

Further diversify its development in the domestic market

Grasping hold of the favorable government policies with our insights into the solar energy market, we have established a firm foothold in the domestic market through a diversified development strategy and enhanced our core competitiveness by increasing in-house development and promoting technological progress. Through enhancing internal management, we strengthen our capabilities and by pushing forward high standard of development and intelligentisation of operation and maintenance, we further achieve technological advancement, cost reduction and thereby maximise profitability, setting stage for sustainable long-term development.

In 2016, we leveraged on the transformation of the energy sector and maintained our leading position in the industry through participating in solar poverty alleviation projects, Solar Frontrunner Program and distributed solar power projects.

The poverty alleviation projects aim to connect the impoverished regions with power and improve the living standard of families in these regions. Launched by the NDRC, these projects are supported by bank loans with favourable terms, thereby generating stable income for solar power operators, offering mutual benefits to all. In 2016, we obtained approximately 250MW of poverty alleviation projects approved by the National Energy Administration, ranking first in the country.

The Frontrunner Program aims to promote technological progress in the solar energy industry and introduce a competitive pricing mechanism to expedite market consolidation through the construction of technological advanced pilot sites. As projects of the Forerunner Program are not affected by curtailment and receive high priority of dispatch, stringent requirements are employed to the application, erecting high entry barriers for obtaining such projects. Notwithstanding, the Company managed to award 5 projects with a total capacity of approximately 360MW at 7 national open tendering for Frontrunner Program, making it ranked third in the nation.

Distributed solar energy projects have been expanding rapidly with newly installed capacity increased approximately 200% year-on-year to approximately 4.2GW nationwide. The Company launched GCL Rooftop ("鑫屋頂") to establish large-scale industrial and commercial distributed solar power plants business as well as building collaborations with numerous sizable domestic enterprises to effectively promote its distributed solar energy business.

Expanding into potential overseas markets

Building on the analysis of international economic developments and anticipation of a sustainable growth of global solar energy market, the Company rolled out a new strategy to "equally focus on the domestic and overseas businesses" in 2016. In accordance with the planning and construction requirements of countries along the "One Belt, One Road" route, we consolidated our overseas resources and stepped up with the development of our overseas business network on the back of our largest shareholder and local government resources. The Company is currently having projects under construction with an aggregate capacity of approximately 133MW in North Carolina and Oregon in the US that are scheduled for completion in 2017, while also holding distributed solar energy projects in Japan.

In the future, we will continue to tap our own resources and rely on our competitive edge to develop business overseas where resources are rich, regulations are mature and risk levels are moderate, in order to seek projects with potentially very stable returns. We will continue seizing new markets such as India and Australia as well as other emerging markets and take advantage of their favourable government policies on land acquisition, taxation and financing.

Corporate mission and social responsibility

As a leader in the solar energy sector, GCL New Energy upholds its responsibilities and commitments at various levels towards environment, society and governance. We are committed to maximising values for Shareholders, staff, consumers and the society, and we have been enhancing corporate governance to protect Shareholders' interests. Since 2015, the Group has been publishing environmental, social and governance reports on a voluntary basis, so that Shareholders and investors can learn more about GCL New Energy through different perspectives, building good reputation for the Company in the industry and the capital market. In the meantime, the Company has been actively organising and participating in social and educational charity activities while continuously providing support for the "Solar Poverty Alleviation" Program to improve livelihood of the impoverished and make contribution to the society. In 2016, 18,163 underprivileged households received assistance through the "Solar Poverty Alleviation" projects and each household received an average additional annual income of RMB3,000.

2017 Prospect

2017 is a pivotal year for GCL New Energy to strategically transform and accelerate its development. Embracing the opportunities and challenges arise from the international energy sector, we will continue to grow in line with the national energy policies, capitalizing on its solid domestic platform to increase its overseas presence.

Staying up to date on the latest market development with achieving grid parity as our vision, we are striving to serve as an industry role model. Through persistently enhancing our competitive advantages by increasing in-house development, expanding geographic presence, strengthening centralized regional operation and maintenance and exercising cost control, we continue to expedite our stable growth of development with the diversity of poverty alleviation, Frontrunner Program, Solar Energy+ and the Internet-based operations. Meanwhile, we will consolidate our prime domestic and overseas resources to explore opportunities to introduce strategic partner for establishing strategic partnership. To transform from solely-owned operation to strategic cooperation, this will enable the Company to move from an asset-heavy model to an asset-light one. And a "financial platform + operation and maintenance platform" model will be built by providing management services to third parties.

I believe with our concerted effort and dedication to technological advancement, GCL New Energy will develop into a "most professional and competitive new energy developer and operator together with the strongest growth potential on the international platform"

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders and business partners for their longstanding support and care for GCL New Energy, as well as the contributions of our employees.

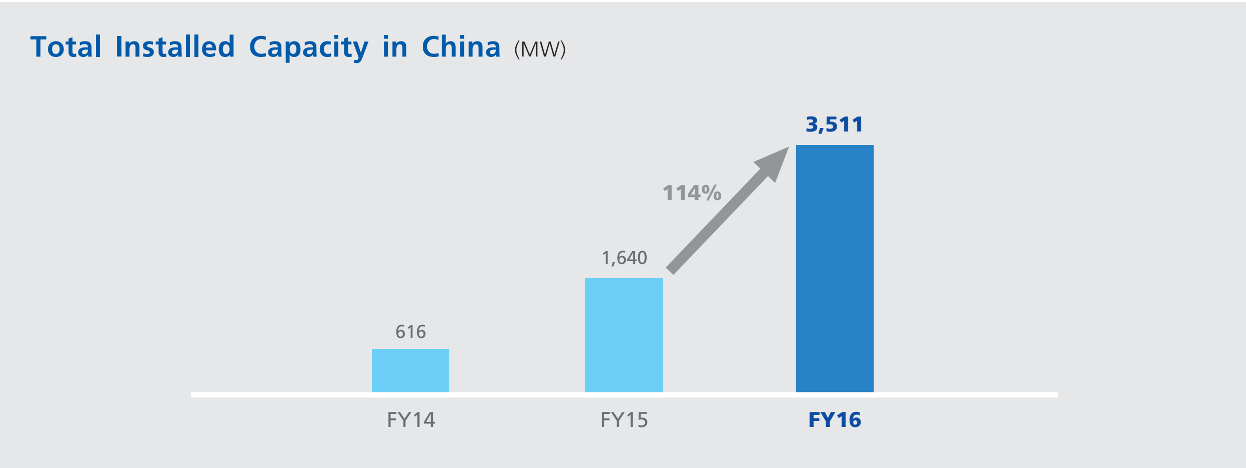
Zhu Yufeng
Chairman

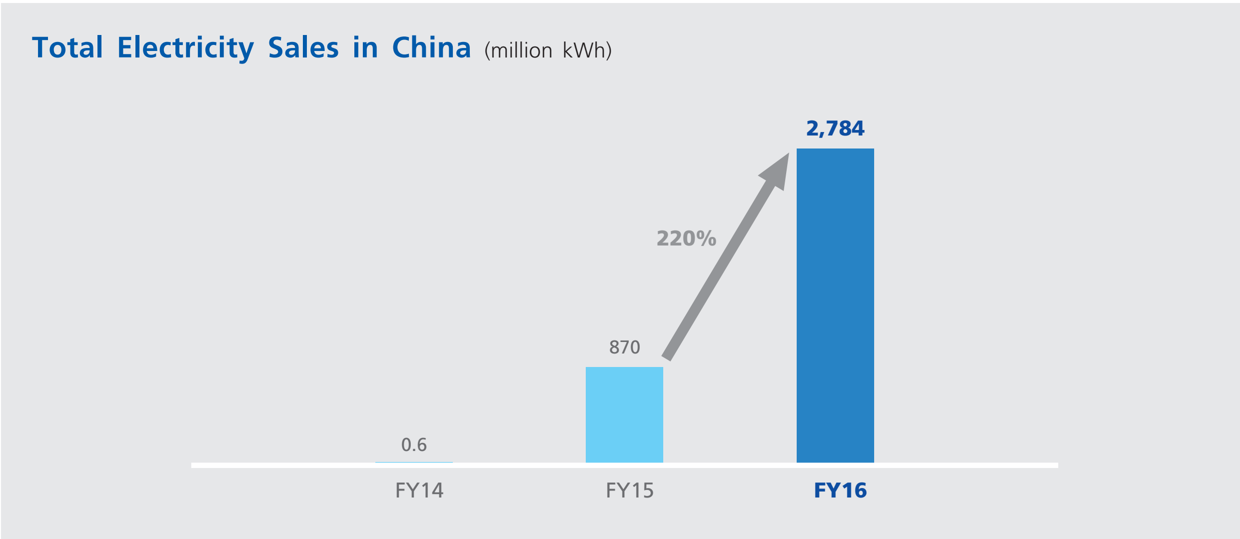
29 March 2017

In 2016, GCL New Energy achieved a remarkable progress in its organizational management and stepped up the implementation of its 13th Five-Year Plan strategy. Under the leadership of the Board and management, our team made a concerted effort to successfully accomplish our goals for the year, amidst challenges and opportunities presented in the industry and economy. As compared to 2015, the pace of growth and quality of our development were greatly enhanced, driving our profitability to a new level.

Solar energy business sustained rapid growth

The number solar power plants under the Group in China increased to 87 from 41 last year, spanning across 22 provinces. Total installed capacity rose by approximately 114%, year-on-year, to 3,511MW, while electricity sales amounted to approximately 2,784 million kWh, representing a phenomenal growth of approximately 220% as compared to the previous year. During the period, our solar energy business reported a significant growth, as revenue and profit surged by approximately 226% and 309%, year-on-year, to approximately RMB2,246 million and RMB309 million, respectively.





Continue to develop quality projects

Since the second half of 2016, noticeable changes had taken place in the investing environment of the solar energy sector in China. Project construction in certain regions in China was affected not only by the more stringent examination applied to project application, but also by the delayed distribution of quotas. As a result, the industry transformed from developing mainly ground-mounted solar power plants to a model comprising ground-mounted solar power plants and distributed solar power plants, with Frontrunner Program and poverty alleviation program to gradually become the mainstream developments. In view of this, the Group adopted the differentiated competition strategy and optimized its project investment and development process during the year to best equipped for the development of Frontrunner Program and solar poverty alleviation program. The management designed the development blueprint for laying the well planned development strategies, which allowed the Group to achieved an aggregate capacity of approximately 1GW of projects under construction with various type of development quotas as of 31 December 2016. In addition, the Group leveraged its technological strengths to obtain an aggregate capacity of approximately 360MW Frontrunner Program and an aggregate capacity of approximately 250MW poverty alleviation projects, ranking 3rd and 1st nationwide respectively.

During the year, the Group expanded its foothold in distributed solar power plants business by launching the "GCL Rooftop" ("鑫屋頂") program. With the development of distributed solar power projects continue to grow, certain of our projects have already obtained rooftop leasing agreements or energy management agreements.

In terms of corporate management and project development, GCL New Energy has taken a broad view of the overseas market. In February 2016, the Group announced the acquisition of development rights of solar power plants in the US state of North Carolina with project construction took place subsequently. Followed by the acquisition of development rights of solar project in the US state of Oregon, an aggregate capacity of approximately 133MW of solar power plants are expected to be operational in 2017, gaining momentum for our overseas business. Apart from developing solar power plant projects in the US, GCL New Energy also holds an aggregate capacity of approximately 5MW of distributed joint venture in Japan, while the construction of an approximately 4MW of ground-mounted solar power plant in Sannohe, Japan has already begun. With our insights into the overseas market, the Group will further explore opportunities in countries with bountiful solar resources.

In view of the rising concerns on environmental protection across the globe and the dedicated efforts of the Chinese Government to promote the use of renewable energy, the solar energy industry is set to sustain its growth momentum. As the Group is one of the leading solar energy enterprises, the management has laid a blueprint for its future development to capitalise on favourable government policies by adopting a strong and orderly development strategy.

Technological innovation strengthened core competitiveness

The Group has always placed great emphasis on technological innovation and research. Leveraged on its cutting-edge in-house design and research institute, the Group has continuously kept up with the industry trends and made training and recruiting top talents as one of its priorities. Meanwhile, through the promotion of applying new technologies and implementing major technological projects, more than 20 patents application were filed and achieved impressive endorsements from the industry for its certain technologies and research developments. Through adopting and exploring the feasibility of technologies such as wind load carrier coefficient, flexible solar panels and floating solar power plants, the Group managed to reduce the overall construction costs of its solar power plants. During the year, the Group gained further recognition from the industry for the development of its advanced agricultural photovoltaic solar power plant being awarded at "TW-grade Diamond Award" at the 10th SNEC International Solar Energy Conference & Exhibition. Besides, the Group has also strengthened its technological management and accelerated the application of new materials, mechanism and technologies, in hopes of bolstering our competitive advantages in such as cost control and system efficiency.

Project construction and management

In terms of project construction and management, the Group has leveraged the technological strength of its design and research institute to design the most comprehensive and suitable solar power plant prior to construction to minimize cost at the onset and maximize the asset value and quality of the power plant. This takes into account various factors such as the geographical environment, climate and public facilities etc. New technologies and mechanisms such as horizontal single axis, flexible support panels and 1,500V high-pressure system were adopted as the basic requirements in the preliminary assessment of project designs to increase power generation and competitiveness.

In 2016, the Group strengthened the quality control of whole procurement process to reinforce the quality of products. Through the formation PM-NC system, procurement logistics and big-data analysis have been further enhanced, strengthened management efficiency, lowered procurement costs and maximized economic efficiency.

Through the implementation of a range of cost control measures, such as the employment of new products and more advanced technologies, and enhancement of procurement process, the unit cost per watt of certain in-house developed power plants was reduced to RMB6 in 2016, encouraging the Company to step up its in-house development. As a result, the in-house development projects as a percentage of newly installed capacity increased substantially from 18% in 2015 to 48% in 2016. Moreover, the average unit cost per watt for typical solar power plants decreased by 16% from approximately RMB8.6 in 2015 to approximately RMB7.2 in 2016. The Group is aiming to further reduce the average unit cost per watt of its solar power plant to a range of approximately RMB6.0 to RMB6.5 in 2017.

Operational management

The Group continues to place great emphasize on operational management and power generation management, with a view to comprehensively improve the fundamental management of the operation and maintenance. In 2016, the Group completed the application of nano–coating and installation of automatic de-hydro cleaning robot system, modified capacity expansion projects at power plants with feasible conditions to increase efficiency and power generation. In terms of innovations in operation and maintenance and information management, centralized regional operation and maintenance centres and real-time operation platforms were introduced to perform functional inter-connection and central monitoring for projects, and achieve unattended operations step-by-step, in hope of improving the operation and maintenance standard of its solar power plants. In Ningxia, a centralized regional operation and maintenance centre covering within 200-km was established to simultaneously monitor the operation of over 6 solar power plants. The Group is planning to establish at least 5 regional centres in 2017, so as to strengthen central monitoring and effectively reduce operation and maintenance costs to approximately RMB0.06 per watt in 2016, from approximately RMB0.08 per watt (excluding land fees) in 2015, with an aim to further lower to a range of RMB0.05 to RMB0.055 in 2017. In terms of safety management, further improvements were made in construction control and supervision, while relevant standards were also revised in 2016 to ensure a safe working environment as well as lead the way for boosting the efficiency of our power plants and facilities in 2017.

Innovative financing

As the Company continue to grow rapidly and the capital-intensive nature of the Solar Energy Business, substantial capital investment is required in the early stages of development. In view of this, the Group dedicated to adopting a wide range of diversified and innovative financing models.

The Group has optimized its financing structure through accelerating the replacement of existing short-term loans to counter risks associated with short-term funds. In 2015, the Group utilized mainly short-term bridging loans or short-term construction funds for project construction prior to obtaining long-term loans, whereas in 2016, the Group managed to obtain 5 to 10 years long-term finance leases to replace short-term construction funds for securing not only lower interest expenses but also longer use of funds.

During the year, the Group entered in finance lease agreements with several financial institutions, including Cinda Financial Leasing Co., Ltd, CITIC Financial Leasing Co., Ltd, China Financial Leasing Company Limited and Bank of Beijing Financial Leasing Company Limited, to obtain long-term finance leases at a lower interest rate.

Moreover, the Group managed to secure more favourable interest rates for long-term project loans from banks with which the Group had developed close ties and forged mutually beneficial working relationships over years of continuous business growth. For long-term loans, we were offered interest rates representing decreasing spreads above the benchmark rate or even at par with the benchmark rate, resulting in significant savings in long-term project loan costs.

In order to maintain its total liabilities to total assets ratio below 85%, the Group raised approximately RMB1,941 million by completing a rights issue in early 2016 at a subscription price of HK$0.45 per rights share on the basis of 3 rights shares for every 8 shares held. In addition, the Group issued perpetual notes with a maximum amount of RMB1,800 million for an indefinite term in late 2016.

Meanwhile, the Group is strive to enhance its integrated financing ability. On 11 November 2016, the Group announced the proposed non-public issuance of corporate bonds for a maximum principal amount of RMB2,000 million for a term of up to 3 years on the SHSE. The no–objection letter was issued by SHSE and the corporate bonds are expected to be issued in 2017. Furthermore, the Group announced on 7 December 2016 the proposed non-public issuance of green bonds in the maximum principal amount of RMB1,750 million on the SZSE. The green bonds have been approved by SZSE and are expected to be issued in 2017.

In terms of financing costs control, traditional financing channels were furthered expanded to enhance bargaining power in securing better financing terms. The financing cost of new projects for 2016 was approximately 6.9%, a reduction by 0.8 percentage points from 7.7% for 2015.

To support its fast growing development, it is important for the Group to further adopt innovative financing models. As its solar power plants are able to generate predictable and stable revenue, the Group is seeking to launch warehouse funds and introduce investors by disposing of majority interests in certain solar power plants with the Group providing operation and maintenance services for the projects. This approach could retrieve capital back at premium, allowing funds to be recycled and used for investing in new projects, directly improving asset liquidity and the efficiency of funds use.

Optimising organisational structure

During the year, the Group optimized its organisational structure through continuously establishing provincial companies to facilitate the development and construction of projects in different provinces, which enabled the provincial companies to enhance its capabilities in investment and development, engineering construction, and operations and maintenance. In the meantime, the Group established a distributed solar power business department, overseas offices and consolidated certain functional departments, to strengthen its future development and business network and bolster its competitive edge on the fast track of development.

Prospects

We are optimistic and confidence in the development of the solar energy industry in the coming year. Currently, we have an aggregate capacity of approximately 1GW of projects under construction, an aggregate capacity of approximately 360MW of Frontrunner Program projects and an aggregate capacity of approximately 250MW of poverty alleviation solar energy projects, which have given us the confidence in achieving our goal of reaching a total installed capacity of approximately 1.5 to 2 GW for the year. Meanwhile, by optimising our strategy for development and construction, we will fulfill our development objective of achieving "transformation and upgrade in 5 key areas":

1. Transform from a heavy-asset model to a light-asset model through disposing of majority equity interests in certain projects while providing management services for increasing capital inflow, alleviating pressure of project financing and maintaining its total liabilities to total assets ratio for 2017 below 85%. The light-asset model could also lower the capital required for investment and, enable the Group to further enhance its return on invested capital while receiving stable management fees each year from providing the project management services;

2. Expand its presence in not only the domestic market but also internationally, aiming to increase the level of international business to account for 30% of the overall business by 2020;

3. Leverage on the success of its existing ground-mounted solar power plants business to develop distributed solar power plant business, expecting the percentage contribution from distributed solar power business to increase substantially by 2020;

4. Diversify its project models to poverty alleviation projects, Frontrunner Program projects, agricultural, fishery, animal husbandry, forestry and poultry photovoltaic solar power plants;

5. Introduce strategic partner to form strategic partnership for transforming from solely-owned operations to strategic cooperation.

Leading by a strong management team, we expect to make the best of utilizing the operation and maintenance platform and big-data analysis , with an aim to further reducing our gearing ratio. Meanwhile, we will continue to lower our development and operation and maintenance costs to pave the way for sustainable growth. The Group's total revenue and profit is expected to thrive along the fast growing business development.

2015–2017 Key Performance Indicators

	Average Unit Cost of Construction (RMB)	Financing Cost of New Projects	Operation and Maintenance cost (RMB)
2015	RMB8.6/watt	7.7%	RMB0.08/watt
2016	RMB7.2/watt	6.9%	RMB0.06/watt
2017 Target	RMB6.0–6.5/watt	6.3–6.5%	RMB0.05–0.055/watt

Acknowledgements

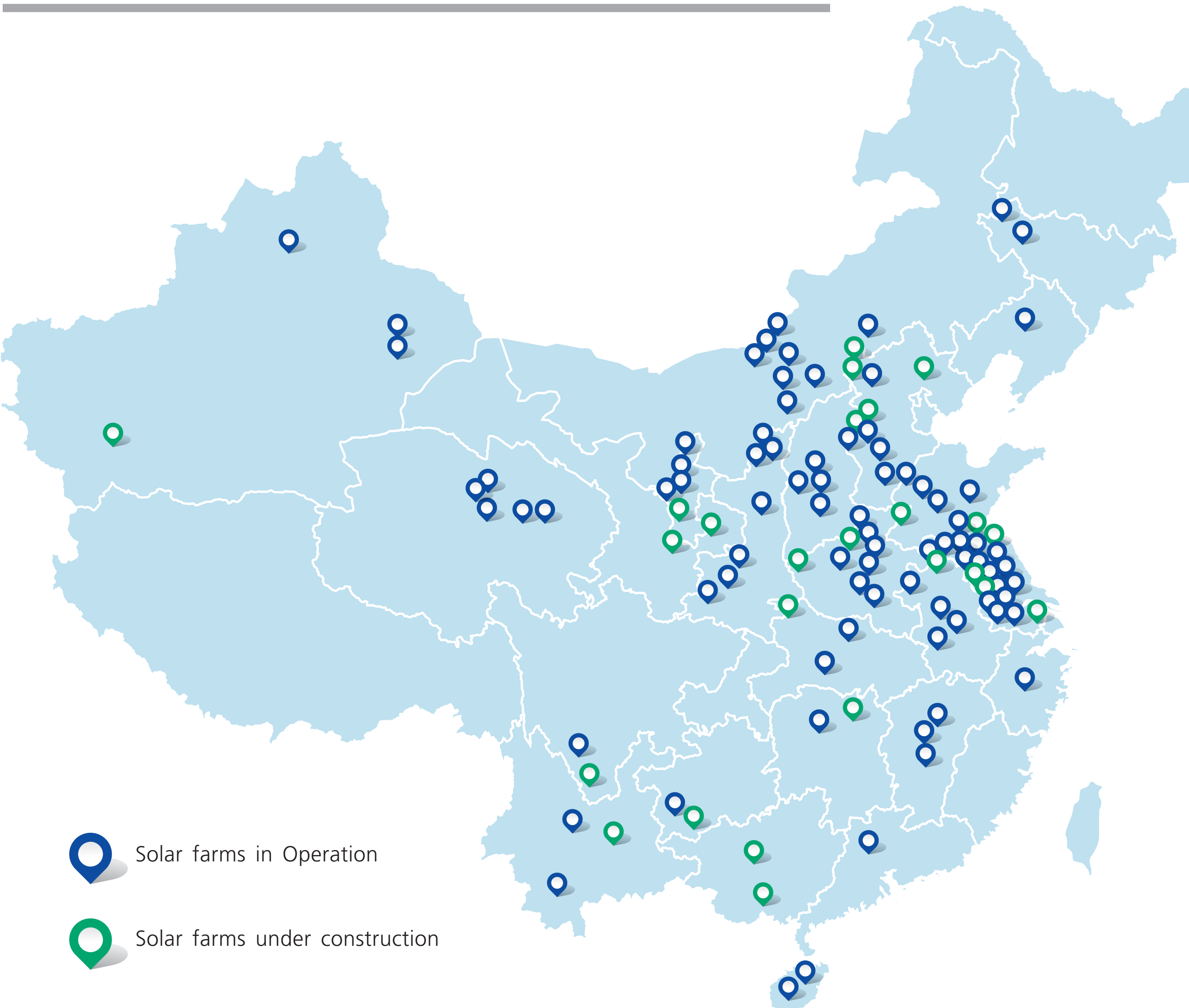
Lastly, on behalf of the management of GCL New Energy, I would like to express sincere gratitude to the Board and Shareholders for their continuous support, and for the ongoing contributions of our colleagues for during the year.

SUN Xingping
President

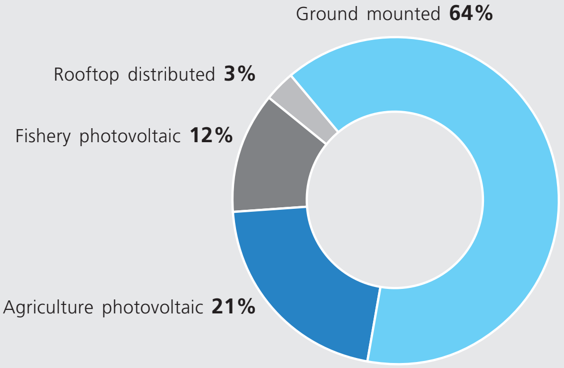
29 March 2017

Projects Overview in China

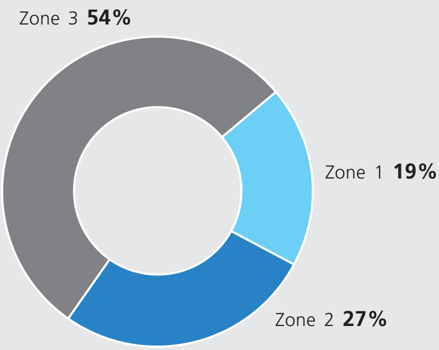
As of 31 December 2016, GCL New Energy operated 87 solar power plants in China with total capacity of 3,511MW, spanning across 22 provinces.



Capacity by Project Type



Capacity by Regional Zones



Overview

On 30 December 2016, the Group entered into a sale and purchase agreement to dispose of entire interest in PCB Business (i.e. the "Disposal"). The Disposal was approved by the shareholders in a special general meeting on 13 February 2017. The completion of the Disposal was subject to the fulfilment of certain conditions precedent as set out in the sale and purchase agreement. As the Group will cease to carry on PCB Business and expected the Disposal will be completed within coming several months, its operating result was classified as discontinued operations and the comparative figures have been restated accordingly. The Disposal enables the Group to focus its resources on the development of Solar Energy Business.

For the year ended 31 December 2016, the revenue of the Group amounted to RMB2,246 million, representing an increase of 226% as compared to RMB688 million for the same period last year. Profit attributable to owners of the Company from continuing operations amounted to RMB299 million (Year ended 31 December 2015: RMB76 million). The profit/(loss) attributable to owners of the Company during the year ended 31 December 2016 and 31 December 2015 was as follows:

	2016 RMB million	2015 RMB million
Continuing operations ("Solar Energy Business")	**299**	76
Discontinued operations ("PCB Business")	**(169)**	(91)
Profit/(loss) for the year	**130**	(15)

The significant improvement of the results in the Solar Energy Business during the year was mainly attributable to:

1. The increase in the generation volume of electricity of the solar power plants by 220% from approximately 870 million kWh in 2015 to approximately 2,790 million kWh in 2016. The total installed capacity was increased by 114% from 1,640 MW in 2015 to 3,516 MW in 2016.

2. The drop in average operating and maintenance cost from approximately RMB0.08 per watt in 2015 to RMB0.06 per watt in 2016 as a result of cost control measurement and economic of scale.

3. A bargain purchase on business combinations of approximately RMB67 million was recorded as a result of business combinations.

4. The decrease in amortization of share-based payment expenses from RMB136 million for the year ended 31 December 2015 to RMB71 million for the year ended 31 December 2016.

5. The increase in profit was partly offset by the increase in finance costs which is in line with business expansion and the loss on change in fair value on convertible bonds.

Business Review

Our Capacity

During the year ended 31 December 2016, the Group continued to expand Solar Energy Business through joint development, acquisition and in-house development.

	As at 31 December			
	2016		2015	
Development Type	**No. of solar power plants**	**MW**	No. of solar power plants	MW
Joint development	**43**	**1,831**	28	1,170
Acquisition	**16**	**570**	6	300
In-house development	**31**	**1,115**	7	170
Total	**90**	**3,516**	41	1,640

Electricity Generation

As at 31 December 2016, the aggregated installed capacity of the 90 grid-connected solar power plants of the Group (31 December 2015: 41) increased by 114% to 3,516MW (31 December 2015: 1,640MW). Details of the electricity sales volume and revenue for the year ended 31 December 2016 are set out below.

	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity(1) (MW)	Grid-connected Capacity(1) (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB million)
Subsidiaries							
Inner Mongolia	1	8	326	327(2)	452	0.77	348
Ningxia	1	4	150	150	205	0.74	152
Qinghai	1	3	100	107(2)	118	0.91	108(5)
Xinjiang	1	2	80	81(2)	82	0.69	57
Sub-total	Zone 1	17	656	665	857	0.78	665
Shaanxi	2	7	590	466	308	0.78	240
Hebei	2	1	85	89(2)	133	1.03	137
Qinghai	2	2	80	80	80	0.79	63
Yunnan	2	2	80	71	84	0.73	61
Sichuan	2	1	50	50	20	0.80	16
Jilin	2	2	25	25	15	0.80	12
Liaoning	2	1	20	7	—	—	—
Sub-total	Zone 2	16	930	788	640	0.83	529
Henan	3	7	325	287	153	0.84	128
Jiangsu	3	15	314	261	237	0.87	206
Hebei	3	4	137	139	126	1.02	128
Anhui	3	6	230	228	136	0.85	116
Hubei	3	2	216	219(2)	125	0.92	115
Shanxi	3	5	180	161	222	0.85	189
Jiangxi	3	3	120	121(2)	67	0.86	57
Shandong	3	4	115	116(2)	87	1.00	87
Guangdong	3	1	100	2	—	—	—
Hainan	3	2	50	50	66	0.87	57
Hunan	3	1	60	45	2	0.90	2
Guizhou	3	1	30	5	—	—	—
Zhejiang	3	2	23	21	20	0.95	19
Sub-total	Zone 3	53	1,900	1,655	1,241	0.89	1,104
Total of subsidiaries		86	3,486	3,108	2,738	0.84	2,298
Joint ventures(4)							
PRC	2	1	25	25	46	0.85	40(5)
Overseas	—	3	5	5	6	2.21	12
Total		**90**	**3,516**	**3,138**	**2,790**	**0.84**	**2,350**

Representing:	
Electricity sales	742
Tariff adjustment — government subsidies received and receivable	1,556
	2,298
Less: effect of discounting tariff adjustment receivables to present value(3)	(52)
Total revenue of the Group	2,246

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

(2) The grid-connected capacity of some projects are larger than its installed capacity as approved by the local government.

(3) Certain portion of the tariff adjustment (government subsidies) receivables will be recovered after twelve months from the reporting date. The tariff adjustment receivables are discounted at an effective interest rate of 2.65% per annum.

(4) Revenue from joint venture solar power plants was accounted for under "Share of Profits of Joint Ventures" in the consolidated statement of profit and loss and other comprehensive income.

(5) In 2016, the Group further acquired the interest in one of the joint venture, 海南州世能光伏發電有限公司, which became a subsidiary of the Group.

Most of the solar power plants of the Group are located in China and almost all of the revenue is obtained from the subsidiaries of State Grid. The State Grid is a State-owned enterprise in China, which possesses low default risk. Therefore, the Directors considered that the credit risk was minimal and no provision for impairment was considered necessary for the year ended 31 December 2016 and 2015.

Financial Review

Upon the fulfillment of the condition precedents for the Disposal, the Group will retain one single reportable segment which is the Solar Energy Business. PCB Business is classified as discontinued operations. The following table sets forth the financial highlight of the Group's profit from continuing operations — Solar Energy Business:

	2016 RMB million	2015 RMB million	**% of changes**
Revenue	**2,298**	688	234%
Effect of discounting tariff adjustment receivables (government subsidies)	**(52)**	—	N/A
Revenue, after discounting	**2,246**	688	226%
Gross profit	**1,571**	496	217%
Adjusted EBIT*	**1,341**	264	408%
Adjusted EBITDA*	**1,901**	417	356%
Profit for the year from continuing operations	**309**	76	307%

* Adjusted EBIT is defined as earnings before finance costs, taxation and non-recurring items including changes in fair value on convertible bonds, bargain purchase from business combination and commission income on modules procurement, while adjusted EBITDA also excludes depreciation allowance.

Revenue

During the year ended 31 December 2016, the revenue of the Group mainly comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB2,246 million (2015: RMB688 million), net of effect of discounting the tariff receivables to its present value of approximately RMB52 million (2015: Nil). The significant increase in revenue was mainly attributable to the increase in sales of electricity of the solar power plants by 220% as a result of intensive developments and acquisitions of solar power plants in 2016 and full year operation for those solar power plants achieving on-grid connection in the fourth quarter of 2015. The average tariff (net of tax) was approximately RMB0.84/kWh (2015: RMB0.84/kWh). Majority of our power plants get grid-connected before 30 June 2016 which can enjoy prior year tariff. Thus, the impact on tariff cut in 2016 did not materially affect the average tariff price for 2016 when compared with same period last year.

In terms of revenue generated by tariff zone, for the year ended 31 December 2016, approximately 29%, 23% and 48% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2015: zone 1 of 48%, zone 2 of 13% and zone 3 of 39%). During 2016, the Group focused more on developing solar power plants in well-developed areas with strong domestic power demand (ie zone 2 and zone 3) to minimize the grid curtailment risk in zone 1 area. For the year ended 31 December 2016, approximately 9% (2015: 14%) of total revenue was generated from high grid curtailment area.

Gross Profit

The Group's gross margin for the year ended 31 December 2016 was 70.0%, as compared to 72.1% for the year ended 31 December 2015. The decrease in gross margin was mainly due to 1) effect from discounting tariff adjustment to its present value, the impact of which is not significant in 2015; 2) the impact of grid curtailment in early 2016 and 3) the drop in revenue caused by lower solar radiation due to smog in late 2016.

Other Income

During the year ended 31 December 2016, other income mainly included interest income from other loan receivables of RMB42 million (2015: RMB18 million), management services income for managing and operating solar power plants owned by the parent company, GCL-Poly, of RMB43 million (2015: RMB33 million), bank interest income of RMB26 million (2015: RMB8 million) and consultancy fees for design and planning for constructing solar power plants of RMB18 million (2015: RMB82 million).

Administrative Expenses

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses increased by 31% to RMB371 million for the year ended 31 December 2016 from RMB283 million in the year ended 31 December 2015. The increase in administrative expenses was mainly due to the increase in salaries expenses driven by the expansion of Solar Energy Business, but thanks to achieving economic of scale the percentage of increase in administrative expenses was much lower than the surge in revenue by 226%.

Share-based Payment Expenses

Share-based payment expenses amounted to RMB71 million for the year ended 31 December 2016 (2015: RMB136 million). The amount represented the share option expenses arising from granting 536,840,000 share options and 473,460,000 share options on 23 October 2014 and 24 July 2015, respectively, under the Company's share option scheme. The decrease was due to drop in the amortization charged according to the shares vesting schedule.

(Loss) gain on change in fair value of convertible bonds

During the year ended 31 December 2016, the Group recognised a fair value loss of approximately RMB175 million (2015: fair value gain of RMB29 million) as a result of subsequent re-measurement of the fair value of the convertible bond of a nominal value of HK$775 million (equivalent to approximately RMB693 million) and HK$200 million (equivalent to approximately RMB179 million) issued on 27 May 2015 and 20 July 2015 respectively. The loss is mainly attributable to the changes in the parameter in the valuation model, such as decrease in discount rate, conversion price and closer to the maturity date, resulting in the increase in the fair value of the convertible bonds. The fair value of the convertible bonds were based on a valuation report issued by an independent and professional qualified valuer.

Other expenses, gains and losses, net

During the year ended 31 December 2016, the net gain amounted to RMB45 million (2015: RMB32 million). The increase in net gain was contributed by the increase in exchange gain from RMB32 million for the year ended 31 December 2015 to RMB43 million for the year ended 31 December 2016. The exchange gain was mainly attributable to the appreciation of HKD and USD deposits, as well as exchange gain arising from investment in Japan.

Bargain purchase on business combination

During the year ended 31 December 2016, the Group recognised a bargain purchase as the consideration paid by the Group was less than the fair value of the solar power plants acquired from an independent third party. The fair value was assessed by an independent professional valuer using an estimated discounted cashflows generated by the solar power plant, exceeded the total consideration paid.

Adjusted Net Margin, Adjusted EBITDA and Adjusted EBITDA margin

	2016 RMB million	2015 RMB million
For the year ended 31 December:		
Profit for the year from continuing operations	**309**	76
Less: non-operating or non-recurring items:		
Changes in fair value on convertible bonds	**175**	(29)
Bargain purchase from business combination	**(67)**	(22)
Commission income on modules procurement	**—**	(89)
Adjusted net margin (loss)	**417**	(64)
Adjusted net margin ratio	**18.6%**	(9.3)%
Less:		
Finance costs	**966**	322
Income tax (credit)/expenses	**(42)**	6
Adjusted EBIT	**1,341**	264
Adjusted EBIT margin	**59.7%**	38.4%
Less:		
Depreciation allowance	**560**	153
Adjusted EBITDA	**1,901**	417
Adjusted EBITDA margin	**84.6%**	60.6%

As a result of continued growth of Solar Energy Business, the Group can enjoy economies of scale, thereby lowering the average costs per unit of power generated. Thus, the adjusted EBITDA margin for Solar Energy Business increased from 60.6% for the year ended 31 December 2015 to 84.6% for the year ended 31 December 2016. The average cost of operating and maintenance costs dropped from RMB0.08 per watt in 2015 to RMB0.06 per watt in 2016.

Finance Costs

	For the year ended 31 December	
	2016	2015
	RMB million	RMB million
Total borrowing costs	**1,235**	461
Less: Interest capitalised	**(269)**	(139)
	966	322

Finance costs amounting to RMB1,235 million for the year ended 31 December 2016 (2015: RMB461 million) represented an increase of 168% compared with the year ended 31 December 2015. The increase was mainly due to the significant increase in average bank borrowing balance as a result of the capital expenditure incurred by the Solar Energy Business, which is capital intensive and high gearing in nature. The interest rates were ranging from 2.6% to 11.45% for the Reporting Period (2015: 4.6% to 11.45%).

Although the total finance costs increased, the average borrowing interest rate was gradually decreasing from 7.7% in 2015 to 7.3% in 2016. The decrease was mainly due to the drawn down of low-cost long term project loans and long term finance leases financing to replace high cost short-term bridge loans.

Income Tax (Credit) Expense

Income tax credit for the year ended 31 December 2016 was RMB42 million as compared to income tax expense RMB6 million for the year ended 31 December 2015. The income tax credit for the current year is mainly attributable to deferred tax asset recognized as a result of the increase in unrealized profit of intercompany modules sales transactions caused by our rapid expansion. Most of our solar power plants are exempted from the PRC income tax for three years starting from the first year when the solar power plants operate and generate taxable income, followed by 50% reduction for the next three years.

Discontinued Operations

The Group entered into a sale and purchase agreement on 30 December 2016 to dispose of the entire interest in the PCB Business. The Disposal was subsequently approved by the Shareholders on 13 February 2017. Accordingly, the Group's PCB Business will cease in the coming several months and the results were classified as discontinued operations. The loss for the discontinued operations during the current reporting year was RMB169 million against the loss of RMB91 million for the year ended 31 December 2015. The significant increase in the loss was mainly due to the loss arising from the fair value less the consideration, amounting to approximately RMB184 million as a result of the Disposal.

Profit (loss) Attributable to Owners of the Company

The Group recorded a profit attributable to the owners of the Company from continuing operations of RMB299 million for the year ended 31 December 2016 (2015: RMB76 million).

The Group recorded a loss attributable to the owners of the Company from discontinued operations (i.e. PCB Business) of RMB169 million for the year ended 31 December 2016 (2015: RMB91 million).

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 December 2016 (2015: Nil).

Property, Plant and Equipment

Property, plant and equipment increased significantly from RMB14,194 million as at 31 December 2015 to RMB26,755 million as at 31 December 2016. This is mainly attributable to the increase in solar power plant assets contributed by the Solar Energy Business. The total installed capacity was increased from 1,585 MW in 2015 to 3,486 MW in 2016.

Deposits, Prepayment and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets mainly included approximately RMB2,114 million for refundable value-added tax, approximately RMB660 million deposits paid for EPC contracts and constructions and approximately RMB250 million of tariff adjustments (i.e. the government subsidies) expected to be received after twelve months. The amounts increased from RMB2,355 million as of 31 December 2015 to RMB3,372 million as of 31 December 2016. The increase was mainly attributable to the increase in refundable value-added tax arising from purchase of materials for construction of solar power plants as a result of business expansion.

Trade and Other Receivables

Trade and other receivables increased from RMB3,151 million as of 31 December 2015 to RMB3,386 million as of 31 December 2016. The increase was mainly due to combined effect of increase in current portion of trade receivables of RMB1,341 million and decrease in receivables for modules procurement of RMB799 million. The trade and other receivables included approximately RMB1,866 million tariff adjustments expected to be received in twelve months, for which approximately RMB702 million was registered to 6th batch or before of Catalogue while approximately RMB1,164 million will be registered to the 7th batch of Catalogue.

Trade and Other Payables

Trade and other payables increased from RMB7,100 million as of 31 December 2015 to RMB11,394 million as of 31 December 2016. As a significant amount of solar power plant projects was developed during the year, bills payable and other payables related to purchase of plant and machinery and construction of solar power plants have increased from RMB986 million and RMB4,095 million as of 31 December 2015 to RMB2,208 million and RMB8,315 million as of 31 December 2016 respectively.

Liquidity and Financial Resources

The Group adopts a prudent treasury management policy to maintain sufficient working capital to cope with daily operations and meet our future development demands for capital. The funding for all its operations has been centrally reviewed and monitored at the Group level. The indebtedness of the Group mainly comprises bank and other borrowings, obligations under finance leases and loans from fellow subsidiaries, bonds payable, convertible bonds and loan from a shareholder of a subsidiary. The cash flow activities for the Group are summarised as follows:

	2016 RMB million	2015 RMB million
Net cash from operating activities	450	35
Net cash used in investing activities	(9,714)	(9,181)
Net cash generated from financing activities	11,155	10,479

The net cash from operating activities during the year ended 31 December 2016 was RMB450 million which was mainly attributable to the cash received from electricity sales and modules procurement.

The net cash used in investing activities during the year ended 31 December 2016 primarily arose from payments and deposit paid for the acquisition and development of solar power plant projects.

For the year ended 31 December 2016, the Group's main sources of funding were cash generated from financing activities totalling RMB11,155 million including newly raised bank and other borrowings of RMB15,163 million, issuance of perpetual notes of RMB1,800 million and the net proceeds from Rights Issue of RMB1,941 million. The repayment of bank loans and other borrowings amounted to RMB6,383 million.

Indebtedness and gearing ratio

Solar Energy Business is a capital intensive industry. The business requires substantial capital investments for developing and constructing solar power plants. Thus, the average gearing ratio for the solar energy industry is relatively high. The Group normally funds the capital expenditure for building solar power plants by bridge financing mainly long term finance leases and equity, whereas most of the long term bank loans from domestic banks are only available for repayment of high-cost bridging finance after grid connection.

Once the construction of solar power plants is completed and connected to the grid, the plants will generate steady cashflow to the Group. In view of this relatively low risk characteristics of solar power plants, domestic banks generally provide long-term bank loans of 10 to 15 years at relatively low interest rates, and finance 70% to 80% of the total capital expenditures after its completion. Thus, the average gearing ratio for the solar energy industry is relatively high.

In order to manage the gearing ratio of the Group, the Group completed a rights issue for a net proceeds of RMB1,941 million in February 2016. In November 2016, the Group entered into an agreement for issuing RMB1,800 million perpetual notes to certain subsidiaries of GCL-Poly, the parent company of the Group. The perpetual notes have no maturity date and classified as equity instruments of the Group. As a result, the gearing ratio dropped from 89.6% in 2015 to 84.5% in 2016.

Because of the nature of the solar energy industry in the PRC, the Group was in net current liabilities position of approximately RMB7,278 million as at 31 December 2016. In July and December 2016, the Group proposed an issuance of non-public corporate bonds and green bonds to qualifying investors in China with the maximum principal amount of RMB2,000 million and RMB1,750 million respectively, both of which are fully underwritten and have a term of up to 3 years. The Group has received no-objection letters from the SHSE and SZSE respectively in relation to these issues. Also, the Group is considering different long-term financing strategy such as asset-light business model through off-balance sheet financing and introduction of equity investors on solar power plants level to address the net current liabilities position of the Group.

The Group monitors capital on the basis of two gearing ratios. The first ratio is calculated as net debts divided by total equity and second ratio is calculated as total liabilities divided by total assets. The gearing ratio as at 31 December 2016 and 2015 were as follows:

	31 December 2016 RMB million	31 December 2015 RMB million
Non-current indebtedness		
Bank and other borrowings	**16,153**	7,393
Obligations under finance leases	**—**	47
Convertible bonds	**858**	733
	17,011	8,173
Current indebtedness		
Loan from a shareholder	**—**	17
Loans from fellow subsidiaries	**676**	629
Bank and other borrowings	**4,948**	4,467
Obligations under finance leases	**—**	48
Bonds payable	**—**	360
	5,624	5,521
Indebtedness for discontinued operations		
Loan from a shareholder	**18**	—
Bank borrowings — due within one year	**181**	—
Obligations under finance leases — due within one year	**39**	—
Obligations under finance leases — due after one year	**27**	—
	265	—
Total indebtedness	**22,900**	13,694
Less: cash and cash equivalents — continuing operations	**(3,826)**	(1,965)
— discontinued operations	**(27)**	—
Net debts	**19,047**	11,729
Total equity	**6,420**	2,442
Net debts to total equity	**297%**	480%
Total liabilities	**35,059**	21,060
Total assets	**41,478**	23,502
Total liabilities to total assets	**84.5%**	89.6%

The Group's banking and other facilities were summarised as follows:

	31 December 2016 RMB million	31 December 2015 RMB million
Total banking and other facilities granted	23,398	12,933
Facilities utilised	(21,313)	(11,860)
Available facilities	2,085	1,073

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

	31 December 2016 RMB million	31 December 2015 RMB million
Renminbi ("RMB")	21,628	12,924
Hong Kong dollars ("HK$")	876	759
United States dollars ("US$")	396	11
	22,900	13,694

Use of Proceeds

The Company conducted below fund raising activities during the year ended 31 December 2016:

Date of announcement/ prospectus	Events	Net proceeds and intended use	Actual use of proceeds
6 January 2016 and 2 February 2016	Issuance of 5,201,922,393 rights shares at HK$0.45 per rights share	The net proceeds of approximately RMB1,941 million were intended to be applied as follows: (i) approximately RMB1,014 million for project developments; (ii) approximately RMB754 million for reducing its indebtedness; and (iii) approximately RMB173 million for its general working capital.	All the net proceeds were utilized as intended.
18 November 2016	Issuance of RMB1,800 million perpetual notes	The net proceeds of RMB1,800 million were intended to be applied as follows: (i) approximately RMB700 million for projects developments; and (ii) approximately RMB1,100 million for reducing its indebtedness.	Approximately RMB400 million was used for projects developments; and approximately RMB800 million was used for reducing indebtedness. The unused proceeds will be used as intended.

Foreign Currency Risk

Almost all of the solar power plants are located in China, so most of the revenue, expenses, assets and liabilities are denominated in RMB. On the other hand, HK$ and US$ denominated loans, were mainly used for development of overseas markets, and as a result a natural hedge was formed, and the Group considered that the foreign currency risk is minimal.

For the year ended 31 December 2016, the Group did not purchase any foreign currency derivatives or related hedging instruments. However, management will closely monitor the foreign exchange risk profile and will consider hedging significant foreign currency exposure should the need arises.

Pledge of Assets

As at 31 December 2016, the following assets were pledged for bank and other facilities of RMB23,398 million (31 December 2015: RMB12,933 million) granted to the Group:

- property, plant and equipment of RMB15,619 million (31 December 2015: RMB6,348 million);
- prepaid lease payments of RMB6 million (31 December 2015: RMB6 million);
- bank and other deposits of RMB2,276 million (31 December 2015: RMB952 million); and
- rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2016, the trade receivables of those subsidiaries amounted to RMB1,860 million (31 December 2015: RMB144 million).

At 31 December 2016, the Group's property, plant and equipment with a net book amount of RMB124 million (31 December 2015: RMB146 million) were pledged as security for obligations under finance leases of the Group amounting to RMB66 million (31 December 2015: RMB95 million).

Contingent Liabilities

The Group did not have any other significant contingent liabilities as at 31 December 2016.

Capital Commitments

As at 31 December 2016, the Group's capital commitments in respect of construction commitments related to solar power plants, purchase of machinery and leasehold improvements and share capital commitment to a joint venture contracted for but not provided amounted to approximately RMB4,441 million, RMB6 million and nil, respectively (31 December 2015: RMB4,847 million, RMB16 million and RMB36 million, respectively).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

For the year ended 31 December 2016, the Group acquired nine subsidiaries which are engaged in solar power plant business at a total consideration of RMB121 million. The construction of the respective solar power plant projects for the acquired subsidiaries are either close to completion or have been completed as at the date of respective acquisitions. Thus, the acquisitions are classified as business combination.

On 30 December 2016, the Group entered into a sale and purchase agreement to dispose of the entire interest in Printed Circuit Board Business for a consideration of a fixed price of HK$250 million, equivalent to approximately RMB224 million plus, as the case may be, adjustment amounts pursuant to the sale and purchase agreement.

Save as disclosed above, there were no other significant investments during the year ended 31 December 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 year ended 31 December 2016.

Employee and Remuneration Policies

We consider our employees to be our most important resource. As at 31 December 2016, the Group had approximately 6,509 employees (31 December 2015: 5,795) in Hong Kong, the PRC and overseas, for which 4,130 employees (31 December 2015: 4,298) are from discontinued operations. 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.

Events after the Reporting Period

1. Disposal of PCB Business

   On 30 December 2016, the Group entered into a sale and purchase agreement to dispose of the entire interest in PCB Business. The Disposal was approved by the Shareholders in a special general meeting on 13 February 2017. As at the date of this report, the Disposal was not yet completed and subject to the fulfilment of certain conditions precedent.

2. Agreements with 信達金融租賃有限公司 (“Cinda Financial Leasing”)

   On 19 January 2017, the Group entered into certain agreements regarding a sales and leaseback arrangement with Cinda Financial Leasing. The Group sold to Cinda Financial Leasing certain equipment at a consideration of RMB504,523,164 and leased back the equipment for a term of 8 years at an estimated rent of RMB538,005,073. In addition, the Group will pay Cinda Financial Leasing a finance lease service fee of RMB21,072,000.

3. Proposed non-public issuance of green bonds by Suzhou GCL New Energy Investment Company Limited

   On 27 February 2017, the Group received no-objection letter from the Shenzhen Stock Exchange in relation to an issuance of non-public green bonds to qualifying investors for a maximum principal amount of RMB1,750,000,000 which were fully underwritten and shall have a term of up to 3 years and outstanding for issuance as at the date of this report.

4. Modules Purchase agreement with 江陰海潤太陽能電力有限公司 ("Jiangyin Hareon")

   On 2 March 2017, Nanjing GCL New Energy, as customer, and Jiangyin Hareon, a third party supplier, entered into a 100MW module purchase agreement for the supply and purchase of 100MW solar modules for Nanjing GCL New Energy's photovoltaic power station projects located in Anhui, Guizhou, Liaoning, Jiangsu, Shandong, Shaanxi, Shanghai, Gansu, and Guangxi in the PRC at a consideration of RMB320,000,000.

5. Formation of joint venture with GCL System Integration (Suzhou) Limited* (協鑫集成科技（蘇州）有限公司)

   On 3 March 2017, Suzhou GCL New Energy Development Company Limited* (蘇州協鑫新能源發展有限公司), a subsidiary of the Group and GCL System Integration (Suzhou) Limited* (協鑫集成科技（蘇州）有限公司), a subsidiary of GCL System Integration Technology Co., Ltd. (協鑫集成科技股份有限公司)) , entered into the joint venture agreement, pursuant to which the parties agreed to establish the JV Company in the PRC.

   Pursuant to the JV agreement, Suzhou GCL New Energy Development Company Limited and GCL System Integration (Suzhou) Limited agreed to invest RMB102,000,000 and RMB98,000,000 respectively into the JV Company, and will each hold 51% and 49% of the equity interests in the JV Company respectively. The JV Company's scope of business will cover the development, investment, construction and sale of photovoltaic power station projects; photovoltaic power technology consulting services; and procurement of photovoltaic materials and equipment.

   GCL System Integration Technology Co., Ltd. is a company incorporated in the PRC with its shares listed on the Small and Medium Enterprise Board of the SZSE with stock code 2506. As at 3 March 2017, approximately 22.40% and 28.19% of the issued shares in GCL System Integration Technology Co., Ltd. is held by the Zhu Family Trust and Mr. Zhu Yufeng, respectively.

Risk Factors and Risk Management

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

Policy risk

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

Grid curtailment risk

As impacted by economic slowdown, structural changes in the economy, and the implementation of energy conservation policy, China has experienced a mild rise in electricity consumption. With the growth in power generating capacity outpaced electricity consumption growth, it has led to utilization decline for power generating capacity across the country since 2014. Although solar power has a higher dispatch priority over conventional power generation in China, given electricity generated from areas with rich solar energy resources cannot be fully consumed in the provinces, and the excess electricity cannot be transmitted to other regions with higher power demand given limited power transmission capacity, grid curtailment has become an issue with high degree of concern for solar power. In this regard, the Group mainly focuses on developing solar power projects in regions with well-developed inter-provincial power transmission network or with strong domestic power demand, particularly in Zone 2 and 3, hence, minimizing grid curtailment risk. 9% revenue generated in high curtailment area.

Risk associated with tariff

Power tariff is one of the key earning drivers for the company. Any adjustment in tariff might have an impact on the profitability of new solar power projects. Given China's NDRC targets to accelerate the technology development for solar power industry in order to bring down development costs, hence, lowering solar power tariff to the level of coal-fired power by near future, the government subsidy for solar power industry will finally be faded out. To minimize this risk, the Company will continue to expedite technology development and implement cost control measures in order to lower development and operating costs.

Risk related to high gearing ratio

Solar power generating business is a capital intensive industry, which highly relies on external financing in order to fund construction of solar power plants. To cope with the gearing risk, the Group mainly uses long-term finance lease as opposed to short-term financing to fund construction before obtaining low cost long-term bank loans. In addition, the Company is pursuing an asset light model by selling the majority stake of some solar-farms, thereby lowing its gearing level to 80–85%.

Risk related to interest rate

Given that our company highly relies on financing with costs based on PBOC rates, any interest rate changes affect the Company's capital expenditure and finance expenses. Because of this, we are pursuing an asset light model to reduce debts and the impact from interest rate changes.

Our Directors

Executive Directors

ZHU Yufeng *(Chairman)*

Aged 35, an executive Director and the chairman of the Board appointed on 11 December 2015 and joined the Board on 9 February 2015 as a non-executive Director and vice chairman of the Board. Mr. Zhu Yufeng is also the chairman of the Nomination Committee, the Strategic Planning Committee, the Investment Committee and the Corporate Governance Committee, a member of the Remuneration Committee and a director of several subsidiaries of the Company.

Mr. Zhu Yufeng has been appointed as the vice chairman of Golden Concord with effect from 3 June 2016. Mr. Zhu Yufeng previously served as a senior executive president of Golden Concord from December 2015 to 2 June 2016, a senior vice executive president of Golden Concord from 3 December 2014 to November 2015 and also an executive president of Golden Concord during the period from 13 May 2012 to 2 December 2014. Since 21 September 2009, Mr. Zhu Yufeng became an executive director of GCL-Poly. He is also a member of the remuneration committee of GCL-Poly. Mr. Zhu Yufeng was a general manager of a power enterprise. He is sophisticated in managing power plants. Mr. Zhu Yufeng also has years of experience working in electricity conglomerate, specializing in the area of integration management such as human resources, administration, supply chain and enterprises informatization etc. Mr. Zhu Yufeng graduated from George Brown College (Business Administration Faculty) in 2005.

As at 31 December 2016, Mr. Zhu Yufeng and his family are the beneficiaries of a discretionary trust, which is a substantial shareholder of GCL-Poly. Mr. Zhu Yufeng was deemed to have interests in 6,370,388,156 shares of GCL-Poly held through trust and 2,517,925 share options in GCL-Poly within the meaning of Part XV of the SFO.

SUN Xingping *(President)*

Aged 53, an executive Director appointed on 22 April 2015 and the president of the Company appointed on 26 June 2015. Mr. Sun is the vice-chairman of the Investment Committee, a member of both the Strategic Planning Committee and Corporate Governance Committee. Mr. Sun is also a director of several subsidiaries of the Company.

Mr. Sun has been the president of Golden Concord Power Group Limited since 2013, the vice president of Golden Concord since 2011, and the director of Taicang Port Golden Concord Power Generation Co. Ltd. (previously known as "Taicang Port Environmental Protection Generate Electricity Co. Ltd.") since 2009. Mr. Sun was the general manager from 2007 to April 2015; the deputy general manager and chief engineer from 2005 to 2007; the power plant manager (plant B) and assistant to commander of the engineering department and deputy chief engineer, and then deputy general manager (alternate) from 2004 to 2005 for Taicang Port Golden Concord Power Generation Co. Ltd.. From 2001 to 2004, Mr. Sun was the deputy general manager and chief engineer of Jiangsu Xutang Power Generation Limited. From 1990 to 2001, Mr. Sun had been the deputy chief officer of turbine operation, chief officer of turbine operation, deputy chief engineer and division manager of production and planning department, and the chief engineer of Xuzhou Power Plant.

HU Xiaoyan

Aged 45, is the executive Director appointed on 9 May 2014. Ms. Hu is a director of several subsidiaries of the Company. Ms. Hu also serves as the vice-chairman of the Investment Committee and a member of both the Strategic Planning Committee and the Corporate Governance Committee. Ms. Hu joined GCL-Poly in September 2007 and is currently serving as the vice president of GCL-Poly, responsible for strategic investment, operation management and asset management. Ms. Hu has extensive experience in corporate finance, internal audit, internal control, risk management, strategic investment and corporate governance. Ms. Hu obtained a Master degree in Business Administration from the China Europe International Business School in September 2008.

TONG Wan Sze

Aged 49, an executive Director appointed on 11 December 2015 and joined the Group as the chief financial officer of the Company on 14 July 2015. Mr. Tong is also a member of both the Investment Committee and the Corporate Governance Committee and a director of several subsidiaries of the Company.

Mr. Tong has over 25 years of experience in overseeing financial management, merger and acquisition, investor relations and company secretarial matters. Before joining the Company, Mr. Tong was the chief financial officer, financial controller and company secretary of several companies listed on the Main Board of The Stock Exchange and was an auditor at Deloitte Touche Tohmatsu. Mr. Tong was an independent non-executive director and the chairman of the audit committee of Union Asia Enterprise Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8173) from December 2010 to July 2016. Mr. Tong is a Fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tong has obtained a Master degree in Business Administration from the University of Strathclyde in the United Kingdom. Mr. Tong is responsible for the financial control, corporate finance, investment, investor relations, tax and risk management of the Company and its subsidiaries.

Non-Executive Directors

SUN Wei

Aged 45, is the non-executive Director appointed on 9 May 2014. Ms. Sun is also a member of both the Remuneration Committee and the Strategic Planning Committee. Ms. Sun has been an executive director of GCL-Poly since 9 September 2016. She was an executive director of GCL-Poly from October 2007 to 23 January 2015 and then continued to serve GCL-Poly as the honorary chairman of the Finance and Strategy Function. Ms. Sun ceased to act as the honorary chairman of the Finance and Strategy Function of GCL-Poly after her appointment as an executive director of GCL-Poly on 9 September 2016. Ms. Sun is currently the vice chairman of Golden Concord, the chairman of the board of GCL Financial (Group) Holding Co., Ltd. as well as the vice director of China Hong Kong Economic Trading International Association. Ms. Sun was a non-executive director of Asia Energy Logistics Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 351) from 26 January 2010 to 31 August 2016 and a non-independent director and a member of the nomination committee of GCL System Integration Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002506) from 10 February 2015 to 2 December 2016. Ms. Sun has over 20 years of experience in power plant investment and management, corporate finance, financial strategy and management experience. Ms. Sun obtained a degree of Doctor of Philosophy in Business Administration in 2005.

SHA Hongqiu

Aged 58, is the non-executive Director appointed on 9 February 2015. Mr. Sha was an executive director and president of GCL-Poly since November 2006. Mr. Sha resigned as an executive director of GCL-Poly on 9 November 2012 and continued to serve as an executive president of GCL-Poly. Mr. Sha is currently responsible for the overall operation and management of GCL-Poly's solar power business. Mr. Sha has been awarded various titles, including the Outstanding Entrepreneur of Xuzhou* (徐州市優秀企業家) in 2000 and the Outstanding Enterprise Manager of Taicang* (太倉市優秀企業管理人才) in 2005. He graduated from the China University of Mining and Technology in 1986, majoring in enterprise management. Mr. Sha is a Senior Economist. Mr. Sha has over 15 years of experience in the operation and management of power plant.

YEUNG Man Chung, Charles

Aged 49, a non-executive Director appointed on 18 September 2015. Mr. Yeung is also a member of the Corporate Governance Committee. He is currently an executive director, the chief financial officer, the company secretary as well as a member of the nomination committee, corporate governance committee and strategy and investment committee of GCL-Poly. Mr. Yeung previously served as a partner of Deloitte Touche Tohmatsu and was a part-time member of the Central Policy Unit of the Government of Hong Kong Special Administrative Region. When Mr. Yeung left Deloitte Touche Tohmatsu in March 2014, he was the Head of Corporate Finance Advisory Services, Southern China. Mr. Yeung has a Bachelor of Business degree with major in accounting and he is also a member of The Hong Kong Institute of Certified Public Accountants and CPA Australia (formerly, the Australian Society of Certified Practising Accountants). Mr. Yeung has over 25 years of experience in accounting, auditing and financial management.

Independent Non-Executive Directors

WANG Bohua

Aged 64, an independent non-executive Director appointed on 9 May 2014. Mr. Wang is a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic Planning Committee. Mr. Wang was as an independent director of Shengyi Technology Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600183) since December 2012 and retired since April 2015. Mr. Wang served as the deputy inspector of the Department of Electronics and Information Products Administration of the PRC Ministry of Information Industry* (中華人民共和國信息產業部電子信息產品管理司) (now the PRC Ministry of Industry and Information Technology* (中華人民共和國工業和信息化部)) from July 2007 to July 2012. Mr. Wang served as a member of the Professional Appraisal Group for the Science and Technology Progress Award of the PRC Ministry of Electronics Industry* (中華人民共和國電子工業部科技進步獎) in December 1995. Mr. Wang was an expert for the review and appraisal of the 2002 National Key New Products* (2002年度國家重點新產品) administered by the Department of Technological Progress and Equipment of the State Economic and Trade Commission* (國家經濟貿易委員會技術進步與裝備司) in May 2002. Mr. Wang was elected as the vice president of the Fifth Council of China Electronic Production Equipment Industry Association* (中國電子專用設備工業協會) in October 2004. In November 2004, he further served as a member and deputy director of the Eighth Committee of the CIE Electronic Components Society* (中國電子學會元件分會) and the member of the Sixth Council of the Chinese Vacuum Society* (中國真空學會). Mr. Wang was awarded qualification as a senior engineer by the PRC Ministry of Electronics Industry in September 1997.

XU Songda

Aged 73, an independent non-executive Director appointed on 9 May 2014. Mr. Xu is a member of the Audit Committee, the Nomination Committee, the Strategic Planning Committee and the Corporate Governance Committee. From August 1969 to 1983, Mr. Xu worked at Nanjing Power Plant* (南京熱電廠), serving successively as its youth league secretary, deputy director and director. Mr. Xu then successively held the positions of the deputy director of Electric Power Industry Bureau of Jiangsu Province* (江蘇省電力工業局), the deputy general manager, the deputy party secretary and other positions at Jiangsu Provincial Power Company* (江蘇省電力公司) during 1983 to 2004. Mr. Xu graduated from the East China Institute of Water Conservancy* (華東水利學院) (now Hohai University) in August 1969 with a Bachelor's degree in agricultural water conservation. Mr. Xu was granted the qualification of a senior engineer by the jury of senior positions in engineering at Electric Power Industry Bureau of Jiangsu Province* (江蘇省電力工業局工程系列高級職務評審委員會) in December 1996. Mr. Xu was also granted the qualification of a senior engineer (professor level) by East China Power Group Corporation on 31 December 1997.

LEE Conway Kong Wai

Aged 62, is the independent non-executive Director appointed on 9 May 2014. Mr. Lee also serves as the chairman of both the Audit Committee and the Remuneration Committee and a member of the Corporate Governance Committee. Mr. Lee served as a partner of Ernst & Young. Mr. Lee has been a member of the Chinese People's Political Consultative Conference of Hunan Province in the PRC since 2008. Mr. Lee currently also serves as an independent non-executive director of Chaowei Power Holdings Limited (stock code: 951), West China Cement Limited (stock code: 2233), China Modern Dairy Holdings Ltd. (stock code: 1117), GOME Electrical Appliances Holding Limited (stock code: 493), Tibet Water Resources Ltd. (stock code: 1115), NVC Lighting Holding Limited (stock code: 2222), Yashili International Holdings Ltd (stock code: 1230), China Rundong Auto Group Limited (stock code: 1365) and WH Group Limited (stock code: 288), all being companies listed on the Main Board of the Stock Exchange, since June 2010, July 2010, October 2010, March 2011, March 2011, November 2012, November 2013, July 2014 and August 2014, respectively. Mr. Lee also served as an independent non-executive director of Sino Vanadium Inc. (a company previously listed on the TSX Venture Exchange in Canada, stock code: SVX) and China Taiping Insurance Holdings Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 966), a non-executive director and deputy chairman of China Environmental Technology and Bioenergy Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1237) and an independent non-executive director of CITIC Securities Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 6030) from September 2009 to December 2011, from October 2009 to August 2013, from July 2014 to September 2015 and from November 2011 to May 2016 respectively. Mr. Lee received a Bachelor's degree in arts from the Kingston University (formerly known as the Kingston Polytechnic) in London, the United Kingdom in July 1980 and obtained his postgraduate diploma in business from the Curtin University of Technology in Australia in February 1988. Mr. Lee became a member of the Institute of Chartered Accountants in England and Wales in October 2007, the Institute of Chartered Accountants in Australia and New Zealand (formerly, the Institute of Chartered Accountants in Australia) in December 1996, the Association of Chartered Certified Accountants in September 1983, the Hong Kong Institute of Certified Public Accountants in March 1984 and the Macau Society of Registered Accountants in July 1995.

WANG Yanguo

Aged 54, an independent non-executive Director appointed on 9 February 2015. Mr. Wang Yanguo is a member of both the Remuneration Committee and the Nomination Committee. Mr. Wang Yanguo graduated from the School of Economics of Peking University with a PhD degree, Master's degree and Bachelor's degree in Economics in 1999, 1988 and 1985 respectively. Mr. Wang Yanguo previously served as a teaching assistant, a lecturer and an associate professor at the School of Economics of Peking University during the period from 1988 to 1996. Mr. Wang Yanguo has extensive experience in securities and finance industries. Mr. Wang Yanguo has been the chairman of the board of Zhuhai Golden Bridge Capital Management Co., Ltd. since November 2014. Mr. Wang was the chairman of the board of Essence International Financial Holdings Limited from May 2009 to December 2014 and the member of the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC from April 2012 to July 2016. Mr. Wang Yanguo was the vice chairman of Essence Securities Co., Ltd. during the period from July 2013 to May 2014 and was the president from June 2006 to July 2013. Mr. Wang Yanguo was the president of Changjiang BNP Paribas Peregrine from 2005 to 2006 and was the president of Soochow Securities Co., Ltd (a company listed on the Shanghai Stock Exchange, stock code: 601555) from March 2002 to July 2005. Mr. Wang Yanguo also served for the CSRC from April 1996 to March 2002 as the deputy division head of Department of Dispatch, division head of Department of Fund, deputy director of Nanjing Office and deputy director of Shanghai Securities Regulatory Office.

CHEN Ying

Aged 39, is the independent non-executive Director appointed on 22 April 2015. She received a doctorate degree in management specialising in Management Science and Engineering from Nanjing University in 2006, and a master's degree in Finance in 2003 and a bachelor's degree in Economics in 2000 from Southeast University.

Dr. Chen is an associate professor of the School of Management, deputy director of the Venture Investment Research and Development Centre at the Nanjing University. Dr. Chen has been the deputy secretary general of the Capital Market Research Institute of Jiangsu Province since July 2012 and a coordinator of Nanjing University — Jiangsu Hi-tech Group Post-doctorate Work Station since 2013.

Dr. Chen has a long history of involvement in the research of finance, credit and related areas, having undertaken more than 20 consultation projects, including key projects of the National Natural Science Foundation and the CSRC, the Mechanism for Chinese-American Dialogue in Technological Innovation under the Ministry of Science and Technology, key soft science projects of Jiangsu Province, joint research project of Shanghai Stock Exchange, Nanjing Municipal Finance Office, Bank of Nanjing, Jiangsu Branch of the Industrial and Commercial Bank of China and Nanjing Zijin Investment Credit and Guaranty and others. Dr. Chen has also been invited to serve as senior lecturer in the internal training programmes of numerous enterprises and entities, such as Jiangsu Provincial Development and Reform Commission, People's Bank of China (Nanjing Branch), China Development Bank (Jiangsu Branch), Industrial and Commercial Bank of China (Jiangsu Branch), Bank of China (Jiangsu Branch), CITIC Bank (Nanjing Branch), Bank of Nanjing, Postal Savings Bank of China (Jiangsu Branch) and Nanjing Iron & Steel Co., Ltd.

* *English name for identification only*

Senior Management

At the date of this report, the senior management of the Group comprises the executive Directors above, namely, Mr. ZHU Yufeng, Mr. SUN Xingping, Ms. HU Xiaoyan and Mr. TONG Wan Sze.

Details of the interests of the Directors in the Company are disclosed in the section headed "Interests of Directors and Chief Executive" under the "Report of the Directors". Save as disclosed herein, the Directors do not have any other relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Corporate Governance Report

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

Compliance with Corporate Governance Code

Throughout the Reporting Period, the Company complied with all the code provisions set out in the CG Code.

The Board

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the long term success of the Group by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value. The Directors are aware of their duties to act in good faith and expected to make decisions objectively in the best interests of the Company.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulating long and short term strategies and reviewing of its financial performance, results and the effectiveness of the risk management and internal control systems;

- approving and authorising material transactions, including acquisition, investment, disposal of assets or setting dividend policies and capital expenditure;

- performing corporate governance functions in accordance with the CG Code, including formulating corporate governance policies, and reviewing and monitoring the corporate governance practices of the Group; and

- communicating with key stakeholders, including Shareholders and regulatory bodies.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates the Shareholders on the operations and financial position of the Group through interim and annual results announcements as well as the publication of timely reports and announcements or other matters as prescribed by the relevant laws, rules and regulations.

During the Reporting Period, the Board has regularly reviewed the contributions from the Directors and confirmed that they have spent sufficient time performing their responsibilities.

The non-executive Directors advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his/her own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors. The Chairman held meetings with the non-executive Directors at least annually without the executive Directors present, to evaluate the functioning of the Board.

Chairman and President

The distinct and separate roles and responsibilities of the Chairman and President are acknowledged with a clear and well established division of responsibilities to ensure a balance of power and authority, and reinforce their independence and accountability. The Chairman is primarily responsible for providing leaderships to the Board; monitoring effective implementation of the Company's strategies, good corporate governance practices and established procedures; ensuring value creation and maximisation to the Shareholders; and drawing up and approving the agenda for each Board meeting, and taking into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda. The President is responsible for the day-to-day operations of the Group to achieve performance targets.

Appointment, Re-election and Removal of the Directors

Each of the Directors has been appointed for a specific term of 3 years, subject to the provisions on Directors' retirement as set out in the Bye-laws. All Directors appointed by the Board shall hold office only until the next general meeting of the Company (in the case of filling a casual vacancy) or until the next annual general meeting of the Company (in the case of an addition to the Board), and every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every 3 years.

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Mr. SUN Xingping, Mr. SHA Hongqiu, Mr. WANG Yanguo and Dr. CHEN Ying shall retire by rotation and, being eligible, offer themselves for re-election at the AGM.

Confirmation of Independency

Each independent non-executive Director has made a written annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines as set out in the Rule 3.13 of the Listing Rules, and considers all of its independent non-executive Directors to be independent of the management and free of any relationship that could materially interfere with the exercise of their judgment.

Compliance with Model Code

The Board adopted the Model Code with terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules as its own model code of conduct regarding Directors' securities transactions. Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Reporting Period.

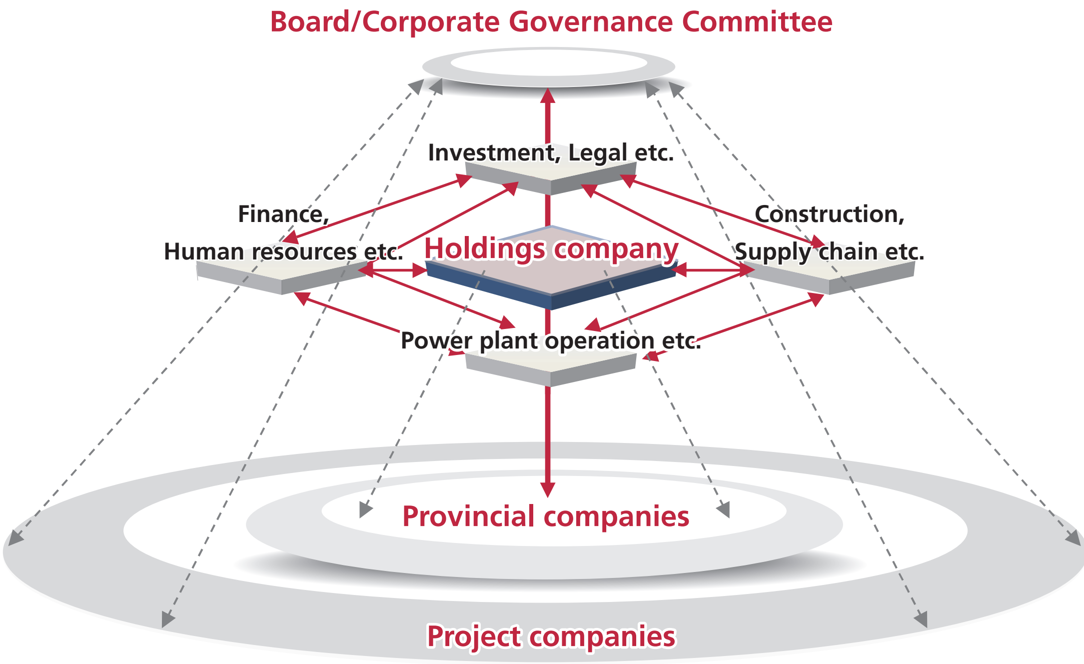
Employees of the Company, who are likely to possess unpublished inside information, have been requested to comply with written guidelines no less exacting than the Model Code.

Risk Management and Internal Controls

The Directors have the overall responsibility to maintain sound and effective risk management and internal control systems (the "Systems"), including financial, operational and compliance controls, for the Group and to review their effectiveness to safeguard the Group's assets, to protect Shareholders' values, and to identify and manage the risks so that they can be understood, reduced, mitigated, transferred or avoided to achieve business objectives. The Systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has delegated to the management the design, implementation and monitoring of the Systems on an on-going basis. The Board has also entrusted the Audit Committee with the responsibility to review the Systems of the Group. To be more effectively and timely complied with the CG Code, the Board has adopted new terms of reference for the Audit Committee and then established the Corporate Governance Committee on 27 April 2016, which has been delegated with responsibilities by the Board to oversee the Group's overall risk management framework, including the risk governance structure and risk management process, and to advise the Board on the risk and corporate governance related matters of the Group. The Corporate Governance Committee is also responsible for approving the Group's risk and corporate governance policies and assessing the effectiveness of the Group's risk controls/mitigation tools. The Corporate Governance Committee comprises four executive Directors, one non-executive Director and two independent non-executive Directors, namely, Mr. ZHU Yufeng who is the chairman of the Corporate Governance Committee, Mr. SUN Xingping, Ms. HU Xiaoyan, Mr. TONG Wan Sze, Mr. YEUNG Man Chung, Charles, Mr. XU Songda and Mr. LEE Conway Kong Wai. The terms of reference setting out the Corporate Governance Committee's authority and its duties are available on the websites of the Company and the Stock Exchange. The Corporate Governance Committee held 1 meeting during the Reporting Period to review the Company's policies and practices on risk management and corporate governance for the first half of 2016 and plan for the second half of 2016.

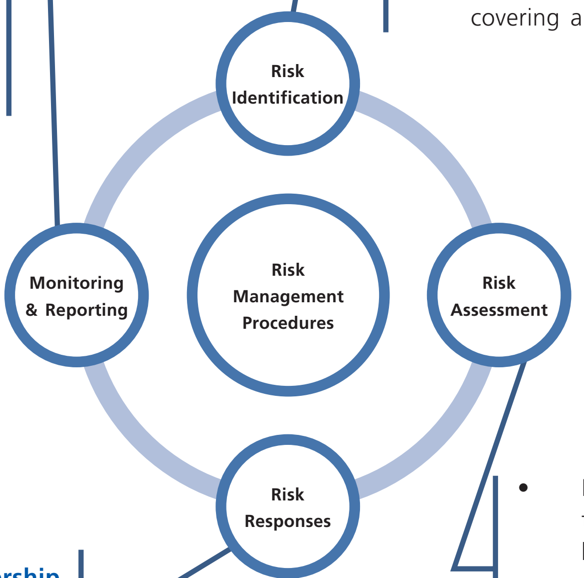
During the Reporting Period, the Group persistently dedicated efforts in enhancing the maturity of the corporate governance infrastructure across various business units and functions. In particular, a group-wide exercise has been launched to rationalise the existing policies and procedures so as to further emphasise the internal control objectives associated with key business processes and mitigate and control unnecessary divergences among different business units. During the Reporting Period, the Group engaged Protiviti for the review of the compliance with the relevant corporate governance requirements as well as the effectiveness of risk management of the Group. The Group has conducted ongoing reviews during the Reporting Period to identify deficiencies in operations and opportunities. All major findings were communicated to senior management of the respective business units to enforce the remediation.



In view of risk management, the Group has revisited the methodology and approach to further improve the relevancy and effectiveness of the existing risk management process to identify, evaluate, manage and communicate significant risks. The changes in the nature and extent of significant risks and the Group's capabilities and strategies to respond to these changes were better captured and articulated within the organisation.

- Setting up **project risk reporting system**. Provincial companies' risk management staff report project risks on a monthly basis and report the same to the management by the internal control monthly report. Risk alert report would be prepared when necessary
- In addressing risks concerned by the Board, **a third party** would be engaged to assist in risk supervision and regular reporting

- Developing and maintaining a **risk profile** catered for the Company's business and current management, covering strategy, market, operation, finance and legal matters
- Establishing and maintaining **Key Risk Indicators** (KRI), covering all major processes



- Implementing **risk ownership mechanism**, in particular, tracking and managing key respective risks, monitoring KRI information, etc.
- Conducting **monthly tracking** on the effectiveness of the measures to manage the major risks to ensure proper execution as planned

- Performing enterprise risk assessment through industry research and benchmarking, management survey and interview
- Supporting risk assessment with quantitative considerations by attempting to apply KRI in the risk assessment process
- Piloting KRI measurement as a means of demonstration of key risk level of the Company to provide a more objective perspective

Together with the utilisation of IT system tools and regular internal control reviews by management, all these paved the way of enabling ongoing monitoring and overseeing of internal control effectiveness of the Group.

The Internal Audit function is independent of the daily operations of the Group. The person in charge of the Internal Audit function has reported directly to the Audit Committee. All other Directors are informed of the findings of these internal audit plans and assignments from the report by the chairman of the Audit Committee. The Internal Audit function is closely involved in the assessment of the quality of risk management of the Group. During the Reporting Period, the Internal Audit function reviewed the effectiveness of the Systems.

Based on the ongoing efforts devoted by the Group, external reviews carried out by Protiviti and the auditor's report from Deloitte Touche Tohmatsu, the Audit Committee and the Board concluded that there is neither material irregularities nor areas of material concerns that would have the significant adverse impact on the Company's financial positions or results of operations, and that the risk management and internal control systems are adequate and effective and the Company's staff and resources for the internal audit and financial reporting functions are adequate.

The Board Committees

(1) Remuneration Committee

The Remuneration Committee was set up on 15 September 2005 to oversee the remuneration policy and structure for all Directors and senior management of the Company. The Remuneration Committee currently comprises three independent non-executive Directors, one executive Director and one non-executive Director, namely, Mr. LEE Conway Kong Wai who is the chairman of the Remuneration Committee, Mr. WANG Bohua, Mr. WANG Yanguo, Mr. ZHU Yufeng and Ms. SUN Wei. The Company Secretary acts as the secretary to the Remuneration Committee.

Provided with sufficient resources by the Company to discharge its duties, the roles of the Remuneration Committee are:

- to make recommendations to the Board on the policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy
- to review and approve the remuneration proposals of senior management, the President and the chief financial officer of the Company with reference to the goals and objectives of the Company
- to determine and approve, with delegated responsibility, the performance-based remuneration packages (included benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of executive Directors and senior management with reference to the corporate goals and objectives
- to make recommendations to the Board on the remuneration of non-executive Directors

The Remuneration Committee held 2 meetings during the Reporting Period. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. No individual Director is involved in deciding his or her own remuneration. No disagreement on the remuneration or compensation arrangement resolved by the Board during the Reporting Period.

In considering the level of remuneration payable to the executive Directors and recommending remuneration of non-executive Directors, the Remuneration Committee have referred to the incentive policies of the Company to link rewards to the corporate and individual performance, the Guide for Remunerating Independent Non-executive Directors issued by The Hong Kong Institute of Directors, the CG Code and the associated Listing Rules.

Principal works performed by the Remuneration Committee during the Reporting Period included:

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the year of 2016

- to review and recommend on the remuneration packages of all executive Directors for the year of 2016 and bonus payment for the year of 2015

The remuneration of the executive Directors, who are regarded as senior management of the Company, are set out in note 14 to the consolidated financial statements in this annual report.

The Company has conditionally adopted the 2014 Share Option Scheme. The purpose of the share option scheme is to enable the Board, at its discretion, to grant share options to selected eligible participants to motivate them and to optimise their performance and efficiency for the benefit of the Group.

The terms of reference setting out the Remuneration Committee's authority and its duties are available on the websites of the Company and the Stock Exchange.

(2) Nomination Committee

The Nomination Committee was set up on 9 May 2014 to review the structure, size and composition (including but not limited to the gender, skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

The Nomination Committee currently comprises one executive Director and three independent non-executive Directors, namely, Mr. ZHU Yufeng who is the chairman of the Board and the Nomination Committee, Mr. WANG Bohua, Mr. XU Songda, and Mr. WANG Yanguo. The Company Secretary acts as the secretary to the Nomination Committee.

The roles and functions of the Nomination Committee include to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; review the nomination policy and the progress on achieving the objectives set for implementing the policy and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the President.

The Nomination Committee held 1 meeting during the Reporting Period.

Principal works performed by the Nomination Committee during the Reporting Period included to review the existing structure, size and composition of the Board, assess the independence of the independent non-executive Directors and make recommendations to the Board on the proposed re-election of the retiring Directors at the 2016 annual general meeting.

The terms of reference setting out the Nomination Committee's authority and its duties are available on the websites of the Company and the Stock Exchange.

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board. The Policy adopted aims to set out the approach to achieve diversity on the Board. A summary of the Policy is set out below:

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, ethnicity, age, length of service) will be disclosed in the "Corporate Governance Report" of the annual report annually.

Monitoring and Reporting

The Nomination Committee will report annually, in the "Corporate Governance Report" of the annual report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

Review of this Policy

The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Disclosure of this Policy

A summary of this Policy together with the measurable objectives set for implementing this Policy, and the progress made towards achieving those objectives will be disclosed annually in the "Corporate Governance Report" of the annual report.

(3) Audit Committee

The Audit Committee was set up on 1 April 1999, which comprises three independent non-executive Directors, namely, Mr. LEE Conway Kong Wai who is the chairman of the Audit Committee, Mr. WANG Bohua and Mr. XU Songda. The Company Secretary acts as the secretary to the Audit Committee.

The Audit Committee performs, amongst others, the following roles and functions:

- ensure that co-operation is given by the Company's management to the external auditor where applicable
- review the Group's interim and annual results announcements and reports and the financial statements prior to their recommendations to the Board for approval
- review the effectiveness of Group's financial reporting process, risk management and internal control system
- review connected transaction(s) (if any)
- consider and endorse the proposed amendments to the Company's policy on connected transactions, with a recommendation to the Board for approval
- consider and approve the Company's policy on engaging external auditor to supply non-audit services and the revised whistle-blowing policy of the Company

The Audit Committee held 4 meetings during the Reporting Period.

Principal works performed by the Audit Committee during the Reporting Period included:

- to consider and approve the remuneration and terms of engagement of the external auditor
- to review the annual financial statements for the year ended 31 December 2015 and the interim financial statements for the six months ended 30 June 2016
- to review the work performed by Internal Control Function and the Group's internal control system
- to review the Company's policies and practices on corporate governance

Accountability and Audit

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis. The interim and annual results and reports were published within the time limits as required under the Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, other inside information announcements and other financial disclosures required under the Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

The above statements, which should be read in conjunction with the independent auditor's report, are made with a view to distinguishing for Shareholders the responsibilities of the Directors from those of the auditor in relation to the financial statements.

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the Reporting Period, the Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are prudent and reasonable in accordance with applicable accounting standards.

Auditor's Remuneration

During the Reporting Period, the remuneration, reviewed and approved by the Audit Committee on its statutory audit scope and non-audit services, paid or payable to the auditor in respect of audit and non-audit services provided by Deloitte Touche Tohmatsu were as follows:

Nature of services	**2016** **RMB'000**	2015 RMB'000
Audit services	**4,573**	3,292
Non-audit services	**5,059**	4,556

The terms of reference setting out the Audit Committee's authority and its duties are available on the websites of the Company and the Stock Exchange.

Risk management and Internal Control

The Board is committed to implementing an effective and sound risk management and internal control system to safeguard the interest of the Shareholders and the Group's assets. The Board has conducted reviews of the effectiveness of the internal control system of the Group and performed necessary and appropriate actions to maintain the risk management and internal control system for the interests of the Shareholders. In particular, the Board's review has considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and their training programmes and budget. The Audit Committee also reviews the internal control system, ensuring its effectiveness. The Company will continue to use its best endeavours to enhance the existing internal control system.

Board and Board Committee Meetings

Practices and Conduct of Meetings

The Board meets regularly at least four times each year and more frequently as the needs of the business demand. Apart from the Board meetings, the Board would from time to time devote separate sessions to consider and review the Group's strategy and business activities.

The Board and Committees' meeting schedule and the agenda of each meeting are made available to Directors in advance.

Notices of regular Board meetings were served to all Directors at least 14 days before the meetings. For all other Board and Committees' meetings, reasonable notices were given.

Papers for Board meetings or Committees' meetings together with all relevant information are sent to all Directors or Committee members at least 3 days before each meeting to enable them to make informed decisions with adequate data. The Board and each Director also have direct and independent access to the management whenever necessary.

According to the current Board practice, any material transactions involving a conflict of interest with a substantial Shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The Bye-laws also contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Meetings Held and Attendance

The Board currently comprises four executive Directors (including the Chairman), three non-executive Directors and five independent non-executive Directors. The Company has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors which is more than one-third of the Board. At least one of whom is with appropriate professional qualifications or accounting or related financial management expertise throughout the Reporting Period. The names and biographical details of the Directors, and the relationship amongst them, if any, are set out in "Our Directors" of this annual report and available on the website of the Company. A list of all the Directors identifying their roles, functions and titles is available on the websites of the Company and the Stock Exchange.

The Board held 18 meetings during the Reporting Period. The composition of the Board and the Committees, the attendance records of the Directors at the Board meetings, committees meetings and general meetings during the Reporting Period are set out below:

Name of Directors	Meetings attended/held Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Corporate Governance Committee meeting	Annual general meeting	Special general meeting
Executive Directors							
Mr. ZHU Gongshan[1]	6/8	N/A	N/A	N/A	N/A	0/1	N/A
Mr. ZHU Yufeng *(Chairman)*	16/18	N/A	2/2	1/1	1/1	1/1	1/1
Mr. SUN Xingping *(President)*	18/18	N/A	N/A	N/A	1/1	1/1	1/1
Ms. HU Xiaoyan	16/18	N/A	N/A	N/A	0/1	1/1	1/1
Mr. TONG Wan Sze	18/18	N/A	N/A	N/A	1/1	1/1	0/1
Mr. YIP Sum Yin[2]	10/10	N/A	N/A	N/A	N/A	0/1	N/A
Non-executive Directors							
Ms. SUN Wei	12/18	N/A	2/2	N/A	N/A	1/1	0/1
Mr. SHA Hongqiu	17/18	N/A	N/A	N/A	N/A	0/1	0/1
Mr. YEUNG Man Chung, Charles	17/18	N/A	N/A	N/A	1/1	0/1	0/1
Independent Non-executive Directors							
Mr. WANG Bohua	15/18	3/4	1/2	0/1	N/A	0/1	1/1
Mr. XU Songda	18/18	4/4	N/A	1/1	1/1	1/1	1/1
Mr. LEE Conway Kong Wai	15/18	4/4	2/2	N/A	1/1	1/1	1/1
Mr. WANG Yanguo	14/18	N/A	1/2	1/1	N/A	0/1	0/1
Dr. CHEN Ying	18/18	N/A	N/A	N/A	N/A	1/1	1/1

Notes:

1. Mr. ZHU Gongshan retired as an executive Director and ceased to be the Honorary Chairman of the Company at the conclusion of the annual general meeting held on 24 May 2016.

2. Mr. YIP Sum Yin resigned as an executive Director on 23 June 2016.

Induction and Continuous Development

Upon their appointment, Directors are advised on the legal and other duties and obligations they have as directors of a listed company. Each newly appointed Director receives a comprehensive induction package designed to enhance his/her knowledge and understanding of the Group's culture and operations. The package usually includes a briefing or an introduction to the Group's structure, businesses strategies, recent developments and governance practices. Discussion sessions with key management personnel are also held.

Through the course of their directorship, Directors are updated on any developments or changes affecting the Company and their obligations to it at regular Board meetings.

The Company provided continuous professional training and Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates from time to time. In addition, all Directors were requested to provide the Company with the records of the other training they received. All Directors are also encouraged to attend relevant training courses at the Company's expense.

The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary. The Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors at the expense of the Company.

Company Secretary

The selection, appointment and dismissal of the Company Secretary is subject to approval by the Board in accordance with the Bye-laws and CG Code. The Company Secretary is an employee of the Company and responsible for facilitating the Board's processes and communications among Board members, with the Shareholders and with the management of the Company. Draft and final versions of minutes are disseminated to Directors for comment and filed for record purposes respectively within a reasonable time after each meeting. All Directors have access to the minutes of the Board and committee meetings of the Company. All Directors should have access to the advice and services of the Company Secretary to ensure that the Board procedures, and all applicable law, rules and regulations, are followed.

Constitutional Documents

During the Reporting Period, there was no significant change in the Company's constitutional documents.

Index and Market Recognition

GCL New Energy is currently a constituent member of the Morgan Stanley Capital International ("MSCI") Global Small Cap Indexes-MSCI Hong Kong Index with effect from November 2014, which indicated market recognition for the Company's achievements and growth potential in the industry and has enhanced its reputation on the international capital market.

Corporate Social Responsibility

Environmental Policies and Performance

GCL New Energy is committed to environmental protection by improving our environmental protection practices. All PV power stations are required to strictly follow GCL New Energy's PV Power Station Environmental Protection Management Standards to ensure that operations are in compliance with the applicable nationals and local laws and regulations. In addition, GCL New Energy also uphold more than 30 sets of environmental management systems and standards developed by its parent company: Golden Concord. Examples of existing environmental management systems include operation and maintenance standards, waste management system, and online monitoring standards for various pollutants.

GCL New Energy strives to minimise environmental impacts by reducing energy and water consumption. For example all PV power stations make use of rainwater only for cleaning solar panels. "Smart Robots" have also been deployed at PV power stations for cleaning tasks without using water. Wind powered LED street lamps are also widely used at PV power stations to promote the use of renewable energy.

Relationships with stakeholders

GCL New Energy continues to maintain open, two-way communication with key stakeholder groups including employees, shareholders/investors, governments, business partners, communities, and media. GCL New Energy believes regular and transparent communication with stakeholders can strengthen mutual trust and respect, build harmonious relationship, and help contribute to long term company success. Some examples of communication channels cover employees' performance reviews, internal publications, investors' meetings, on-site visits and media luncheon. GCL New Energy will review the stakeholder communication programme on a regular basis with the aim to further improve its effectiveness.

Corporate Social Responsibility Reporting

For more information about GCL New Energy's environmental protection practices and performance, employee relations, and community investment, please refer to Corporate Social Responsibility Report 2016, which will be uploaded to GCL New Energy company website at the end of June 2017.

Report of the Directors

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2016.

Principal Activities and Segment Information

For the Reporting Period, the principal activity of the Company is investment holding. The principal activities of the Group were the development, construction, operation and management of solar power plants as well as the manufacturing and selling of printed circuit boards.

An analysis of the performance of the Group for the Reporting Period by segments is set out in note 6 to the consolidated financial statements.

Business Review

A review of the business of the Group during the Reporting Period, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the "Chairman's Statement", the "President's Message" and the "Management Discussion and Analysis" of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 37(b) to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2016, if applicable, are provided in the "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the "2016 Performance Summary" and the "Financial Summary" of this annual report.

In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the "Chairman's Statement", the "Management Discussion and Analysis", the "Corporate Governance Report" and this "Report of the Directors" of this annual report respectively and in the Corporate Social Responsibility Report available on the Company's website http://www.gclnewenergy.com.

Results and Appropriations

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 79–80. The Board does not recommend the payment of a final dividend for the Reporting Period.

Reserves

Details of movements in the reserves of the Group and of the Company during the Reporting Period are set out in the consolidated statement of changes in equity on page 83 and note 45 to the consolidated financial statements.

As at 31 December 2016, the Company had no distributable reserves calculated in accordance with the Bermuda Companies Act (31 December 2015: Nil).

Donations

Charitable and other donations made by the Group during the Reporting Period amounted to approximately RMB134,000.00.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 17 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the Reporting Period are set out in note 32 to the consolidated financial statements.

Equity-Linked Agreements

Save for the 2014 Share Option Scheme described below and the convertible bond with details of movements set out in note 30 to the consolidated financial statements, no equity-linked agreements were entered into by the Group during the Reporting Period, or subsisted at the end of the Reporting Period.

As at the date of this report, no conversion of both Talent Legend Issue (as defined in note 30 to the consolidated financial statements) and Ivyrock Issue (as defined in note 30 to the consolidated financial statements) and the entire principal amount of such convertible bonds remained outstanding.

Pursuant to the terms of the Talent Legend Issue, the 30-day average price has fallen below 80% of the applicable conversion price. Accordingly, the conversion price of the Talent Legend Issue was adjusted from HK$1.20 per Share to HK$0.96 per Share with effect from 30 October 2015. The Company further announced that the conversion price of such convertible bonds was adjusted down to HK$0.93 per Share with effect from 6 January 2016 as a result of the determination of entitlements to the Rights Issue. On 29 February 2016, the Company announced that the conversion price of Talent Legend Issue was adjusted further down to HK$0.754 per Share as a result of the 30-day average price has fallen below 80% of the applicable conversion price.

Pursuant to the terms of Ivyrock Issue, the Company announced that the conversion price of such convertible bond was adjusted from HK$1.20 per Share to HK$1.16 per Share with effect from 6 January 2016 as a result of the determination of entitlements to the Rights Issue. On 21 January 2016, the Company announced that the conversion price of such convertible bond was adjusted further down to HK$0.93 per Share and further adjusted down to HK$0.754 per Share on 21 April 2016 as a result of the 30-day average price has fallen below 80% of the applicable conversion price.

As set out in the announcements of the Company dated 29 February 2016 and 21 April 2016 respectively, the unutilised portion of the general mandate granted to the Directors at the annual general meeting of the Company held on 18 August 2014 is sufficient to cover the issuance of the conversion Shares upon full conversion of the Talent Legend Issue and Ivyrock Issue based on the Talent Legend Adjusted Conversion Price and Ivyrock Adjusted Conversion Price.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 18 May 2017 to Tuesday, 23 May 2017, both days inclusive, during which period no transfer of Shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 17 May 2017.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Bye-laws, or the laws of Bermuda which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

Summary Financial Information

A summary of the results and of the assets and liabilities of the Group for the last five financial years/period is set out in the section "Financial Summary". Readers of the summary financial information are strongly encouraged to read the section "Management Discussion and Analysis" set out in this annual report, which does not form part of the consolidated financial statements, for a reasonable appreciation of the Group's financial results and positions in the context of its activities.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the redeemable securities or listed securities of the Company during the Reporting Period.

Directors

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU Gongshan *(Honorary Chairman)* *(retired on 24 May 2016)*	Ms. SUN Wei	Mr. WANG Bohua
Mr. ZHU Yufeng *(Chairman)*	Mr. SHA Hongqiu	Mr. XU Songda
Mr. SUN Xingping *(President)*	Mr. YEUNG Man Chung, Charles	Mr. LEE Conway Kong Wai
Ms. HU Xiaoyan		Mr. WANG Yanguo
Mr. TONG Wan Sze		Dr. CHEN Ying
Mr. YIP Sum Yin *(resigned on 23 June 2016)*		

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Mr. SUN Xingping, Mr. SHA Hongqiu, Mr. WANG Yanguo and Dr. CHEN Ying shall retire by rotation at the AGM and, being eligible, offer themselves for re-election at the AGM.

The Directors' biographical details are set out on pages 34 to 41.

Directors' Service Contracts

No Director proposed for re-election at the AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Share Option Schemes

2014 Share Option Scheme

The Company adopted the 2014 Share Option Scheme on 15 October 2014. The purpose of the 2014 Share Option Scheme is to motivate personnel to optimise 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 2014 Share Option Scheme shall be valid and effective for a period of 10 years from 15 October 2014, after which no further options will be granted or offered but the provisions of the 2014 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 2014 Share Option Scheme.

Particulars of the 2014 Share Option Scheme are set out in note 34 to the consolidated financial statements.

Share options were first granted on 23 October 2014 to subscribe for 536,840,000 Shares. No option was exercised, cancelled or lapsed during the Reporting Period. Share options were second granted on 24 July 2015 to subscribe for 473,460,000 Shares. No option was exercised or cancelled during the Reporting Period. The fair values of the share options granted during the Reporting Period are set out in note 34 to the consolidated financial statements. As at the date of this annual report, 29 March 2017, the total number of shares issuable under the first grant on 23 October 2014 and second grant on 24 July 2015 are 193,001,458 shares (1.01% of total issued Shares) and nil share respectively.

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

					Number of share options			
Name or category of Participants	**Date of grant**	**Exercise Period**	**Exercise Price** HK$	**Adjusted Exercise Price** HK$ *(Note i)*	**As at 1.1.2016**	**Additions after adjustment due to rights issue**	**Lapsed during the Reporting Period**	**As at 31.12.2016** *(Note i)*
Directors:								
Mr. ZHU Yufeng	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,500,000	23,100	—	3,523,100
Mr. SUN Xingping	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	16,000,000	105,600	—	16,105,600
Ms. HU Xiaoyan	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	16,000,000	105,600	—	16,105,600
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,000,000	19,800	—	3,019,800
Mr. TONG Wan Sze	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	8,000,000	52,800	—	8,052,800
Mr. YIP Sum Yin	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	12,000,000	79,200	(12,079,200)	—
(resigned on 23 June 2016) (Note ii)	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	2,700,000	17,820	(2,717,820)	—
Ms. SUN Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	24,000,000	158,400	—	24,158,400
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,000,000	19,800	—	3,019,800
Mr. SHA Hongqiu	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	8,000,000	52,800	—	8,052,800
Mr. YEUNG Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	12,000,000	79,200	—	12,079,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,000,000	19,800	—	3,019,800
Mr. WANG Bohua	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,000,000	13,200	—	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	600,000	3,960	—	603,960
Mr. XU Songda	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,000,000	13,200	—	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	600,000	3,960	—	603,960
Mr. LEE Conway Kong Wai	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,000,000	13,200	—	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	600,000	3,960	—	603,960
Mr. WANG Yanguo	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,000,000	6,600	—	1,006,600
Dr. CHEN Ying	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,000,000	6,600	—	1,006,600
Sub-total					121,000,000	798,600	(14,797,020)	107,001,580
Other:								
Eligible persons (in aggregate)	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	324,720,000	2,143,152	(63,576,856)	263,286,296
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	399,180,000	2,634,588	(107,494,814)	294,319,774
Total					844,900,000	5,576,340	(185,868,690)	664,607,650

Notes:

(i) Pursuant to the terms of the 2014 Share Option Scheme, adjustments are required to be made to the exercise price and the number of Shares that can be subscribed for under the outstanding share options as a result of the rights issue of the Company with effect from 2 February 2016. The exercise prices were adjusted to HK$1.1798 and HK$0.606 for the grant of share options on 23 October 2014 and 24 July 2015 respectively. Details can be referred to the announcement of the Company dated 2 February 2016.

(ii) Mr. Yip Sum Yin, who was entitled to 12,079,200 share options (granted on 23 October 2014) and 2,717,820 share options (granted on 24 July 2015) after the rights issue with an Adjusted Exercise Price of HK$1.1798 per Share and HK$0.606 per Share respectively, resigned as an executive Director with effect from 23 June 2016 and his share options had been lapsed within one month following his resignation.

Interests of Directors and Chief Executive

As at 31 December 2016, so far as is known to the Directors, the interests of the Directors and chief executive 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 as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) The Company

Directors	Nature of interest	Number of underlying Shares *(note 1)*	Approximate percentage of issued Shares
Mr. ZHU Yufeng	Beneficial owner	3,523,100	0.02%
Mr. SUN Xingping	Beneficial owner	16,105,600	0.08%
Ms. HU Xiaoyan	Beneficial owner	19,125,400	0.10%
Mr. TONG Wan Sze	Beneficial owner	8,052,800	0.04%
Ms. SUN Wei	Beneficial owner	27,178,200	0.14%
Mr. SHA Hongqiu	Beneficial owner	8,052,800	0.04%
Mr. YEUNG Man Chung, Charles	Beneficial owner	15,099,000	0.08%
Mr. WANG Bohua	Beneficial owner	2,617,160	0.01%
Mr. XU Songda	Beneficial owner	2,617,160	0.01%
Mr. LEE Conway Kong Wai	Beneficial owner	2,617,160	0.01%
Mr. WANG Yanguo	Beneficial owner	1,006,600	0.01%
Dr. CHEN Ying	Beneficial owner	1,006,600	0.01%

Note:

1. Adjustments have been made to the number of underlying Shares as a result of the rights issue with effect from 2 February 2016. Details can be referred to the announcement of the Company dated 2 February 2016.

(B) Associated Corporations

GCL-Poly

	Number of ordinary shares in GCL-Poly					
Directors	**Beneficiary of a trust**	**Corporate interests**	**Personal interests**	**Number of underlying shares**	**Total interests**	**Approximate percentage of issued shares**
Mr. ZHU Yufeng	6,127,721,489 *(note 1)*	—	—	245,184,592 *(notes 1, 2 & 3)*	6,372,906,081	34.29%
Ms. SUN Wei	—	—	5,723,000	4,733,699 *(note 2)*	10,456,699	0.06%
Mr. SHA Hongqiu	—	—	—	1,692,046 *(note 2)*	1,692,046	0.01%
Mr. YEUNG Man Chung, Charles	—	—	—	1,700,000 *(note 2)*	1,700,000	0.01%

Notes:

1 Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL-Poly. Of these interest of 6,370,388,156 shares in GCL-Poly, 366,880,131 shares in GCL-Poly, 13,200,000 shares in GCL-Poly and 5,990,308,025 shares in GCL-Poly are legally held by Highexcel Investments Limited, Get Famous Investments Limited and Happy Genius Holdings Limited, respectively. Each of the Trust Companies is 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, which itself is held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan (a director and the chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, a director of GCL-Poly and the son of Mr. Zhu Gongshan) as beneficiaries. Of the 6,370,388,156 shares in GCL-Poly as stated above, 242,666,667 shares in GCL-Poly are legally held by PAA as the shares in GCL-Poly borrowed by it from Happy Genius Holdings Limited pursuant to the securities lending agreement dated 27 November 2013 (as amended by a number of agreements) entered into between Happy Genius Holdings Limited as lender and PAA as borrower.

2 These are share options granted by GCL-Poly to the eligible persons, pursuant to the pre-IPO share option scheme and the share option scheme of GCL-Poly, both adopted by the shareholders of GCL-Poly on 22 October 2007. Such granted share options can be exercised by the eligible persons at various intervals during the period from 1 April 2009 to 28 March 2026 at an exercise price of HK$0.586, HK$4.071, HK$1.160 or HK$1.324 per share.

3 The 245,184,592 underlying shares of GCL-Poly comprises the long position of 242,666,667 shares of GCL-Poly held by Happy Genius Holdings Limited under Note (1) and 2,517,925 share options mentioned under Note (2) above.

Save as disclosed above, as at 31 December 2016, none of the Directors or any chief executive of the Company had an interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save for the Company's share option scheme as mentioned under the section headed "Share Option Scheme" above, at no time during the Reporting Period was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Directors or chief executive of the Company to acquire benefits by means of acquisition of Shares in, or debentures of the Company or any other body corporate.

Interests of Substantial Shareholders

As at 31 December 2016, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company as disclosed above) had interest in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

Long Position in the Shares

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares
Elite Time Global Limited	Beneficial owner	11,880,000,000 *(Note 1)*	62.28%
GCL-Poly	Corporate interest	11,880,000,000 *(Note 1)*	62.28%
Haitong International New Energy VIII Limited	Beneficial owner	1,844,978,301 *(Note 2)*	9.67%
Haitong International Securities Group Limited	Corporate interest	1,844,978,301 *(Note 2)*	9.67%
Haitong Securities Co., Ltd.	Corporate interest	1,844,978,301 *(Note 2)*	9.67%
COAMI ABS No. 1 Limited	Beneficial owner	1,027,984,084 *(Note 3)*	5.39%
Walkers Fiduciary Limited	Corporate interest	1,027,984,084 *(Note 3)*	5.39%

Notes:

1. Elite Time Global Limited is wholly-owned by GCL-Poly.

2. According to the notice of interests filed by Haitong International Securities Group Limited and Haitong Securities Co., Ltd. on 3 February 2016, Haitong International New Energy VIII Limited is indirectly wholly-owned by Haitong International Securities Group Limited, which is indirectly owned as to 60.01% by Haitong Securities Co., Ltd.

3. Talent Legend Holdings Ltd. assigned the outstanding convertible bonds in the aggregate principal amount of HK$775,100,000.00 issued to Talent Legend Holdings Ltd. due on 27 May 2018 to COAMI ABS No. 1 Limited with effect from 11 December 2015. COAMI ABS No. 1 Limited is wholly-owned by Walkers Fiduciary Limited. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, COAMI ABS No. 1 Limited and its ultimate holding company are not connected persons of the Company.

Save as disclosed above, as at 31 December 2016, no other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Directors' interests in competing business

Each of the companies in the Concord Group (a general reference to the companies in which Mr. Zhu Yufeng and his family members have a direct or indirect interest) operates within its own legal, corporate and financial framework. As at 31 December 2016, the Concord Group might have had or developed interests in business similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

The Directors are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and the Directors would comply with the relevant requirements of the Bye-laws and the Listing Rules whenever a Director has any conflict of interest in the transaction(s) with the Company. Therefore, the Directors believe that the Company is capable of carrying out its business independently of, and at arm's length from the Concord Group.

Connected Transactions

The Group entered into the following connected transactions within the meaning of Chapter 14A of the Listing Rules during the Reporting Period:

Module Sales Agreement

On 31 October 2016, GNE US (an indirect wholly-owned subsidiary of the Company) as buyer and GCL Solar US (an indirect wholly-owned subsidiary of GCL-Poly) as seller entered into the Module Sales Agreement for the supply and purchase of 37,997,105 watts of 275-watt, 280-watt, 285-watt and 290-watt photovoltaic modules at a consideration of US$9,499,276.00 (equivalent to approximately HK$73,666,885.38). The modules are intended to be used by GNE US for the development of certain photovoltaic electric generation facilities in Wilson County, North Carolina, the U.S.

GCL Solar US is an indirect wholly-owned subsidiary of GCL-Poly, a controlling shareholder of the Company. GCL Solar US is therefore a connected person of the Company under the Listing Rules. The entering into of the Module Sales Agreement by GNE US and the transaction contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Details of the transaction have been set out in the announcement of the Company dated 31 October 2016.

Disposal of the Printed Circuit Board Business

On 30 December 2016, the Company as the seller and Mr. Yip Sum Yin as the purchaser entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell, and Mr. Yip has conditionally agreed to purchase, the entire equity interest in Same Time International (B.V.I.) Limited at a consideration of a fixed price of HK$250,000,000.00 plus, as the case may be, an adjustment amount.

Same Time International (B.V.I.) Limited and its subsidiaries are principally engaged in the manufacturing and selling of printed circuit boards in the PRC.

Since Mr. Yip, who was a director of the Company in the past 12 months, is a connected person of the Company, the transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Details of the transaction have been set out in the announcement of the Company dated 30 December 2016.

Continuing Connected Transactions

Leases of Factories

The rental paid or payable for leases of factories to Mr. Yip Sum Yin, who was a director of the Company in the past 12 months, and his family members/related company during the Reporting Period constituted de minimis transactions under Chapter 14A of the Listing Rules and therefore was fully exempt from the shareholders' approval, annual review and all disclosure requirements under Rule 14A.76 of the Listing Rules.

Office Service Fees

Payments of shared office services to Peaceful Power Limited and Treasure Champ Investments Limited pursuant to the service agreement with the Company were fully exempt from continuing connected transactions under Rules 14A.98 of the Listing Rules.

Interests on loan from a joint venture/fellow subsidiaries

The loan to Yili GCL New Energy Limited* 伊犁協鑫能源有限公司, a joint venture of the Company, during the Reporting Period did not constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The loans from GCL-Poly (Suzhou) and GCL Solar Energy, fellow subsidiaries of the Company, during the Reporting Period is conducted on normal commercial terms or better and thus fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Compensation of Key Management

Payments of emoluments and bonus to the Directors pursuant to their respective service contracts with the Company were fully exempt connected transactions under Rules 14A.95 of the Listing Rules while payments of emoluments/consultancy fee to senior management do not constitute connected transactions under Chapter 14A of the Listing Rules.

Interests on perpetual notes

The perpetual notes agreement was entered into with GCL-Poly (Suzhou), Jiangsu GCL Silicon Material Technology Development Co., Ltd. 江蘇協鑫硅材料科技發展有限公司, Suzhou GCL Photovoltaic Technology Co., Ltd. 蘇州協鑫光伏科技有限公司 and Taicang GCL Photovoltaic Technology Co., Ltd. 太倉協鑫光伏科技有限公司, all being wholly-owned subsidiaries of GCL-Poly. As the perpetual notes have an indefinite term, favourable repayment terms and the perpetual notes are not secured by any assets of the Company, the Board considers that the terms of the perpetual notes are on normal commercial terms and are favourable to the Company. Consequently, the perpetual notes is fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Management Services Income

(i) Suzhou GCL Poly Solar Power Investment Ltd.

On 22 August 2014, Nanjing GCL New Energy and Suzhou GCL-Poly Group, a subsidiary of GCL-Poly, entered into Operation Service Agreement for a term of three years commencing from 10 July 2014. Under the Operation Service Agreement, Nanjing GCL New Energy will provide operation and management services for the power plants of Suzhou GCL-Poly Group under the terms and conditions set out in the Operation Service Agreement.

Nanjing GCL New Energy has agreed to provide operation and management services to Suzhou GCL-Poly Group for an annual fee of RMB35,300,000.00 (equivalent to approximately HK$44,400,340.00), receivable monthly in arrears for the period of three years commencing from 10 July 2014. The maximum aggregate annual values of the continuing connected transactions, as calculated with reference to the fees receivable under the Operation Service Agreement, were/will be RMB16,924,658.00 (equivalent to approximately HK$21,287,835.00) for the period from 10 July 2014 to 31 December 2014, RMB35,300,000.00 (equivalent to approximately HK$44,400,340.00) for the year ended 31 December 2015, RMB35,300,000.00 (equivalent to approximately HK$44,400,340.00) for the year ended 31 December 2016, RMB18,375,342.00 (equivalent to approximately HK$23,112,505.00) for the period from 1 January 2017 to 9 July 2017.

The operation and management services include capital management, technology training, management consulting and other management services including budgeting, assets management, cost management, financial management, human resources and information management.

The fees receivable under the Operation Service Agreement were determined by arm's length negotiations between the parties and taking into account the installed capacity of the power plants, costs and risks of management. The existing installed capacity of the power plants is 353MW and the charging rate is RMB0.10 per watt.

Details of the transaction have been set out in the announcement dated 22 August 2014 issued by the Company.

The amount received or receivable by the Group for the provision of construction services under the Operation Service Agreement for the Reporting Period was RMB30,472,000.00.

(ii) GCL Solar Energy Limited

On 19 May 2016, GCL New Energy International (an indirect wholly-owned subsidiary of the Company) as service provider and GCL Solar Energy (an indirect wholly-owned subsidiary of GCL-Poly), as service recipient entered into the Asset Management and Administrative Services Agreement for a term of three years. Under the Asset Management and Administrative Services Agreement, GCL New Energy International will provide certain asset management and administrative services to GCL Solar Energy. The annual cap for the continuing connected transactions under the Asset Management and Administrative Services Agreement were/will be US$4,309,139.78 (equivalent to approximately HK$33,469,088.67) for the period from 19 May 2016 to 31 December 2016, US$4,500,000.00 (equivalent of approximately HK$34,951,500.00) for the year ending 31 December 2017, US$4,500,000.00 (equivalent of approximately HK$34,951,500.00) for the year ending 31 December 2018 and US$4,190,860.22 (equivalent of approximately HK$32,550,411.33) for the period from 1 January 2019 to 18 May 2019.

GCL Solar Energy is an indirect wholly-owned subsidiary of GCL-Poly and thus a connected person of the Company under the Listing Rules. The entering into of the Asset Management and Administrative Services Agreement by GCL New Energy International and the transactions contemplated thereunder constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The consideration under the Asset Management and Administrative Services Agreement was determined on normal commercial terms after arm's length negotiation with reference to the prevailing market prices of the services provided, the cost of providing the services and the scope of work to be provided in respect of the services.

Details of the transaction have been set out in the announcement of the Company dated 19 May 2016.

The amount received or receivable by the Group for the provision of asset management and administrative services for the period from 19 May 2016 to 31 December 2016 was RMB12,464,000.00.

All the Management Services Transactions have been reviewed by the independent non-executive Directors who have confirmed that for the year ended 31 December 2016 the Management Services Transactions have been entered into by the Group (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the Management Services Transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions on the Management Services Transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has confirmed to the Board in writing that for the Reporting Period, the Management Services Transactions, which were entered into:

1. have received the approval of the Board;

2. have been in accordance with the pricing policies of the Company for transactions involving the provision of goods or services;

3. have been in accordance with the relevant agreement governing such transactions; and

4. have not exceeded the relevant announced cap amounts for the Reporting Period.

* *English name for identification only*

Permitted Indemnity Provision

Pursuant to the bye-law 164(1) of the Bye-laws, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate insurance cover for the Directors in respect of potential liability and costs associated with legal proceedings that maybe brought against any of the Directors.

Directors' Material Interests in Transactions, Arrangements or Contracts

Save as disclosed above, no transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end or at any time during the Reporting Period.

Emolument Policy

The emolument policy of the Group to reward its employees is based on their performance, qualifications, competence and market comparables. Remuneration package generally comprises salary, contribution to pension schemes and bonuses relating to the profit of the relevant company and individual's performance. The remuneration package of the executive Directors and the senior management are also linked to the performance of the Group and the return to the Shareholders. The remuneration policy of the executive Directors is reviewed by the Remuneration Committee.

The Company has adopted 2014 Share Option Scheme as an incentive to Directors and eligible employees, details of the schemes are set out under the section headed "Share Option Schemes" in this "Report of the Directors" and in note 34 to the consolidated financial statements.

Retirement Benefit Plans

Details of the Group's retirement benefit plans are shown in note 41 to the consolidated financial statements.

Remuneration of Directors and Senior Management

Details of the remuneration paid by the Group to the Directors and the senior management of the Group for the Reporting Period are set out in note 14 to the consolidated financial statements.

Arrangement to Purchase Shares or Debentures

Other than as disclosed above, at no time during the Reporting Period was the Company or any of its subsidiaries, fellow subsidiaries or holding companies a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Management Contracts

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the Reporting Period.

Finance Costs Capitalised

Finance costs amounting to approximately RMB268,801,000 (31 December 2015: RMB138,781,000) were capitalised by the Group during the Reporting Period as set out in note 9 to the consolidated financial statements.

Major Customers and Suppliers

The percentages of purchases and sales for the period/year attributable to the Group's major suppliers and customers are as follows:

	2016 **%**	2015 %
Purchases		
— the largest supplier	**21**	23
— the five largest suppliers combined	**46**	48
Sales		
— the largest customer	**9**	11
— the five largest customers combined	**34**	34

None of the Directors, their associates or shareholders (who to the knowledge of the Directors own more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

Sufficiency of Public Float

As at the date of this annual report, to the best knowledge of the Directors and based on the information publicly available to the Directors, the Company has maintained sufficient public float of the Shares.

Auditor

The consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu, who retires and, being eligible, offers itself for re-appointment at the AGM. A resolution will be proposed at the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

By order of the Board

ZHU Yufeng
Chairman

Hong Kong, 29 March 2017

Communication with Shareholders

Shareholders' Rights of Accessing Information

GCL New Energy recognises the importance of maintaining on-going communication between the Board and the Shareholders. The Company proactively promotes investor relations and communications with the Shareholders is always given high priority. The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from the Shareholders. A Shareholders' Communication Policy was adopted by the Board which is available on the Company's website and is regularly reviewed to ensure its effectiveness.

To ensure all the Shareholders have equal and timely access to important information of the Company, we make extensive use of several communication channels, including publication of annual and interim financial reports, announcements, circulars, listing documents, notice of meetings, proxy forms together with other filings as prescribed under the Listing Rules and key news and developments of the Group to our corporate website at www.gclnewenergy.com. The "Investor Relations" section offers a level of information disclosure in easily and readily accessible form and provides timely updates to the Shareholders. Corporate Communications will be provided to Shareholders in either or both English and Chinese version(s) to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either or both English and/or Chinese) and means of receipt of the Corporate Communications in hard copy or through electronic means.

Convening of a Special General Meeting on Requisition by Shareholders

In accordance with bye-law 58 of the Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act.

Procedures for Putting Forward Proposals at General Meeting by Shareholders

Pursuant to the Bermuda Companies Act, Shareholders holding not less than one-twentieth of the paid-up capital of the Company, or of not less than one hundred in number, can deposit a written request to the Company Secretary, at the expense of the requisitionists, to: (i) move a resolution at an annual general meeting; and/or (ii) circulate any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting. The written request must be deposited at the principle place of business in Hong Kong of the Company, for the attention of the Company Secretary, not less than six weeks before the next annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week in the case of any other requisition.

The procedures for Shareholders to propose a person for election as Director is posted on the Company's website at http://www.gclnewenergy.com.

Procedures for Directing Shareholders' Enquiries to the Board

In addition to accessing information on the corporate website, enquiries to the Board or request of information, to the extent it is publicly available, from the Shareholders and other report users are welcome by email, telephone or in writing to our Company Secretary at:

Address:	Unit 1701A–1702A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Telephone:	(852) 2606-9200
Facsimile:	(852) 2462-7713
Email:	gneir@gclnewenergy.com

Any shareholding matters, such as transfer of Shares, change of name or address, and loss of Share certificates should be address in writing to the Hong Kong branch share registrar and transfer office of the Company:

Tricor Abacus Limited

Address:	Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Telephone:	(852) 2980-1333
Facsimile:	(852) 2810-8185

Deloitte. 德勤

TO THE SHAREHOLDERS OF GCL NEW ENERGY HOLDINGS LIMITED
協鑫新能源控股有限公司
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 79 to 186, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certificated Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that as of 31 December 2016, the Group's current liabilities exceeded its current assets by RMB7,278 million. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on tariff adjustment on electricity sales	
We identified the recognition of the Group's revenue on tariff adjustment on electricity sales as a key audit matter due to the significant management judgement involved in determining whether each of the Group's operating power plants had qualified for, and had met, all the requirements and conditions as required according to the requirements and conditions for the registration in the Reusable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "Catalogue") on accruing revenue on tariff adjustments. Pursuant to the New Tariff Notice issued in August 2013 (the "New tariff Notice") by the National Development and Reform Commission of the People's Republic of China (the "PRC"), approvals for the registration in the Catalogue on a project-by-project basis are required for the settlement of the tariff adjustments. As described in note 6 to the consolidated financial statements, revenue on tariff adjustments on electricity sales of RMB1,530 million from the state grid companies in the PRC were recognised for the year ended 31 December 2016 in which certain on-grid solar power plants of the Group are still pending for registration to the Catalogue, which is an ongoing process as the Catalogue is opened for registrations on a batch by batch basis.	Our procedures in relation to the recognition of the Group's revenue on tariff adjustment on electricity sales included: • Obtaining an understanding of the policies and regulations set by government authorities on tariff adjustment on sales of electricity in this industry; • Obtaining relevant supporting documents, for examples, power purchase agreements and tariff approvals issued by the PRC government; • Obtaining legal opinion from the Group's PRC legal advisor in relation to the assessment that all of the Group's solar power plants currently in operation had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustment when the electricity was delivered on grid; and • Assessing whether the previous registrations of the group entities operating the solar power plants to the Catalogue were successfully completed against the historical record of the Group.

Key audit matter	How our audit addressed the key audit matter
Recoverability of other loan receivables and receivables for modules procurement	
We identified the recoverability of the Group's other loan receivables and receivables for modules procurement as a key audit matter due to the estimation uncertainty involved in the Group management's assessment process in respect of the collectability of these balances. Any changes in circumstances of borrowers or debtors may affect the collectability of the relevant balances. As disclosed in notes 24 and 22 to the consolidated financial statements, as at 31 December 2016, the carrying amount of the Group's other loan receivables and receivables for modules procurement were RMB344 million and RMB526 million, respectively. No impairment loss was recognised as at the end of the reporting period.	Our procedures in relation to the recoverability of other loan receivables and receivables for modules procurement included: • Obtaining an understanding of management basis and assessment in relation to the recoverability of these receivables; • Checking, on a sample basis, the accuracy and completeness of the relevant debt aging analysis and subsequent settlements; • Obtaining an understanding of the terms and conditions of and inspecting the relevant loan agreements and repayment plans agreed with debtors, where relevant; and • Evaluating management's assessment over estimated future cash flow discounted at original effective interest rates by taking into account of many factors such as any overdue receivables, financial information of individual debtors and any subsequent settlement.

Key audit matter	How our audit addressed the key audit matter
Accounting and classification of the Group's various financing arrangements	
We identified the accounting and classification of the Group's various financing arrangements as a key audit matter due to the complexity of the terms of the arrangements and the deployment of different type and nature of financing vehicles. During the year ended 31 December 2016, the Group obtained new borrowings of RMB15,163 million (2015: RMB12,113 million) via various financing arrangements details of which are disclosed in note 28 to the consolidated financial statements. The accounting for these arrangements requires a careful consideration of all facts and circumstances and can involve a significant degree of both complexity and management judgement.	Our procedures in relation to the accounting and classification of the Group's various financing arrangements included: • Evaluating the terms set out in the agreements relating to each key financing arrangement; • Making inquiries with management in respect of their basis and assessment in relation to the accounting of each financing arrangement; and • Obtaining information and evidence to assess the substance of the transactions and evaluate the appropriateness of accounting treatment adopted by management in accordance with IFRSs.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Au Chun Hing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2016

	NOTES	2016 RMB'000	2015 RMB'000 (Restated)
Continuing operations			
Revenue	6	**2,246,425**	688,009
Cost of sales		**(675,748)**	(191,826)
Gross profit		**1,570,677**	496,183
Other income	7	**167,279**	234,657
Administrative expenses		**(370,599)**	(282,693)
Share-based payment expenses	34	**(71,409)**	(135,542)
(Loss) gain on change in fair value on convertible bonds	30	**(175,248)**	29,064
Other expenses, gains and losses, net	8	**44,769**	31,550
Bargain purchase from business combination	35	**67,111**	21,626
Share of profits of joint ventures	19	**873**	9,019
Finance costs	9	**(966,243)**	(321,874)
Profit before tax		**267,210**	81,990
Income tax credit (expense)	10	**42,189**	(6,266)
Profit for the year from continuing operations	11	**309,399**	75,724
Discontinued operations			
Loss for the year from discontinued operations	12	**(168,659)**	(91,196)
Profit (loss) for the year		**140,740**	(15,472)
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(10,959)**	32,548
Total comprehensive income for the year:		**129,781**	17,076
Profit (loss) for the year attributable to:			
Owners of the Company			
— from continuing operations		**299,045**	75,967
— from discontinued operations		**(168,659)**	(91,196)
		130,386	(15,229)
Profit (loss) for the year attributable to non-controlling interests from continuing operations			
— owners of perpetual notes		**4,846**	—
— other non-controlling interests		**5,508**	(243)
		140,740	(15,472)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2016

	NOTE	2016 RMB'000	2015 RMB'000 (Restated)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**119,427**	17,321
Non-controlling interests			
— owners of perpetual notes		**4,846**	—
— other non-controlling interests		**5,508**	(245)
		129,781	17,076
		RMB cents	RMB cents (Restated)
Earnings (loss) per share	16		
From continuing and discontinued operations			
— Basic		**0.70**	(0.11)
— Diluted		**0.70**	(0.30)
From continuing operations			
— Basic		**1.61**	0.54
— Diluted		**1.61**	0.32

Consolidated Statement of Financial Position

At 31 December 2016

	NOTES	At 31 December 2016 RMB'000	At 31 December 2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**26,755,177**	14,193,691
Prepaid lease payments	18	**109,359**	52,159
Interests in joint ventures	19	**42,159**	67,633
Amounts due from related companies	20	**144,700**	129,936
Deferred tax assets	31	**88,598**	20,941
Deposits, prepayment and other non-current assets	21	**3,372,316**	2,355,322
Pledged bank and other deposits	25	**226,871**	126,980
		30,739,180	16,946,662
CURRENT ASSETS			
Inventories		**—**	166,784
Trade and other receivables	22	**3,386,165**	3,150,943
Other loan receivables	24	**344,058**	389,378
Amounts due from related companies	20	**20,247**	55,972
Prepaid lease payments	18	**2,371**	1,772
Tax recoverable		**1**	783
Pledged bank and other deposits	25	**2,028,388**	825,171
Bank balances and cash	25	**3,826,486**	1,964,993
		9,607,716	6,555,796
Assets classified as held for sale	13	**1,131,282**	—
		10,738,998	6,555,796
CURRENT LIABILITIES			
Trade and other payables	26	**11,393,936**	7,100,248
Amounts due to related companies	20	**83,261**	179,632
Tax payable		**6,037**	57,637
Loan from a shareholder	27	**—**	16,756
Loans from fellow subsidiaries	27	**676,307**	629,157
Bank and other borrowings	28	**4,947,720**	4,466,690
Obligations under finance leases		**—**	48,201
Bonds payable	29	**—**	360,000
		17,107,261	12,858,321
Liabilities directly associated with assets classified as held for sale	13	**910,112**	—
		18,017,373	12,858,321
NET CURRENT LIABILITIES		**(7,278,375)**	(6,302,525)
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,460,805**	10,644,137

	NOTES	At 31 December 2016 RMB'000	At 31 December 2015 RMB'000
NON-CURRENT LIABILITIES			
Bank and other borrowings	28	**16,153,286**	7,393,429
Obligations under finance leases		**—**	47,163
Convertible bonds	30	**858,461**	732,856
Deferred income		**—**	6,623
Deferred tax liabilities	31	**29,454**	22,027
		17,041,201	8,202,098
NET ASSETS		**6,419,604**	2,442,039
CAPITAL AND RESERVES			
Share capital	32	**66,674**	48,491
Reserves		**4,425,179**	2,392,743
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale		**81,101**	—
Equity attributable to owners of the Company		**4,572,954**	2,441,234
Non-controlling interests		**1,846,650**	805
TOTAL EQUITY		**6,419,604**	2,442,039

The consolidated financial statements on pages 79 to 186 were approved and authorised for issue by the Board of Directors on 29 March 2017 and are signed on its behalf by:

Zhu Yufeng	**Sun Xingping**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2016

	Attributable to owners of the Company								Non-controlling interests		
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000 *(note a)*	Legal reserves RMB'000 *(note b)*	Translation reserve RMB'000 *(note c)*	Share options reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Perpetual notes RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015 (Restated)	48,491	2,342,529	15,918	25,195	2,674	72,895	(219,331)	2,288,371	—	350	2,288,721
Loss for the year	—	—	—	—	—	—	(15,229)	(15,229)	—	(243)	(15,472)
Other comprehensive income (expense) for the year	—	—	—	—	32,550	—	—	32,550	—	(2)	32,548
Total comprehensive income (expense) for the year	—	—	—	—	32,550	—	(15,229)	17,321	—	(245)	17,076
Transfer to legal reserves	—	—	—	26,094	—	—	(26,094)	—	—	—	—
Recognition of equity settled share-based payments *(note 34)*	—	—	—	—	—	135,542	—	135,542	—	—	135,542
Forfeitures of share options *(note 34)*	—	—	—	—	—	(40,804)	40,804	—	—	—	—
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	700	700
At 31 December 2015	48,491	2,342,529	15,918	51,289	35,224	167,633	(219,850)	2,441,234	—	805	2,442,039
Profit for the year	—	—	—	—	—	—	130,386	130,386	4,846	5,508	140,740
Other comprehensive expense for the year	—	—	—	—	(10,959)	—	—	(10,959)	—	—	(10,959)
Total comprehensive income (expense) for the year	—	—	—	—	(10,959)	—	130,386	119,427	4,846	5,508	129,781
Transfer to legal reserves	—	—	—	133,945	—	—	(133,945)	—	—	—	—
Recognition of equity settled share-based payments *(note 34)*	—	—	—	—	—	71,409	—	71,409	—	—	71,409
Forfeitures of share options *(note 34)*	—	—	—	—	—	(41,131)	41,131	—	—	—	—
Rights Issue (as defined in note 16) *(note 32)*	18,183	1,945,706	—	—	—	—	—	1,963,889	—	—	1,963,889
Transaction costs attributable to the issuance of Rights Issue	—	(23,005)	—	—	—	—	—	(23,005)	—	—	(23,005)
Issue of perpetual notes *(note 33)*	—	—	—	—	—	—	—	—	1,800,000	—	1,800,000
Distributions to holders of perpetual notes	—	—	—	—	—	—	—	—	(4,846)	—	(4,846)
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	40,337	40,337
At 31 December 2016	66,674	4,265,230	15,918	185,234	24,265	197,911	(182,278)	4,572,954	1,800,000	46,650	6,419,604

Notes:

(a) Contributed surplus represents (i) the amount of RMB16,924,000 (equivalent to HK$15,941,000) credited to the contributed surplus as a result of the capital reduction and consolidation of shares of the Company on 16 September 2003; and (ii) the Company made a distribution in respect of 2008 final dividend amounting to RMB1,006,000 (equivalent to HK$1,138,000) out of the contributed surplus during the year ended 31 March 2009.

(b) Legal reserves represent the amounts set aside from the retained profits by certain subsidiaries incorporated in the PRC and is not distributable as dividend. In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to legal reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to the loans, advances, cash dividends.

(c) Translation reserve included cumulative amount of RMB81,101,000 relating to the disposal group classified as held for sale has recognised in other comprehensive income and included in equity.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2016

	NOTE	2016 RMB'000	2015 RMB'000
OPERATING ACTIVITIES			
Profit (loss) for the year		**140,740**	(15,472)
Adjustments for:			
Income tax		**(12,901)**	38,803
Amortisation of prepaid lease payments		**2,798**	1,802
Amortisation of deferred income on government grants		**(153)**	(154)
Depreciation of property, plant and equipment		**722,078**	381,976
Loss on disposal of property, plant and equipment		**28**	941
Finance costs		**978,450**	335,923
Impairment loss recognised on plant and equipment		**183,942**	42,104
Interest income		**(91,907)**	(27,046)
Share-based payment expenses		**71,409**	135,542
Share of profit of joint ventures		**(873)**	(9,019)
Gain on deemed disposal of a joint venture		**(1,823)**	—
Loss (gain) on change in fair value of convertible bonds		**175,248**	(29,064)
Bargain purchase from business combination		**(67,111)**	(21,626)
Operating cash flows before movements in working capital		**2,099,925**	834,710
Increase in deposits, prepayment and other non-current assets		**(123,551)**	(162,779)
Increase in inventories		**(21,006)**	(28,926)
Increase in trade and other receivables		**(747,884)**	(1,869,325)
Decrease in amounts due from related companies		**13,637**	1,191
(Decrease) increase in trade and other payables		**(751,157)**	1,316,414
Increase (decrease) in amounts due to related companies		**1,387**	(34,616)
Cash generated from operations		**471,351**	56,669
Income taxes paid		**(21,197)**	(21,246)
NET CASH FROM OPERATING ACTIVITIES		**450,154**	35,423
INVESTING ACTIVITIES			
Interest received		**43,901**	27,046
Payments for construction and purchase of property, plant and equipment		**(8,311,628)**	(7,902,802)
Acquisition of subsidiaries	35	**48,824**	(146,914)
Settlement of payables to vendors of solar power plants		**(132,159)**	(181,371)
Deposits paid for acquisitions of solar power plants		**(31,800)**	62,614
Capital injection to joint ventures		**—**	(16,255)
Loans to third parties		**(20,556)**	(389,378)
Proceeds from disposal of property, plant and equipment		**12**	409
Loans to a joint venture		**(20,807)**	(130,248)
Dividend received from joint venture		**14,674**	—
Withdrawal of pledged bank and other deposits		**878,971**	440,258
Placement of pledged bank and other deposits		**(2,203,782)**	(944,011)
Repayment from related parties		**19,926**	—
NET CASH USED IN INVESTING ACTIVITIES		**(9,714,424)**	(9,180,652)

	2016 RMB'000	2015 RMB'000
FINANCING ACTIVITIES		
Interest paid	**(1,268,593)**	(438,478)
Distributions paid to holders of perpetual notes	**(4,846)**	—
Proceeds from bank borrowings	**15,162,937**	12,113,395
Repayment of bank borrowings	**(6,382,566)**	(2,282,686)
Proceeds from loans from a fellow subsidiary	**1,276,307**	999,268
Repayment of loans from a fellow subsidiary	**(999,897)**	(1,120,112)
Proceeds from issuance of shares through Rights Issue	**1,963,889**	—
Transaction costs paid for the issuance of Rights Issue	**(23,005)**	—
Proceeds from issuance of convertible bonds	**—**	768,964
Proceeds from issuance of perpetual notes	**1,800,000**	—
Proceeds from issuance of bonds	**—**	360,000
Payment for redemption of bonds	**(360,000)**	—
Advance from related parties	**2,014**	—
Repayment to related parties	**(3,863)**	—
Advance from third parties	**—**	40,600
Proceeds from inception of sales and lease back of finance leases	**21,450**	76,593
Repayment of obligations under finance leases	**(51,063)**	(39,190)
Capital contribution by non-controlling interests	**21,918**	700
NET CASH FROM FINANCING ACTIVITIES	**11,154,682**	10,479,054
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,890,412**	1,333,825
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**1,964,993**	598,340
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(2,323)**	32,828
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Represented by		
— bank balances and cash	**3,826,486**	1,964,993
— bank balances and cash classified as held for sale	**26,596**	—
	3,853,082	1,964,993

1. General Information

GCL New Energy Holdings Limited (the "Company") is incorporated in Bermuda as exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate parent is Elite Time Global Limited, a company incorporated in British Virgin Islands. Its ultimate parent is GCL-Poly Energy Holdings Limited ("GCL-Poly"), a company incorporated in the Cayman Islands with shares listed on the Stock Exchange. The address of the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is at Unit 1701A–1702A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the sale of electricity, development, construction, operation and management of solar power plants ("Solar Energy Business"), as well as the manufacturing and selling of printed circuit boards ("PCB Business"). In addition, the Group entered into agreement to dispose of PCB Business during the year ended 31 December 2016 (note 12) which have been presented as discontinued operation.

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.

2. Basis of Preparation

As at 31 December 2016, the Group's current liabilities exceeded its current assets by approximately RMB7,278 million. In addition, as at 31 December 2016, the Group has entered into agreements to construct solar power plants and acquire other assets which will involve capital commitments of approximately RMB4,447 million. In addition, the Group, subject to the availability of additional financial resources, is currently looking for further opportunities to increase the scale of its solar power plant operations through mergers and acquisitions. In the event that the Group is successful in securing more solar power plant investments or expanding the investments in the existing solar power plants in the coming twelve months from 31 December 2016, additional cash outflows will be required to settle further committed capital expenditure.

As at 31 December 2016, the Group's total borrowings comprising bank and other borrowings, convertible bonds, obligations under finance leases, loan from a shareholder and loans from fellow subsidiaries amounted to approximately RMB22,900 million (including bank and other borrowings, obligations under finance leases and loan from a shareholder classified as liabilities associated with assets held for sale of RMB181 million, RMB66 million and RMB18 million respectively), out of which approximately RMB5,862 million will be due in the coming twelve months provided that the covenants under the borrowing agreements are satisfied. The Group's pledged bank and other deposits and bank balances and cash amounted to approximately RMB2,276 million and RMB3,853 million (including pledged bank and other deposits and bank balance and cash classified as held for sale of RMB20 million and RMB27 million respectively) as at 31 December 2016, respectively. The financial resources available to the Group as at 31 December 2016 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements. The Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

2. Basis of Preparation *(continued)*

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2016. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to the solar power plants, that will be due in the coming twelve months from 31 December 2016 upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Subsequent to 31 December 2016, the Group successfully obtained new borrowings of RMB2,061 million from banks in the PRC;

(ii) The Group has been negotiating with lenders for the renewal of its current borrowings as necessary when they fall due in the coming twelve months. Based on the past experience, the Group did not encounter any significant difficulties in renewing the borrowings and the Directors are confident that all borrowings can be renewed upon the Group's application when necessary;

(iii) The Group is currently negotiating with several lenders in both Hong Kong and the PRC for additional financing. It has received detailed proposals from certain banks for banking facilities with repayment periods for more than one year. The Group also received letters of intent from certain other banks which indicated that these banks preliminarily agreed to offer banking facilities to the Group;

(iv) In July and December 2016, the Group proposed the issuance of non-public corporate bonds and non-public green bonds to qualifying investors in the maximum principal amount of RMB2,000 million and RMB1,750 million, respectively, which were fully underwritten and shall have a term of up to 3 years. The Group has received no-objection letters from the Shanghai Stock Exchange and the Shenzhen Stock Exchange in relation to these issues. The 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) The Group has completed the construction of 86 solar power plants with approval for on-grid connection up to 31 December 2016. The Group also has additional 22 solar power plants under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these consolidated financial statements. The abovementioned solar power plants have an aggregate installed capacity of approximately 4.1 GW and are expected to generate operating cash inflows to the Group.

After taking into account the Group's business prospects, internal resources and the available and forthcoming financing facilities, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

2. Basis of Preparation *(continued)*

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described in (ii) to (v) above. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of the approval of these consolidated financial statements for issuance is dependent on the Group's ability to generate adequate financing and operating cash flows through successful renewal of its borrowings upon expiry, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements, successful securing of the financing from banks with repayment terms beyond twelve months from the date of approval of these consolidated financial statements and other short-term or long-term financing; and the completion of the construction of the solar power plants to generate adequate cash inflows as scheduled. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRSs")

(a) Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Standards Board ("IASB") for the first time in the current year:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
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
Amendments to IAS 1	Disclosure Initiative
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") *(continued)*

(b) New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new, amendments to IFRSs and interpretation that have been issued but are not yet effective:

		Effective for annual periods beginning on or after
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers and the Related Amendments	1 January 2018
IFRS 16	Leases	1 January 2019
IFRIC 22	Foreign Currency Transaction and Advance Consideration	1 January 2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customs	1 January 2018
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 7	Disclosure Initiative	1 January 2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IAS 40	Transfers of Investment Property	1 January 2018
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014–2016 Cycle	1 January 2017 or 1 January 2018, as appropriate

Except as described below, the Directors consider that the application of the above new, amendments to IFRSs and interpretation will have no significant impact on the Group's consolidated financial statements.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") *(continued)*

(b) New and amendments to IFRSs issued but not yet effective *(continued)*

IFRS 9 Financial Instruments

IFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirement for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of IFRS 9 in the future may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. In addition, the change in fair value of the Group's convertible bonds payables designated at fair value through profit or loss that is attributable to changes in credit risk could be presented in other comprehensive income. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group performs a detailed review.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") *(continued)*

(b) New and amendments to IFRSs issued but not yet effective *(continued)*

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") *(continued)*

(b) New and amendments to IFRSs issued but not yet effective *(continued)*

IFRS 15 Revenue from Contracts with Customers (continued)

The Directors are in the process of assessing the potential impacts of IFRS 15 in respect of the Group's contracts with customers, in particular, the Group's electricity sales contracts. Upon application of IFRS 15, the Group is required to evaluate the terms and conditions of and the counterparties to the contracts which may impact revenue recognition. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review. In addition, the application of IFRS 15 in the future may result in more disclosures in the consolidated financial statements.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows. Upon application of IFRS 16, lease payments will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the Group.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") *(continued)*

(b) New and amendments to IFRSs issued but not yet effective *(continued)*

IFRS 16 Leases (continued)

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2016, the Group has prepaid lease payment amounting to RMB111,730,000 and non-cancellable operating lease commitments of RMB819,899,000 as disclosed in notes 18 and 38, respectively. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In relation to the sale and leaseback transactions entered into by the Group, it will continue to account as collateralized borrowings upon application of IFRS 16 as disclosed in note 28. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

4. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

4. Significant Accounting Policies *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. Significant Accounting Policies *(continued)*

Basis of consolidation *(continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

4. Significant Accounting Policies *(continued)*

Business combinations *(continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination which represent the lowest level at which the goodwill is mentioned for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or a group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

4. Significant Accounting Policies *(continued)*

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the year in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over a joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former joint venture and the retained interest is a financial asset within the scope of IAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

4. Significant Accounting Policies *(continued)*

Investments in joint ventures *(continued)*

The Group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or Joint venture.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

4. Significant Accounting Policies *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from sales of goods are recognised when the goods are delivered and title has passed.

Revenue from the sales of electricity is recognised when electricity is generated and transmitted.

Tariff adjustment is recognised at its initial fair value based on the prevailing nationwide government policies on renewable energy for the entitlement of the tariff subsidy when the electricity was delivered on grid.

Commission on sales of modules, consultancy fees income and management fee income are recognised when the services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

4. Significant Accounting Policies *(continued)*

Leasing *(continued)*

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Sale and leaseback resulting in a finance lease

If a sale and leaseback transaction results in a finance lease, any excess of sale proceeds over the carrying amount is not immediately recognised as income by the Group. Instead, it is deferred and amortised over the lease term. If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, no adjustment is necessary unless there has been an impairment in value, in which case the carrying amount is reduced to recoverable amount.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date.

When there is a change in functional currency resulting from change in primary economic environment in which the Company operates, it is accounted for prospectively from the date of the change.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

4. Significant Accounting Policies *(continued)*

Foreign currencies *(continued)*

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the year in which they become receivable.

4. Significant Accounting Policies *(continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

Share-based payment arrangements

Share options granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 34.

The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit and loss. At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Short-term and other long-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefit are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

4. Significant Accounting Policies *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. Significant Accounting Policies *(continued)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administration purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such property, plant and equipment are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid lease payments

Payments for obtaining land use rights are accounted for as prepaid lease payments and are charged to profit or loss on a straight-line basis over the lease terms as stated in the relevant land use right certificates granted for usage by the Group in the PRC. Prepaid lease payments which are to be charged to profit or loss in the next twelve months are classified as current assets.

4. Significant Accounting Policies *(continued)*

Impairment of tangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4. Significant Accounting Policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables and the classification of which depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, other loan receivables, amounts due from related companies, pledged bank and other deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, that are assessed for impairment on a collective basis even if they were assessed not be impaired individually. Objective evidence of impairment for a portfolio of receivables could include, but not limited to, the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "gain on change in fair value of convertible bonds" line item. Fair value is determined in the manner described in note 37.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related companies, loans from a shareholder and fellow subsidiaries, bank and other borrowings, obligations under finance leases and bonds payable are subsequently measured at amortised cost using the effective interest method.

Convertible bonds

At the date of issue, the convertible bonds payables contains both the debt component and derivative components are recognised at fair value. In subsequent periods, both of them are designated as FVTPL as a whole and the corresponding effect of exchange difference has been recognised with changes in fair value to profit or loss. Transaction costs relating to the issuance of the convertible bonds payable are charged to profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition on tariff adjustments on sales of electricity

Tariff adjustments represents subsidy received and receivable from the government authorities in respect of the Group's solar power generation business.

In August 2013, the National Development and Reform Commission of the released the New Tariff Notice to launch a new subsidizing policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralized solar power plants (which is known as the ground solar plants).

Pursuant to New Tariff Notice, a set of standardized procedures for the settlement of the tariff subsidy has come into force since 2013 and approvals for the registration in the Catalogue on a project-by-project basis are required before the allocation of funds to the state grid companies, which then would make settlement to the Group.

Tariff adjustments of RMB1,529,794,000 (2015: RMB418,694,000) has been recognised for the year ended 31 December 2016 are included in the sales of electricity as disclosed in notes 6 and is recognized based on the management judgement that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants.

In making their judgment, the Directors, taking into account the legal opinion as advised by the Group's legal advisor, considered that all of the Group's solar power plants currently in operation had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustments when the electricity was delivered on grid.

The Directors are confident that all of the Group's operating power plants were able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds from the government, after considering that there are no bad debt experiences with the state grid companies in the past and the tariff subsidy is fully funded by the PRC government.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(continued)*

Critical judgements in applying accounting policies *(continued)*

Accounting and classification of the Group's various financing arrangements

During the year ended 31 December 2016, the Group obtained new borrowing of RMB15,162,937,000 (2015: RMB12,113,395,000) via various financing arrangements with details disclosed in note 28.

The Directors have reviewed the Group's financing arrangements and in the light of its complex terms and conditions of the contracts and the deployment of different type and nature of financing vehicles, the accounting for these arrangements requires detail consideration of all facts and circumstances and the application of relevant accounting standards.

Joint arrangement

The Group holds 50% of the voting rights of its joint arrangements in Yili and Qichuang (all defined in note 19). The Group has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for relevant activities in which the determination of relevant activities required judgements.

The Group's joint arrangements are structured as limited companies and provide the Group and the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, these arrangements are classified as joint ventures.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of trade and other receivables, other loan receivables and amounts due from related companies

On assessing any impairment of the Group's trade and other receivables, other loan receivables and amounts due from related companies, the management regularly reviews the recoverability, creditworthiness of counterparties and ages of the receivables. Impairment on trade and other receivables, other loan receivables and amounts due from related companies are made based on estimation of the future cash flows discounted at the original effective interest rates. If the financial condition of the customers of the Group deteriorates, resulting in an impairment of their ability to make payments, additional impairment may be required.

As at 31 December 2016, the carrying amount of trade and other receivables was approximately RMB3,635,720,000 (2015: RMB3,326,643,000), the carrying amount of other loan receivables was approximately RMB344,058,000 (2015: RMB389,378,000) and the carrying amounts due from related companies is RMB164,947,000 (2015: RMB185,908,000). No impairment was recognised for both years.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(continued)*

Key sources of estimation uncertainty *(continued)*

Useful lives and impairment of property, plant and equipment

The Group has made substantial investments in property, plant and equipment for the Solar Energy Business and PCB Business. Changes in technology on plant and machinery or products to be manufactured may cause a change in the estimated useful lives or value of these assets.

The Group evaluates whether there is any event or change in circumstances which indicates that the carrying amounts of property, plant and equipment may not be recoverable. Whenever such events or changes in circumstances occur, these assets are reviewed for impairment.

Additionally, the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are expected to be shorter than previously estimated. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation expense in future periods.

As at 31 December 2016, the carrying amount of property, plant and equipment was approximately RMB26,755,177,000 (2015: RMB14,193,691,000), net of accumulated depreciation and impairment of approximately RMB712,888,000 (2015: RMB1,314,693,000).

During the year ended 31 December 2015, the Group recognised impairment on plant and equipment of approximately RMB42,104,000 in relation to the PCB Business segment (note 17). In addition, the Group changed the estimated useful lives of certain plant and machinery in relation to the PCB Business segment (note 17). No such impairment on plant and equipment is recognised in 2016.

Fair value measurements and valuation processes

The Group's convertible bonds are measured at fair value for financial reporting purposes. In estimating the fair value of 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. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and reports the valuation findings to the Directors semi-annually to explain the cause of fluctuations in the fair value of convertible bonds.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of the convertible bonds. Note 37c provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the convertible bonds.

6. Revenue and Segment Information

Revenue represents revenue arising on sale of electricity.

Sales of electricity included RMB1,529,794,000 (2015: RMB418,694,000) 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 power plants. Details of payment arrangement of tariff is disclosed in note 22.

On 30 December 2016, the operating segment regarding the PCB Business of the Group was contracted to be sold and accordingly has been presented as discontinued operations. For continuing operation, the Group has been operating in one reportable segment, being the Solar Energy Business. The Group's chief operating decision maker ("CODM"), being the executive directors of the Company, who reviews the consolidated results before tax and before fair value adjustment of financial instruments and share-based payment expenses, if any, when making decisions about allocating resources and assessing performance.

Details of the discontinued operations of the PCB Business are described in note 12.

Geographical information

Majority all of the Group's non-current assets, production facilities and capital expenditure are located or utilised in the PRC and all the revenue arising on sale of electricity is generated from PRC customers. Therefore, no further analysis of geographical information is presented.

Information about major customers

None of the Group's customers contributed over 10% of the total revenue of the Group for both years.

7. Other Income

	2016 RMB'000	2015 RMB'000 (Restated)
Continuing operations		
Bank interest income	**26,133**	7,505
Commission income on modules procurement *(note a)*	**—**	89,245
Consultancy income *(note b)*	**18,224**	81,678
Government grants — Incentive subsidies *(note c)*	**5,515**	3,270
Interest income from loan to joint venture *(note 42e)*	**9,649**	1,589
Interest income from other loan receivables *(note 24)*	**42,482**	17,572
Imputed interest on discounting effect on tariff adjustment receivables	**10,939**	—
Management services income *(note 42b)*	**42,936**	33,302
Others	**11,401**	496
	167,279	234,657

7. Other Income *(continued)*

Notes:

(a) Commission income on modules procurement represents commission for providing sourcing and procurement services of solar modules for third parties.

(b) Consultancy income represents consultancy fees earned from third parties for design and planning for constructing solar power plants.

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

8. Other Expenses, Gains and Losses

	2016 RMB'000	2015 RMB'000 (Restated)
Continuing operations		
Exchange gains, net	**42,946**	31,871
Gain on deemed disposal of a joint venture	**1,823**	—
Others	**—**	(321)
	44,769	31,550

9. Finance Costs

	2016 RMB'000	2015 RMB'000 (Restated)
Continuing operations		
Interest on:		
Bank and other borrowings	**1,171,699**	399,391
Bonds payables	**12,002**	12,118
Loan from fellow subsidiaries *(note 27)*	**51,343**	27,763
Imputed interest expenses on payables *(note)*	**—**	21,383
Total borrowing costs	**1,235,044**	460,655
Less: amounts capitalised in the cost of qualifying assets	**(268,801)**	(138,781)
	966,243	321,874

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 9.55% (2015: 8.03%) per annum to expenditure on qualifying assets.

Note: Imputed interest expenses arose from a discounting effect of the engineering, procurement and constructions ("EPC") payable.

10. Income Tax (Credit) Expense

	2016 RMB'000	2015 RMB'000 (Restated)
Continuing operations		
PRC Enterprise Income Tax ("EIT"):		
Current tax	**8,112**	7,168
Overprovision in prior years	**(3,516)**	—
	4,596	7,168
PRC withholding tax	**—**	1,456
Deferred tax *(note 31)*	**(46,785)**	(2,358)
	(42,189)	6,266

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

Certain subsidiaries of the Group, being enterprises engaged in 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 the years. No provision for taxation in Hong Kong Profits Tax was made for the year as there is no assessable profits for both reporting periods.

10. Income Tax (Credit) Expense *(continued)*

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Profit before tax	**267,210**	81,990
Tax at the domestic income tax rate of 25% (2015: 25%) *(note)*	**66,803**	20,498
Tax effect of share of profit of joint ventures	**(218)**	(2,255)
Tax effect of expenses not deductible for tax purpose	**162,387**	58,803
Tax effect of income not taxable for tax purpose	**(83,022)**	(39,236)
Tax effect of tax losses not recognised	**33,882**	37,538
Utilisation of tax losses previously not recognised	**(3,200)**	(166)
Overprovision in prior years	**(3,516)**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**9**	14,619
Effect of tax exemptions and concessions granted to PRC subsidiaries	**(215,314)**	(84,934)
PRC withholding tax on undistributed profits of subsidiaries	**—**	1,456
Others	**—**	(57)
Income tax (credit) expense for the year	**(42,189)**	6,266

Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used which is PRC EIT rate (2015: PRC EIT rate).

11. Profit For The Year

	2016 RMB'000	2015 RMB'000 (Restated)
Continuing operations		
Profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments	**2,625**	1,631
Auditor's remuneration	**3,879**	2,971
Depreciation of property, plant and equipment	**559,923**	152,799
Operating lease rental in respect of properties	**18,005**	9,637
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	**242,694**	134,804
— Retirement benefit scheme contributions	**30,237**	15,975
Share-based payment expenses *(note 34)* (Administrative expenses in nature)		
— Directors and staff	**52,555**	103,958
— Consultancy services	**18,854**	31,584

12. Discontinued Operations

On 30 December 2016, the Group entered into a sale and purchase agreement ("S&P Agreement") to dispose of the entire interest in PCB Business (the "Disposal") to Mr. Yip Sum Yin ("Mr. Yip"), a former director of the Company, at a consideration of HK$250,000,000 (equivalent to RMB223,625,000) plus, as the case may be, adjustment amounts pursuant to the S&P Agreement. The disposal of PCB Business is consistent with the Group's long-term policy to focus on its core solar power business, which will allow the Group and its management team to focus its resources on the business area where it has the most competitive strengths. The completion of the Disposal was subject to the fulfilment of certain conditions precedent as set out in the S&P Agreement. Details of the Disposal are set out in the announcement of the Company dated 30 December 2016 and the circular of the Company issued to the shareholders dated 20 January 2017. The Directors consider that the Disposal will be completed within 12 months from the end of reporting period.

The loss for the year from the discontinued PCB Business is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the PCB Business as discontinued operations.

Analysis of loss for the period from discontinued operations

The results of the discontinued operations for the year were as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Revenue	**1,491,564**	1,281,890
Cost of sales	**(1,389,065)**	(1,255,539)
Other income	**29,577**	42,920
Distribution and selling expenses	**(19,811)**	(17,133)
Administrative expenses	**(71,549)**	(76,112)
Other expenses, gains and losses	**16,062**	21,468
Impairment loss recognised on property, plant and equipment	**—**	(42,104)
Finance costs	**(12,207)**	(14,049)
Profit (loss) before tax	**44,571**	(58,659)
Income tax expense	**(29,288)**	(32,537)
Profit (loss) for the year from discontinued operations	**15,283**	(91,196)
Loss on measurement to fair value less costs to sell *(note 13)*	**(183,942)**	—
Loss for the year from discontinued operations	**(168,659)**	(91,196)

12. Discontinued Operations *(continued)*

Analysis of loss for the period from discontinued operations *(continued)*

Loss for the year from discontinued operations include the following:

	2016 RMB'000	2015 RMB'000 (Restated)
Amortisation of deferred income on government grants	**(153)**	(154)
Amortisation of prepaid lease payments	**173**	171
Auditor's remuneration	**694**	321
Cost of inventories recognised as an expense	**1,389,065**	1,255,539
Depreciation of property, plant and equipment *(note)*	**162,155**	229,177
Operating lease rental in respect of properties	**6,416**	5,789
Staff costs (including directors' remuneration but excluding share-based payments) (note)		
— Salaries, wages and other benefits	**236,661**	212,742
— Retirement benefit scheme contributions	**19,128**	20,711

Note: Included in staff costs and depreciation and amortization were approximately RMB212,528,000 (2015: RMB187,991,000) and RMB158,024,000 (2015: RMB224,055,000), respectively, capitalised as cost of inventories during the year ended 31 December 2016.

Cash flows from discontinued operations:

	2016 RMB'000	2015 RMB'000 (Restated)
Net cash inflows from operating activities	**135,933**	165,133
Net cash outflows from investing activities	**(139,118)**	(156,448)
Net cash (outflows) inflows from financing activities	**(36,431)**	41,951
Net cash (outflows) inflows	**(39,616)**	50,636

13. Assets Classified as Held for Sale

The assets and liabilities attributable to PCB Business, which are expected to be sold within twelve months of the end of reporting period, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position. Immediately before the initial classification of the assets and liabilities of PCB Business as held for sale, their carrying amounts are measured at the lower of the carrying amounts and the recoverable amount (i.e. the higher of fair value less costs to sell and value in use).

Since the expected fair value less costs to sell of the business is less than the aggregate carrying amount of the related assets and liabilities, loss on measurement to fair value less costs to sell of RMB183,942,000 is recognised. The major classes of assets and liabilities of PCB Business at the end of the reporting period are as follows:

	2016 RMB'000
Property, plant and equipment	570,071
Prepaid lease payments	6,515
Other non-current assets	7,274
Pledged bank and other deposits	20,497
Inventories	187,790
Trade and other receivables	496,481
Bank balances and cash	26,596
Total assets of PCB Business classified as held for sale	1,315,224
Trade and other payables	561,677
Loan from a shareholder	17,890
Bank borrowings — due within one year	181,003
Obligations under finance leases — due within one year	38,790
Other current liabilities	62,670
Obligations under finance leases — due after one year	26,970
Other non-current liabilities	21,112
Total liabilities of PCB Business associated with assets classified as held for sale	910,112
Net assets of PCB Business classified as held for sale	405,112
Loss on measurement to fair value less costs to sell	(183,942)
	221,170

Cumulative amount of RMB81,101,000 relating to the disposal group classified as held for sale has been recognised in other comprehensive income and included in equity.

13. Assets Classified as Held for Sale *(continued)*

The following is an aged analysis of trade receivables presented based on the invoice date at 31 December 2016, which approximated the respective revenue recognition dates:

	2016 RMB'000
0–90 days	**390,597**
91–180 days	**57,902**
Over 180 days	**189**
	448,688

For sales of PCB products, the Group generally allowed credit period of 30 to 120 days.

The following is an aged analysis of trade payables presented based on the invoice date as at 31 December 2016:

	2016 RMB'000
0–90 days	**244,880**
91–180 days	**124,693**
Over 180 days	**10,634**
	380,207

The credit period for purchase of goods is normally ranged from 90 to 120 days.

14. Directors', President/Chief Executive's and Employees' Emoluments

Particulars of the emoluments of directors, the chief executive and the five highest paid employees are as follows:

(a) Directors' and President/Chief Executive's emoluments

The emoluments of each of the Directors and the President/Chief Executive of the Company are set out below:

Year ended 31 December 2016

Name of director	Directors' fee RMB'000	Bonuses RMB'000	Salaries and other benefit RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
President and Executive Director						
Mr. SUN Xingping	—	3,423	4,000	—	1,600	9,023
Executive Directors						
Mr. ZHU Gongshan *(note 13)*	—	—	322	—	—	322
Mr. ZHU Yufeng	—	3,341	3,421	—	350	7,112
Madam HU Xiaoyan	—	1,833	2,694	236	2,210	6,973
Mr. TONG Wan Sze	—	975	2,138	126	800	4,039
Mr. YIP Sum Yin *(note 14)*	—	—	924	—	851	1,775
Non-executive Directors						
Madam SUN Wei	428	—	—	—	3,164	3,592
Mr. SHA Hongqiu	428	—	—	—	800	1,228
Mr. YEUNG Man Chung, Charles	428	—	—	—	1,732	2,160
Independent Non-executive Directors						
Mr. WANG Bohua	241	—	—	—	299	540
Mr. XU Songda	241	—	—	—	299	540
Mr. LEE Conway Kong Wai	284	—	—	—	299	583
Mr. WANG Yanguo	241	—	—	—	100	341
Dr. CHEN Ying	241	—	—	—	100	341
Total	2,532	9,572	13,499	362	12,604	38,569

14. Directors', President/Chief Executive's and Employees' Emoluments *(continued)*

(a) Directors' and President/Chief Executive's emoluments *(continued)*

Year ended 31 December 2015

Name of director	Directors' fee RMB'000	Bonuses RMB'000	Salaries and other benefit RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
President and Executive Director						
Mr. SUN Xingping *(note 7)*	—	1,500	1,675	—	1,425	4,600
Executive Directors						
Mr. ZHU Gongshan *(note 13)*	—	—	802	—	—	802
Mr. ZHU Yufeng *(note 11)*	—	1,676	140	—	312	2,128
Mr. TANG Cheng *(note 12)*	—	1,901	3,023	289	5,954	11,167
Mr. ZHANG Guoxin *(note 8)*	—	—	1,529	—	2,738	4,267
Madam HU Xiaoyan	—	2,011	1,196	192	3,800	7,199
Mr. TONG Wan Sze *(note 10)*	—	380	114	24	142	660
Mr. GU Xin *(note 2)*	—	—	180	—	662	842
Mr. YIP Sum Yin *(note 14)*	—	289	1,735	—	2,890	4,914
Non-executive Directors						
Mr. ZHU Yufeng *(note 11)*	336	—	—	—	—	336
Madam SUN Wei	401	—	—	—	5,566	5,967
Mr. SHA Hongqiu *(note 5)*	359	—	—	—	712	1,071
Mr. YEUNG Man Chung, Charles *(note 9)*	118	60	—	—	823	1,001
Mr. YU Baodong *(note 3)*	40	—	—	—	442	482
Independent Non-executive Directors						
Mr. WANG Bohua	202	—	—	—	495	697
Mr. XU Songda	202	—	—	—	495	697
Mr. HAN Qing-hua *(note 1)*	16	—	—	—	81	97
Mr. LEE Conway Kong Wai	242	—	—	—	495	737
Mr. WANG Yanguo *(note 4)*	181	—	—	—	89	270
Dr. CHEN Ying *(note 6)*	141	—	—	—	89	230
Total	2,238	7,817	10,394	505	27,210	48,164

14. Directors', President/Chief Executive's and Employees' Emoluments *(continued)*

(a) Directors' and President/Chief Executive's emoluments *(continued)*

Note 1: Mr. HAN Qing-hua, independent non-executive director, passed away on 30 January 2015.

Note 2: Mr. GU Xin was appointed and resigned as executive director on 9 May 2014 and 9 February 2015, respectively.

Note 3: Mr. YU Baodong resigned as non-executive director on 9 February 2015.

Note 4: Mr. WANG Yanguo was appointed as independent non-executive director on 9 February 2015.

Note 5: Mr. SHA Hongqiu was appointed as non-executive director on 9 February 2015.

Note 6: Dr. CHEN Ying was appointed as independent non-executive director on 22 April 2015.

Note 7: Mr. SUN Xingping was appointed as executive director on 22 April 2015 and further appointed as the President of the Company on 26 June 2015.

Note 8: Mr. ZHANG Guoxin resigned as executive director and President of the Company on 26 June 2015.

Note 9: Mr. YEUNG Man Chung, Charles was appointed as non-executive director on 18 September 2015.

Note 10: Mr. TONG Wan Sze was appointed as executive director on 11 December 2015.

Note 11: Mr. ZHU Yufeng was appointed as non-executive director on 9 February 2015 and appointed as executive director on 11 December 2015.

Note 12: Mr. TANG Cheng resigned as executive director on 11 December 2015.

Note 13: Mr. ZHU Gongshan retired as executive director on 24 May 2016.

Note 14: Mr. YIP Sum Yin resigned as executive director on 23 June 2016.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Bonuses are discretionary and are based on the Group's performance for the year.

No Directors waived any emoluments and no incentive paid on joining and no compensation for the loss of office for the year.

14. Directors', President/Chief Executive's and Employees' Emoluments *(continued)*

(b) Employees' emoluments

The five highest paid employees of the Group during the year included 4 directors (2015: four), details of whose remuneration are set out in (a) above. Details of the emoluments of the remaining one highest paid employee in 2016 and 2015 who is neither a director nor president/chief executive of the Company are as follows:

	2016 RMB'000	2015 RMB'000
Salaries, allowances and benefits in kind	4,108	1,607
Performance related bonuses	224	1,607
Equity-settled share option expense	1,251	1,567
Retirement benefits scheme contributions	—	—
	5,583	4,781

15. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company during 2016, nor has any dividend been proposed since the end of the reporting period (2015: nil).

16. Earnings (Loss) Per Share

For continuing and discontinued operations

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

	2016 RMB'000	2015 RMB'000
Profit (loss) for the purposes of calculation of basic earnings (loss) per share		
Profit (loss) for the year attributable to owners of the Company	**130,386**	(15,229)
Effect of dilutive potential ordinary shares:		
Gain on change in fair value of convertible bonds	**—**	(29,064)
Profit (loss) for the purpose of diluted earnings (loss) per share	**130,386**	(44,293)

	2016 '000	2015 '000
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	**18,615,821**	13,995,252
Effect of dilutive potential ordinary shares:		
Convertible bonds	**—**	549,974
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	**18,615,821**	14,545,226

Diluted earnings (loss) per share did not assume (i) the exercise of the share options since the exercise price is higher than the average share price of the Company for both reporting periods nor (ii) the conversion of convertible bonds since their assumed conversion had an anti-dilutive effect on earnings per share for the year ended 31 December 2016.

The Company completed the rights issue of shares on the basis of three rights shares for every eight existing shares held on a pro rata basis ("Rights Issue") in February 2016 which is before the date of approval of the consolidated financial statement of the Group for the year ended 31 December 2015 ("2015 Group Accounts") for issuance. Accordingly, retrospective adjustment has already been made to the weighted average number of ordinary shares in the 2015 Group Accounts.

16. Earnings (Loss) Per Share *(continued)*

For continuing operations

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

	2016 RMB'000	2015 RMB'000 (Restated)
Profit (loss) for the year attributable to owners of the Company	130,386	(15,229)
Add: Loss for the year from discontinued operations attributable to owners of the Company	168,659	91,196
Profit for the year attributable to owners of the Company from continuing operations	299,045	75,967
Effect of dilutive potential ordinary shares:		
Gain on change in fair value of convertible bonds	—	(29,064)
Profit for the year for the purpose of diluted earnings (loss) per share from continuing operation	299,045	46,903

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

From discontinued operations

Basic loss per share for the discontinued operations is RMB0.91 cent per share (2015: RMB0.65 cent per share) and diluted loss per share for the discontinued operations is RMB0.91 cent per share (2015: RMB0.62 cent per share), based on the loss for the year from the discontinued operations attributable to owners of the Company of RMB168,659,000 (2015: RMB91,196,000) and the denominators detailed above for both basic and diluted loss per share.

17. Property, Plant and Equipment

	Buildings RMB'000	Power generators and equipment RMB'000	Plant and machinery RMB'000	Leasehold improvements, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2015	197,283	1,284,004	1,217,123	110,170	15,654	3,319,524	6,143,758
Additions	19,194	296	191,718	4,163	18,874	7,591,446	7,825,691
Acquired on acquisition of subsidiaries	—	442,569	—	53	—	1,080,250	1,522,872
Transfer	375,627	7,307,181	—	5,245	—	(7,688,053)	—
Disposals	—	—	(1,282)	(29)	(1,227)	—	(2,538)
Effect of foreign currency exchange differences	815	—	14,262	3,254	270	—	18,601
At 31 December 2015	592,919	9,034,050	1,421,821	122,856	33,571	4,303,167	15,508,384
Additions	11,467	20,914	105,485	33,960	14,708	11,108,288	11,294,822
Acquired on acquisition of subsidiaries	—	2,367,683	—	—	—	189,148	2,556,831
Transfer	331,527	11,313,324	—	—	—	(11,644,851)	—
Disposals	—	—	(992)	(280)	(253)	—	(1,525)
Effect of foreign currency exchange differences	945	—	16,536	3,776	396	811	22,464
Transfer to assets held for sale	(236,906)	—	(1,542,850)	(121,520)	(11,635)	—	(1,912,911)
At 31 December 2016	**699,952**	**22,735,971**	**—**	**38,792**	**36,787**	**3,956,563**	**27,468,065**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2015	25,521	—	754,766	87,697	6,275	—	874,259
Depreciation expense	12,385	141,261	220,546	4,676	3,108	—	381,976
Eliminated on disposals of assets	—	—	(226)	(1)	(961)	—	(1,188)
Impairment losses recognised in profit or loss	—	—	38,461	3,556	87	—	42,104
Effect of foreign currency exchange differences	360	—	14,252	2,746	184	—	17,542
At 31 December 2015	38,266	141,261	1,027,799	98,674	8,693	—	1,314,693
Depreciation expense	27,707	525,429	154,178	7,992	6,772	—	722,078
Eliminated on disposals of assets	—	—	(957)	(276)	(253)	—	(1,486)
Effect of foreign currency exchange differences	437	—	16,536	3,215	255	—	20,443
Transfer to assets held for sale	(34,277)	—	(1,197,556)	(103,152)	(7,855)	—	(1,342,840)
At 31 December 2016	**32,133**	**666,690**	**—**	**6,453**	**7,612**	**—**	**712,888**
CARRYING AMOUNTS							
At 31 December 2016	**667,819**	**22,069,281**	**—**	**32,339**	**29,175**	**3,956,563**	**26,755,177**
At 31 December 2015	554,653	8,892,789	394,022	24,182	24,878	4,303,167	14,193,691

17. Property, Plant and Equipment *(continued)*

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Buildings	2%–4% or over the lease term, whichever is shorter
Power generators and equipment	Higher of 4% per annum or the percentage calculated based on license period
Plant and machinery	10%–25%
Leasehold improvements, furniture, fixtures and equipment	20%–25%
Motor vehicles	20%–30%

Before 31 December 2015, plant and machinery used for manufacturing of printed circuit boards ("PCB") were depreciated at 10% per annum. Due to technology advancement on plant and machinery and products to be manufactured, the Directors have assessed that the estimated useful lives of these assets are expected to be shorter than previously estimated. With effect from the year ended 31 December 2015, those plant and machinery are depreciated at 16.67% per annum.

In addition, due to the recent unsatisfactory performance and the potential additional costs in compliance with the environmental policies and regulations imposed upon Dongguan Red Board Limited (the "Dongguan Factory"), being one of the factories of the Group engaging in PCB Business, the Directors impaired fully the plant and machinery and other assets relating to the Dongguan Factory amounting to RMB42,104,000 during the year ended 31 December 2015 for a possible discontinuance or disposal of the Dongguan Factory.

All buildings were held under leases in the PRC.

At 31 December 2016, the carrying amount of plant and machinery included an amount of approximately RMB123,794,000 (2015: RMB145,718,000) in respect of assets held under finance leases. Such amount is reclassified as assets held for sales in 2016.

At 31 December 2016, the Group was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB627,902,000 (2015: RMB326,153,000). In the opinion of the Directors, the absence of the property ownership certificates to these property interests does not impair their carrying value to the Group as the Group paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

18. Prepaid Lease Payments

	2016 RMB'000	2015 RMB'000
Analysed for reporting purposes as:		
Current assets	**2,371**	1,772
Non-current assets	**109,359**	52,159
	111,730	53,931

19. Interests in Joint Ventures

	2016 RMB'000	2015 RMB'000
Details of the Group's investments in joint ventures are as follows:		
Cost of unlisted investment in joint ventures	**45,165**	58,856
Share of post-acquisition (losses) profits, net of dividend received	**(4,968)**	8,789
Effect of foreign currency exchange differences	**1,962**	(12)
	42,159	67,633
Loan to a joint venture *(note 20)*	**—**	6,548
Less: Share of post-acquisition losses that are in excess of the costs of investments	**—**	(312)
	—	6,236

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activities
		2016	2015	2016	2015	
伊犁協鑫能源有限公司 Yili GCL New Energy Limited* ("Yili") *(Note a)*	PRC	**50%**	50%	**50%**	50%	Operation of solar power plant in the PRC
海南州世能光伏發電有限公司 Hainanzhou Shineng Photovoltaic Power Co., Ltd.* ("Shineng") *(Note b)*	PRC	**—**	60%	**—**	60%	Operation of solar power plant in the PRC
啟創環球有限公司 Qichuang Global Limited ("Qichuang") *(Note c)*	British Virgin Islands ("BVI")/Japan	**50%**	50%	**50%**	50%	Operation of solar power plant in Japan

* *English name for identification only*

19. Interests in Joint Ventures *(continued)*

Notes:

(a) During the year ended 31 December 2015, the Group has further injected capital of RMB16,100,000 to Yili.

(b) On 30 December 2014, the Company acquired 100% equity interests in Delingha Century Concord Photovoltaic Power Co., Ltd. ("Delingha") which in turn holds 60% equity interest in Shineng. Pursuant to shareholders agreement of Shineng, two-third of the votes is required to direct the relevant activities. The Directors consider that the Group can only exercise joint control over Shineng and it is therefore classified as a joint venture of the Group. On 23 September 2016, the Group acquired the remaining 40% equity interest in Shineng at a consideration of RMB36,000,000 and therefore obtained control over Shineng which becomes a subsidiary of the Group.

(c) In November 2015, the Group entered into an agreement with independent third parties, pursuant to which the Group invested 50% equity interest in Qichuang at a consideration of approximately RMB155,000. The Group has joint control over Qichuang as under the contractual agreements, unanimous consent is required from all parties to the agreements for all the relevant activities.

Summarised financial information of joint ventures

Set out below is the aggregate financial information of joint ventures that are not individually material. All joint ventures are accounted for using the equity method in these consolidated financial statements.

	2016 RMB'000	2015 RMB'000
Revenue	40,844	46,563
Profit or loss from operations and total comprehensive income	(214)	12,344
Current assets	18,734	84,787
Non-current assets	234,318	471,226
Current liabilities	(172,026)	(228,017)
Non-current liabilities	—	(200,000)

20. Amounts Due from/to Related Companies

The related companies included joint ventures and fellow subsidiaries of the Group, and companies controlled by Mr. Zhu Yufeng and his family member which hold in aggregate more than 20% of the Company's share capital as at 31 December 2016 and exercises significant influence over the Company.

	2016 **RMB'000**	2015 RMB'000
Amounts due from joint ventures		
— Current *(note a)*	**11,851**	33,451
— Non-current *(note c)*	**144,700**	123,700
— Non-current *(note d)*	**—**	6,236
	156,551	163,387
Amounts due to joint ventures		
— Current *(note a)*	**2,014**	—
Amounts due from fellow subsidiaries		
— Current *(note b)*	**8,112**	22,005
Amounts due to fellow subsidiaries		
— Current *(note b)*	**71,658**	8,898
Amounts due from the companies controlled by Mr. Zhu Yufeng and his family		
— Current *(note e)*	**284**	516
Amounts due to the companies controlled by Mr. Zhu Yufeng and his family		
— Current *(note e)*	**9,589**	170,734

20. Amounts Due from/to Related Companies *(continued)*

Notes:

(a) The amounts due from/to joint ventures are non-trade in nature, unsecured, non-interest bearing and repayable on demand. During the year ended 31 December 2016, amount due from joint venture of RMB12,397,000 was capitalised as capital in Qichuang and accounted under interest in joint ventures.

(b) The amounts due from/to fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for the amount due from a fellow subsidiary of approximately RMB8,108,000 (2015: RMB21,744,000) and amount due to a fellow subsidiary of approximately RMBNil (2015: RMB937,000), respectively, which are trade in nature. Included in amounts due to fellow subsidiaries are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement of amounts due to fellow subsidiaries with an aggregate amount of RMB85,000,000 as at 31 December 2015 (2016: Nil).

(c) The Group, as lender, entered into a loan agreement with Yili to finance their operation for a facility up to RMB160,000,000 and RMB144,700,000 (2015: RMB123,700,000) as at 31 December 2016 was drawn down. The loan is unsecured and interest-bearing at a fixed rate of 8% (2015: 9.05%) per annum with no fixed repayment term. The Directors expected the loan to be realised after twelve months from the end of reporting period and according is classified as non-current assets.

(d) As at 31 December 2015, amount consisted of an advance to Qichuang in which settlement is neither planned nor likely to occur in the foreseeable future and the Directors considered that it formed part of the investor's net investment in Qichuang. During the year ended 31 December 2016, the advance was capitalised as capital in Qichuang and accounted for under interest in joint ventures.

(e) The amount due from/to companies controlled by Mr. Zhu Yufeng and his family are non-trade in nature, unsecured, non-interests bearing and repayable on demand except for amount of RMB1,799,000 (2015: RMB411,000) which are trade in nature which aged within one year. The maximum amount outstanding during the year ended 31 December 2016 is RMB516,000 (2015: RMB516,000) for the amounts due from companies in which Mr. Zhu Yufeng and his family have control.

21. Deposits, Prepayment and Other Non-Current Assets

	2016 **RMB'000**	2015 RMB'000
Deposits paid for EPC contracts and constructions *(note a)*	**659,597**	929,739
Refundable value-added tax	**2,114,127**	1,036,986
Deposits paid for acquisitions of solar power plants	**38,300**	13,410
Prepaid rent for parcels of land	**264,274**	160,715
Trade receivables *(note 22) (note b)*	**249,555**	175,700
Others	**46,463**	38,772
	3,372,316	2,355,322

Notes:

(a) Deposits for EPC contracts and constructions represent deposits paid to contractors which will be transferred to property, plant and equipment in accordance with the percentage of completion of the constructions.

(b) The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date and are discounted at an effective interest rate of 2.65% per annum as at 31 December 2016.

22. Trade and Other Receivables

	2016 RMB'000	2015 RMB'000
Trade receivables	**2,280,402**	865,270
Bills receivable	**128,517**	682,813
Prepayment and deposits	**113,190**	130,566
Other receivables		
— Consultancy service fee receivables	**9,127**	82,079
— Interest receivables	**45,611**	18,772
— Receivables for modules procurement	**526,476**	1,325,203
— Refundable value-added tax	**382,480**	153,440
— Others	**149,917**	68,500
	3,635,720	3,326,643
Analysed as:		
— Current	**3,386,165**	3,150,943
— Non-Current *(note 21)*	**249,555**	175,700
	3,635,720	3,326,643

Trade receivables primarily comprise amounts receivable for the sale of PCB products and receivables for electricity sales which include tariff adjustment receivables to be received from the state grid companies.

Tariff adjustment is included as a component of the government-approved on-grid tariff of solar energy supply. The financial resource for the tariff adjustment is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund and make settlement through state-owned grid companies to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustments are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy ("可再生能源電價附加補助資金管理暫行辦法"). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment. As at 31 December 2016, tariff adjustment receivables amounting to approximately RMB2,116,095,000 (2015: RMB456,673,000) are included in the trade receivables. The Directors expected certain part of the tariff adjustment receivables will be recovered after twelve months from the reporting date which amounted to approximately RMB249,555,000 (2015: RMB175,700,000) (included in note 21).

22. Trade and Other Receivables *(continued)*

Certain bills receivable issued by third parties endorsed with recourse for settlement of amounts due to fellow subsidiaries, payables for purchase of plant and machinery and construction costs, and loan from fellow subsidiaries continue to recognise its full carrying amount at the end of both reporting periods and are disclosed in note 20, 26 and 27 respectively.

Receivables for modules procurement comprise modules procurement cost and commission earned by the Group and the Group allows credit period of 180 days to 1 year (2015: 180 days to 1 year).

For sales of PCB products for 2015, the Group generally allowed credit period of 30 to 120 days.

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

All bills receivables of the Group are with a maturity period of less than 180 days and not yet due at the end of the reporting period, and management considers the default rate is low based on historical information and experience.

The following is an aged analysis of trade receivables classified as current assets, which are presented based on the invoice date at the end of the reporting period:

	2016 **RMB'000**	2015 RMB'000
Unbilled *(note)*	**2,093,632**	456,673
0–90 days	**101,993**	347,492
91–180 days	**28,807**	38,762
Over 180 days	**55,970**	22,343
	2,280,402	865,270

Note: Unbilled receivables mainly represent tariff adjustments to be billed and received based on the prevailing national government policies on renewable energy.

Consultancy service fee receivables and receivables for modules procurement are aged from 180 days to 1 year (2015: 180 days to 1 year).

Included in these trade receivables are debtors with aggregate carrying amount of RMB94,964,000 (2015: RMB72,902,000) which are past due as at the end of the reporting date. These trade receivables relate to a number of customers for whom there is no recent history of default. The Group does not hold any collateral over these balances.

22. Trade and Other Receivables *(continued)*

Ageing of trade receivables which are past due but not impaired:

	2016 RMB'000	2015 RMB'000
0–90 days	**20,783**	69,008
91–150 days	**18,211**	3,024
Over 150 days	**55,970**	870
	94,964	72,902

Based on the track record of regular repayment from state-owned grid companies and the collection of tariff adjustments is well supported by the government policy, all trade receivable from sales of electricity, including tariff adjustments receivables, were expected to be recoverable. Consequently, no provision for impairment of trade receivables was recognised as at 31 December 2016 (2015: Nil).

23. Transfer of Financial Assets

During the year ended 31 December 2016, the Group endorsed certain bills receivable for the settlement of trade and other payables; and discounted certain bills receivable to banks for raising of cash.

The following were the Group's bills receivable as at 31 December 2016 that were transferred to banks or creditors by discounting or endorsing those receivables, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see note 28) or the amounts outstanding with the creditors remain to be recognised as trade and other payables and amount due to related companies, respectively. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

At 31 December 2016

	Bills receivable discounted to banks with full recourse RMB'000	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Bills receivable from third parties	—	61,246	61,246
Carrying amount of transferred assets	—	61,246	61,246
Carrying amount of associated liabilities	—	(61,246)	(61,246)
Net position	—	—	—

23. Transfer of Financial Assets *(continued)*

At 31 December 2015

	Bills receivable discounted to banks with full recourse RMB'000	Bills receivable endorsed to creditors with full recourse RMB'000	Total RMB'000
Bills receivable from third parties	—	663,452	663,452
Bills receivable from group entities	2,300,000	—	2,300,000
Carrying amount of transferred assets	2,300,000	663,452	2,963,452
Carrying amount of associated liabilities	(2,300,000)	(663,452)	(2,963,452)
Net position	—	—	—

The Directors consider that the carrying amounts of the endorsed and discounted bills receivable approximate their fair values.

The finance costs recognised for bills receivable discounted to banks are RMB142,550,000 for the year ended 31 December 2016 (2015: RMB68,289,000) which was included in interest on bank and other borrowings (note 9).

24. Other Loan Receivables

The Group, as lender, entered into loan agreements with independent third parties to provide credit facilities to finance their development and operation of certain solar power plant projects in the PRC (the "Projects"). Approximately RMB344,058,000 (2015: RMB389,378,000) was drawn down at the end of the reporting period. The terms of the loans are one year and carry interest at 10% (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 the borrowers in the Projects.

25. Pledged Bank and Other Deposits and Bank Balances

Pledged bank and other deposits

Pledged bank and other deposits represent deposits pledged to banks and other financial institutions to secure banking facilities granted to the Group.

Pledged bank deposits carry fixed interest rates ranging from 0.35% to 1.82% (2015: 0.3% to 2.8%) per annum.

Deposits amounting to RMB2,028,388,000 (2015: RMB825,171,000) have been pledged to secure short-term borrowings granted to the Group and are therefore classified as current assets.

Bank balances

Bank balances carry interest at floating rates which range from 0.001% to 0.35% (2015: 0.001% to 0.35%) per annum or fixed rates which range from 0.001% to 5.85% (2015: 0.001% to 0.44%) per annum.

26. Trade and Other Payables

	2016 **RMB'000**	2015 RMB'000
Trade payables	**—**	326,862
Bills payable	**2,208,219**	986,008
Payables for purchase of plant and machinery and construction costs	**8,314,758**	4,095,487
Payables to vendors of solar power plants	**130,851**	179,741
Payables for module procurement	**221,410**	1,211,075
Other tax payables	**61,165**	44,601
Other payables	**208,659**	87,667
Receipt in advance	**14**	8,500
Accruals		
— Staff costs	**150,801**	78,648
— Legal and professional fees	**21,117**	25,363
— Utilities	**—**	6,219
— Interest expenses	**72,075**	43,774
— Others	**4,867**	6,303
	11,393,936	7,100,248

The credit period for purchase of goods is normally ranged from 90 to 120 days. The Group has financial risk management policies in place to ensure settlement of payables within the credit time frame.

26. Trade and Other Payables *(continued)*

The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting period:

	2016 RMB'000	2015 RMB'000
0–90 days	—	198,134
91–180 days	—	117,278
Over 180 days	—	11,450
	—	326,862

All bills payable of the Group is aged within 180 days (2015: 180 days) and not yet due at the end of the reporting period.

Included in trade and other payables are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement of payables for purchase of plant and machinery and construction costs with an aggregate amount of RMB61,246,000 (2015: RMB349,192,000).

27. Loan from Related Parties

(a) A shareholder

As at 31 December 2015, the shareholder's loan was unsecured, interest-free and repayable on 4 July 2016. During the year ended 31 December 2016, the Group entered into a loan extension agreement to extend the maturity date of the loan to 4 July 2017. The loan is obtained by a subsidiary of PCB Business and included in liabilities associated with assets classified as held for sale as at 31 December 2016.

(b) Fellow Subsidiaries

As at 31 December 2016, the Group has obtained loans from fellow subsidiaries of approximately RMB676,307,000 (2015: RMB629,157,000). The loans were unsecured, interest-bearing at 8% (2015: 4.85%) and had a repayment period of 3 to 4 months (2015: six months). Included in the loans from fellow subsidiaries are obligations arising from endorsing bills receivable with recourse issued by third parties for settlement with an aggregate amount of RMB229,260,000 as at 31 December 2015 (2016: Nil).

28. Bank and Other Borrowings

	2016 RMB'000	2015 RMB'000
Bank loans	**10,928,064**	7,241,761
Other loans	**10,172,942**	4,618,358
	21,101,006	11,860,119
Secured	**18,504,281**	6,826,307
Unsecured	**2,596,725**	5,033,812
	21,101,006	11,860,119
The carrying amounts of the above borrowings are repayable*:		
Within one year	**4,947,720**	4,466,690
More than one year, but not exceeding two years	**3,984,328**	2,363,488
More than two years, but not exceeding five years	**5,977,263**	2,382,933
More than five years	**6,191,695**	2,647,008
	21,101,006	11,860,119
Less: Amounts due within one year shown under current liabilities	**(4,947,720)**	(4,466,690)
Amounts due after one year	**16,153,286**	7,393,429
Analysed as:		
Fixed-rate borrowings	**7,630,903**	6,388,522
Variable-rate borrowings	**13,470,103**	5,471,597
	21,101,006	11,860,119

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

28. Bank and Other Borrowings *(continued)*

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

	2016	2015
Fixed-rate borrowings	**2.5% to 11.45%**	4.6% to 11.45%
Variable-rate borrowings		
RMB borrowings	**100% to 110% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")**	100% to 110% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")
US$ borrowings	**London Interbank Offered Rate ("LIBOR") + 2.9%**	—

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

	2016 RMB'000	2015 RMB'000
HK$	**—**	9,490
US$	**395,785**	11,478

Included in other loan is an amount of RMB1,000,000,000 (2015: RMB1,000,000,000) obtained by the Group through an investment fund established in the form of a limited partnership ("Limited Partnership"), the capital of which is contributed by two subsidiaries of the Group as to approximately 20% with the remainder contributed by a third party asset management company (the "Limited Partner"). Pursuant to the investment agreement and fund repurchase agreement entered into between the Group and the Limited Partner in conjunction with the formation of the Limited Partnership, the Limited Partner does not entitle to any variable returns (including profit distribution) from the Limited Partnership but receives a fixed return of 8.9% per annum ("Fixed Return"), the transaction as a whole has been considered as a loan granted to Group in these consolidated financial statements to reflect the economic substance of the arrangement. The Group has agreed to repurchase the Limited Partner's interest in the Limited Partnership upon the occurrence of certain events but in any case before 29 May 2017, for a consideration equal to the outstanding capital of the Limited Partner plus the Fixed Return. As the investment fund has been fully utilised for the acquisition of new energy businesses of the Group, this arrangement is accounted for as financing to the Group with the equity interest in the invested project companies as collateral.

As at 31 December 2015, included in short-term bank borrowings are obligations arising from bills receivable issued by the Group's entities with aggregate carrying amount of approximately RMB2,158 million discounted to banks with recourse at interest rates of 10% per annum. As at 31 December 2016, no such balance exists.

The Group is required to comply with certain restrictive financial covenants and undertaking requirements. During 2015, certain subsidiaries of the Group did not comply with a required debt to asset ratio requirement as set out in the loan agreements entered into between the subsidiaries and a PRC bank. On discovery of the breach, the Directors informed the lender and the relevant bank has agreed to grant a grace period to the Group up to 31 December 2015 in order for the subsidiaries to remediate and meet the required covenant requirement. As at 31 December 2015, the relevant covenant requirement has been remediated. The Directors had reviewed all required covenant requirements of the Group and no breach of covenants was noted during the year ended 31 December 2016.

29. Bonds Payable

On 19 June 2015 and 7 July 2015, Nanjing GCL New Energy Development Co., Ltd. ("Nanjing GCL New Energy"), a wholly-owned subsidiary of the Group, issued bonds with a total nominal value of RMB360,000,000. The bonds bore interests at 6.7% per annum and matured one year from the date of issuance. During the year ended 31 December 2016, both bonds were fully repaid upon maturity.

30. Convertible Bonds

	RMB'000
As at 1 January 2015	—
Issue of convertible bonds on 27 May 2015	611,244
Issue of convertible bonds on 20 July 2015	157,720
Payment of interests	(7,044)
Change in fair value charged to profit or loss	(29,064)
As at 31 December 2015 and 1 January 2016	732,856
Payment of interests	(49,643)
Change in fair value charged to profit or loss	175,248
As at 31 December 2016	**858,461**

Note: Exchange difference of the convertible bonds of approximately RMB51,948,000 (2015:RMB47,536,000) has been recognised with changes in fair value to profit or loss for the year ended 31 December 2016.

On 27 May 2015 and 20 July 2015, the Company issued three-year convertible bonds at a nominal value of HK$775,100,000 (equivalents to approximately RMB611,244,000) ("Talent Legend Issue") and HK$200,000,000 (equivalents to approximately RMB157,720,000) ("Ivyrock Issue"), respectively. The major terms and conditions of the convertible bonds are as follows:

(a) Interest rate

The Company shall pay an interest on the convertible bond at 6% per annum.

(b) Conversion price

The bond matures three years from the date of issuance at its nominal value of HK$775,100,000 and HK$200,000,000 respectively or can be converted into ordinary shares of the Company at an original conversion price of HK$1.20 per share, subject to adjustments, after six months from the date of issuance to the date of maturity.

30. Convertible Bonds *(continued)*

(b) Conversion price *(continued)*

The conversion price will be subject to adjustments upon the occurrence of certain events as set out below:

(i) Consolidation, subdivision or reclassification of shares, capitalisation of profits or reserve, capital distribution, rights issues of shares or options over shares, issues at a certain discount to current market price, change of control and other usual adjustment events. The conversion price may not be reduced so that the conversion shares may fall to be issued at a discount to their par value.

(ii) In addition, (1) if at any time after the date falling six months from the date of the instrument (i.e. 27 May 2015 and 20 July 2015), the 30-day average price falls below 80% of the applicable conversion price, the conversion price shall be adjusted to a price equal to the higher of (i) the then prevailing conversion price multiplied by 0.80 and (ii) the Minimum Conversion Price (see definition below) of HK$0.78 (the conversion price so adjusted being the "First Adjusted Conversion Price"). The First Adjusted Conversion Price shall be effective from the close of business in Hong Kong on the business day following the last dealing day within the period of the 30 consecutive dealing days in which such 30-day average price is ascertained; and (2) if at any time after the date falling three months from the date of the First Adjusted Conversion Price, the 30-day average price falls below 80% of the then prevailing conversion price, the conversion price shall be further adjusted to a price equal to the higher of (i) the then applicable conversion price multiplied by 0.80; and (ii) the Minimum Conversion Price of HK$0.78 (the conversion price so adjusted being the "Further Adjusted Conversion Price"). The Further Adjusted Conversion Price shall be effective from the close of business in Hong Kong on the business day following the last dealing day within the period of the 30 consecutive dealing days in which such 30-day average price is ascertained. For these purposes, "Minimum Conversion Price" means HK$0.78 subject to adjustments in the same manner as the conversion price. The Minimum Conversion Price has been further adjusted to HK$0.754 with effect from 6 January 2016 as a result of the determination of entitlements to the Rights Issue.

Pursuant to the terms of the Talent Legend Issue, the 30-day average price has fallen below 80% of the applicable conversion price. Accordingly, the conversion price of the Talent Legend Issue was adjusted from HK$1.20 per share to HK$0.96 per share with effect from 30 October 2015. The Company further announced that the conversion price of such convertible bonds was adjusted down to HK$0.93 with effect from 6 January 2016 as a result of the determination of entitlements to the Rights Issue. On 29 February 2016, the Company announced that the conversion price of Talent Legend Issue was adjusted further down to HK$0.754 per share as a result of the 30-day average price has fallen below 80% of the applicable conversion price.

Pursuant to the terms of Ivyrock Issue, the Company announced that the conversion price of such convertible bond was adjusted from HK$1.20 to HK$1.16 with effect from 6 January 2016 as a result of the determination of entitlements to the Rights Issue. On 21 January 2016, the Company announced that the conversion price of such convertible bond was adjusted further down to HK$0.93 per share and further adjusted down to HK$0.754 per share on 21 April 2016 as a result of the 30-day average price has fallen below 80% of the applicable conversion price.

30. Convertible Bonds *(continued)*

(c) Maturity

The maturity for Talent Legend Issue and Ivyrock Issue are 26 May 2018 and 19 July 2018, respectively.

(d) Redemption

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem all the principal amount of the convertible bond outstanding on the maturity dates at 112% of the outstanding principal amount.

The Company designated the convertible bond with embedded derivatives (including the conversion option) as a financial liability at FVTPL which is initially recognised at fair value. In subsequent periods, such convertible bonds are remeasured 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.

The fair value of the convertible bond, was determined by an independent qualified valuer based on the Binomial Lattice Model.

The following key assumptions were applied.

	Talent Legend Issue		Ivyrock Issue	
	2016	2015	**2016**	2015
Discount rate	**24.48%**	30.97%	**24.51%**	31.03%
Fair value of each share of the Company	**HK$0.455**	HK$0.460	**HK$0.455**	HK$0.460
Conversion price (per share)	**HK$0.754**	HK$0.960	**HK$0.754**	HK$1.200
Risk free interest rate	**0.95%**	0.62%	**0.98%**	0.68%
Time to maturity	**1.40 years**	2.41 years	**1.55 years**	2.56 years
Expected volatility	**50.97%**	64.85%	**56.71%**	64.42%
Expected dividend yield	**0%**	0%	**0%**	0%

Details of the assumptions applied as at the date of issurance of the convertible bonds are disclosed in notes to the Group's consolidated financial statements for the year ended 31 December 2015.

31. Deferred Taxation

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2016 **RMB'000**	2015 RMB'000
Deferred tax assets	**88,598**	20,941
Deferred tax liabilities	**(29,454)**	(22,027)
	59,144	(1,086)

The following are the deferred tax liabilities (assets) recognised and movements thereon during the year:

	Accelerated tax depreciation RMB'000	**Fair vale adjustments on acquisitions** RMB'000	**Unrealised profits on plant and equipment** RMB'000	**Withholding tax on undistributed profits** RMB'000	**Others** RMB'000	**Total** RMB'000
At 1 January 2015	510	(2,229)	(6,889)	10,800	(955)	1,237
Acquisitions of subsidiaries	—	—	—	—	72	72
Credit (charge) to profit or loss	—	—	(11,113)	2,105	8,755	(253)
Effect of foreign currency exchange differences	30	—	—	—	—	30
At 31 December 2015	540	(2,229)	(18,002)	12,905	7,872	1,086
Acquisitions of subsidiaries	—	(5,147)	—	—	—	(5,147)
Credit (charge) to profit or loss	—	—	(62,511)	1,159	20,873	(40,479)
Effect of foreign currency exchange differences	37	—	—	—	—	37
Transfer to assets held for sale	(577)	—	—	(14,064)	—	(14,641)
At 31 December 2016	**—**	**(7,376)**	**(80,513)**	**—**	**28,745**	**(59,144)**

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Accordingly, a provision for deferred taxation of RMB1,159,000 (2015: RMB2,105,000) in respect of withholding tax on undistributed profits has been recognised in profit or loss during the current year. In addition, PRC withholding tax of RMB2,373,000 has been provided for as current tax in the year ended 31 December 2015 for dividends declared.

At the end of the reporting period, the Group has unused tax losses of approximately RMB358,533,000 (2015: RMB301,118,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB35,084,000 (2015: RMB56,324,000) will expire from 2019 to 2021 (2015: 2019 to 2020) and other losses may be carried forward indefinitely.

As at 31 December 2015, the Group has no deductible temporary differences in respect of impairment of certain assets in aggregate of RMB42,104,000 (2016: RMBNil). No deferred tax asset has been recognised due to the unpredictability of future profit streams.

32. Share Capital

	Number of shares	Amount HK$'000
Authorised:		
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016 (Ordinary shares of HK$0.00416̇ each)	36,000,000,000	150,000

	Number of shares	Amount HK$'000	Shown in the consolidated financial statements as RMB'000
Issued and fully paid:			
At 1 January 2015, 31 December 2015 and 1 January 2016 (Ordinary shares of HK$0.00416̇ each)	13,871,793,048	57,799	48,491
Rights issue *(note)*	5,201,922,393	21,675	18,183
At 31 December 2016 (Ordinary shares of HK$0.00416̇ each)	19,073,715,441	79,474	66,674

Note: On 3 February 2016, the Company completed the Rights Issue on the basis of three rights shares for every eight existing shares held, on a pro rata basis. 5,201,922,393 rights shares were issued at the subscription price of HK$0.45 per share. Net proceeds from the Rights Issue is approximately RMB1,940,884,000, after deducting related expenses of approximately RMB23,005,000.

33. Perpetual Notes

On 18 November 2016, Nanjing GCL New Energy, an indirect wholly-owned subsidiary, entered into a perpetual notes agreement with GCL-Poly (Suzhou) New Energy Co., Ltd., Jiangsu GCL Silicon Material Technology Development Co., Ltd. ("Jiangsu GCL") , Suzhou GCL Photovoltaic Technology Co., Ltd. ("Suzhou GCL") and Taicang GCL Photovoltaic Technology Co., Ltd. ("Taicang GCL") (together, the "Lenders"). Each of the Lenders is a wholly-owned subsidiary of GCL-Poly. Nanjing GCL New Energy issued perpetual notes of RMB800 million and RMB1,000 million in November and December 2016, respectively and key terms are as follows:

(a) Distribution rate

Distribution rate is 7.3% per annum for the first two years, 9% per annum for the third to fourth year and 11% per annum starting from the fifth year.

(b) Maturity Date

There is no maturity date.

(c) Repayment terms

The distribution shall be repaid on the 21st day of the last month of each quarter (the "Distribution Payment Date"). Nanjing GCL New Energy shall have the right to defer any due and payable distribution payment indefinitely by notifying the Lenders five working days before the Distribution Payment Date. If Nanjing GCL New Energy chooses to defer distribution payment, for as long as there is any deferred distribution payment not yet paid in full, Nanjing GCL New Energy is not permitted to declare and pay dividends to its shareholders. The Lenders shall have no right at any time to request repayment of the perpetual notes from Nanjing GCL New Energy, but Nanjing GCL New Energy shall have the right, but not the obligations, to repay the perpetual notes amount by notifying the Lenders in writing five working days before the repayment of the perpetual notes.

(d) Security

None

The perpetual notes are classified as equity instruments in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by Nanjing GCL New Energy to the holders are recognised in equity in the consolidated financial statements of the Group. RMB4,846,000 was distributed and paid during the current year.

34. Share-Based Payment Transactions

Equity settled share option scheme

The Company's new share option scheme was adopted pursuant to a resolution passed on 15 October 2014 ("New Share Option Scheme") for the primary purpose of providing incentives to directors and eligible employees. Under the New Share Option Scheme, the Board of Directors of the Company may grant options to eligible employees, including the Directors, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

At 31 December 2016, the number of shares in respect of which had been granted under the New Share Option Scheme and remained outstanding was 664,608,000 (2015: 844,900,000) shares, representing 3.5% (2015: 6.1%) of the issued share capital of the Company at that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

On 23 October 2014, the Company granted 134,210,000 share options at exercise price of HK$4.75 per share option ("2014 Share Options"), subject to acceptance by the grantees, to subscribe for an aggregate of 134,210,000 shares under the New Share Option Scheme, and of which 35,000,000 share options were granted to the Directors. These share options are subject to a vesting scale in five even tranches on 24 November 2014 and the first, second, third and fourth anniversary dates of the grant date, respectively, as well as market performance conditions. The share options granted are exercisable from the respective vesting dates to the last day of the ten-year period after the grant date.

As a result of the share subdivision, the exercise price per 2014 Share Options granted and the number of subdivided shares falling to be issued upon exercise of the options granted had been adjusted to HK$1.1875 per share option and 536,840,000 share options, respectively.

On 24 July 2015, the Company granted 473,460,000 share options at exercise price of HK$0.61 per share option ("2015 Share Options"), subject to acceptance by the grantees, to subscribe for an aggregate of 473,460,000 shares under the New Share Option Scheme, and of which 43,000,000 share options were granted to the Directors. These share options are subject to certain service and market performance conditions and a vesting scale in five even tranches on 24 July 2015 and the first, second, third and fourth anniversary dates of the grant date, respectively. The share options granted are exercisable after the respective vesting date and upon meeting the service and market performance conditions up to the last day of the ten-year period after the grant date.

Pursuant to the terms of the New Share Option Scheme, the exercise price of the 2014 Share Options and 2015 Share Options is adjusted from HK$1.1875 to HK$1.1798 and from HK$0.61 to HK$0.606, respectively, with effect from 2 February 2016 as a result of the determination of entitlements to the Rights Issue mentioned in note 16.

34. Share-Based Payment Transactions *(continued)*

Equity settled share option scheme *(continued)*

The following table discloses movements of the Company's share options:

2016

	Exercise price	Date of grant	Exercise Period	Number of share options: Outstanding at 1 January 2016	During the year: Adjusted for the Rights Issue *(note a)*	During the year: Forfeited	Outstanding at 31 December 2016
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	70,000,000	462,000	(12,079,200)	58,382,800
	HK$0.606	24.7.2015	24.07.2015–23.7.2025	51,000,000	336,600	(2,717,820)	48,618,780
Employees and others	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	324,720,000	2,143,152	(63,576,856)	263,286,296
	HK$0.606	24.7.2015	24.07.2015–23.7.2025	399,180,000	2,634,588	(107,494,814)	294,319,774
				844,900,000	5,576,340	(185,868,690)	664,607,650
Exercisable at the end of the year				157,888,000			197,784,821
Weighted average exercise price (HK$)				0.8798	0.8741	0.8396	0.8837

2015

	Exercise price	Date of grant	Exercise Period	Number of share options: Outstanding at 1 January 2015	During the year: Granted	During the year: Forfeited	During the year: Transferred *(note (b))*	Outstanding at 31 December 2015
Directors	HK$1.1875	23.10.2014	24.11.2014–22.10.2024	140,000,000	—	(46,800,000)	(23,200,000)	70,000,000
	HK$0.61	24.7.2015	24.07.2015–23.7.2025	—	43,000,000	(3,000,000)	11,000,000	51,000,000
Employees and others	HK$1.1875	23.10.2014	24.11.2014–22.10.2024	396,840,000	—	(95,320,000)	23,200,000	324,720,000
	HK$0.61	24.7.2015	24.07.2015–23.7.2025	—	430,460,000	(20,280,000)	(11,000,000)	399,180,000
				536,840,000	473,460,000	(165,400,000)	—	844,900,000
Exercisable at the end of the year				107,368,000				157,888,000
Weighted average exercise price (HK$)				1.1875	0.61	1.1062	—	0.8798

Notes:

(a) In February 2016, the Company completed the 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) Transfer upon appointment as directors of the Company or resignation as director but remains as an employee of the Group.

34. Share-Based Payment Transactions *(continued)*

Equity settled share option scheme *(continued)*

During the year ended 31 December 2016, share-based payment expense of RMB71,409,000 (2015: RMB135,542,000) has been recognised in profit or loss. In addition, certain share options granted to employees and directors have been forfeited after the vesting period, and respective share options reserve of approximately RMB41,131,000 (2015: RMB40,804,000) is transferred to the Group's accumulated losses.

The fair value of the 2014 Share Options measured at the date of grant on 23 October 2014 for each share option to be vested in 0.09 year, 1 year, 2 years, 3 years and 4 years from the grant date were HK$0.599, HK$0.621, HK$0.650, HK$0.668 and HK$0.677, respectively.

The fair value of the 2015 Share Options measured at the date of grant on 24 July 2015 for each share option to be vested in 0.09 year, 1 year, 2 years, 3 years and 4 years from the grant date were HK$0.360, HK$0.371, HK$0.381, HK$0.399 and HK$0.405 for directors, and HK$0.321, HK$0.362, HK$0.381, HK$0.399 and HK$0.405 for employees and others, respectively. The following inputs were used to derive the fair value of the share options, using the Monte Carlo model:

	24 July 2015
Spot price	HK$0.58
Exercise price	HK$0.61
Expected volatility	75%
Dividend yield	0%
Risk-free interest rate	1.732%
Option life	10 years

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 had been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The variables and assumptions used in estimating the fair value of the share options were based on Directors' best estimate. Change in subjective input assumptions can materially affect the fair value.

At each reporting date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserve.

35. Acquisitions of Subsidiaries

Year ended 31 December 2016

Due to the business expansion, the Group had several material acquisitions during the year ended 31 December 2016 in acquiring controlling interests in certain companies for a total consideration of approximately RMB157,473,000 (2015: RMB286,722,000).

For the companies set out in note (i) below, these are solar power plant project companies in development stage and did not have any substantial economic resources and processes for creating economic benefits; accordingly, the 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) below, these solar power plant project companies are in on-grid stage with relevant economics resources such as completed or near to complete power plant and operational and management processes as at the date of the respective acquisitions which 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, the Group acquired 100% equity interest in Pingyi at a consideration of RMB100,000. At the date of acquisition, Pingyi had a 30MW solar power plant project under development.

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

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

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

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

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

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

35. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2016 *(continued)*

(i) Assets acquisition (continued)

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

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

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

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

(h) Acquisition of 十堰鄖能光伏電力開發有限公司 ("Shiyan")

On 1 August 2016, the Group acquired 100% equity interest in Shiyan at a consideration of RMB750,000. At the date of acquisition, Shiyan had a 50MW solar power plant project under development.

(i) Acquisition of 德令哈陽光能源電力有限公司 ("Yangguang")

On 5 August 2016, the Group acquired 100% equity interest in Yangguang at a consideration of RMB100,000. At the date of acquisition, Yangguang had a 10MW solar power plant project under development.

(j) Acquisition of 平山縣紫光新能源有限公司 ("Ziguang")

On 12 August 2016, the Group acquired 100% equity interest in Ziguang and its wholly owned subsidiary, 石能平山光伏電力開發有限公司 ("Pingshan"), at a consideration of RMB2,800,000. At the date of acquisition, Pingshan had a 30MW solar power plant project under development.

35. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2016 *(continued)*

(i) Assets acquisition (continued)

(k) Acquisition of 庄浪光原光伏發電有限公司 ("Zhuanglang")

On 30 October 2016, the Group acquired 100% equity interest in Zhuanglang at a consideration of RMB100,000. At the date of acquisition, Zhuanglang had a 35MW solar power plant project under preliminary development.

(l) Acquisition of 8 US project companies

On 16 February 2016, GCL New Energy (NC) I, LLC, a subsidiary of the Company entered into two sale and purchase agreements with two independent third parties, pursuant to which the Group conditionally agreed to purchase the entire equity interests of a total of eight companies for a total consideration of US$4,932,000 (equivalent to approximately RMB32,312,000). These companies own the development rights of eight yet to be constructed photovoltaic electrical energy producing utility systems located in North Carolina in the United States. The acquisitions were completed on in the same month.

	Pingyi	Jinxi	Yuxi	Pingxi	Pingyuan	Delingha Shidai	Yilian	Shiyan	Yangguang	Ziguang	Zhuanglang	8 US project companies	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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	2,761	3,011	1,100	—	32,312	189,148
Prepayments and other receivables	5,920	7,766	3,201	804	947	11,303	270	459	19,439	1,702	100	—	51,911
Bank balances and cash	22,385	2,614	—	2	—	48	119	10,000	212	12	—	—	35,392
Other payables	(36,511)	(11,804)	(3,101)	(3,480)	(3,606)	(134,990)	(11,540)	(12,470)	(22,562)	(14)	—	—	(240,078)
Total identifiable net assets acquired	100	1	100	10	10	80	10	750	100	2,800	100	32,312	36,373
Consideration payable to the former owner	(100)	(1)	(100)	(10)	(10)	(80)	(10)	(750)	(100)	(2,800)	(100)	(32,312)	(36,373)
Cash consideration paid	—	—	—	—	—	—	—	—	—	—	—	—	—
Bank balances and cash acquired	22,385	2,614	—	2	—	48	119	10,000	212	12	—	—	35,392
Net cash inflow	22,385	2,614	—	2	—	48	119	10,000	212	12	—	—	35,392

35. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2016 *(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, the Group entered into equity purchase agreements with two individuals, pursuant to which the 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 ("Baotou"), at a total consideration of RMB10,000,000. The transaction was completed on 19 January 2016. At the date of acquisition, Baotou had a 30MW solar power plant project and a 20MW solar power plant project in operation.

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

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

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

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

(d) Acquisition of 阜陽衡銘太陽能電力有限公司 ("Hengming")

On 6 July 2016, the Group acquired 100% equity interest in Hengming at a consideration of RMB100,000. At the date of acquisition, Hengming had a 20MW solar power plant project in operation.

(e) Acquisition of 林州市新創太陽能有限公司 ("Xinchuang")

On 11 August 2016, the Group acquired 100% equity interest in Xinchuang at a consideration of RMB1,700,000. At the date of acquisition, Xinchuang had a 60MW solar power plant project in operation.

(f) Acquisition of 鹽源縣白烏新能源科技有限公司 ("Baiwu")

On 5 September 2016, the Group acquired 100% equity interest in Baiwu at a consideration of RMB68,000,000. At the date of acquisition, Baiwu had a 50MW solar power plant project in operation.

35. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2016 *(continued)*

(ii) Business acquisition (continued)

(g) Acquisition of 海南州世能光伏發電有限公司 ("Shineng")

On 30 December 2014, the Company acquired 100% equity interests in Delingha which in turn holds 60% equity interest in Shineng.

On 23 September 2016, the Group acquired the remaining 40% equity interest in Shineng at a consideration of RMB36,000,000. At the date of acquisition, Shineng had a 30MW solar power plant project in operation.

(h) Acquisition of 聊城協昌光伏電力有限公司 ("Xiechang")

On 29 September 2016, the Group acquired 100% equity interest in Xiechang at a consideration of RMB5,100,000. At the date of acquisition, Xiechang had a 20MW solar power plant project in operation.

(i) Acquisition of 吉水恒通太陽能發電有限公司 ("Hengtong")

On 30 December 2016, the Group entered into equity purchase agreement, pursuant to which the Group agreed to acquired 100% equity interest of Hengtong with its subsidiary確山追日新能源電力有限公司 ("Zhuiri"), for a consideration of RMB100,000. At the date of acquisition Zhuiri had a 25MW solar power plant project in operation.

Impact of acquisition on the results of the Group

Had the acquisitions as mentioned in note (ii) above been effected at the beginning of the year, total amounts of revenue and profit for the year of the Group would have been increased by RMB139,221,000 and RMB28,750,000 respectively. Such pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the 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 year are RMB223,627,000 and RMB98,551,000 respectively.

35. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2016 *(continued)*

(ii) Business acquisition (continued)

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB763 million. The contractual cash flows not expected to be collected at acquisition dates were not expected to be material.

	Changzhou Zhonghui RMB'000	Gaotang RMB'000	Shanggao RMB'000	Hengming RMB'000	Xinchuang RMB'000	Baiwu RMB'000 *(note)*	Shineng RMB'000	Xiechang RMB'000	Hengtong RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition:										
Property, plant and equipment	434,647	224,482	139,318	130,693	486,229	388,177	248,490	147,797	167,850	2,367,683
Trade receivables	60,923	12,595	3,322	9,726	18,608	54,733	8,869	7,601	—	176,377
Prepayments and other receivables	72,284	35,809	16,543	69,872	168,011	162,673	23,604	13,376	24,443	586,615
Bank balances and cash	3,411	7,123	1	22	207	—	2,600	67	1	13,432
Other payables	(259,186)	(160,896)	(159,084)	(210,213)	(671,355)	(470,738)	(5,355)	(163,741)	(192,194)	(2,292,762)
Borrowings	(302,079)	(119,113)	—	—	—	—	(208,000)	—	—	(629,192)
Total identifiable net assets acquired	10,000	—	100	100	1,700	134,845	70,208	5,100	100	222,153
Fair value of previously held interest	—	—	—	—	—	—	(33,942)	—	—	(33,942)
Consideration payable to the former owner	(10,000)	—	(100)	(100)	(1,700)	(68,000)	(36,000)	(5,100)	(100)	(121,100)
Bargain purchase gain recognised	—	—	—	—	—	66,845	266	—	—	67,111
Cash consideration paid	—	—	—	—	—	—	—	—	—	—
Bank balances and cash acquired	3,411	7,123	1	22	207	—	2,600	67	1	13,432
Net cash inflow	3,411	7,123	1	22	207	—	2,600	67	1	13,432

Note: The bargain purchase arose because the consideration paid by the Group was less than the fair value of the identifiable net assets of the underlying business acquired as determined by the independent professional valuer, mainly due to the vendor was in financial difficulties and was not able to repay the debt as it fell due.

35. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2015

During the year ended 31 December 2015, the Group had several material acquisitions in acquiring a controlling interest in certain companies for a total consideration of approximately RMB286,722,000.

(i) Assets acquisition

(a) Acquisition of 南通海德新能源有限公司 ("Nantong")

On 12 January 2015, the Group acquired 100% equity interest in Nantong at a consideration of RMB10,000,000. At the date of acquisition, Nantong had a 22MW solar power plant project under development.

The project has been connected to the grid later in the month.

(b) Acquisition of 元謀綠電新能源開發有限公司 ("Yuanmou")

On 16 March 2016, the Group acquired 30% equity interest in Yuanmou at a consideration of RMB6,000,000 and obtained control of Yuanmou by holding 70% voting power in the shareholders' meeting. At the date of acquisition, Yuanmou had a 50MW solar power plant project under preliminary development.

The Group has an obligation to acquire the remaining 70% equity interest in Yuanmou at RMB14,000,000. The acquisition of the remaining 70% equity interest was subsequently completed in the same year.

Following the acquisition of the remaining 70% equity interest, the Group further injected capital to Yuanmou by increasing its total registered capital from RMB20,000,000 to RMB85,000,000. In December 2015, the Group entered into a separate sales and purchase agreement with the vendor to resell 20% equity interest in Yuanmou back to the vendor at RMB17,000,000. The disposal was completed during the year ended 31 December 2016 and accordingly, the relevant non-controlling interest is recognised.

(c) Acquisition of 太谷縣風光發電有限公司 ("Taigu")

On 13 May 2015, the Group acquired 30% equity interest in Taigu at a consideration of RMB2,819,000 and obtained control of Taigu by holding 100% voting power in the shareholders' meeting. At the date of acquisition, Taigu had a 20MW solar power plant project under preliminary development.

The Group has an obligation to acquire the remaining 70% equity interest in Taigu at RMB6,578,000 after the project has obtained on-grid connection; and accordingly, other payable of RMB6,578,000 had been recognised as at 31 December 2015 in this regard.

The project was connected to the grid in December 2015 and the respective shares transfer of the remaining 70% equity interest was completed in December 2016.

35. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2015 *(continued)*

(i) Assets acquisition (continued)

(d) Acquisition of 余干縣協鑫新能源有限責任公司 (“Yugan”)

On 26 August 2015, the Group acquired 100% equity interest in Yugan at a consideration of RMB500,000 and obtained control of Yugan. At the date of acquisition, Yugan had a 130MW solar power plant project under preliminary development.

First two phases of the project with an aggregate 80MW capacity were completed in January and July 2016 respectively.

(e) Acquisition of 榆林隆源光伏電力有限公司 (“Longyuan”)

On 26 August 2015, the Group acquired 100% equity interest in Longyuan at a consideration of RMB10,000,000 and obtained control of Longyuan. At the date of acquisition, Longyuan had a 200MW solar power plant project under preliminary development.

Pursuant to the acquisition agreement, the Group is required to settle the consideration of RMB10,000,000 after the project has been connected to the grid; and accordingly, other payable of RMB10,000,000 has been recognised as at 31 December 2015.

The project was connected to the grid in July 2016.

(f) Acquisition of 寧夏綠昊光伏發電有限公司 (“Lvhao”)

On 17 November 2015, the Group acquired 95% equity interest in Lvhao at a consideration of RMB9,500,000 and obtained control of Lvhao. At the date of acquisition, Lvhao had a 20MW solar power plant project under development. The Group has an obligation to acquire the remaining 5% equity interest in Lvhao at approximately RMB500,000. Accordingly, other payable of RMB500,000 had been recognised as at 31 December 2015 in this regard.

Following the transfer of the equity interest, both the Group and the vendor further injected capital to Lvhao by increasing its total registered capital from RMB10,000,000 to RMB36,050,000 at the same time maintaining their respective ownership of 95% (attributable to the Group) and 5% (attributable to the vendor) of the total equity interests in Lvhao. The vendor paid up its attributable outstanding capital of RMB1,303,000 during 2015; and accordingly, total payable of RMB1,803,000 had been recognised as at 31 December 2015; as the Group has an obligation to acquire the remaining 5% interest as enlarged by the capital contribution at this price.

The project was completed and connected to the grid in April 2016. The respective procedures to apply for shares transfer of the remaining 5% equity interest is in progress.

35. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2015 *(continued)*

(i) Assets acquisition (continued)

(g) Acquisition of 靖邊縣順風新能源有限公司 ("Jingbian")

On 4 December 2015, the Group acquired 95% equity interest in Jingbian at a consideration of RMB1,012,000 and obtained control of Jingbian. At the date of acquisition, Jingbian had a 40MW solar power plant project under preliminary development. The Group has an obligation to acquire the remaining 5% equity interest in Jingbian at approximately RMB53,000. Accordingly, other payable of RMB53,000 had been recognised as at 31 December 2015 in this regard.

The project was completed and connected to grid in June 2016. The respective procedures to apply for shares transfer of the remaining 5% equity interest is in progress.

	Nantong RMB'000	Yuanmou RMB'000	Taigu RMB'000	Yugan RMB'000	Longyuan RMB'000	Lvhao RMB'000	Jingbian RMB'000	Total RMB'000
Assets and liabilities recognised at the date of acquisition								
Property, plant and equipment	3,250	—	—	—	—	455	18,945	22,650
Prepayments and other receivables	8,003	19,993	9,900	—	120	14,491	8,652	61,159
Bank balances and cash	1,512	7	8	4,350	21,790	74	—	27,741
Other payables	(2,765)	—	(511)	(3,850)	(11,910)	(5,020)	(26,532)	(50,588)
Total identifiable net assets acquired	10,000	20,000	9,397	500	10,000	10,000	1,065	60,962
Consideration payable to the former owner	—	(14,000)	(6,578)	—	(10,000)	(500)	(53)	(31,131)
Cash consideration paid	(10,000)	(6,000)	(2,819)	(500)	—	(9,500)	(1,012)	(29,831)
Cash consideration paid	(10,000)	(6,000)	(2,819)	(500)	—	(9,500)	(1,012)	(29,831)
Bank balances and cash acquired	1,512	7	8	4,350	21,790	74	—	27,741
Net cash (outflow) inflow	(8,488)	(5,993)	(2,811)	3,850	21,790	(9,426)	(1,012)	(2,090)

35. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2015 *(continued)*

(ii) Business acquisition

(a) Acquisition of 常州新天新能源有限公司 ("Changzhou Xintian")

On 30 December 2014, the Group entered into equity purchase agreement with 中利騰暉光伏科技有限公司 ("Zhongli Solar Technology") and 常熟中利騰暉光伏材料有限公司 ("Changshu Zhongli Solar"), pursuant to which the Group agreed to acquire 100% equity interest of Changzhou Xintian for a total consideration of RMB5,000,000. The transaction was completed on 31 March 2015. At the date of acquisition, a wholly-owned subsidiary of Changzhou Xintian had a 50MW solar power plant project under development.

(b) Acquisition of 湖北麻城市金伏太陽能電力有限公司 ("Hubei Macheng")

On 10 December 2015, the Group entered into equity purchase agreement with 武漢日新能源有限公司 ("Wuhan Rixin"), pursuant to which the Group agreed to acquire 100% equity interest of Hubei Macheng for a total consideration of approximately RMB45,000,000. The transaction was completed on 11 December 2015. At the date of acquisition, Wuhan Rixin had a 110MW solar power plant project in operation.

(c) Acquisition of 內蒙古源海新能源有限責任公司 ("Yuanhai")

In November 2015, the Group entered into equity purchase agreement with two individuals, pursuant to which the Group agreed to acquire 100% equity interest of Yuanhai for a total consideration of approximately RMB51,000,000. The transaction was completed on 11 December 2015. At the date of acquisition, a wholly-owned subsidiary of Yuanhai had a 30MW solar power plant project, of which 20MW was completed and in operation while 10MW was under development.

35. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2015 *(continued)*

(ii) Business acquisition (continued)

(d) Acquisition of 邯能廣平縣光伏電力開發有限公司 ("Guangping")

On 30 December 2015, the Group entered into equity purchase agreement with 英利光伏電力投資集團有限公司 ("Yingli"), pursuant to which the Group agreed to acquire 100% equity interest of Guangping for a total consideration of approximately RMB124,760,000. Included in the total consideration, RMB45,000,000 has been paid by cash and RMB79,760,000 has been recognised as other payable as at 31 December 2015 in this regards. At the date of acquisition, Guangping had a solar power plant project of 50MW in operation.

	Changzhou Xintian RMB'000	Hubei Macheng RMB'000	Yuanhai RMB'000	Guangping RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition:					
Property, plant and equipment	477,246	518,754	136,295	367,927	1,500,222
Trade receivables	—	—	1,215	6	1,221
Prepayments and other receivables	50,592	1,958	50,761	49,440	152,751
Bank balances and cash	206	23	947	—	1,176
Other payables	(501,346)	(475,735)	(138,218)	(38,738)	(1,154,037)
Deferred tax liabilities	(72)	—	—	—	(72)
Borrowings	—	—	—	(253,875)	(253,875)
Total identifiable net assets acquired	26,626	45,000	51,000	124,760	247,386
Consideration payable to the former owner	—	—	—	(79,760)	(79,760)
Cash consideration paid	(5,000)	(45,000)	(51,000)	(45,000)	(146,000)
Bargain purchase gain recognised *(note)*	21,626	—	—	—	21,626
Cash consideration paid	(5,000)	(45,000)	(51,000)	(45,000)	(146,000)
Bank balances and cash acquired	206	23	947	—	1,176
Net cash outflow	(4,794)	(44,977)	(50,053)	(45,000)	(144,824)

Note: The bargain purchase arose because the consideration paid by the Group was less than the fair value of the identifiable net assets of the underlying business acquired as determined by the independent professional valuer, mainly due to a discounting effect of the EPC payable.

35. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2015 *(continued)*

(ii) Business acquisition (continued)

Impact of acquisition on the results of the Group

Had the acquisitions as mentioned in note (ii) above been effected at the beginning of the year ended 31 December 2015, the total amounts of revenue and profit for the year ended 31 December 2015 of the Group would have been increased by RMB16,768,000 and RMB1,358,000, respectively. Such pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the 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 year ended 31 December 2015 are RMB269,000 and RMB455,000 respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB201 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected is insignificant.

36. Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which mainly includes loans from a shareholder and fellow subsidiaries, bank and other borrowings, obligations under finance leases, bonds payable and convertible bonds, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

37. Financial Instruments

37a. Categories of financial instruments

	2016 **RMB'000**	2015 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**10,233,035**	6,535,067
Financial liabilities		
FVTPL:		
Convertible bonds payables	**858,461**	732,856
Amortised cost	**33,928,178**	19,932,504

37b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, other loan receivables, amounts due from related companies, pledged bank and other deposits, bank balances and cash, trade and other payables, amounts due to related companies, loans from a shareholder and fellow subsidiaries, bank and other borrowings, obligations under finance leases, bonds payable and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

37. Financial Instruments *(continued)*

37b. Financial risk management objectives and policies *(continued)*

Market risk

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to HK$ and United States dollar ("US$"), Japan Yen ("JPY") and Euro ("EUR"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2016 RMB'000	2015 RMB'000	**2016 RMB'000**	2015 RMB'000
HK$	**198,648**	139,648	**934,884**	831,465
US$	**705,893**	236,331	**579,794**	52,073
JPY	**20,441**	14,712	**4,067**	1,828
EUR	**314**	342	**—**	9

The foreign currency assets in 2016 and 2015 mainly relate to the US$ denominated trade receivables and HK$, JPY and EUR denominated pledged bank and other deposits and bank balances.

The foreign currency liabilities in 2016 and 2015 mainly relate to the US$, HK$ and JPY denominated bank borrowings and convertible bonds payable.

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2015: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2015: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2015: 5%) change in foreign currency rates. A positive number below indicates decrease in post-tax profit or an increase in post-tax loss and a negative number below indicates an increase in post-tax profit or a decrease in post-tax loss, where the functional currency of the respective entities had strengthened 5% (2015: 5%) against the relevant foreign currency. For a 5% (2015: 5%) weakening of functional currency of respective entities against the foreign relevant currency, there would be an equal and opposite impact on the profit/loss for the year.

37. Financial Instruments *(continued)*

37b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Sensitivity analysis (continued)

	HK$ RMB'000	**US$** RMB'000	**JPY** RMB'000	**EUR** RMB'000
2016				
Increase (decrease) in profit for the year	**(30,738)**	**1,597**	**556**	**13**
2015				
Increase (decrease) in loss for the year	(5,746)	1,550	106	3

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to currency risk during the year.

Interest rate risk

The management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate pledged bank and other deposits and bank balances (see note 25) to be limited because the current market interest rates on general deposits are relatively low and stable.

The Group's interest rate risk arises from borrowings. Certain of the Group's borrowings are issued at variable rate which expose the Group to cash flow interest rate risk. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, the management monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arises. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2016 would decrease/increase by approximately RMB68,004,000 (2015: loss for the year would increase/decrease by approximately RMB27,899,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to interest rate risk during the year.

37. Financial Instruments *(continued)*

37b. Financial risk management objectives and policies *(continued)*

Credit risk

As at 31 December 2016, financial assets whose carrying amounts best represent the maximum exposure to credit risk.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade debt periodically to ensure that adequate impairment losses has been made for irrecoverable amounts. The Group has a credit control policy in place under which credit evaluations of customers are performed on all customers requiring credit.

Credit terms are mainly granted to customers in the PRC which either have letters of credit issued by banks or are of good credit quality for PCB Business. The management of the Group also has monitoring procedures to ensure follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of its financial assets including trade and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Credit risk on sales of electricity is concentrated on a limited number of local electric power bureaus. However, as the local electric power bureaus are state-owned and have good repayment history, the management accordingly considers that there is no significant credit risk on respective sales.

Credit risk on sales of PCB is concentrated with 27% (2015: 41%) of total receivables as at the end of the reporting period belonging to five customers. The Group has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. In addition, collection of receivables is monitored on an ongoing basis. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Credit risk on pledged bank and other deposits and bank balances is limited because the counterparties are reputable banks in the PRC and Hong Kong.

The Group has concentration of credit risk on other loan receivables which due from several borrowers. Credit risk is considered to be limited as the Group hold collateral over most of these balances as disclosed in note 24.

The Group's exposure to fair value interest rate risk relating to convertible bonds is subject to the discount rate. The sensitivity analysis for change in discount rate is disclosed in note 37(c).

37. Financial Instruments *(continued)*

37b. Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings to ensure unutilised banking facilities are adequate and ensures compliance with loan covenants.

The Group finances its capital intensive operations by short-term and long-term bank borrowings and shareholders' equity. As at 31 December 2016, the Group's current liabilities exceeded its current assets by RMB7,278 million and had bank balances and cash of approximately RMB3,826 million (2015: RMB1,965 million) against bank and other borrowings due within one year amounted to approximately RMB4,948 million (2015: RMB4,467 million).

The Group successfully renewed banking facilities that were due during the year. In addition, management maintains continuous communication with the Group's principal banks on the renewal of existing banking facilities that will fall due in the coming twelve months and the grant of additional banking facilities. The Directors have reviewed the Group's bank loans and banking facilities available to the Group and are of the opinion that the bank loans and banking facilities would be renewed when their current terms expire. The Directors have evaluated all the relevant facts available to them and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group's ability to renew the current bank loans upon expiry. Up to the date of approval of these financial statements, the Directors are not aware of any intention of the Group's principal banks to withdraw their banking facilities granted or request early repayment of the utilised facilities within the next twelve months from the end of the reporting period.

Despite uncertainties mentioned in note 2, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

In addition to the Group's current undrawn banking facilities and renewable bank borrowings, in order to improve liquidity, the Group has negotiated with certain banks, who have indicated that they do not foresee any reasons to withdraw the existing facilities in the foreseeable future, and will continue to negotiate with other banks to obtain revolving banking facilities to ensure the Group's bank borrowings can be renewed on an on-going basis. The Directors believe that the Group will be able to renew the banking facilities upon maturity.

Further, the Group completed a Rights Issue for a net proceeds of approximately RMB1,941,000,000 and issued perpetual notes of RMB1,800,000,000 in aggregate to the subsidiaries of GCL-Poly in the current year to improve its liquidity and working capital profile.

The Directors are of the opinion that, taking into account the above equity financing undrawn banking facilities, renewal of existing banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months.

37. Financial Instruments *(continued)*

37b. Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity and interest rate risk tables

	Weighted average interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2016								
Trade and other payables	—	11,833,371	35,340	—	—	—	11,868,711	11,868,711
Amounts due to related companies	—	83,261	—	—	—	—	83,261	83,261
Loan from a shareholder	—	—	17,890	—	—	—	17,890	17,890
Loan from fellow subsidiaries	8.00	612,000	78,342	—	—	—	690,342	676,307
Bank and other borrowings								
— fixed-rate	7.79	967,470	2,861,865	2,659,637	1,928,347	188,097	8,605,416	7,711,906
— variable-rate	5.52	543,140	1,608,378	1,652,372	4,503,823	6,381,506	14,689,219	13,570,103
Convertible bonds payables	6.00	13,083	39,250	880,982	—	—	933,315	858,461
Subtotal		14,052,325	4,641,065	5,192,991	6,432,170	6,569,603	36,888,154	34,786,639
Obligations under financial leases	5.41	10,852	29,884	24,266	5,159	—	70,161	65,760
		14,063,177	4,670,949	5,217,257	6,437,329	6,569,603	36,958,315	34,852,399

	Weighted average interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2015								
Trade and other payables	—	6,854,950	31,890	—	—	—	6,886,840	6,886,840
Amounts due to related companies	—	179,632	—	—	—	—	179,632	179,632
Loan from a shareholder	—	16,756	—	—	—	—	16,756	16,756
Loan from fellow subsidiaries	4.85	636,785	—	—	—	—	636,785	629,157
Bank and other borrowings								
— fixed-rate	9.02	1,044,209	3,132,626	2,004,284	1,309,343	188,824	7,679,286	6,388,522
— variable-rate	5.64	250,331	792,817	787,816	1,712,718	2,992,658	6,536,340	5,471,597
Bonds payable	6.70	—	384,120	—	—	—	384,120	360,000
Convertible bonds payables	6.00	12,288	36,863	49,016	748,837	—	847,004	732,856
Subtotal		8,994,951	4,378,316	2,841,116	3,770,898	3,181,482	23,166,763	20,665,360
Obligations under finance leases	5.49	12,995	36,985	35,480	16,593	—	102,053	95,364
		9,007,946	4,415,301	2,876,596	3,787,491	3,181,482	23,268,816	20,760,724

The amounts included above for variable-rate borrowings is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

37. Financial Instruments *(continued)*

37c. 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 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 liabilities are determined (in particular, the valuation techniques and inputs used).

Financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2016 RMB'000	2015 RMB'000			
Convertible bonds	**858,461**	732,856	Level 3	Binomial Lattice model, the key input are: underlying share price, conversion price, risk free rate, share price volatility, discount rate and dividend yield	Share price volatility of 50.97%–56.71% (2015: 64.42%–64.85%) and discount rate of 24.48%–24.51% (2015: 30.97%–31.03%), respectively, taking into account the historical share price of the Company for the period of time close to the expected time to exercise

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 the Company would decrease by approximately RMB13,641,000/increase by approximately RMB13,726,000.

If the discount rate 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 the Company would increase by approximately RMB9,487,000/decrease by approximately RMB9,719,000.

No significant changes in fair value resulting from credit risk for the year ended 31 December 2015 and 2016.

There is no transfer between the different levels of the fair value hierarchy for the year.

Movements of convertible bonds included in Level 3 fair value hierarchy are disclosed in note 30.

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

38. Operating Leases

The Group as lessee

	2016 RMB'000	2015 RMB'000
Minimum lease payments paid under operating leases during the year:		
Buildings	**24,280**	15,119
Land	**20,148**	273
Others	**431**	34
	44,859	15,426

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016 RMB'000	2015 RMB'000
Within one year	**25,397**	11,803
In the second to fifth year inclusive	**131,495**	65,696
After five years	**663,007**	426,851
	819,899	504,350

Leases are negotiated and rentals are fixed for terms ranging from 3 to 34 years for parcels of land and ranging from 1 to 3 years for the office premises and staff quarter.

39. Capital Commitments

	2016 RMB'000	2015 RMB'000
Contracted for but not provided:		
Construction commitments in respect of solar power plants	**4,441,273**	4,847,312
Property, plant and equipment and leasehold improvements	**5,839**	15,998
Commitment to contribute share capital to a joint venture	**—**	36,000
	4,447,112	4,899,310

40. Pledge of Assets

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2016 RMB'000	2015 RMB'000
Property, plant and equipment	**15,619,093**	6,347,711
Prepaid lease payments	**6,045**	6,173
Pledged bank and other deposits	**2,275,756**	952,151
Trade receivables	**1,859,625**	144,228
	19,760,519	7,450,263

The Group's secured bank and other borrowings were secured individually or in combination of the following by (i) the Group's property, plant and equipment; (ii) the Group's prepaid lease payments situated in the PRC; (iii) pledged bank and other deposits as at 31 December 2016; (iv) certain subsidiaries' trade receivables and fee collection rights in relation to the sales of electricity; (v) charge on equity interest of fellow subsidiaries; and (vi) equity interests in some project companies.

Bills receivable issued by third parties endorsed with recourse for settlement of amounts due to fellow subsidiaries, payables for purchase of plant and machinery and construction costs, and loan from fellow subsidiaries are disclosed in note 20, 26 and 27 respectively.

41. Retirement Benefits Scheme

(a) The PRC

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

In addition, the Group established a defined contribution pension scheme in July 2013 for employees in a subsidiary incorporated in the PRC who elect to join the scheme. The scheme is funded through payments by the Group at a percentage of their salaries to the funds administered by an independent trustee. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. There were no unutilised forfeited contributions at the end of the reporting periods nor forfeited contributions utilised by the Group to reduce existing level of contributions for the current and prior years.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

The Group also operates a defined contribution pension scheme in Hong Kong which is an exempted scheme ("the Exempted Scheme") under the MPF Ordinance and provides retirement benefits to its employees in Hong Kong who joined the Group prior to 1 December 2000. These employees can elect to join the MPF Scheme or to remain as a member of the Exempted Scheme. The assets of the Exempted Scheme are held under provident funds managed by an independent administrator. Under the Exempted Scheme, both the employers and employees are required to contribute 5% of the employees' basic salaries on a monthly basis. Where there are employees who leave the Exempted Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. There were no unutilised forfeited contributions at the end of reporting periods nor forfeited contributions utilised by the Group to reduce existing level of contributions for the current and prior periods.

During the year ended 31 December 2016, total amounts contributed by the Group to the schemes in the PRC and Hong Kong and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB49,365,000 (2015: RMB36,686,000).

42. Related Party Disclosures

Except as disclosed elsewhere in the consolidated financial statements, the Group also entered into the following transactions or arrangements with related parties:

(a) Leases of factories

	2016 RMB'000	2015 RMB'000
Mr. Yip	212	388
Madam Yu Hung Min and Mr. Yip Wing Fung (son of Mr. Yip)	202	370
Dyford Industries Limited ("Dyford")	212	405
	626	1,163

Mr. Yip was a director of the Company till his resignation on 23 June 2016. Leases of factories from Mr. Yip and his family members and Dyford are based on terms mutually agreed between the Group and the respective related parties. Dyford is an entity controlled by Mr. Yip and Madam Yu Hung Min (the spouse of Mr. Yip).

(b) Management services income

	2016 RMB'000	2015 RMB'000
蘇州保利協鑫光伏電力投資有限公司 Suzhou GCL-Poly Solar Power Investment Ltd.* ("Suzhou GCL-Poly")	30,472	33,302
GCL Solar Energy Limited	12,464	—
	42,936	33,302

Nanjing GCL New Energy, an indirect wholly-owned subsidiary of the Company, provided operation and management services to the solar power plants of Suzhou GCL-Poly and its subsidiaries under the terms and conditions set out in the relevant operation service agreement. Suzhou GCL-Poly is a subsidiary of GCL-Poly.

GCL New Energy International Limited, an indirect wholly-owned subsidiary of the Company, provided asset management and administrative services to GCL Solar Energy Limited for its overseas operations in South Africa and U.S. GCL Solar Energy Limited is a subsidiary of GCL-Poly.

* *English name for identification only*

42. Related Party Disclosures *(continued)*

(c) Purchase of property, plant and machinery

	2016 **RMB'000**	2015 RMB'000
GCL Solar Energy Limited	**65,896**	—
協鑫集成科技股份有限公司 GCL System Integration Technology Co., Ltd.* ("GCL System")	**—**	188,400

GCL New Energy Inc., an indirect wholly-owned subsidiary of the Company, acquired modules from GCL Solar Energy Limited during the year ended 31 December 2016.

Nanjing GCL New Energy, an indirect wholly-owned subsidiary of the Company, purchased property, plant and machinery from GCL System during the year ended 31 December 2015. GCL System (previously called "上海超日太陽能科技股份有限公司") became a related party of the Group on 10 February 2015.

* *English name for identification only*

(d) Office service fees

	2016 **RMB'000**	2015 RMB'000
Peaceful Power Limited	**2,161**	4,020
Treasure Champ Investments Limited	**1,292**	753

Peaceful Power Limited and Treasure Champ Investments Limited shared office services with GCL New Energy Management Limited, an indirect wholly-owned subsidiary of the Company, at prices mutually agreed by the two parties. Peaceful Power Limited and Treasure Champ Investments Limited are subsidiaries of GCL-Poly.

(e) Interest income from a joint venture

	2016 **RMB'000**	2015 RMB'000
Yili	**9,649**	1,589

Loan to Yili is unsecured and interest-bearing at a fixed rate of 8% (2015: 9.05%) per annum for operation purpose. The loan is denominated in RMB.

42. Related Party Disclosures *(continued)*

(f) Interest on loans from fellow subsidiaries

	2016 RMB'000	2015 RMB'000
保利協鑫(蘇州)新能源有限公司 GCL-Poly (Suzhou) New Energy Co., Ltd.* ("GCL-Poly (Suzhou)")	**48,243**	26,788
太倉港協鑫發電有限公司 Taicang Harbour Golden Concord Electric-Power Generation Co., Ltd* ("Taicang Harbour")	**—**	1,479
GCL Solar Energy Limited	**3,277**	—

* *English name for identification only*

Loans from GCL-Poly (Suzhou) are unsecured, interest-bearing at fixed rate of 8% (2015: 5.6%) per annum and with a repayment term of six to nine months (2015: three months). The loan balances are denominated in RMB.

Loan from Taicang Harbour was unsecured and interest-bearing at a fixed rate of 6.25% per annum with a repayment term of one month. The loan balance was denominated in RMB. The amount was settled during the year ended 31 December 2016.

Loans from GCL Solar Energy Limited are unsecured, interest-bearing at a fixed rate of 8% per annum with a repayment term of 16 months. The loan balances are denominated in USD.

(g) Interest on perpetual notes

	2016 RMB'000	2015 RMB'000
GCL-Poly (Suzhou)	**2,412**	—
Taicang GCL	**1,217**	—
Suzhou GCL	**1,217**	—
	4,846	—

Perpetual notes are unsecured, have a distribution rate of 7.3% which could be deferred indefinitely at the option of the issuer and have no fixed repayment term. The notes are denominated in RMB.

(h) Guarantees granted by related companies and a shareholder

At 31 December 2016, certain bank and other loans of the Group amounting to RMB5,552,848,000 (2015: RMB3,803,523,000) were guaranteed by ultimate holding company or fellow subsidiaries and RMB60,801,000 (2015: RMB30,000,000) were guaranteed by a shareholder, respectively. At 31 December 2015, bond payables amounting to RMB360,000,000 were guaranteed by a fellow subsidiary.

42. Related Party Disclosures *(continued)*

(i) Compensation of key management personnel

The remuneration of senior management personnel, including executive directors' remuneration during the year was as follows:

	2016 RMB'000	2015 RMB'000
Short-term benefits	**23,071**	18,151
Post-employment benefits	**362**	505
Share-based payments	**5,811**	17,923
	29,244	36,579

The remuneration of Directors and other key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

43. Events After Reporting Period

The Group has the following significant events after the end of the reporting period:

(i) Disposal of Printed Circuit Board Business

On 30 December 2016, the Group entered into a sale and purchase agreement to dispose of entire interest in Printed Circuit Board Business. The Disposal was approved by the shareholders of the Company in a special general meeting on 13 February 2017. As at the date of approval of these consolidated financial statements for issuance, the Disposal was not yet completed and subject to the fulfilment of certain conditions precedent.

(ii) Agreements with 信達金融租賃有限公司 ("Cinda Financial Leasing")

On 19 January 2017, the Group entered into certain agreements regarding a sales and leaseback arrangement with Cinda Financial Leasing. The Group sold to Cinda Financial Leasing certain equipment at a consideration of RMB504,523,000 and leased back the equipment for a term of 8 years at an estimated rent of RMB538,005,073. In addition, the Group will pay Cinda Financial Leasing a finance lease service fee of RMB21,072,000.

43. Events After Reporting Period *(continued)*

(iii) Proposed non-public issuance of green bonds by Suzhou GCL NE

On 27 February 2017, the Group received a no-objection letter from the Shenzhen Stock Exchange in relation to an issuance of non-public green bonds to qualifying investors for a maximum principal amount of RMB1,750,000,000 which are fully underwritten and shall have a term of up to 3 years. The bonds was outstanding for issuance as at 31 December 2016.

(iv) Modules purchase agreement with 江陰海潤太陽能電力有限公司 ("Jiangyin Hareon")

On 2 March 2017, Nanjing GCL New Energy, as customer, and Jiangyin Hareon, a third party supplier, entered into a 100MW module purchase agreement for the supply and purchase of 100MW of solar modules for Nanjing GCL New Energy's photovoltaic power station projects located in Anhui, Guizhou, Liaoning, Jiangsu, Shandong, Shaanxi, Shanghai, Gansu, and Guangxi in the PRC at a total consideration of RMB320,000,000.

(v) Formation of joint venture with 協鑫集成科技（蘇州）有限公司 ("GCL System Suzhou")

On 3 March 2017, Suzhou GCL New Energy Development Company Limited* ("蘇州協鑫新能源發展有限公司") ("Suzhou GCL NE Development"), a subsidiary of the Group and GCL System Suzhou entered into a joint venture agreement, pursuant to which the parties agreed to establish the joint venture Company ("JV") in the PRC.

Pursuant to the JV agreement, Suzhou GCL NE Development and GCL System Suzhou agreed to invest RMB102,000,000 and RMB98,000,000 respectively into the JV Company, and will each hold 51% and 49% of the equity interests in the JV Company respectively. The JV Company's scope of business will cover the development, investment, construction and sale of photovoltaic power station projects; photovoltaic power technology consulting services; and procurement of photovoltaic materials and equipment.

44. Particulars of Principal Subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group At 31 December 2016 %	2015 %	Principal activities
Directly held:					
Same Time International (B.V.I.) Limited	BVI/Hong Kong	US$50,000	100	100	Investment holding
Pioneer Getter Limited	BVI	US$50,000	100	100	Investment holding
Indirectly held:					
Solar energy business segment					
GCL New Energy Development Limited	Hong Kong	HK$1	100	100	Investment holding
GCL New Energy International Limited	Hong Kong	HK$1	100	100	Investment holding
GCL New Energy Management Limited	Hong Kong	HK$1	100	100	Investment holding
GCL New Energy Trading Limited	Hong Kong	HK$1	100	100	Investment holding
協鑫新能源投資(中國)有限公司 GCL New Energy Investment (China) Co., Ltd.[1, 2]	PRC	US$889,000,000	100	100	Investment holding
南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd.[1, 2]	PRC	US$789,000,000	100	100	Investment holding
蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Co., Ltd.[1] ("Suzhou GCL NE")	PRC	RMB12,000,000,000	100	100	Investment holding
上林協鑫光伏電力有限公司 Shang Lin GCL Solar Power Co., Ltd.[1]	PRC	RMB81,380,000 (2015: RMB5,000,000)	100	100	Operation of solar power plants
上高縣利豐新能源有限公司 Shang Gao Xian Li Feng New Energy Co., Ltd.[1]	PRC	RMB31,600,000	100	—	Operation of solar power plants
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.[1]	PRC	RMB105,500,000 (2015: RMB10,000,000)	100	100	Operation of solar power plants
元謀綠電新能源開發有限公司 Yuanmou Green Power New Energy Development Ltd.[1]	PRC	RMB85,000,000	80	80	Operation of solar power plants
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy development Co., Ltd.[1]	PRC	RMB273,600,000	90.1	90.1	Operation of solar power plants

44. Particulars of Principal Subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group At 31 December 2016 %	2015 %	Principal activities
冊亨協鑫光伏電力有限公司 Ce Heng Solar Power Co., Ltd.[1]	PRC	RMB130,000,000 (2015: RMB10,000,000)	**100**	100	Operation of solar power plants
包頭市中利騰暉光伏發電有限公司 Bao Tou Shi Zhong Li Photovoltaic Co., Ltd.[1]	PRC	RMB10,000,000	**100**	100	Operation of solar power plants
南通協鑫新能源有限公司 Nan Tong GCL New Energy Co., Ltd.[1]	PRC	RMB93,340,000	**100**	100	Operation of solar power plants
句容信達光伏發電有限公司 Ju Rong Xin Da Photovoltaic Power Co., Ltd.[1]	PRC	RMB21,000,000	**100**	30	Operation of solar power plants
合肥久陽新能源有限公司 He Fei Jiu Yang New Energy Co., Ltd.[1]	PRC	RMB34,000,000	**70**	70	Operation of solar power plants
合肥建南電力有限公司 Hefei Jiannan Solar Power Co., Ltd.[1]	PRC	RMB33,600,000	**70**	70	Operation of solar power plants
和田協鑫光伏電力有限公司 He Tian GCL Solar Power Co., Ltd.[1]	PRC	RMB34,534,000 (2015: RMB1,000,000)	**100**	100	Operation of solar power plants
哈密歐瑞光伏發電有限公司 Hami Ourui Photovoltaic Power Generation Co., Ltd.[1]	PRC	RMB36,000,000	**100**	100	Operation of solar power plants
哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Co., Ltd.[1]	PRC	RMB181,960,000	**100**	100	Operation of solar power plants
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Ltd.[1]	PRC	RMB63,960,000 (2015: RMB30,160,000)	**100**	100	Operation of solar power plants
太谷縣風光發電有限公司 Taigu Fengguang Photovoltaic Power Co., Ltd.[1]	PRC	RMB30,000,000	**100**	30	Operation of solar power plants
安福協鑫新能源有限公司 An Fu GCL New Energy Co., Ltd.[1]	PRC	RMB32,000,000 (2015: RMB10,000,000)	**100**	30	Operation of solar power plants
安龍縣茂安新能源發展有限公司 An Lung Mao An New Energy Development Co., Ltd.[1]	PRC	RMB60,000,000	**100**	—	Operation of solar power plants
宿州協鑫光伏電力有限公司 Su Zhou GCL Solar Power Co., Ltd.[1]	PRC	RMB74,000,000 (2015: RMB1,000,000)	**100**	100	Operation of solar power plants
寧夏盛景太陽能科技有限公司 Ningxia Shengjing Solar Power Technology Co., Ltd.[1]	PRC	RMB75,000,000	**90.1**	90.1	Operation of solar power plants

44. Particulars of Principal Subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group At 31 December 2016 %	2015 %	Principal activities
寧夏綠昊光伏發電有限公司 Ningxia Lu Hao Photovoltaic Power Co., Ltd.[1]	PRC	RMB53,000,000 (2015: RMB36,050,000)	96.6	80	Operation of solar power plants
寧夏金信光伏電力有限公司 Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.[1]	PRC	RMB126,300,000 (2015: RMB86,300,000)	100	100	Operation of solar power plants
寧夏金禮光伏電力有限公司 Ningxia Jinli Photovoltaic Electric Power Co., Ltd.[1]	PRC	RMB86,830,000 (2015: RMB86,300,000)	100	100	Operation of solar power plants
寧夏鑫墾簡泉光伏電力有限公司 Ning Xia Xin Ken Jian Quan Solar Power Co., Ltd.[1]	PRC	RMB2,000,000	100	—	Operation of solar power plants
尚義元辰新能源開發有限公司 Shangyi Yuanchen New Energy Development Co., Ltd.[1]	PRC	RMB230,000,000	95	95	Operation of solar power plants
山東萬海電力有限公司 Shandong Wanhai Solar Power Co., Ltd.[1]	PRC	RMB50,000,000	100	15	Operation of solar power plants
山西佳盛能源股份有限公司 Shanxi Jiasheng Energy Holding Ltd.[1]	PRC	RMB50,000,000	96	96	Operation of solar power plants
平山縣世景新能源有限公司 Pingshan Shijing New Energy Ltd.[1]	PRC	RMB78,760,000 (2015: RMB50,000,000)	100	70	Operation of solar power plants
平邑富翔光伏電力有限公司 Ping Yi Fu Xiang Solar Power Co., Ltd.[1]	PRC	RMB60,000,000	100	100	Operation of solar power plants
張家口協鑫光伏發電有限公司 Zhang Jia Kou GCL Photovoltaic Power Co., Ltd.[1]	PRC	RMB73,950,000 (2015: RMB29,880,000)	100	100	Operation of solar power plants
徐州鑫日光伏電力有限公司 Xuzhou Xinre Solar Energy Ltd.[1]	PRC	RMB34,000,000 (2015: RMB16,000,000)	100	100	Operation of solar power plants
德令哈協合光伏發電有限公司 Delingha Century Concord Photovoltaic Power Co., Ltd.[1]	PRC	RMB222,000,000	100	100	Operation of solar power plants
德令哈時代新能源發電有限公司 Delingha Shi Dai New Energy Power Co., Ltd.[1]	PRC	RMB39,000,000	100	—	Operation of solar power plants

44. Particulars of Principal Subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group At 31 December 2016 %	2015 %	Principal activities
東海縣協鑫光伏電力有限公司 Donghai GCL Solar Energy Ltd.[1]	PRC	RMB24,500,000	**100**	100	Operation of solar power plants
林州市新創太陽能有限公司 Lin Zhou Shi Xin Chuang Solar Co., Ltd.[1]	PRC	RMB107,000,000	**100**	—	Operation of solar power plants
桃源縣鑫源光伏電力有限公司 Tao Yuan Xin Yuan Solar Power Co., Ltd.[1]	PRC	RMB29,000,000	**100**	100	Operation of solar power plants
桃源縣鑫能光伏電力有限公司 Tao Yuan Xin Neng Solar Power Co., Ltd.[1]	PRC	RMB29,000,000	**100**	100	Operation of solar power plants
桃源縣鑫輝光伏電力有限公司 Tao Yuan Xin Hui Solar Power Co., Ltd.[1]	PRC	RMB29,000,000	**100**	100	Operation of solar power plants
榆林市榆神工業區東投能源有限公司 Yu Lin Shi Yu Shen Industrial Area Energy Co., Ltd.[1]	PRC	RMB170,000,000	**100**	100	Operation of solar power plants
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Ltd.[1]	PRC	RMB465,000,000	**100**	100	Operation of solar power plants
橫山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.[1]	PRC	RMB222,000,000	**96.35**	96.35	Operation of solar power plants
欽州鑫金光伏電力有限公司 Xin Zhou Xin Jin Solar Power Co., Ltd.[1]	PRC	RMB88,640,000	**100**	—	Operation of solar power plants
正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Co., Ltd.[1]	PRC	RMB125,000,000 (2015: RMB85,000,000)	**98.82**	98.82	Operation of solar power plants
汝州協鑫光伏電力有限公司 Ru Zhou GCL Photovoltaic Power Co., Ltd.[1]	PRC	RMB150,000,000 (2015: RMB1,000,000)	**100**	100	Operation of solar power plants
汝陽協鑫新能源有限公司 Ruyang GCL New Energy Ltd.[1]	PRC	RMB84,000,000	**100**	100	Operation of solar power plants
江蘇協鑫海濱新能源科技發展有限公司 Jiangsu GCL Haibin New Energy Development Co., Ltd.[1]	PRC	RMB43,800,000 (2015: RMB10,000,000)	**60**	60	Operation of solar power plants

44. Particulars of Principal Subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group At 31 December 2016 %	2015 %	Principal activities
江陵縣協鑫光伏電力有限公司 Jiang Ling Xian GCL Solar Power Co., Ltd.[1]	PRC	RMB150,000,000 (2015: RMB19,000,000)	**100**	100	Operation of solar power plants
浙江舒奇蒙電力科技有限公司 Zhejiang Shuqimeng Electricity Science and Technology Co., Ltd.[1]	PRC	RMB36,498,500	**91**	91	Operation of solar power plants
海南天利科新能源項目投資有限公司 Hainan Tianlike New Energy Project Investment Co., Ltd.[1]	PRC	RMB76,000,000	**100**	76.47	Operation of solar power plants
海南州世能光伏發電有限公司 Hai Nan Zhou Shi Neng Photovoltaic Power Co., Ltd.[1]	PRC	RMB60,000,000	**100**	100	Operation of solar power plants
海南意晟新能源有限公司 Hainan Yisheng New Energy Co., Ltd.[1]	PRC	RMB43,000,000	**76.74**	76.74	Operation of solar power plants
海豐縣協鑫光伏電力有限公司 Hai Feng Xian GCL Solar Power Co., Ltd.[1]	PRC	RMB155,900,000 (2015: RMB5,000,000)	**100**	100	Operation of solar power plants
淇縣協鑫新能源有限公司 Qixian GCL New Energy Ltd.[1]	PRC	RMB84,000,000	**100**	100	Operation of solar power plants
湖北省麻城市金伏太陽能電力有限公司 Hubei Macheng Jinfu Solar Energy Ltd.[1]	PRC	RMB191,000,000 (2015: RMB45,000,000)	**100**	100	Operation of solar power plants
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Ltd.[1]	PRC	RMB50,000,000	**100**	100	Operation of solar power plants
勐海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.[1]	PRC	RMB85,000,000	**100**	100	Operation of solar power plants
盂縣晉陽新能源發電有限公司 Yu County Jinyang New Energy Power Generation Co., Ltd.[1]	PRC	RMB171,800,000 (2015: RMB87,800,000)	**99.41**	98.86	Operation of solar power plants
石能平山光伏電力開發有限公司 Shi Neng Ping Shan Solar Power Co., Ltd.[1]	PRC	RMB45,000,000	**100**	—	Operation of solar power plants
碭山協鑫光伏電力有限公司 Shan Shan GCL Solar Power Co., Ltd.[1]	PRC	RMB44,000,000	**100**	—	Operation of solar power plants

44. Particulars of Principal Subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group At 31 December 2016 %	2015 %	Principal activities
確山追日新能源有限公司 Que Shan Zhui Ri New Energy Co., Ltd.[1]	PRC	RMB1,000,000	100	—	Operation of solar power plants
神木縣平元電力有限公司 Shen Mu Ping Yuan Power Co., Ltd.[1]	PRC	RMB20,000,000	100	—	Operation of solar power plants
神木縣平西電力有限公司 Shen Mu Ping Xi Power Co., Ltd.[1]	PRC	RMB20,000,000	100	—	Operation of solar power plants
聊城協昌光伏電力有限公司 Liao Cheng Xie Chang Solar Power Co., Ltd.[1]	PRC	RMB5,000,000	100	—	Operation of solar power plants
臨城協鑫光伏發電有限公司 Lin Cheng GCL Photovoltaic Power Co., Ltd.[1]	PRC	RMB61,260,000 (2015: RMB47,000,000)	100	100	Operation of solar power plants
輝縣市協鑫光伏電力有限公司 Huixian GCL Solar Energy Ltd.[1]	PRC	RMB51,820,000 (2015: RMB31,000,000)	100	100	Operation of solar power plants
通榆咱家禽業科技有限公司 Tongyu Zajia Qinye Technology Ltd.[1]	PRC	RMB36,000,000	100	100	Operation of solar power plants
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping Solar Energy Development Ltd.[1]	PRC	RMB130,000,000	100	100	Operation of solar power plants
金湖正輝太陽能電力有限公司 Jinhu Zhenhui Photovoltaic Co., Ltd.[1]	PRC	RMB160,600,000	100	95.02	Operation of solar power plants
鎮江鑫利光伏電力有限公司 Zhen Jiang Xin Li Photovoltaic Power Co., Ltd.[1]	PRC	RMB23,000,000	100	90	Operation of solar power plants
開封華鑫新能源開發有限公司 Kai Feng Hua Xin New Energy Development Co., Ltd.[1]	PRC	RMB200,000,000	100	100	Operation of solar power plants
阜南協鑫光伏電力有限公司 Fu Nan GCL Photovoltaic Power Co., Ltd.[1]	PRC	RMB165,000,000 (2015: RMB2,000,000)	100	100	Operation of solar power plants
阜寧縣鑫源光伏電力有限公司 Fu Ning Xian Xin Yuan Solar Power Co., Ltd.[1]	PRC	RMB5,000,000	100	—	Operation of solar power plants
阜陽衡銘太陽能電力有限公司 Fu Yang Heng Ming Solar Power Co., Ltd[1]	PRC	RMB68,550,000	100	—	Operation of solar power plants

44. Particulars of Subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group At 31 December		Principal activities
			2016 %	2015 %	
靖邊縣順風新能源有限公司 Jingbian Shunfeng New Energy Ltd.[1]	PRC	RMB68,550,000 (2015: RMB5,000,000)	95	95	Operation of solar power plants
余干協鑫新能源有限責任公司 Yugan GCL New Energy Ltd.[1]	PRC	RMB139,300,000 (2015: RMB100,000,000)	100	100	Operation of solar power plants
高唐縣協鑫晶輝光伏有限公司 Gao Tang Xian GCL Jing Hui Photovoltaic Co., Ltd.[1]	PRC	RMB1,000,000	100	—	Operation of solar power plants
鹽源縣白烏新能源科技有限公司 Yan Yuan Xian Bai Wu New Energy Technology Co., Ltd.[1]	PRC	RMB80,000,000	100	—	Operation of solar power plants
鹽邊鑫能光伏電力有限公司 Yan Bian Xin Neng Solar Power Co., Ltd[1]	PRC	RMB56,000,000 (2015: RMB2,000,000)	100	100	Operation of solar power plants
黎城協鑫光伏電力有限公司 Licheng GCL Solar Energy Ltd.[1]	PRC	RMB52,540,000	100	100	Operation of solar power plants
PCB segment					
東莞紅板多層線路板有限公司 Dongguan Red Board Limited[1, 2]	PRC	HK$250,000,000	100	100	Manufacture and sale of PCB
紅板(江西)有限公司 Red Board (Jiangxi) Limited[1, 2]	PRC	HK$373,969,000	100	100	Manufacture and sale of PCB
Red Board Limited	Hong Kong	Ordinary shares — HK$4 Non-voting deferred shares — HK$5,000,000	100	100	Sale of PCB
Same Time Electronics (B.V.I.) Limited	BVI/PRC	US$1	100	100	Property holding

1 English name for identification only

2 Wholly-owned foreign investment enterprises

The above table lists the subsidiaries of the Group which in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

At the end of the reporting period, the Group does not have any significant non-controlling interest and according, no details of the non-controlling interest are presented.

45. Summary Financial Information of the Company

Statement of financial position

	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS		
Investment in subsidiaries	**525,199**	267,187
Amounts due from subsidiaries	**5,475,585**	2,773,820
	6,000,784	3,041,007
CURRENT ASSETS		
Prepayments	**956**	752
Amounts due from joint ventures	**34**	13
Bank balances and cash	**176,324**	5,164
	177,314	5,929
CURRENT LIABILITIES		
Accruals and other payables	**33,663**	19,951
Amount due to a subsidiary	**1,168**	1,457
	34,831	21,408
NET CURRENT ASSETS (LIABILITIES)	**142,483**	(15,479)
TOTAL ASSETS LESS CURRENT LIABILITIES	**6,143,267**	3,025,528
NON-CURRENT LIABILITIES		
Bank borrowings	**983,974**	—
Convertible bonds	**858,461**	732,856
	1,842,435	732,856
NET ASSETS	**4,300,832**	2,292,672
CAPITAL AND RESERVES		
Share capital	**66,674**	48,491
Reserves	**4,234,158**	2,244,181
TOTAL EQUITY	**4,300,832**	2,292,672

45. Summary Financial Information of the Company *(continued)*

Movement in reserves

	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2015	48,491	2,342,529	56,318	(68,191)	72,895	(339,291)	2,112,751
Profit for the year	—	—	—	—	—	40,203	40,203
Other comprehensive income for the year	—	—	—	4,176	—	—	4,176
Total comprehensive income for the year	—	—	—	4,176	—	40,203	44,379
Recognition of equity settled share-based payments *(note 34)*	—	—	—	—	135,542	—	135,542
Forfeitures of share options *(note 34)*	—	—	—	—	(40,804)	40,804	—
At 31 December 2015	48,491	2,342,529	56,318	(64,015)	167,633	(258,284)	2,292,672
Loss for the year and total comprehensive expense for the year	**—**	**—**	**—**	**—**	**—**	**(4,133)**	**(4,133)**
Recognition of equity settled share-based payments *(note 34)*	**—**	**—**	**—**	**—**	**71,409**	**—**	**71,409**
Forfeitures of share options *(note 34)*	**—**	**—**	**—**	**—**	**(41,131)**	**41,131**	**—**
Rights Issue *(note 32)*	**18,183**	**1,945,706**	**—**	**—**	**—**	**—**	**1,963,889**
Transaction costs attribute to the issuance of Rights Issue	**—**	**(23,005)**	**—**	**—**	**—**	**—**	**(23,005)**
At 31 December 2016	**66,674**	**4,265,230**	**56,318**	**(64,015)**	**197,911**	**(221,286)**	**4,300,832**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended 31 December		For the nine months ended 31 December	For the year ended 31 March	
	2016	2015	2014	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results (for continuing and discontinued operations)					
Revenue	**3,737,989**	1,969,899	930,433	1,254,663	1,157,868
Profit (loss) attributable to owners of the Company	**130,386**	(15,229)	(89,397)	(137,642)	(141,181)

	As at 31 December	As at 31 December	As at 31 December	As at 31 March	
	2016	2015	2014	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Restated)	(Restated)
Assets and liabilities					
Total assets	**41,478,178**	23,502,458	7,863,792	1,197,240	1,232,504
Total liabilities	**(35,058,574)**	(21,060,419)	(5,575,071)	(1,023,254)	(930,315)
Total equity	**6,419,604**	2,442,039	2,288,721	173,986	302,189

The financial year-end date of GCL New Energy Holdings Limited has been changed from 31 March to 31 December commencing from the financial period ended 31 December 2014.

Corporate Information

Board of Directors

Executive Directors

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping *(President)*
Ms. HU Xiaoyan
Mr. TONG Wan Sze

Non-executive Directors

Ms. SUN Wei
Mr. SHA Hongqiu
Mr. YEUNG Man Chung, Charles

Independent Non-executive Directors

Mr. WANG Bohua
Mr. XU Songda
Mr. LEE Conway Kong Wai
Mr. WANG Yanguo
Dr. CHEN Ying

Board Committees

Audit Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda

Remuneration Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. ZHU Yufeng
Ms. SUN Wei
Mr. WANG Bohua
Mr. WANG Yanguo

Nomination Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda
Mr. WANG Yanguo

Corporate Governance Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping
Ms. HU Xiaoyan
Mr. TONG Wan Sze
Mr. YEUNG Man Chung, Charles
Mr. XU Songda
Mr. LEE Conway Kong Wai

Investment Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping *(Vice-chairman)*
Ms. HU Xiaoyan *(Vice-chairman)*
Mr. TONG Wan Sze
Mr. WANG Dong
Mr. ZHANG Ningyong
Mr. CHENG Dedong
Mr. XU Yang
Mr. AN LingYi

Strategic Planning Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping
Ms. HU Xiaoyan
Ms. SUN Wei
Mr. WANG Bohua
Mr. XU Songda

Company Secretary

Mr. CHENG Man Wah

Authorised Representatives

Mr. TONG Wan Sze
Mr. CHENG Man Wah

Registered Office

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Principal Place of Business in Hong Kong

Unit 1701A–1702A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Auditor

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

Principal Bankers

Bank of China Limited
China Development Bank
Industrial and Commercial Bank of China Limited
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited

Share Registrars and Transfer Offices

Principal Share Registrar and Transfer Agent

Codan Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Abacus 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
11th Floor, Two Exchange Square
Central, Hong Kong

As to PRC law
Grandall Law Firm (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

Share Information

Stock Code:	451
Board Lot Size:	2,000
Issued Shares:	19,073,715,441 Shares

as at 31 December 2016

Links to official website/WeChat platform of the Company

Email: www.gclnewenergy.com/WeChat ID: gclnewenergy

Glossary

"2014 Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2014
"Adjusted Exercise Price"	adjusted exercise price due to rights issue
"AGM"	the annual general meeting of the Company to be convened and held at Function Room 2–3, 3/F, The Mira Hong Kong, 118 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 23 May 2017 at 11:30 a.m.
"Asset Management and Administrative Service Agreement"	the agreement dated 19 May 2016 between GCL New Energy International and GCL Solar Energy in relation to certain asset management and administrative services to be provided by GCL New Energy International to GCL Solar Energy
"Audit Committee"	the audit committee of the Company
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda (as amended from time to time)
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"associate(s)", "connected person(s)", "controlling shareholder(s)", and "substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Catalogue"	Renewable Energy Tariff Subsidy Catalogue
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China
"Company" or "GCL New Energy"	GCL New Energy Holdings Limited
"Company Secretary"	the company secretary of the Company
"Corporate Communications"	including but not limited to: (a) the directors' reports, annual accounts together with the independent auditor's reports and, where applicable, summary financial reports; (b) interim reports and, where applicable, summary interim reports; (c) notices of meetings; (d) listing documents; (e) circulars; and (f) proxy forms
"Corporate Governance Committee"	the corporate governance committee of the Company
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company from time to time
"EBIT"	earnings before interest and tax
"EBITDA"	earnings before interest, tax, depreciation and amortization
"GCL-Poly"	GCL-Poly Energy Holdings Limited
"GCL-Poly (Suzhou)"	GCL-Poly (Suzhou) New Energy Co., Ltd.* 保利協鑫（蘇州）新能源有限公司

"GCL New Energy International"	GCL New Energy International Limited
"GCL Solar Energy"	GCL Solar Energy Limited
"GCL Solar US"	GCL Solar Energy, Inc.
"GCL System Suzhou"	GCL System Integration (Suzhou) Limited* 協鑫集成科技（蘇州）有限公司
"GNE US"	GCL New Energy, Inc.
"Golden Concord"	Golden Concord Holdings Limited
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Internal Control Function"	the internal control function of the Group
"Investment Committee"	the investment committee of the Company
"Ivyrock Adjusted Conversion Price"	the conversion price of the convertible bonds issued to Ivyrock of HK$0.754 per share after adjustments made in accordance with the terms of the convertible bonds issued to Ivyrock
"JV"	joint venture
"JV Company"	JV company to be established according to the JV agreement dated 3 March 2017
"kWh"	kilowatt hour
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management Services Transactions"	all the continuing connected transactions stipulated in paragraph "Management Services Income" in the "Report of the Directors"
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Module Sales Agreement"	the module sales agreement dated 31 October 2016 between GNE US as buyer and GCL Solar US as seller in relation to the supply and purchase of certain modules
"MW"	megawatts
"MWh"	megawatt hour
"Nanjing GCL New Energy"	Nanjing GCL New Energy Development Co., Ltd 南京協鑫新能源發展有限公司
"NDRC"	National Development and Reform Commission
"Nomination Committee"	the nomination committee of the Company
"Operation Service Agreement"	the agreement dated 10 July 2014 between Nanjing GCL New Energy and Suzhou GCL-Poly Group in relation to certain operation and management services for the power plants of Suzhou GCL-Poly Group

"PAA"	Pacific Alliance Asia Opportunity Fund LP
"Paris Agreement"	Paris Agreement on Climate Change
"PBOC"	The People's Bank Of China
"PCB(s)"	printed circuit boards
"PCB Business" or "discontinued operations"	the manufacturing and selling of PCB
"Policy"	the board diversity policy of the Company
"Protiviti"	Protiviti Consulting (Shanghai) Company Limited
"PV"	photovoltaic
"Reporting Period"	the year ended 31 December 2016
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK$0.00416) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SHSE"	Shanghai Stock Exchange
"Solar Energy Business" or "continued operations"	the development, construction, operation and management of solar power plants
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Planning Committee"	the strategic planning committee of the Company
"Suzhou GCL-Poly Group"	Suzhou GCL Poly Solar Power Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司
"SZSE"	Shenzhen Stock Exchange
"Talent Legend Adjusted Conversion Price"	the conversion price of the convertible bonds issued to Talent Legend of HK$0.754 per share after adjustments made in accordance with the terms of the convertible bonds issued to Talent Legend
"Trust Companies"	Highexcel Investments Limited, Get Famous Investments Limited and Happy Genius Holdings Limited
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States
"Zhu Family Trust"	a trust, under which Mr. Zhu Yufeng and his family are beneficiaries

* *English name for identification only*