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)

GCL New Energy

Interim Report 2017

Bringing Green Power to life

▲ Guangxi Shang Lin GCL 60MW solar power plants

About GCL New Energy

- The largest privately-owned solar independent power producer in China, equipped with self-development, construction and management, and operation and maintenance capabilities. Currently, it operates a national portfolio of 128 solar farms across 26 provinces, together with solar farms in the U.S. and Japan, newly added capacity in the first half of 2017 was 1.6GW, with total installed capacity of 5.1GW, ranking second in the world

- Owned 62.3% by GCL-Poly (3800.HK), a world's leading polysilicon producer and largest wafer supplier

- With scientific and technological advantages, obtained 360MW in Frontrunner Program (ranking third nationwide) and 250MW in poverty alleviation solar energy projects (ranking first nationwide) in 2016

- A constituent of MSCI Global Small Cap Index - MSCI Hong Kong Index, gaining recognition from international capital market

- Included in the trading list of Shenzhen-Hong Kong Stock Connect and Hang Seng Stock Connect Hong Kong Index, gaining recognition from the Chinese capital market

- 2016 Corporate Social Responsibility Report was published and received Four-Star Rating from China Academy of Social Sciences (with Five-Star the highest rating)

Contents

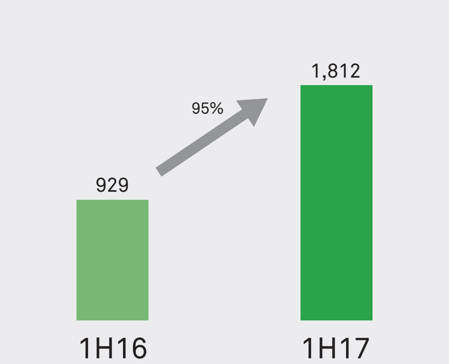
Forward-looking statements contained in this interim report relating to the forecast business plans, prospects, financial forecasting, and growth strategies of the Group. These forward-looking statements are based on current beliefs, expectations, assumptions and premises regarding the industry and market in which it operates, some of which are subjective or beyond our control. Underlying these forward-looking statements is a large number of risks and uncertainties and may not be realised in future. In light of the risks and uncertainties, the inclusion of forward-looking statements in this interim report should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such forward-looking statements.

Overview & Our Strategy

2017 Interim Performance Summary

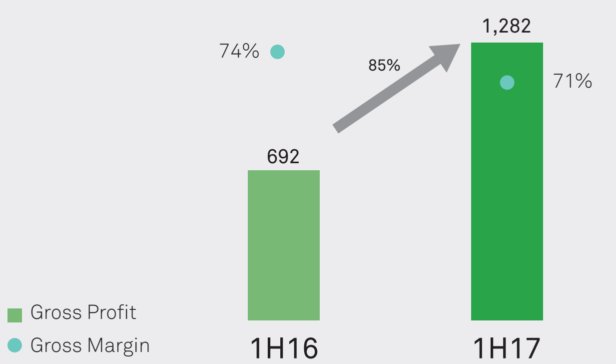
Revenue
RMB mn

929 1,812



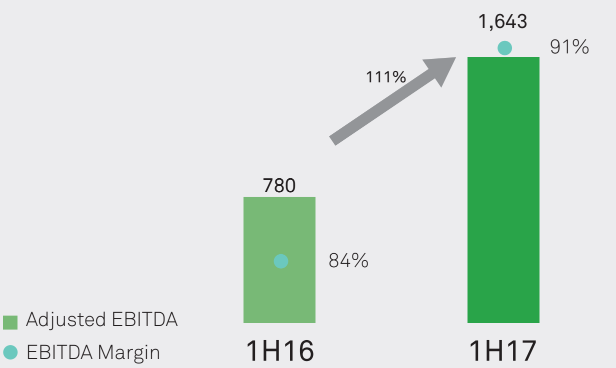
Gross Profit
RMB mn

692 1,282



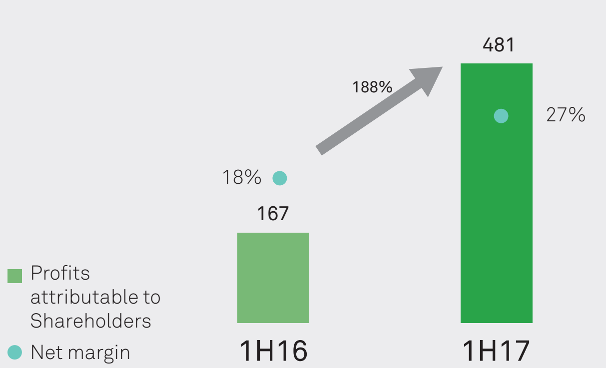
Adjusted EBITDA#
RMB mn

780 1,643



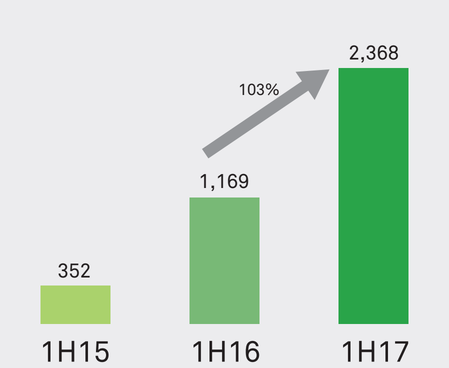
Profits attributable to Shareholders
RMB mn

167 481



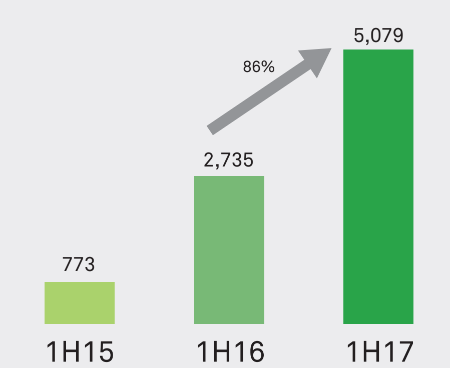
Electricity Sales
mn kWh

352 1,169 2,368



Installed Capacity
MW

773 2,735 5,079



Adjusted EBITDA does not include non-operating items.

Overview & Our Strategy

Business Review

SOLAR ENERGY BUSINESS SUSTAINED GROWTH

The Group achieved remarkable growth in its solar energy business with profitability improved significantly in the first six months of 2017. During the six months ended 30 June 2017, revenue generated from the solar energy business and profits attributable to shareholders surged by approximately 95% and approximately 188% to approximately RMB1.8 billion and approximately RMB481 million respectively. The much exciting achievements reflected the outstanding capability of GCL New Energy in developing and operating solar energy power plants.

During the period, the number of GCL New Energy's solar power plants in China increased to 128 from 68 in the same period of last year, spanning across 26 provinces. Total installed capacity in China was approximately 4,987MW, together with 92MW of solar power plant projects in the United States (the "US") and Japan (30 June 2016: approximately 2,735MW) the total installed capacity of GCL New Energy reached approximately 5,079MW, with a significant year-on-year increase of approximately 86%, ranking second in the world. Grid-connected capacity has also increased significantly by approximately 91% from approximately 2,182MW in the same period of last year to approximately 4,173MW, while electricity sales amounted to approximately 2,368 million kWh, representing a phenomenal growth of approximately 103% as compared to the same period of last year.

FAVORABLE POLICES PROMOTED THE SOUND DEVELOPMENT OF SOLAR ENERGY INDUSTRY

With China being dedicated to establishing a low-carbon energy system and developing new energy, China's solar energy industry maintained strong growth momentum in the first half of 2017. According to the NEA, new solar power capacity installed in the first half of 2017 increased by approximately 9% from the same period of the previous year to approximately 24GW, of which approximately 17GW were ground-mounted solar power plants and approximately 7GW were distributed solar power plants. Solar power generation increased by approximately 75% to approximately 51.8 billion kWh as compared to the same period of last year. As at 30 June 2017, China's total installed capacity of solar energy was approximately 102GW, enabling it to maintain its leading position as the country with the most installed solar energy capacity.

CURTAILMENT AND DELAY OF GOVERNMENT SUBSIDY

Solar power curtailment and delay of government subsidy payment are two major challenges faced by the solar energy industry in China. In order to alleviate the problem of solar power curtailment in certain regions, solar power generation projects are entitled to high priority dispatch and generation. Besides, China has set annual minimum utilisation hours on solar power at 1,300 to 1,500 hours in regions which were severely affected by solar power curtailment. While developing solar power plants in different regions to strategically prevent from highly concentrating on certain regions, the Company has established a strong foothold in the high electricity consumption central-eastern regions while making great efforts to develop resourceful central-western regions with readiness for on-grid connection and strong capacity for outgoing power transmission. The Company currently operates 128 solar power plants across 26 provinces in China to greatly reduce the concentration risk of solar power plants and hence minimize the impact of solar power curtailment on the Company. As at 30 June 2017, the Company's installed capacity in zone 1 only accounted for approximately 17% of the total installed capacity, while installed capacity and power generation in regions heavily affected by solar power curtailment only accounted for approximately 7% and approximately 7% of the Company's total installed capacity and total power generation, respectively. In addition, as the UHV transmission line from Jiuquan to Hunan was put into service in June 2017, renewable energy is expected to share higher percentage in the power transmission grid outgoing channel and the usage of solar power will be expanded into different regions, which will effectively alleviate the problem of solar power curtailment.

The delay of government subsidy payment is another obstacle hindering the development of solar energy industry in China. As at 30 June 2017, the Company's government subsidy receivables was approximately RMB3.0 billion. In order to speed up the payment of government subsidies, the Ministry of Finance of the PRC, the NDRC and the NEA jointly issued the Notice on Carrying out the Settlement of the Subsidy Funds for Tariff Premium of Renewable Energy (《關於開展可再生能源電價附加補助資金清算工作》) in May 2017 to streamline the renewable energy subsidies which are included in the first to sixth batch of renewable energy subsidies catalogue. The settling of delayed payment of the first to sixth batch subsidies are expected to be accelerated. In addition, the Company has applied for the seventh batch of subsidies in April 2017, which is currently under review, and we believe that the application results will be published by the end of 2017.

In order to mitigate the insufficiency of renewable energy fund for settling the tariff subsidy payment, the Notice on Implementation of Pilot Program in Relation to the Issue of Green Certificate for Renewable Energy and Resources Acquisition and Trading System (《關於試行可再生能源綠色證書核發及資源認購交易制度的通知》) issued by the NDRC in January 2017 stated that the pilot program of voluntary subscription of the green certificate (the "Green Certificate") will be implemented from 1 July 2017, and compulsory trading mechanism for the Green Certificate will be established in 2018 based on market demand. The Green Certificate pilot program is an effective supplement to the current "government subsidy" policy, and provides a feasible way to improve the subsidy shortfall in China. It further mitigates the pressure on the subsidies for solar power and relieve the cashflow pressure on solar power companies, which not only improve the capital flow but also further regulate the market, so that companies no longer rely on state subsidies as the main source of income, driving steady development of the solar power industry.

Regarding to the previous inaccurate public opinion that "the Green Certificate may replace the long standing electricity subsidy mechanism", the officials from the New Energy and Renewable Energy Division of NEA have expressly indicated in many public occasions including industry exhibitions and forums that "promoting a voluntary subscription of new energy is a gradual progress no matter in which country, and it is impossible for wishing to substitute for subsidies to a substantial extend in a very short period of time".

POVERTY ALLEVIATION PROJECTS AND FRONTRUNNER PROGRAM

The NEA expressly stated in the Notice on Printing and Issuance of Guidance on Energy Work for 2017 (《關於印發二零一七年能源工作指導意見的通知》) issued on 10 February 2017 that it is needed to further optimize the layout of solar power poverty alleviation projects and support the construction of village-level poverty alleviation power plants in priority. For power plants with better capital and power grid access conditions, installation capacity is not restricted. Based on the Opinion Letter of Notice on Requirements Relating to Construction of Advanced Technology Application Base for Solar Power in 2017 (《關於二零一七年建設光伏發電先進技術應用基地有關要求的通知》意見函) issued by NEA in May 2017, the scale of the third batch of Frontrunner Program and Super Frontrunner Program in 2017 is 8 to 10GW, which has significantly increased as compared to the 5.5GW Frontrunner Program in previous year. Meanwhile, the NEA also announced the scale of Frontrunner Program between 2017 to 2020 will be maintained at 8GW each year.

The Frontrunner Program projects in 2017 has adopted the bidding system and the bidding criteria include the corporate's operation track record of solar energy projects, investment capabilities, technological skills, etc. Among those criteria, tariff bidding is considered a primary factor in the bidding process, and projects are allocated by taking public tender, competitive selection and other methods. The purpose of this bidding process is to avoid problems caused by inappropriate allocation of solar energy projects previously appeared in some regions. The bidding system not only promotes the professionalism of the industry, but also in favor to solar energy companies which possess advanced technological skillsets. As a leading solar energy operator with in-house development capabilities, seasoned management team and remarkable operational track records, the new policy is set to favor future project development of our Group. We obtained approximately 250 MW of poverty alleviation projects, ranking first in the country, and obtained approximately 360 MW of Frontrunner Program, ranking third in the country.

DISTRIBUTED POWER PROJECTS

The installation of distributed power projects has developed rapidly in the first half of 2017 in China with the newly installed capacity of ground-mounted solar power plants dropped by approximately 16%, year-on-year, to approximately 17GW, while the newly installed capacity of distributed solar power plants rose by approximately 2.9 times, year-on-year, to approximately 7GW. Meanwhile, the proportion of distributed solar power capacity to the nation solar power capacity was approximately 29%, representing a year-on-year increase of 20 percentage points for the first half of 2017. As of the first half of 2017, the country's cumulative installed capacity of distributed solar plants was 17GW, and the newly installed distributed solar power capacity is expected to exceed 12GW in 2017 with cumulative installed capacity to be more than 23GW at the end of 2017. In the first half of 2017, we focused on developing corporate clients and large customers, creating strategic cooperation with well-known multinational corporations and large domestic groups, and establishing distributed financing cooperation with several financial institutions. These approaches allow the distributed solar power plant projects to obtain financing terms that is close to the ground-mounted and overcome the short term, high interest rate and low financing ratio of distributed solar power plants. GCL New Energy's distributed power plant business, closely following the country's pace of development, also grew rapidly. The percentage of distributed solar power capacity increased from approximately 3% of the total installed capacity in the first half of 2016 to approximately 5% of the total installed capacity in the first half of 2017. Since then, we will continue to increase the proportion of distributed solar power business.

All these policies and measures reflect the support and determination of the Chinese government in promoting the development of solar energy industry which laid a more solid foundation for the long-term growth of the industry.

ASSET LIGHT TRANSFORMATION

As at 30 June 2017, the Company maintained its total liabilities to total assets ratio at 85%. In order to lower such ratio, the Company has started transforming into asset light model and providing management services in 2017. GCL New Energy entered into a co-operation framework agreement with Fuyang New Energy Technology (Nanyang) Limited* (富陽新能源科技(南陽)有限公司) in May 2017 for providing engineering, procurement and construction for certain photovoltaic power station project companies of approximately 200 MW installed capacity, as well as providing operation and maintenance services after completion of those project companies. This agreement represent the first adoption of built-transfer-operating model, which will effectively speed up the Company's capital cycle, ease cash flow pressure and further reduce the Company's gearing ratio.

Moreover, Suzhou GCL, an indirect wholly owned subsidiary of GCL New Energy, entered into share transfer agreements with Zhongmin GCL in June 2017, in relation to transferring the equity interests of 130MW power plants. Zhongmin GCL is a company with 32% equity interests held by Suzhou GCL and 68% equity interests held by Zhongmin New Energy (Shanghai) Investment Group Co., Ltd, respectively. The Company introduced strategic partner through transfer of equity interests in power plant, and achieved the strategic transformation of asset light operation. In general, the transfer of power plant can ease cash flow pressure from continuous development and reduce the gearing ratio of the Company. In the second half of 2017, the Company will cooperate with strategic investor by transferring its controlling interests of certain projects to promote capital recycle, enhance return on capital and receive stable management fees through providing operation and maintenance services.

* *English name for identification only*

INNOVATIVE TECHNOLOGY ENHANCED CAPABILITY OF DEVELOPMENT AND OPERATION OF PROJECTS

Leveraged on its cutting-edge in-house design and research institute, the Group has been actively promoting the application of new technologies and implementing major technological projects. The Group not only has the capability of self-development, but is also capable of optimizing the quality of development, construction, operation and maintenance, and strengthen the guidance and advancement through the application of new technology, so as to enhance its core competitive advantages such as development cost control and system efficiency.

In terms of development and construction, the Group designed the most comprehensive and suitable solar power plant prior to construction to minimize cost at the onset based on 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.

During the period, the Company leveraged on its in-house development capabilities to improve the integrated design capability of system, develop efficient supply chain management system and excellent engineering management system, meanwhile, substantially reduce acquisition of solar power plant projects, improve profitability and proactively achieve solar power grid parity. As a result, the proportion of in-house developed power plants to the newly added installed capacity in the first half of 2017 increased to approximately 93%. In addition, the Group fully capitalized on scale economy through tendering, effective integration of supply chain system and bulk purchase. As a result, the average cost per watt for the solar power plants reduced by approximately 13% from approximately RMB7.2 in the first half of 2016 to approximately RMB6.3 in the first half of 2017, which laid a solid foundation for its fruitful future.

In terms of operation and management, the Group modified capacity expansion projects at power plants with feasible conditions through adoption of technologies such as oblique uniaxial, biaxial tracking technologies, nano-coating and cleaning robot, which increased efficiency and power generation. In terms of innovations in operation and maintenance and information management, the Group adopted 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. The Company has two regional operation and maintenance centres put into operation in Ningxia and Shanxi respectively, covering an area within 200 km and simultaneously monitoring the operation of 6 or more solar power plants. The Group is planning to additionally establish at least 5 regional centres in 2017, so as to strengthen the centralized operation and management of solar power plants and effectively reduce the operation and maintenance costs per watt to RMB0.05-0.055 in 2017.

DIVERSIFIED FINANCING MODELS

To support its fast growing development and meet the substantial capital requirements in the early stage of development for the solar energy business, GCL New Energy continues to adopt diversified financing models.

GCL New Energy followed its financing strategy adopted in 2016 and 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. In the first half of 2017, the Group further entered into finance lease agreements with several financial institutions, including several finance lease and leaseback arrangements entered into with CITIC Financial Leasing Co., Ltd.* 中信金融租賃有限公司, China Resources Leasing Co., Ltd.* 華潤租賃有限公司, China Financial Leasing Company Limited* 中國金融租賃有限公司 and other financial leasing institutions, through which successfully obtained long-term finance leases. In the first half of 2017, borrowing with longer than 3 years term accounted for approximately 91% of the total new borrowings. In addition, the Group entered into various engineering, procurement and construction agreements and equipment purchase agreements with Power Construction Corporation of China* 中國電力建設集團有限公司 and its subsidiaries in March 2017 to improve the Company's liquidity.

In terms of financing costs control, traditional financing channels were furthered expanded to enhance bargaining power in securing better financing terms, thus lowering financing cost and the financing cost for new projects in the first half of 2017 was approximately 6.0%.

To further enhance its integrated financing ability and support its capital requirements for fast growing development, the Group will keep pursuing other innovative financing methods. Meanwhile, the Group is now actively considering the introduction of equity investors from different level, in order to further expand financing channels, enhance financing capability and maintain a lower gearing ratio.

PRUDENTLY EXPANDING INTO POTENTIAL OVERSEAS MARKETS

The Company clearly rolled out a strategy to equally focus on the domestic and overseas businesses through stepping up with the development of our overseas business network on the back of our largest shareholder and local government resources. The Company holds distributed solar power projects in Japan and two large ground-mounted solar power plants in the US, of which the project with a capacity of approximately 83MW in North Carolina got grid-connected at the end of May 2017 and the one with a capacity of approximately 50MW in Oregon is scheduled for completion next year.

In the future, the Company 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 and low risks. We will actively seize emerging markets to take advantage of their favourable government policies on land acquisition, taxation and financing and overseas markets without the issue of subsidy, continue to improve the percentage contribution from oversea solar power plants and assets, so as to expand its presence in not only the domestic market but also internationally, and aiming to increase the level of international business.

* *English name for identification only*

PROSPECTS

We are optimistic about the solar energy industry development in the second half of 2017. As of 30 June 2017, we have approximately 510MW of project reserve and projects under construction, spanning across 9 provinces, gaining momentum for us to attain our goal of adding 1.5 to 2.0GW of installed capacity in 2017. Meanwhile, by further optimizing our strategy for development and construction, the Group is committed to achieving its development objective of "transformation and upgrade in 5 key areas":

1) Transform from a heavy-asset model to a light-asset model which provide management services;

2) Expand from domestic into international market;

3) 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;

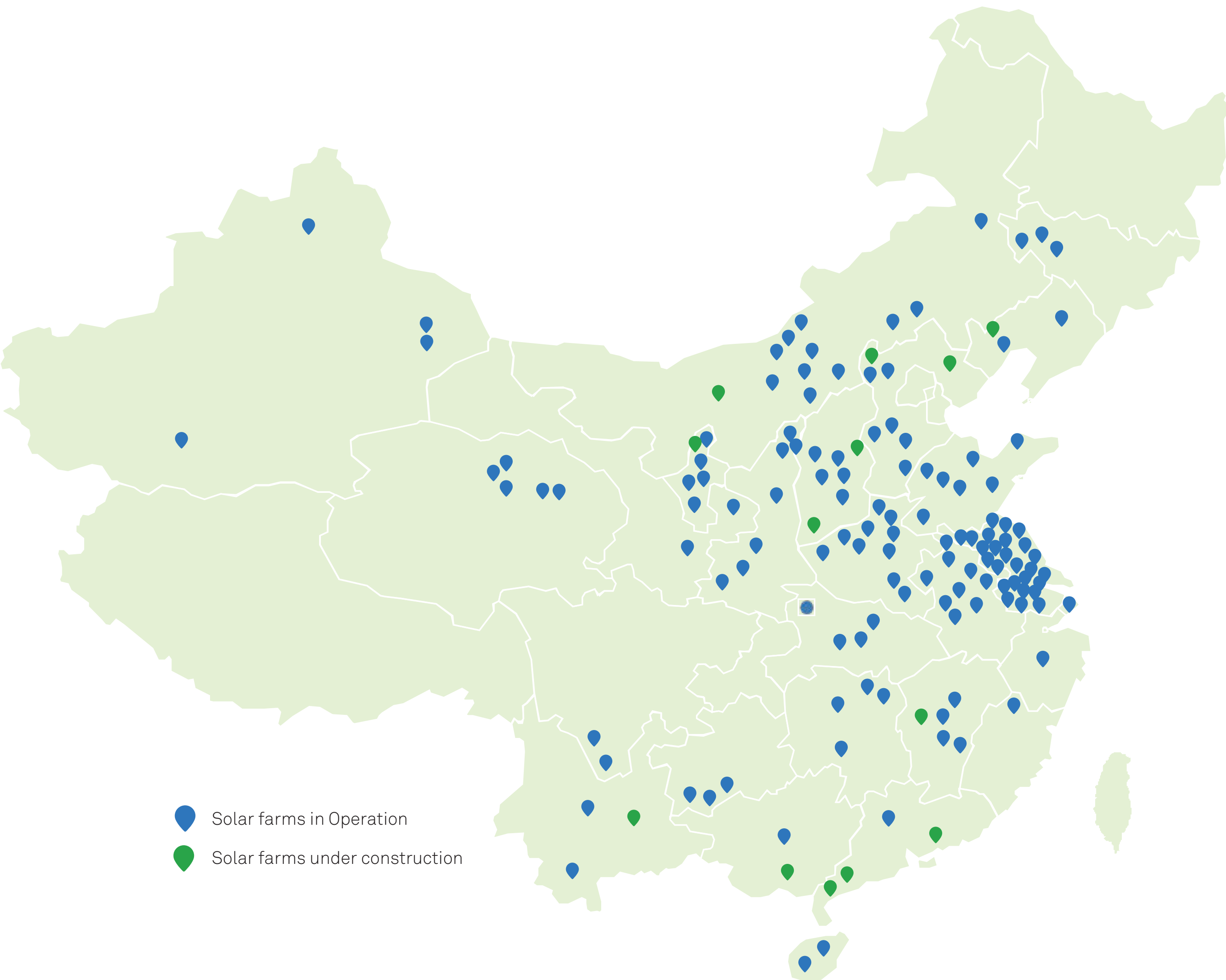
5) Introduce strategic partner to form strategic partnership for transforming from solely-owned operations to strategic cooperation.

Looking forward to the second half of 2017, the Chinese government is expected to spare no effort to improve curtailment, mitigate the delay of government subsidies and implement favorable policies such as the Frontrunner Program and poverty alleviation program to accelerate the development of the solar energy industry in China. As a leading solar energy industry operator, GCL New Energy will leverage its competitive advantages to further reduce costs by using highly efficient products and technologies. By applying its development, construction and operation expertise, the Group is set to develop in accordance with the national policies, strive for participating in the Frontrunner Program and poverty alleviation program, deepen the distributed power plant business and sustain its competitive advantages to achieve its vision of "Bringing Green Power to Life".

Overview & Our Strategy

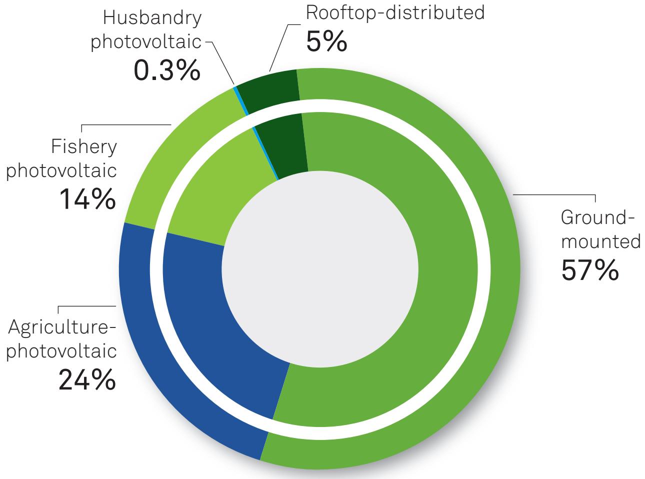
Projects Overview in China

As of 30 June 2017, GCL New Energy operated 128 solar power plants with total installed capacity of 4,987MW, spanning across 26 provinces in China.

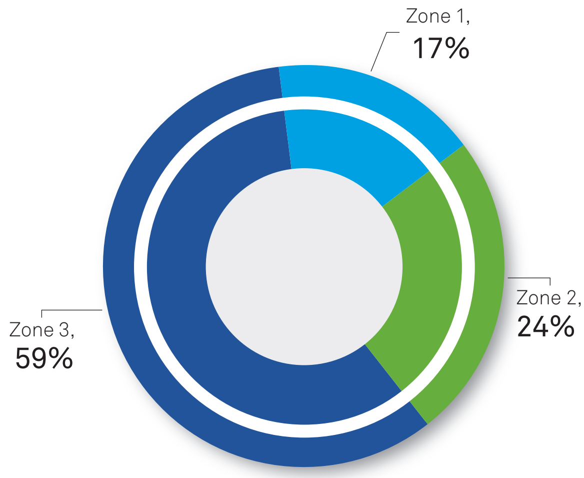


Overview & Our Strategy
Projects
Overview in China

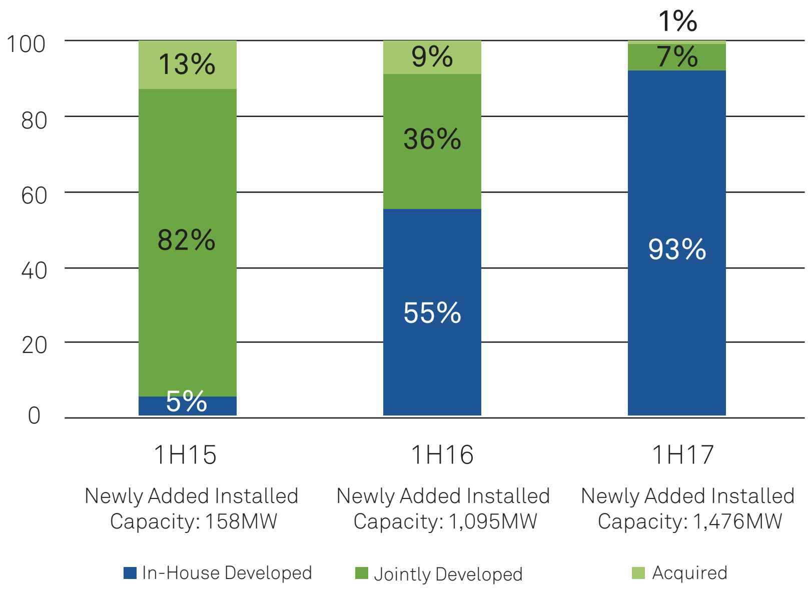
Total Capacity by Project Type



Capacity by Zone



Newly Added Capacity by Development Type



Management Discussion and Analysis

OVERVIEW

For the period ended 30 June 2017, the revenue of the Group amounted to RMB1,812 million, representing an increase of 95% as compared to RMB929 million for the same period last year. Profit attributable to owners of the Company from continuing operations amounted to RMB485 million (Period ended 30 June 2016: RMB147 million). The profit attributable to owners of the Company during the periods ended 30 June 2017 and 30 June 2016 was as follows:

	Six months ended 30 June	
	2017 **RMB million**	2016 RMB million
Continuing operations ("Solar Energy Business")	**485**	147
Discontinued operations ("PCB Business")	**(4)**	20
Profit for the Period	**481**	167

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

1. The increase in the generation volume of electricity of the solar power plants by 103% from approximately 1,169 million kWh during the period ended 30 June 2016 to approximately 2,368 million kWh during the period ended 30 June 2017. The total installed capacity was increased by 86% from 2,735 MW as at 30 June 2016 to 5,079MW as at 30 June 2017.

2. The decrease in administrative expenses from RMB182 million for the period ended 30 June 2016 to RMB152 million for the period ended 30 June 2017 due to effective costs control measures.

3. The decrease in amortization of share-based payment expenses from RMB38 million for the period ended 30 June 2016 to RMB18 million for the period ended 30 June 2017.

4. The increase in profit was partly offset by the exchange losses of RMB18 million incurred during the period as compared to the exchange gain of RMB21 million for the same period last year and the increase in finance costs, which was in line with business expansion.

BUSINESS REVIEW

Capacity and Electricity Generation

As at 30 June 2017, the aggregated installed capacity of the 133 grid-connected solar power plants of the Group (31 December 2016: 90) increased by 44% to 5,079MW (31 December 2016: 3,516MW). Details of capacity, electricity sales volume and revenue for the period ended 30 June 2017 are set out below.

Subsidiaries	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity (1) (MW)	Grid-connected Capacity (1)(2) (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/ kWh)	Revenue (RMB million)
Inner Mongolia	1	11	388	366	298	0.76	227
Ningxia	1	5	251	201	108	0.62	67
Qinghai	1	3	107	107	83	0.84	70
Xinjiang	1	2	80	80	50	0.68	34
Sub-total	Zone 1	21	826	754	539	0.74	398
Shaanxi	2	7	613	563	301	0.74	222
Hebei	2	2	189	189	123	0.91	112
Sichuan	2	2	85	80	34	0.82	28
Qinghai	2	2	80	80	65	0.77	50
Yunnan	2	2	80	71	55	0.69	38
Gansu	2	2	55	6	–	–	–
Liaoning	2	2	40	21	17	0.71	12
Jilin	2	3	35	35	20	0.85	17
Xinjiang	2	1	21	21	–	–	–
Sub-total	Zone 2	23	1,198	1,066	615	0.78	479

Subsidiaries	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity (1) (MW)	Grid-connected Capacity (1)(2) (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB million)
Henan	3	10	509	391	214	0.80	172
Jiangsu	3	26	418	346	190	0.86	163
Anhui	3	9	330	296	158	0.82	129
Shanxi	3	5	272	184	124	0.85	106
Hubei	3	4	259	229	123	0.82	101
Hunan	3	4	200	126	18	0.81	14
Shandong	3	7	187	186	98	0.88	86
Jiangxi	3	4	186	123	61	0.85	52
Guizhou	3	3	160	103	30	0.85	26
Hebei	3	4	139	139	96	1.00	96
Guangdong	3	1	100	12	5	0.85	4
Guangxi	3	1	60	23	1	0.84	1
Hainan	3	2	50	50	35	0.86	30
Fujian	3	1	40	–	–	–	–
Zhejiang	3	1	21	21	10	0.98	10
Shanghai	3	1	7	7	1	0.71	1
Sub-total	Zone 3	83	2,938	2,236	1,164	0.85	991
Japan	–	1	4	4	1	2.35	3
US	–	1	83	83	36	0.31	11
Sub-total		2	87	87	37	0.38	14
Total of subsidiaries		129	5,049	4,143	2,355	0.80	1,882
Joint ventures (4)							
PRC	2	1	25	25	10	0.80	8
Overseas	–	3	5	5	3	2.33	7
Total		**133**	**5,079**	**4,173**	**2,368**	**0.80**	**1,897**

Overview & Our Strategy
Management Discussion and Analysis

Subsidiaries	Revenue (RMB million)
Representing:	
Electricity sales	650
Tariff adjustment – government subsidies received and receivable	1,232
Total of subsidiaries	1,882
Less: effect of discounting tariff adjustment receivables to present value (3)	(38)
Ningxia price adjustment (5)	(32)
Total revenue of the Group	**1,812**

(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 ranging from 2.59% to 3.27% per annum.

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

(5) Pursuant to the Ningxia Hui Autonomous Region Development and Reform Council Notice regarding 2016 Solar Energy Projects Quota Allocation Based on Competitive Bidding (《寧夏回族自治區發展和改革委員會文件關於開展我區2016年光伏發電增補規模競爭性分配有關的通知》) issued on 3 January 2017, solar power plants which connected to the grid on or before 22 December 2016 but not yet listed on the approved solar power plant projects are subject to competitive bidding. Because of this, the feed-in-tariffs for four of our solar power plants with an aggregate capacity of 150MW in Ningxia Hui Autonomous Region are affected. The tariff in prior years were adjusted to reflect the latest bidding price.

Most of the solar power plants of the Group are located in China and almost all of the revenue is contributed by the subsidiaries of 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 period ended 30 June 2017 and 30 June 2016.

Financial Review

After completion of the disposal of Printed Circuit Board ("PCB") Business on 2 August 2017, the Group retained one single reportable segment i.e. 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:

	For the period ended 30 June		
	2017 RMB million	2016 RMB million	% of changes
Revenue	**1,850**	970	91%
Effect of discounting tariff adjustment (government subsidies)	**(38)**	(41)	(7%)
Revenue, after discounting	**1,812**	929	95%
Gross profit	**1,282**	692	85%
Adjusted EBIT*	**1,184**	566	109%
Adjusted EBITDA*	**1,643**	780	111%
Profit for the period from continuing operations attributable to:			
Owners of the Company	**485**	147	230%
Non-controlling interests			
– Owners of perpetual notes	**65**	–	NM
– Other non-controlling interests	**2**	5	(60%)
	552	152	263%

* Adjusted EBIT is defined as earnings before finance costs, taxation, and non-operating items including changes in fair value on convertible bonds while adjusted EBITDA also excludes depreciation and amortisation.

Revenue

During the period ended 30 June 2017, the revenue of the Group mainly comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB1,850 million (2016: RMB970 million), net of effect of discounting the tariff receivables to its present value of approximately RMB38 million (2016: RMB41 million). The significant increase in revenue was mainly attributable to the increase in sales of electricity of the solar power plants by 103% as a result of intensive developments and acquisitions of solar power plants in the first half of 2017 and the second half of 2016. The average tariff (net of tax) was approximately RMB0.80/kWh (2016: RMB0.85/kWh). The decrease in average tariff was mainly due to the tariff cut adopted from 1 July 2016 and competitive bidding tariff for some of our projects.

In terms of revenue generated by tariff zone, for the period ended 30 June 2017, approximately 21%, 26% and 53% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2016: zone 1 of 32%, zone 2 of 20% and zone 3 of 48%). In consistent with our prevailing strategy, 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 and the impact from competitive bidding in some of the regions.

Gross Profit

The Group's gross margin for the period ended 30 June 2017 was 70.8%, as compared to 74.5% for the period ended 30 June 2016. The decrease in gross margin was mainly due to 1) tariff cut for the projects connected to the grid after 30 June 2016; 2) competitive bidding for newly constructed solar power plants of which bidding prices are lower than benchmark tariff and 3) the drop in revenue caused by lower solar radiation due to smog in early 2017.

The cost of sales mainly consisted of depreciation, which accounted for 86% (2016: 90%) of cost of sales, with the remaining costs being operation and maintenance costs of solar power plants. The decrease in deprecation was mainly due to the drop in construction costs from approximately RMB7.2 per watt in the first half of 2016 to approximately RMB6.3 per watt in the first half of 2017. As the construction cost of solar power plant is depreciated over 25 years, the drop in construction costs cannot fully offset the drop in tariff price.

Other Income

During the period ended 30 June 2017, other income mainly included imputed interest on discounting effect on tariff adjustment receivables of RMB20 million (2016: Nil), interest income from other loan receivables of RMB13 million (2016: RMB23 million), management services income for managing and operating solar power plants owned by the parent company, GCL-Poly, of RMB18 million (2016: RMB19 million) and bank interest income of RMB15 million (2016: RMB9 million).

Share-based Payment Expenses

Share-based payment expenses amounted to RMB18 million for the period ended 30 June 2017 (2016: RMB38 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.

Administrative Expenses

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses decreased by 17% to RMB152 million for the period ended 30 June 2017. The decrease was mainly due to the decrease in salary expenses driven by the costs control measure of Solar Energy Business.

Loss on change in fair value of convertible bonds

During the period ended 30 June 2017, the Group recognised a fair value loss of approximately RMB46 million (2016: RMB41 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 was mainly attributable to the changes in the parameter in the valuation model, such as decrease in discount rate 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 period ended 30 June 2017, the net loss amounted to RMB18 million (2016: gain of RMB21 million). The gain in 2016 was contributed by the exchange gain arising from the appreciation of HKD and USD deposits against the reporting currency in RMB, as well as exchange gain arising from investment in Japan. As for 2017, the loss was caused by the exchange loss arising from the depreciation of HKD deposits, as well as exchange loss arising from overseas investments.

Adjusted Net Margin, Adjusted EBIT margin and Adjusted EBITDA margin

	2017 **RMB million**	2016 RMB million
For the period ended 30 June:		
Profit for the period from continuing operations	**552**	152
Add: Non-operating items:		
Changes in fair value on convertible bonds	**46**	41
Adjusted net profit	**598**	193
Adjusted net margin ratio	**33.0%**	20.8%
Add: Finance costs	**607**	373
Income tax credit	**(21)**	–
Adjusted EBIT	**1,184**	566
Adjusted EBIT margin	**65.3%**	60.9%
Add: Depreciation and amortization	**459**	214
Adjusted EBITDA	**1,643**	780
Adjusted EBITDA margin	**90.7%**	84.0%

As a result of the continuous growth of Solar Energy Business, the Group can enjoy economies of scale, thereby lowering the average operating and maintenance costs and administrative cost per unit of power generated. Thus, the adjusted EBITDA margin for Solar Energy Business increased from 84.0% for the period ended 30 June 2016 to 90.7% for the period ended 30 June 2017.

Finance Costs

	For the period ended 30 June	
	2017	2016
	RMB million	RMB million
Total borrowing costs	**787**	561
Less: Interest capitalised	**(180)**	(188)
	607	373

Finance costs amounted to RMB787 million for the period ended 30 June 2017 (2016: RMB561 million) represented an increase of 40% compared with same period last year. The increase was mainly due to the significant increase in average borrowing balance as a result of the capital expenditure for expansion of solar power plants. The operating of solar power plants is capital intensive and high gearing in nature. The interest rates ranged from 2.0% to 11.40% for the period ended 30 June 2017 (2016: 4.6% to 11.45%) for new and old borrowings.

The capitalised interest for the period ended 30 June 2017 amounted to RMB180 million (2016: RMB188 million), which represented interest capitalised during construction period of solar power plants. The amount did not increase in line with the increase in average borrowings because the borrowing costs ceased to be capitalised when the solar power plants commenced operations. As a result of ceased capitalisation of interest cost of completed projects, the increase in finance cost is proportionately higher than the increase in average borrowing for the period.

Although the total finance costs increased, the average borrowing interest rate for new and old borrowings was gradually decreasing from 7.8% during the period ended 30 June 2016 to 6.8% during the period ended 30 June 2017. The decrease was mainly due to the drawn down of a large quantity of low-cost long term project loans and long term finance leases to replace high cost short-term bridge loans.

Income Tax Credit

Income tax credit for the period ended 30 June 2017 was RMB21 million as compared to RMB0.4 million for the period ended 30 June 2016. The income tax credit for the current period 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 and was completed on 2 August 2017. Accordingly, the Group's PCB Business were classified as discontinued operations. The loss for the discontinued operations during the period ended 30 June 2017 was RMB4 million.

Profit (loss) Attributable to Owners of the Company

The Group recorded a profit attributable to the owners of the Company from continuing operations of RMB485 million for the period ended 30 June 2017 (2016: RMB147 million).

The Group recorded a loss attributable to the owners of the Company from discontinued operations (i.e. PCB Business) of RMB4 million for the period ended 30 June 2017 (2016: profit of RMB20 million).

Dividend

The Board does not recommend the payment of a dividend for the period ended 30 June 2017 (2016: Nil).

Property, Plant and Equipment

Property, plant and equipment increased significantly from RMB26,755 million as at 31 December 2016 to RMB29,883 million as at 30 June 2017. This was mainly attributable to the increase in the total installed capacity of solar-farms from 3,486MW as at 31 December 2016 to 5,049 MW as at 30 June 2017.

Deposits, Prepayment and Other Non-current Assets

As at 30 June 2017, non-current portion for deposits, prepayments and other non-current assets mainly included approximately RMB2,053 million (31 December 2016: RMB2,114 million) for refundable value-added tax, approximately RMB676 million (31 December 2016: RMB660 million) deposits paid for EPC contracts and constructions and approximately RMB712 million (31 December 2016: RMB250 million) of tariff adjustments (i.e. the government subsidies) expected to be received after twelve months.

Trade and Other Receivables

Trade and other receivables increased from RMB3,386 million as of 31 December 2016 to RMB3,948 million as of 30 June 2017. The increase was mainly due to net increase in government subsidies receivables of RMB458 million. Breakdown of trade and tariff receivables is as follows:

	Batch of subsidies	**30 June 2017 RMB million**	31 December 2016 RMB million
Trade receivables			
– basic tariff		**283**	164
Tariff receivables			
– government subsidies			
– Current	6th batch or before	**621**	702
– Current	To be registered for 7th batch	**1,703**	1,164
		2,324	1,866
– Non-current	To be registered for 8th batch or after	**712**	250
		3,036	2,116
Total		**3,319**	2,280

Trade and Other Payables

Trade and other payables increased from RMB11,394 million as of 31 December 2016 to RMB11,462 million as of 30 June 2017. Trade and other payables mainly consisted of payables for purchase of plant and machinery and construction of RMB8,409 million (31 December 2016: RMB8,315 million), bills payable of RMB1,868 million (31 December 2016: RMB2,208 million) and receipt in advance of RMB388 million (31 December 2016: RMB14,000). The receipt in advance of RMB388 million mainly represent RMB110 million received for disposal of PCB Business and RMB278 million received for modules sale.

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, convertible bonds and loan from a shareholder of a subsidiary. The cash flow activities for the Group are summarised as follows:

	For the period ended 30 June	
	2017 **RMB million**	2016 RMB million
Net cash generated from (used in) operating activities	**501**	(345)
Net cash used in investing activities	**(4,408)**	(4,049)
Net cash generated from financing activities	**2,967**	5,389

The net cash from operating activities during the period ended 30 June 2017 was RMB501 million which was mainly attributable to the cash received from trade and tariff receivables.

The net cash used in investing activities during the period ended 30 June 2017 primarily arose from payments and deposit paid for the acquisition and development of solar power plant projects.

For the period ended 30 June 2017, the Group's main source of funding was cash generated from financing activities amounting to RMB2,967 million, which mainly included the net effect of newly raised bank and other borrowings of RMB7,026 million and repayment of bank and other borrowings of RMB3,614 million. The decrease in cash generated from financing activities compared with last period was mainly due to the net proceeds from rights issue of RMB1,941 million during the period ended 30 June 2016.

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 the 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 cash inflow to the Group. In view of this relatively low risk characteristic 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 the completion of construction. Thus, the average gearing ratio for the solar energy industry is relatively high.

Management Discussion and Analysis

Because of the nature of the solar energy industry in the PRC, the Group was in net current liabilities position of approximately RMB8,661 million as at 30 June 2017. To address the net current liabilities position, the Group has taken several measures to generate sufficient cash inflow to the Group:

(1) 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. On 3 August 2017, we have issued the first tranche of the non-public green bonds of RMB375 million with a term of 3 years.

(2) The Group is considering different long-term financing strategy such as asset-light business model introduction of equity investors on solar power plants level to address the net current liabilities position of the Group. On 30 June 2017, the Group, entered into share transfer agreements to sell 2 solar power plants with an aggregate capacity of 130MW to Xi'an Zhongmin GCL New Energy Company Limited, a joint venture of the Company, at a consideration of approximately than RMB262 million. On 31 May 2017, the Group had entered into a co-operation framework agreement with Fuyang New Energy Technology (Nanyang) Limited* (富陽新能源科技(南陽)有限公司). Under the co-operation framework agreement, Fuyang New Energy will buy certain solar power plants. The solar power plants will adopt a built-transfer model. The Group will be responsible for the engineering, procurement and construction, and provide operation and maintenance services after completion of the solar power plants. The Group is actively negotiating similar arrangements to generate additional liquidity and working capital.

(3) During the period ended 30 June 2017, the Group had obtained new borrowing of RMB7,026 million of which RMB6,398 million had a repayment terms of over 3 years. The management is continuously changing the Group's debt profile for obtaining long-term debts to repay the short-term borrowing or other current liabilities.

(4) The Group is currently negotiating with several banks in both Hong Kong and the PRC for additional financing. It has received detailed proposals from certain banks for 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. The Group is also seeking other form of financing to improve liquidity.

By taking the above measures, we believe that the Group has sufficient working capital to meet the financial obligation when they fall due.

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 30 June 2017 and 31 December 2016 were as follows:

	30 June 2017 RMB million	31 December 2016 RMB million
Non-current indebtedness		
Bank and other borrowings	**18,692**	16,153
Convertible bonds	**178**	858
	18,870	17,011
Current indebtedness		
Loans from fellow subsidiaries	**1,075**	676
Bank and other borrowings	**4,989**	4,948
Convertible bonds	**700**	–
	6,764	5,624
Indebtedness for discontinued operations		
Loan from a shareholder	**17**	18
Bank borrowings – due within one year	**191**	181
Obligations under finance leases – due within one year	**31**	39
Obligations under finance leases – due after one year	**14**	27
	253	265
Indebtedness for two solar power plants projects classified as held for sale		
Bank and other borrowings – due within one year	**128**	–
Bank and other borrowings – due after one year	**782**	–
	910	–
Total indebtedness	**26,797**	22,900
Less: cash and cash equivalents – continuing operations	**(2,797)**	(3,826)
– two solar power plants projects classified as held for sale	**(89)**	–
– discontinued operations	**(34)**	(27)
Pledged bank and other deposits – continuing operations	**(2,129)**	(2,255)
– discontinued operations	**(13)**	(20)
Net debts	**21,735**	16,772
Total equity	**6,903**	6,420
Net debts to total equity	**315%**	261%
Total liabilities	**39,263**	35,059
Total assets	**46,166**	41,478
Total liabilities to total assets	**85.0%**	84.5%

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

	30 June 2017 RMB million	31 December 2016 RMB million
Total banking and other facilities granted	26,622	23,398
Facilities utilised	(24,782)	(21,313)
Available facilities	1,840	2,085

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

	30 June 2017 RMB million	31 December 2016 RMB million
Renminbi ("RMB")	24,867	21,628
Hong Kong dollars ("HK$")	895	876
United States dollars ("US$")	829	396
Euro dollars ("Euro")	132	–
Japanese Yen ("JPY")	74	–
	26,797	22,900

Use of Proceeds

The Company conducted below fund raising activities and actual use of proceeds:

Date of announcement/ prospectus	Events	Net proceeds and intended use	Actual use of proceeds
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.	All the net proceeds were utilised as intended.

PLEDGE OF ASSETS

As at 30 June 2017, the following assets were pledged for bank and other facilities of RMB26,622 million (31 December 2016: RMB23,398 million) granted to the Group:

– property, plant and equipment of RMB21,329 million (31 December 2016: RMB15,619 million);

– prepaid lease payments of RMB6 million (31 December 2016: RMB6 million);

– bank and other deposits of RMB2,142 million (31 December 2016: RMB2,276 million); and

– rights to collect the sales of electricity for certain subsidiaries. As at 30 June 2017, the trade receivables of those subsidiaries amounted to RMB3,102 million (31 December 2016: RMB1,860 million).

At 30 June 2017, the Group's property, plant and equipment with a net book amount of RMB83 million (31 December 2016: RMB124 million) were pledged as security for obligations under finance leases of the Group amounting to RMB45 million (31 December 2016: RMB66 million).

CONTINGENT LIABILITIES

The Group did not have any other significant contingent liabilities as at 30 June 2017.

CAPITAL COMMITMENTS

As at 30 June 2017, the Group's capital commitments in respect of construction commitments related to solar power plants, purchase of machinery and leasehold improvements and commitment to invest to a joint venture contracted for but not provided amounted to approximately RMB6,559 million, RMB6 million and RMB197 million, respectively (31 December 2016: RMB4,441 million, RMB6 million and nil, respectively).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For the period ended 30 June 2017, the Group acquired a subsidiary which is engaged in solar power plant business in Japan at a total consideration of approximately RMB30 million. The construction of the solar power plant project has been completed as at the date of acquisitions. Thus, the acquisition is classified as business combination.

On 30 December 2016, the Group entered into a sale and purchase agreement to dispose of the entire interest in the PCB 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. On 2 August 2017, the disposal was completed without any further adjustment on the consideration.

Management Discussion and Analysis

On 30 June 2017, the Group entered into share transfer agreements with 西安中民協鑫新能源有限公司(Xi'an Zhongmin GCL New Energy Company Limited*) ("Zhongmin GCL"), a joint venture of the Group, pursuant to which the Group agreed to sell and Zhongmin GCL agreed to purchase 100% equity interest of 金湖正輝太陽能電力有限公司(Jinhu Zhenghui Photovoltaic Co., Ltd.*) ("Jinhu") and 山東萬海電力有限公司(Shandong Wanhai Solar Power Co., Ltd.*) ("Wanhai") for a consideration of approximately RMB191 million and RMB70 million, respectively.

Save as disclosed above, there were no other significant investments during the period ended 30 June 2017, or plans for material investments as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries during the period ended 30 June 2017.

EVENTS AFTER THE REPORTING PERIOD

1. Agreements with 恒嘉(上海)融資租賃有限公司Hengjia (Shanghai) Financial Leasing Co., Ltd.* ("Hengjia Financial Leasing")

On 21 July 2017, the Group entered into certain agreements regarding a sales and leaseback arrangement with Hengjia Financial Leasing. The Group sold to Hengjia Financial Leasing certain equipment at a consideration of approximately RMB825 million and leased back the equipment for a term of 10 years at an estimated rent of approximately RMB1,146 million. In addition, the Group will pay Hengjia Financial Leasing a service fee of approximately RMB17 million.

2. Agreements with 基石國際融資租賃有限公司Cornerstone International Financial Leasing Company Limited* ("Cornerstone Financial Leasing")

On 27 July 2017, the Group entered into certain agreements regarding a sales and leaseback arrangement with Cornerstone Financial Leasing. The Group sold to Cornerstone Financial Leasing certain equipment at a consideration of approximately RMB106 million and leased back the equipment for a term of 8 years at an estimated rent of approximately RMB135 million. In addition, the Group will pay Cornerstone Financial Leasing a service fee of approximately RMB4 million.

3. Acquisition of 神木縣晶普電力有限公司Shenmu County Jingpu Power Company Limited* ("Jingpu") and 神木縣晶富電力有限公司Shenmu County Jingfu Power Company Limited* ("Jingfu")

On 22 August 2017, 蘇州協鑫新能源投資有限公司Suzhou GCL New Energy Investment Co., Ltd*, a subsidiary of the Company, entered into two sales and purchase agreements with two independent third parties, pursuant to which the Group conditionally agreed to purchase 78% equity interests of Jingpu and Jingfu for a total consideration of approximately RMB2 million. Jingpu and Jingfu own 140MW and 40MW solar power plant projects located in Shaanxi, respectively. The acquisitions are expected to complete in September 2017. As at 30 June 2017, the Group have other loan receivables and module receivables from Jingpu, amounting to RMB215 million and RMB107 million, respectively. The management of the Group is currently assessing the financial impact of these acquisitions.

* English name for identification only

RISK FACTORS AND RISK MANAGEMENT

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

1. Policy risk

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

2. Grid curtailment risk

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 company mainly focuses on developing solar power projects in regions with well-developed inter-province power transmission network or with strong domestic power demand such as zone 2 and 3, hence, minimizing grid curtailment risk.

3. 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 National Development and Reform Commission (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 fasten technology development and implement cost control measures in order to lower development cost for new projects.

4. 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 for the construction of solar power plant while the recovery of capital investment takes a long period of time. To cope with the gearing risk, the company will pay close attention to the market dynamics, and to avoid any unfavorable changes to the company. Additionally, the company is constantly seeking alternative financing tools and pursing asset-light model to optimize our finance structure and lower its gearing ratio below 85%.

5. Risk related to interest rate

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

6. Foreign currency risk

As most of our solar power plants are located in the PRC, substantial revenues, capital expenditures, assets and liabilities are in RMB. However, we use foreign currencies such as Hong Kong dollars and US dollars 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 period ended 30 June 2017, 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.

7. Risk related to disputes with joint venture partners

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

EMPLOYEE AND REMUNERATION POLICIES

We consider our employees to be our most important resource. As at 30 June 2017, the Group had approximately 6,233 employees (31 December 2016: 6,509) in Hong Kong, the PRC and overseas, for which 3,900 employees (31 December 2016: 4,130) 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.

Our Directors

As at 30 June 2017, the composition of the Board was as follows:

Executive Directors	Non-executive Directors	Independent non-executive Directors
Mr. ZHU Yufeng *(Chairman)*	Ms. SUN Wei	Mr. WANG Bohua
Mr. SUN Xingping *(President)*	Mr. SHA Hongqiu	Mr. XU Songda
Ms. HU Xiaoyan	Mr. YEUNG Man Chung, Charles	Mr. LEE Conway Kong Wai
Mr. TONG Wan Sze		Mr. WANG Yanguo
		Dr. CHEN Ying

CHANGES IN DIRECTORS' INFORMATION

1. Ms. HU Xiaoyan has been appointed as a director of GCL System Integration Technology Co., Ltd. (a company listed on the Small & Medium Enterprises Board of the SZSE, stock code: 002506) with effect from 27 June 2017.

2. Mr. LEE Conway Kong Wai has been appointed as an independent non-executive director of Guotai Junan Securities Co., Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 2611 and the SHSE, stock code: 601211) with effect from 11 April 2017.

Save as disclosed above, the Company is not aware of any other change in the Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

Corporate Governance

Interests in Company's Securities and Share Option Scheme

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2017, 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) LONG POSITION IN THE ORDINARY SHARES

		Number of Shares			
Name of Director	**Nature of interest**	**Personal interests**	**Number of underlying Shares** (Note)	**Total**	**Approximate percentage of issued Shares**
Mr. ZHU Yufeng	Beneficial owner	–	3,523,100	3,523,100	0.02%
Mr. SUN Xingping	Beneficial owner	–	16,105,600	16,105,600	0.08%
Ms. HU Xiaoyan	Beneficial owner	–	19,125,400	19,125,400	0.10%
Mr. TONG Wan Sze	Beneficial owner	–	8,052,800	8,052,800	0.04%
Ms. SUN Wei	Beneficial owner	–	27,178,200	27,178,200	0.14%
Mr. SHA Hongqiu	Beneficial owner	3,000,000	8,052,800	11,052,800	0.06%
Mr. YEUNG Man Chung, Charles	Beneficial owner	–	15,099,000	15,099,000	0.08%
Mr. WANG Bohua	Beneficial owner	–	2,617,160	2,617,160	0.01%
Mr. XU Songda	Beneficial owner	–	2,617,160	2,617,160	0.01%
Mr. LEE Conway Kong Wai	Beneficial owner	–	2,617,160	2,617,160	0.01%
Mr. WANG Yanguo	Beneficial owner	–	1,006,600	1,006,600	0.01%
Dr. CHEN Ying	Beneficial owner	–	1,006,600	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 CORPORATION
GCL-Poly

	Number of ordinary shares in GCL-Poly					
Name of Director	Beneficiary of a trust	Corporate interests	Personal interests	Number of underlying shares	Total	Approximate percentage of issued shares
Mr. ZHU Yufeng	6,197,054,822 (Note 1)	–	–	175,851,259 (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 collectively held by the Trust Companies. Each of the Trust Companies is wholly-owned by Golden Concord Group, 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 5,990,308,025 shares in GCL-Poly held by the Trust Companies as stated above, 173,333,334 shares in GCL-Poly are legally held by PAA as the shares in GCL-Poly borrowed by it from Happy Genius Holdings Limited as disclosed in the announcement of GCL-Poly date 7 April 2017. Happy Genius Holdings Limited is thus also interested in a long position of 173,333,334 shares of GCL-Poly.

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 175,851,259 underlying shares of GCL-Poly comprises the long position of 173,333,334 shares of GCL-Poly held by Happy Genius Holdings Limited under Note (1) and 2,517,925 share options of GCL-Poly mentioned under Note (2) above.

Save as disclosed above, as at 30 June 2017, none of the Directors or 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.

Corporate Governance
Interests in Company's Securities and Share Option Scheme

Save for the Company's share option scheme as mentioned under the subsection headed "Share Option Scheme" in this "Corporate Governance" section, at no time during the Reporting Period was the Company, its subsidiaries, its fellow subsidiaries or its holding company 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 30 June 2017, so far as is known to the Directors, the following persons (other than the Directors and chief executive of the Company as disclosed above) had interests in the Shares and underlying Shares of the Company 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%
China Orient Asset Management Co., Ltd.	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. holds outstanding convertible bonds in the aggregate principal amount of HK$775,100,000 due on 27 May 2018. Talent Legend Holdings Ltd. is indirectly wholly-owned by China Orient Asset Management Co., Ltd.

Save as disclosed above, as at 30 June 2017, 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.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 15 October 2014.

The purpose of the 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 Share Option Scheme shall be valid and effective for a period of 10 years from 15 October 2014, after which no further share options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting share options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Particulars of the Share Option Scheme are set out in note 26 to the Unaudited Condensed Interim Consolidated Financial Information. As at 30 June 2017, a total of 641,858,490 share options were outstanding under the Share Option Scheme. No option was granted, exercised or cancelled during the Reporting Period.

Corporate Governance
Interests in Company's Securities and Share Option Scheme

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

Name or category of participants	Date of grant	Exercise period	Exercise price HK$	Adjusted Exercise Price HK$ (Note 1)	Number of shares options: As at 1.1.2017	Lapsed during the Reporting Period	As at 30.6.2017 (Note 1)
Directors:							
Mr. ZHU Yufeng	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,523,100	–	3,523,100
Mr. SUN Xingping	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	16,105,600	–	16,105,600
Ms. HU Xiaoyan	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	16,105,600	–	16,105,600
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	–	3,019,800
Mr. TONG Wan Sze	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	8,052,800	–	8,052,800
Ms. SUN Wei	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	24,158,400	–	24,158,400
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	–	3,019,800
Mr. SHA Hongqiu	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	8,052,800	–	8,052,800
Mr. YEUNG Man Chung, Charles	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	12,079,200	–	12,079,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	3,019,800	–	3,019,800
Mr. WANG Bohua	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	–	603,960
Mr. XU Songda	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	–	603,960
Mr. LEE Conway Kong Wai	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	2,013,200	–	2,013,200
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	603,960	–	603,960
Mr. WANG Yanguo	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,006,600	–	1,006,600
Dr. CHEN Ying	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	1,006,600	–	1,006,600
Sub-total					107,001,580	–	107,001,580
Other:							
Eligible persons (in aggregate)	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	263,286,296	5,234,320	258,051,976
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	294,319,774	17,514,840	276,804,934
Total					664,607,650	22,749,160	641,858,490

Note:

1 Pursuant to the terms of the 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 per share and HK$0.606 per share 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.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

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 of the Listing Rules.

COMPLIANCE WITH MODEL CODE

The Board adopted its own model code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as the Model Code set out in Appendix 10 of the Listing Rules. Having made specific enquiry, 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the companies in the Golden 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 30 June 2017, the Golden 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.

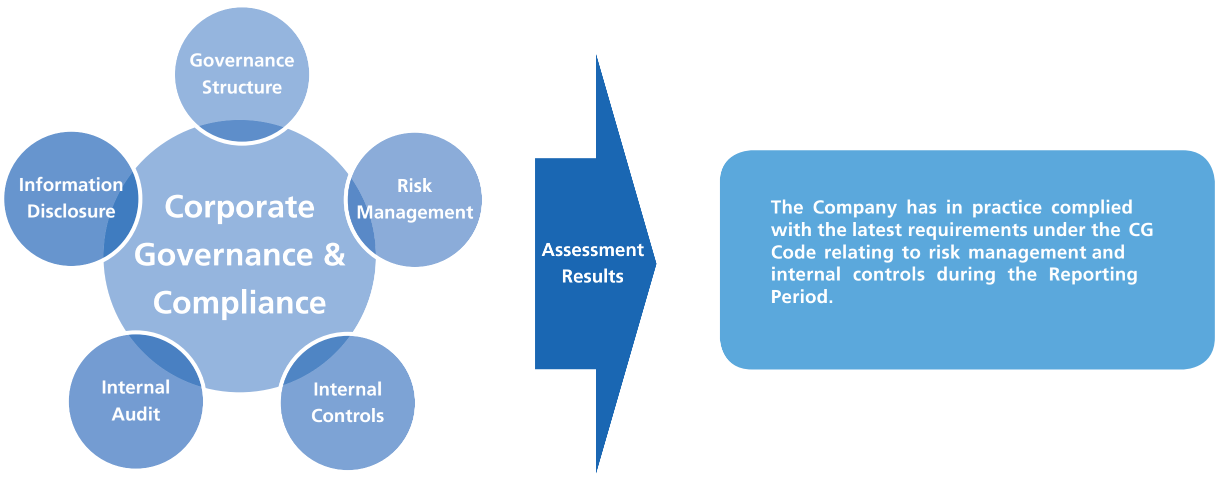
The Directors are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and the Directors would comply with the relevant requirements of the Bye-laws and the Listing Rules whenever a Director has any conflict of interest in the transaction(s) with the Company. Therefore,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

Corporate Governance
Corporate Governance and Other Information

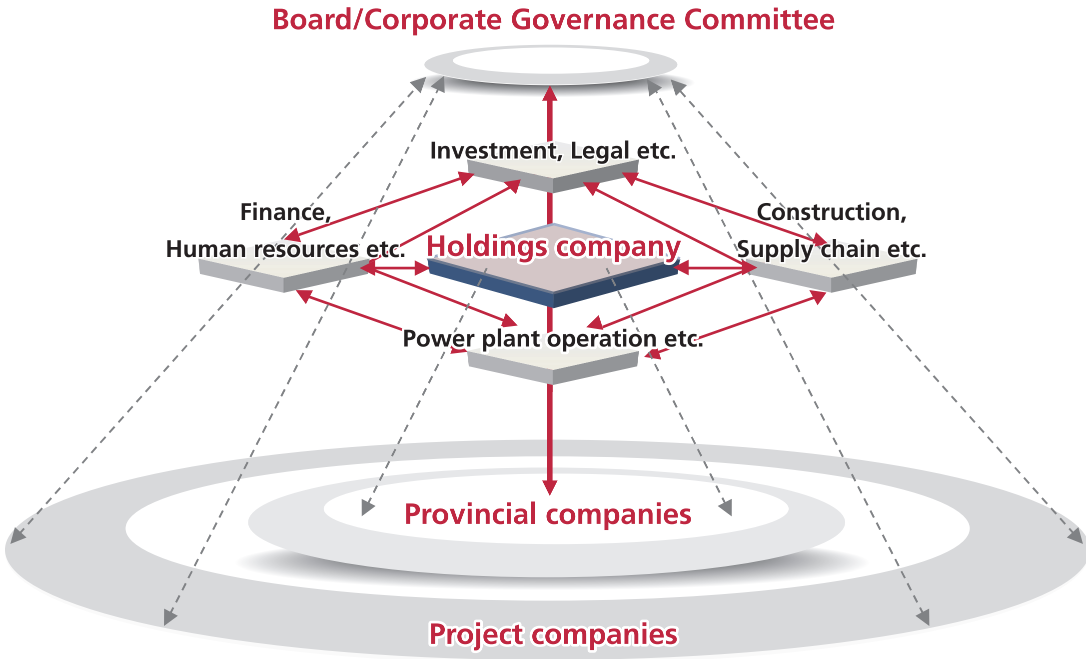
RISK MANAGEMENT AND INTERNAL CONTROLS

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, 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 risks 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 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. The Corporate Governance Committee 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.



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 emphasize 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.



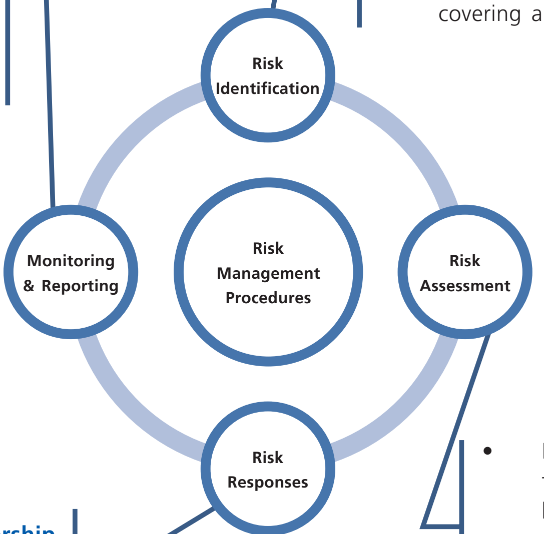
In view of risk management, the Group has revisited the methodology and approach to further improve the relevancy and effectiveness of the existing risk management process to identify, evaluate, manage and communicate significant risks. The changes in the nature and extent of significant risks and the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

Corporate Governance
Corporate Governance and Other Information

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

- 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



- 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

- 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

The Internal Control Function is independent of the daily operations of the Group. The person in charge of the Internal Control 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 Control Function is closely involved in the assessment of the quality of risk management of the Group. During the Reporting Period, the Internal Control Function reviewed the effectiveness of the Systems. As considered appropriate and with the approval of the Audit Committee, certain review work has been outsourced due to the need of specialists' assistance and the high volume of work to be undertaken during the stage of rapid growth.

Based on the ongoing efforts devoted by the Group, external reviews carried out by Protiviti and Deloitte Touche Tohmatsu, the Audit Committee and the Board concluded that the risk management and internal control systems are basically effective whereas the Company's staff and resources for the internal audit and financial reporting function are adequate. There is neither material irregularities nor areas of material concerns that would have significant adverse impact on the Company's financial positions or results of operations. Management should pay attention to and monitor the important risk indicators, including the gearing ratio and the repayment ability of the Company.

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.

AUDIT COMMITTEE

The Audit Committee has reviewed, with the management of the Group, the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including the review of the interim report for the Reporting Period.

AUDITOR

The Company's external auditor, Deloitte Touche Tohmatsu, has conducted a review of the Interim Financial Information of the Group for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Corporate Governance and Other Information

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 Group. 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

GCL New Energy has issued an annual standalone Corporate Social Responsibility Report since 2015. The purpose of the report is to report on the performance of the Company in environmental, social and governance issues during the relevant reporting period. The report is published annually on the website of the Stock Exchange and that of GCL New Energy.

Communication with Shareholders

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.

In addition to accessing information on the corporate website, enquiries or requests 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:

Board Secretarial and Investor Relations Department
Telephone: +852 2606 9200
Facsimile: +852 2462 7713
Email: newenergydm@gclnewenergy.com
Address: Unit 1701A-1702A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

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

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

Report on Review of Unaudited Condensed Interim Consolidated Financial Statements

Deloitte. 德勤

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

INTRODUCTION

We have reviewed the unaudited condensed interim consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 82, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these unaudited condensed interim consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1A in the unaudited condensed interim consolidated financial statements, which indicates that as of 30 June 2017, the Group's current liabilities exceeded its current assets by RMB8,661 million. As stated in note 1A, these events or conditions, along with other matters as set forth in note 1A, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
30 August 2017

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

For the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited) (Restated)
Continuing operations			
Revenue	3	**1,812,113**	929,347
Cost of sales		**(530,593)**	(237,228)
Gross profit		**1,281,520**	692,119
Other income	4	**89,433**	71,400
Administrative expenses			
– share-based payment expenses	26	**(17,575)**	(38,060)
– other administrative expenses		**(151,523)**	(181,968)
Loss on change in fair value of convertible bonds	23	**(46,253)**	(40,561)
Other expenses, gains and losses, net	5	**(18,107)**	20,751
Share of profits of joint ventures		**414**	520
Finance costs	6	**(606,626)**	(372,889)
Profit before tax		**531,283**	151,312
Income tax credit	7	**20,567**	400
Profit for the period from continuing operations	8	**551,850**	151,712
Discontinued operations			
(Loss) profit for the period from discontinued operations	10	**(4,184)**	19,776
Profit for the period		**547,666**	171,488
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**2,152**	(10,328)
Total comprehensive income for the period		**549,818**	161,160
Profit (loss) for the period attributable to:			
Owners of the Company			
– from continuing operations		**485,015**	147,249
– from discontinued operations		**(4,184)**	19,776
		480,831	167,025
Profit for the period attributable to non-controlling interests from continuing operations			
– Owners of perpetual notes		**65,315**	–
– Other non-controlling interests		**1,520**	4,463
		547,666	171,488
Total comprehensive income for the period attributable to:			
Owners of the Company		**482,983**	156,697
Non-controlling interests			
– Owners of perpetual notes		**65,315**	–
– Other non-controlling interests		**1,520**	4,463
		549,818	161,160

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

For the six months ended 30 June 2017

		Six months ended 30 June	
	Note	**2017** **RMB cents** **(Unaudited)**	2016 RMB cents (Unaudited) (Restated)
Earnings per share	12		
From continuing and discontinued operations			
– Basic and diluted		**2.52**	0.92
From continuing operations			
– Basic and diluted		**2.54**	0.81

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	13	**29,882,572**	26,755,177
Prepaid lease payments		**110,359**	109,359
Interests in joint ventures	14	**63,728**	42,159
Amounts due from related companies	15	**149,700**	144,700
Deferred tax assets		**113,214**	88,598
Deposits, prepayment and other non-current assets	16	**3,858,972**	3,372,316
Pledged bank and other deposits		**283,504**	226,871
		34,462,049	30,739,180
CURRENT ASSETS			
Trade and other receivables	17	**3,947,983**	3,386,165
Other loan receivables	18	**333,139**	344,058
Available-for-sale investments	19	**300,050**	–
Amounts due from related companies	15	**40,688**	20,247
Prepaid lease payments		**2,284**	2,371
Tax recoverable		**–**	1
Pledged bank and other deposits		**1,845,130**	2,028,388
Bank balances and cash		**2,796,585**	3,826,486
		9,265,859	9,607,716
Assets classified as held for sale	11	**2,437,989**	1,131,282
		11,703,848	10,738,998
CURRENT LIABILITIES			
Trade and other payables	20	**11,462,008**	11,393,936
Amounts due to related companies	15	**318,052**	83,261
Tax payable		**3,795**	6,037
Loans from fellow subsidiaries	21	**1,074,518**	676,307
Convertible bonds	23	**700,057**	–
Bank and other borrowings	22	**4,988,965**	4,947,720
		18,547,395	17,107,261
Liabilities directly associated with assets classified as held for sale	11	**1,817,609**	910,112
		20,365,004	18,017,373
NET CURRENT LIABILITIES		**(8,661,156)**	(7,278,375)
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,800,893**	23,460,805

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Bank and other borrowings	22	**18,691,736**	16,153,286
Convertible bonds	23	**178,275**	858,461
Deferred tax liabilities		**28,200**	29,454
		18,898,211	17,041,201
NET ASSETS		**6,902,682**	6,419,604
CAPITAL AND RESERVES			
Share capital	24	**66,674**	66,674
Reserves		**4,912,602**	4,425,179
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale		**85,286**	81,101
Equity attributable to owners of the Company		**5,064,562**	4,572,954
Equity attributable to non-controlling interests			
– owners of perpetual notes		**1,800,000**	1,800,000
– other non-controlling interests		**38,120**	46,650
TOTAL EQUITY		**6,902,682**	6,419,604

The unaudited condensed interim consolidated financial statements on pages 45 to 82 were approved and authorised for issue by the Board of Directors on 30 August 2017 and are signed on its behalf by:

Zhu Yufeng
DIRECTOR

Sun Xingping
DIRECTOR

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	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)	Special reserve RMB'000 (note d)	Share options reserves RMB'000	(Accumulated losses) retained earnings RMB'000	Sub-total RMB'000	Perpetual notes RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016 (Audited)	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 period	–	–	–	–	–	–	–	167,025	167,025	–	4,463	171,488
Other comprehensive- expense for the period	–	–	–	–	(10,328)	–	–	–	(10,328)	–	–	(10,328)
Total comprehensive (expense) income for the period	–	–	–	–	(10,328)	–	–	167,025	156,697	–	4,463	161,160
Transfer to legal reserves	–	–	–	33,577	–	–	–	(33,577)	–	–	–	–
Recognition of equity settled share-based payments (note 26)	–	–	–	–	–	–	38,060	–	38,060	–	–	38,060
Forfeitures of share options (note 26)	–	–	–	–	–	–	(19,752)	19,752	–	–	–	–
Rights Issue (as defined in note 24)	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)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	40,337	40,337
At 30 June 2016 (Unaudited)	66,674	4,265,230	15,918	84,866	24,896	–	185,941	(66,650)	4,576,875	–	45,605	4,622,480
At 1 January 2017 (Audited)	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
Profit for the period	–	–	–	–	–	–	–	480,831	480,831	65,315	1,520	547,666
Other comprehensive income for the period	–	–	–	–	2,152	–	–	–	2,152	–	–	2,152
Total comprehensive income for the period	–	–	–	–	2,152	–	–	480,831	482,983	65,315	1,520	549,818
Transfer to legal reserves	–	–	–	4,403	–	–	–	(4,403)	–	–	–	–
Recognition of equity settled share-based payments (note 26)	–	–	–	–	–	–	17,575	–	17,575	–	–	17,575
Forfeitures of share options (note 26)	–	–	–	–	–	–	(5,925)	5,925	–	–	–	–
Acquisition of additional interest in an existing subsidiary	–	–	–	–	–	(8,950)	–	–	(8,950)	–	(10,050)	(19,000)
Distribution paid to owners of perpetual notes	–	–	–	–	–	–	–	–	–	(65,315)	–	(65,315)
At 30 June 2017 (Unaudited)	66,674	4,265,230	15,918	189,637	26,417	(8,950)	209,561	300,075	5,064,562	1,800,000	38,120	6,902,682

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

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 People's Republic of China ("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 as cash dividends or transferable to the loans or advances.

(c) Translation reserve included cumulative amount of RMB85,286,000 as at 30 June 2017 relating to the disposal group classified as held for sale has recognised in other comprehensive income and included in equity.

(d) Special reserve represents the difference between the consideration to acquire additional interest in subsidiaries and the respective share of the carrying amounts of net assets acquired.

Unaudited Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2017

	Note	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
		Six months ended 30 June	
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**501,212**	(345,298)
INVESTING ACTIVITIES			
Interest received		**19,390**	21,953
Payments for construction and purchase of property, plant and equipment and land use rights		**(4,580,773)**	(3,300,470)
Acquisition of subsidiaries	27	**284**	35,703
Settlement of payables to vendors of solar power plants		**(14,196)**	(17,100)
Deposits paid for acquisitions of solar power plant projects		**–**	(11,940)
Capital injection to joint ventures		**(33,040)**	–
Capital refunded of a joint venture		**2,330**	–
Repayment from third parties		**10,919**	–
Loan to third parties		**–**	(386,452)
Proceeds from disposal of property, plant and equipment		**1,480**	8,002
Loan to a joint venture		**(5,000)**	(1,000)
Withdrawal of pledged bank and other deposits		**397,035**	516,761
Placement of pledged bank and other deposits		**(266,780)**	(914,343)
Addition of available-for-sales investments		**(300,050)**	–
Repayment from related parties		**281**	–
Deposits received from disposal of PCB business (defined in note 3)		**109,874**	–
Deposits received from disposal of two solar power plant projects		**250,600**	–
NET CASH USED IN INVESTING ACTIVITIES		**(4,407,646)**	(4,048,886)
FINANCING ACTIVITIES			
Interest paid		**(743,098)**	(540,791)
Distributions paid to holders of perpetual notes		**(65,315)**	–
Proceeds from bank and other borrowings		**7,026,283**	5,006,908
Repayment of bank and other borrowings		**(3,614,206)**	(1,436,362)
Proceeds from loans from fellow subsidiaries		**1,000,000**	1,246,418
Repayment of loan from a fellow subsidiary		**(600,000)**	(699,897)
Proceeds from issuance of shares through Rights Issue		**–**	1,963,889
Transaction costs paid for the issuance of Rights Issue		**–**	(23,005)
Acquisition of additional interest in an existing subsidiary		**(2,559)**	–
Repayment to related parties		**(13,123)**	–
Advance from related parties		**37**	–
Payment for redemption of bonds		**–**	(120,800)
Repayment of obligations under finance leases		**(21,431)**	(24,555)
Capital contribution by non-controlling interests		**–**	16,720
NET CASH FROM FINANCING ACTIVITIES		**2,966,588**	5,388,525
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(939,846)**	994,341
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**3,853,083**	1,964,993
Effect of exchange rate changes on the balance of cash held in foreign currencies		**6,800**	(20,765)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Represented by			
– bank balances and cash		**2,796,585**	2,938,569
– bank balances and cash classified as assets held for sale		**123,452**	–
		2,920,037	2,938,569

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

1A. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting issued by International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016.

As at 30 June 2017, the Group's current liabilities exceeded its current assets by approximately RMB8,661 million. In addition, as at 30 June 2017, the Group has entered into agreements to construct solar power plants and acquire other assets which will involve capital commitments of approximately RMB6,762 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 30 June 2017, additional cash outflows will be required to settle further committed capital expenditure.

As at 30 June 2017, 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 RMB26,797 million. The amounts included bank and other borrowings, obligations under finance leases and loan from a shareholder classified as liabilities directly associated with assets held for sale of RMB1,101 million, RMB45 million and RMB17 million, respectively. For the remaining balance of approximately RMB25,634 million, RMB6,764 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 RMB2,142 million and RMB2,920 million (including pledged bank and other deposits and bank balance and cash classified as assets held for sale of RMB13 million and RMB123 million, respectively) as at 30 June 2017, respectively. The financial resources available to the Group as at 30 June 2017 and up to the date of approval of these unaudited condensed interim consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements and other financial obligations. The Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

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 30 June 2017. 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 30 June 2017 upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

1A. BASIS OF PREPARATION (Continued)

(i) Subsequent to 30 June 2017, the Group successfully obtained new borrowing of approximately RMB3,090 million from banks and other financial institutions in the PRC;

(ii) The Group is currently negotiating with several banks in both Hong Kong and the PRC for additional financing. It has received detailed proposals from certain banks for 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;

(iii) 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. On 3 August 2017, the Group issued the first tranche of the non-public green bonds amounting to RMB375 million for a term of 3 years with a fixed interest rate of 7.5% per annum. The Group is also negotiating with other private investors for additional financing in the form of equity or debt or a combination of both;

(iv) On 30 June 2017, the Group entered into share transfer agreements to sell two of its solar power plant projects to a joint venture, which is set up with an independent third party. The Group is actively negotiating similar arrangements to derive additional liquidity and working capital to the Group; and

(v) As at 30 June 2017, the Group has completed the construction of 129 solar power plants with approval for on-grid connection and it also has additional 8 solar power plants under construction targeting to achieve on-grid connection within the coming twelve months from the date of these unaudited condensed interim consolidated financial statements. The abovementioned solar power plants have an aggregate installed capacity of approximately 5.1 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 financing facilities, the Directors are satisfied that it is appropriate to prepare these unaudited condensed interim consolidated financial statements on a going concern basis.

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 approval of these unaudited condensed interim 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 bank 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 unaudited condensed interim consolidated financial statements for issuance, 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 unaudited condensed interim consolidated financial statements.

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

1B. SIGNIFICANT EVENTS AND TRANSACTIONS

The Group made certain acquisitions and entered into agreements to sell solar power plant projects during the current interim period and the details of which are set out in notes 27 and 11(b), respectively.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

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

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of Annual Improvements to IFRS Standards 2014 – 2016

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

Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to IAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sale of electricity.

Sales of electricity included RMB1,161,790,000 (six months ended 30 June 2016: RMB647,380,000) 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 17.

On 30 December 2016, the operating segment regarding the manufacturing and selling of printed circuit board ("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 business of sale of electricity, development, construction, operation and management of solar power plants ("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 10.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

4. OTHER INCOME

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Bank interest income	**15,232**	8,673
Consultancy fees income (note a)	**1,143**	13,706
Compensation income	**2,027**	–
Government grant - incentive subsidies (note b)	**8,849**	930
Imputed interest on discounting effect on tariff adjustment receivables	**20,475**	–
Interest income from other loan receivables (note 18)	**12,826**	22,736
Interest income from loan to a joint venture (note 31d)	**3,548**	5,027
Management services income (note 31b)	**18,354**	19,317
Others	**6,979**	1,011
	89,433	71,400

Notes:

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

(b) 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 period and the conditions attached thereto were fully complied with.

5. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Exchange (losses) gains, net	**(17,852)**	20,751
Others	**(255)**	–
	(18,107)	20,751

6. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Interest on:		
Bank and other borrowings	**763,202**	527,056
Bonds payables	**–**	11,748
Loans from fellow subsidiaries (note 21)	**23,854**	22,532
Total borrowing costs	**787,056**	561,336
Less: amounts capitalised in the cost of qualifying assets	**(180,430)**	(188,447)
	606,626	372,889

Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 8.01% (six months ended 30 June 2016: 9.73%) per annum to expenditure on qualifying assets.

7. INCOME TAX CREDIT

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
PRC Enterprise Income Tax ("EIT"):		
Current tax	**9,478**	1,140
Overprovision in prior periods	**(21)**	(1,495)
	9,457	(355)
Deferred tax	**(30,024)**	(45)
Total	**(20,567)**	(400)

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. For the six months ended 30 June 2017, certain subsidiaries of the Company engaged in the public infrastructure projects had their first year with operating incomes.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period. No provision for taxation in Hong Kong profit tax was made for the period as there is no assessable profits for both reporting periods.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2017 **RMB'000** **(Unaudited)**	2016 RMB'000 (Unaudited) (Restated)
Continuing operations		
Profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	**1,166**	267
Depreciation of property, plant and equipment	**457,500**	213,413
Operating lease rental in respect of properties	**29,624**	16,789
Staff costs (including directors' and chief executive's remuneration but excluding share-based payments expenses)		
– Salaries, wages and other benefits	**79,959**	97,180
– Retirement benefit scheme contributions	**12,874**	12,423
Share-based payment expenses (note 26) (Administrative expenses in nature)		
– Directors and staff	**14,098**	28,518
– Consultancy services	**3,477**	9,542

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2017, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2016: Nil).

10. DISCONTINUED OPERATIONS

On 30 December 2016, the Group entered into the 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. Part of the consideration, amounting to RMB109,874,000 was received during the current interim period. The Disposal 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 Disposal was completed on 2 August 2017.

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

10. DISCONTINUED OPERATIONS (Continued)

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

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue	**713,630**	741,688
Cost of sales	**(679,010)**	(662,057)
Other income	**15,946**	13,319
Distribution and selling expenses	**(9,275)**	(9,386)
Administrative expenses	**(31,212)**	(30,715)
Other expenses, gains and losses, net	**(8,996)**	7,008
Finance costs	**(6,326)**	(6,208)
(Loss) profit before tax	**(5,243)**	53,649
Income tax expense	**(3,292)**	(33,873)
(Loss) profit for the period from discontinued operations	**(8,535)**	19,776
Reversal of loss on measurement to fair value less costs to sell (note 11a)	**4,351**	–
(Loss) profit for the period from discontinued operations	**(4,184)**	19,776

(Loss) profit for the period from discontinued operations include the following:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Amortisation of deferred income on government grants	**(77)**	(77)
Amortisation of prepaid lease payments	**87**	86
Cost of inventories recognised as an expense (note)	**679,010**	662,057
Depreciation of property, plant and equipment	**56,184**	91,053
Operating lease rental in respect of properties	**3,057**	3,105
Staff costs (including directors' remuneration)		
– Salaries, wages and other benefits	**112,332**	110,822
– Retirement benefit scheme contributions	**9,392**	8,320

Note: Staff costs and depreciation and amortisation of approximately RMB104,919,000 (six months ended 30 June 2016: RMB99,314,000) and RMB53,898,000 (six months ended 30 June 2016: RMB89,054,000), respectively, were capitalised as cost of inventories during the six months ended 30 June 2017.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

10. DISCONTINUED OPERATIONS (Continued)

Cash flows from discontinued operations:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Net cash inflows from operating activities	**59,342**	77,622
Net cash outflows from investing activities	**(37,958)**	(53,435)
Net cash outflows from financing activities	**(17,529)**	(75,986)
Net cash inflows (outflows)	**3,855**	(51,799)

11. ASSETS CLASSIFIED AS HELD FOR SALE

	30 June	31 December
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Assets classified as held for sale		
– PCB Business	**1,077,526**	1,131,282
– Two solar power plant projects	**1,360,463**	–
	2,437,989	1,131,282
Liabilities directly associated with assets classified as held for sale		
– PCB Business	**856,356**	910,112
– Two solar power plant projects	**961,253**	–
	1,817,609	910,112

(a) PCB Business

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 unaudited condensed 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 amount and the recoverable amount (i.e. the higher of fair value less costs to sell and the value in use).

11. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

(a) PCB Business (Continued)

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, cumulative loss on measurement to fair value less costs to sell of RMB179,591,000 (31 December 2016: RMB183,942,000) is recognised and included in assets classified as held for sale. The major classes of assets and liabilities of PCB Business at the end of the reporting period are as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Property, plant and equipment	523,952	570,071
Prepaid lease payments	6,414	6,515
Other non-current assets	6,440	7,274
Pledged bank and other deposits	13,391	20,497
Inventories	183,517	187,790
Trade and other receivables	488,917	496,481
Bank balances and cash	34,486	26,596
Total assets of PCB Business classified as held for sale	1,257,117	1,315,224
Trade and other payables	516,386	561,677
Loan from a shareholder – due within one year	–	17,890
Bank borrowings – due within one year	191,230	181,003
Obligations under finance leases – due within one year	30,716	38,790
Other current liabilities	65,527	62,670
Loan from a shareholder – due after one year	17,358	–
Obligations under finance leases – due after one year	13,613	26,970
Other non-current liabilities	21,526	21,112
Total liabilities of PCB Business directly associated with assets classified as held for sale	856,356	910,112
Net assets of PCB Business classified as held for sale	400,761	405,112
Loss on measurement to fair value less costs to sell	(179,591)	(183,942)
	221,170	221,170

Cumulative amount of RMB85,286,000 (31 December 2016: RMB81,101,000) relating to the disposal group classified as held for sale has been recognised in other comprehensive income and included in equity.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

11. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

(a) PCB Business (Continued)

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

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0 – 90 days	**404,144**	390,597
91 – 180 days	**49,651**	57,902
Over 180 days	**1,080**	189
	454,875	448,688

For sales of printed circuit board products, the Group generally allocated credit period of 30 to 120 days.

The following is an aged analysis of trade payables presented based on the invoice date:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0 – 90 days	**238,281**	244,880
91 – 180 days	**125,470**	124,693
Over 180 days	**20,014**	10,634
	383,765	380,207

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

11. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

(b) Two solar power plant projects

On 30 June 2017, the Group entered into share transfer agreements with 西安中民協鑫新能源有限公司 (Xian Zhongmin GCL New Energy Company Limited*) ("Zhongmin GCL"), a joint venture of the Group, pursuant to which the Group agreed to sell and Zhongmin GCL agreed to purchase 100% equity interest of 金湖正輝太陽能電力有限公司 (Jinhu Zhenghui Photovoltaic Co., Ltd.*) ("Jinhu") and 山東萬海電力有限公司 (Shandong Wanhai Solar Power Co., Ltd.*) ("Wanhai") for consideration of approximately RMB191,496,000 and RMB70,420,000, respectively. Part of the consideration, amounting to RMB250,600,000, has been paid on the date of share transfer agreements as deposits. The Group has an option to repurchase the equity interest of those two solar plant projects upon 5 years from the completion of share transfers at the then fair value. As the repurchase price will be made reference to the fair value of projects at the date of repurchase, in the opinion of the Directors, the fair value of the option is considered insignificant. Details of these transactions are set out in the announcement of the Company dated 30 June 2017. As at 30 June 2017, the assets and liabilities attributable to these two solar power plant projects have been classified as a disposal group held for sale and are presented separately in the unaudited condensed consolidated statement of financial position. Together with the consideration, intragroup payables of approximately RMB144,218,000 will be repaid by the buyer.

* English name for identification only

The major classes of assets and liabilities of Jinhu and Wanhai at the end of the reporting period are as follows:

	30 June 2017 RMB'000 (Unaudited)
Property, plant and equipment	966,147
Prepaid lease payments	2,522
Other non-current assets	102,285
Trade and other receivables	200,543
Bank balances and cash	88,966
Total assets of two solar power plant projects classified as held for sale	1,360,463
Other payables	49,928
Bank and other borrowings – due within one year	128,350
Other current liabilities	27
Bank and other borrowings – due after one year	781,650
Deferred tax liabilities	1,298
Total liabilities of two solar power plant projects classified as held for sale	961,253
Net assets of two solar power plant projects classified as held for sale	399,210
Intragroup payables	(144,218)
Net assets of two solar power plant projects	254,992

The following is an aged analysis of trade receivables presented based on the invoice date at 30 June 2017:

	30 June 2017 RMB'000 (Unaudited)
Unbilled	192,417
0 – 90 days	4,308
	196,725

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

12. EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the purposes of calculation of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	**480,831**	167,025

	Six months ended 30 June	
	2017	2016
	'000	'000
	(Unaudited)	(Unaudited)
		(Restated)
Weighted average number of ordinary shares for the purposes of calculation of basic and diluted earnings per share	**19,073,715**	18,152,895

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

For the six months ended 30 June 2016, the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the effect of the rights issue of shares on the basis of three rights shares for every eight existing shares held on a pro rata basis ("Rights Issue") completed on 3 February 2016.

12. 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:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period attributable to owners of the Company	**480,831**	167,025
Add: Loss (profit) for the period from discontinued operations attributable to owners of the Company	**4,184**	(19,776)
Profit for the period attributable to owners of the Company from continuing operations	**485,015**	147,249

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

From discontinued operations

Basic and diluted loss per share for the discontinued operations is RMB0.02 cent per share (six months ended 30 June 2016: earnings of RMB0.11 cent per share), based on the loss for the period from the discontinued operations attributable to owners of the Company of RMB4,184,000 (six months ended 30 June 2016: profit of RMB19,776,000) and the denominators detailed above for both basic and diluted loss per share.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

13. PROPERTY, PLANT AND EQUIPMENT

Six months ended 30 June 2017

	RMB'000
Carrying amount at 1 January 2017 (Audited)	26,755,177
Additions	4,432,509
Exchange differences	(13,569)
Acquisition of subsidiaries (note 27)	132,102
Depreciation	(457,500)
Transfer to assets held for sale (note 11b)	(966,147)
Carrying amount at 30 June 2017 (Unaudited)	29,882,572

At 30 June 2017, the Group was in the process of obtaining property ownership certificates in respect of property interests held by the Group in the PRC with a carrying amount of approximately RMB631,332,000 (31 December 2016: RMB627,902,000). 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.

At 30 June 2017, the carrying amount of plant and machinery included an amount of approximately RMB83,393,000 (31 December 2016: RMB123,794,000) in respect of assets held under finance leases. Such amount is reclassified as assets held for sale in current period.

14. INVESTMENT IN JOINT VENTURES

Same as disclosed in the Company's 2016 annual report, there is no material change for the six months ended 30 June 2017, except for:

i) Establishment of Zhongmin GCL with an independent third party where the Group has a 32% equity interest and the attributed registered capital at a consideration of RMB128,000,000. During the current interim period, RMB33,040,000 was paid as capital injection to Zhongmin GCL; and

ii) During the current interim period, 啟創環球有限公司 ("Qichuang Global Limited") ("Qichuang"), which the Group has a 50% equity interest, refunded capital of JPY402,615,000 (equivalent to RMB24,358,000) to its shareholders. Cash of JPY38,511,000 (equivalent to RMB2,330,000) is received by the Group and the remaining of JPY162,797,000 (equivalent to RMB9,849,000) is offset with amount due to Qichuang.

15. 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 30 June 2017 and 31 December 2016 and exercise significant influence over the Company.

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Amounts due from joint ventures		
– Current (note a)	**18,171**	11,851
– Non-current (note c)	**149,700**	144,700
	167,871	156,551
Amounts due to joint ventures		
– Current (note a)	**251,815**	2,014
Amounts due from fellow subsidiaries		
– Current (note b)	**22,514**	8,112
Amounts due to fellow subsidiaries		
– Current (note b)	**57,438**	71,658
Amounts due from the companies controlled by Mr. Zhu Yufeng and his family		
– Current (note d)	**3**	284
Amounts due to the companies controlled by Mr. Zhu Yufeng and his family		
– Current (note d)	**8,799**	9,589

Notes:

(a) The amounts due from/to joint ventures are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

(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 RMB22,510,000 (31 December 2016: RMB8,108,000), which is trade in nature.

(c) The Group, as lender, entered into a loan agreement with 伊犁協鑫能源有限公司 (Yili GCL New Energy Limited*) ("Yili") to finance their operation for a facility up to RMB160,000,000 and an aggregate balance of RMB149,700,000 (31 December 2016: RMB144,700,000) as at 30 June 2017 was drawn down. The loan is unsecured and interest-bearing at a fixed rate of 6% (31 December 2016: 8%) 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) 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 the amount of RMB1,865,000 (31 December 2016: RMB1,779,000) which are trade in nature. The maximum amount outstanding during the six months ended 30 June 2017 is RMB284,000 (year ended 31 December 2016: RMB516,000) for the amounts due from companies in which Mr. Zhu Yufeng and his family have control.

* English name for identification only

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

16. DEPOSITS, PREPAYMENT AND OTHER NON-CURRENT ASSETS

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Deposits paid for EPC contracts and constructions (note)	**676,308**	659,597
Refundable value-added tax	**2,053,009**	2,114,127
Deposits paid for acquisitions of solar power plant projects	**3,500**	38,300
Prepaid rent for parcels of land	**316,502**	264,274
Trade receivables (note 17)	**712,115**	249,555
Others	**97,538**	46,463
	3,858,972	3,372,316

Note: Deposits for the engineering, procurement and constructions ("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 construction.

17. TRADE AND OTHER RECEIVABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables	**3,318,623**	2,280,402
Bills receivable	**158,550**	128,517
Prepayment and deposits	**175,793**	113,190
Other receivables		
– Consultancy service fee receivables	**5,637**	9,127
– Interest receivables	**54,283**	45,611
– Receivables for modules procurement	**231,517**	526,476
– Refundable value-added tax	**567,235**	382,480
– Others	**148,460**	149,917
	4,660,098	3,635,720
Analysed as:		
Current	**3,947,983**	3,386,165
Non-Current (note 16)	**712,115**	249,555
	4,660,098	3,635,720

Trade receivables represent receivables for electricity sales which include tariff adjustment receivables to be received from the state grid companies.

17. TRADE AND OTHER RECEIVABLES (Continued)

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 adjustment are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy ("可再生能源電價附加補助資金管理暫行辦法"). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment. As at 30 June 2017, tariff adjustment receivables amounting to approximately RMB3,035,947,000 (31 December 2016: RMB2,116,095,000) 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 RMB712,115,000 (31 December 2016: RMB249,555,000) (included in note 16). Certain part of the tariff adjustment receivables are discounted at an effective interest rate ranged from 2.59% to 3.27% per annum as at 30 June 2017 (31 December 2016: 2.65% per annum).

Certain bills receivable issued by third parties were endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs and continue to recognise its full carrying amount at the end of both reporting periods are disclosed in note 20.

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.

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 1 year 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, which is presented based on the invoice date at the end of the reporting period:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Unbilled (note)	**3,045,860**	2,093,632
0 – 90 days	**163,908**	101,993
91 – 180 days	**39,600**	28,807
Over 180 days	**69,255**	55,970
	3,318,623	2,280,402

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

17. TRADE AND OTHER RECEIVABLES (Continued)

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

Included in these trade receivables are debtors with aggregate carrying amount of RMB149,231,000 (31 December 2016: RMB94,964,000) 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.

Based on the track record of regular repayment of receivables from sales of electricity, all trade receivable from sales of electricity were expected to be recoverable. Regarding tariff adjustment receivables, the collection is well supported by the government policy, all tariff adjustment receivables were expected to be recoverable. Consequently, no provision for impairment of trade receivables was recognised as at 30 June 2017 (31 December 2016: Nil).

18. 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 RMB333,139,000 (31 December 2016: RMB344,058,000) was drawn down and past due at the end of the reporting period. The terms of the loans are one year and carry interest at 10% (31 December 2016: 10%) 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.

19. AVAILABLE-FOR-SALE INVESTMENTS

In April 2017, the Group invested RMB300,050,000 into an asset management plan with a maturity within twelve months as of 30 June 2017 which is managed by a financial institution in the PRC. The principal was not guaranteed by the relevant financial institution while the expected return rate stated in the contract is 7% per annum. The investments were classified as available-for-sale investments at initial recognition.

20. TRADE AND OTHER PAYABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Bills payable	**1,867,660**	2,208,219
Payables for purchase of plant and machinery and construction costs	**8,409,445**	8,314,758
Payables to vendors of solar power plant	**117,305**	130,851
Payables for modules procurement	**58,749**	221,410
Other tax payables	**209,830**	61,165
Other payables	**273,927**	208,659
Receipt in advance	**388,455**	14
Accruals		
– Staff costs	**28,501**	150,801
– Legal and professional fees	**18,550**	21,117
– Interest expenses	**75,273**	72,075
– Others	**14,313**	4,867
	11,462,008	11,393,936

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 that all payables are settled within the credit time frame.

All bills payable of the Group is aged within 1 year 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 RMB44,461,000 (31 December 2016: RMB61,246,000).

21. LOANS FROM RELATED PARTIES

(a) A shareholder

As at 31 December 2016, the shareholder's loan was unsecured, interest-free and repayable on 4 July 2017. During the six months ended 30 June 2017, the Group entered into a loan extension agreement to extend the maturity date of the loan to 4 July 2018. The loan is obtained by a subsidiary of PCB Business and included in liabilities directly associated with assets classified as held for sale.

(b) Fellow Subsidiaries

As at 30 June 2017, the Group has obtained loans from fellow subsidiaries of approximately RMB1,074,518,000 (31 December 2016: RMB676,307,000). The loans are unsecured, interest-bearing at range of 7% to 8% (31 December 2016: 8%) and have repayment period of 12 months (31 December 2016: 3 to 4 months).

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

22. BANK AND OTHER BORROWINGS

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Bank loans	**13,246,000**	10,928,064
Other loans	**10,434,701**	10,172,942
	23,680,701	21,101,006
Secured	**21,422,241**	18,504,281
Unsecured	**2,258,460**	2,596,725
	23,680,701	21,101,006
Less: Amounts due within one year (shown under current liabilities)	**(4,988,965)**	(4,947,720)
Amounts due after one year	**18,691,736**	16,153,286

23. CONVERTIBLE BONDS

	RMB'000
As at 1 January 2016 (Audited)	732,856
Payment of interests	(24,710)
Change in fair value charged to profit or loss	40,561
As at 30 June 2016 (Unaudited)	748,707
Payment of interests	(24,933)
Change in fair value charged to profit or loss	134,687
As at 31 December 2016 and 1 January 2017 (Audited)	858,461
Payment of interests	(26,382)
Change in fair value charged to profit or loss	46,253
As at 30 June 2017 (Unaudited)	878,332
Less: Amounts due within one year (shown under current liabilities)	(700,057)
Amounts due after one year	178,275

Note: Exchange gain of the convertible bonds of approximately RMB23,355,000 (six months ended 30 June 2016: loss of RMB16,062,000) has been recognised together with change in fair value to profit or loss for the six months ended 30 June 2017.

On 27 May 2015 and 20 July 2015, the Company issued three-year convertible bonds at a nominal value of HK$775,100,000 (equivalent to approximately RMB611,244,000) ("Talent Legend Issue") and HK$200,000,000 (equivalent to approximately RMB157,720,000) ("Ivyrock Issue"), respectively. Details of the major terms and conditions of the convertible bonds are set out in notes to the Group's 2016 annual report.

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

The fair value of the convertible bonds were determined by an independent qualified valuer based on the Binomial Lattice Model.

23. CONVERTIBLE BONDS (Continued)

The following assumptions were applied:

	Talent Legend Issue		Ivyrock Issue	
	30 June 2017	31 December 2016	**30 June 2017**	31 December 2016
Discount rate	**18.64%**	24.48%	**18.68%**	24.51%
Fair value of each share of the Company	**HK$0.385**	HK$0.455	**HK$0.385**	HK$0.455
Conversion price (per share)	**HK$0.754**	HK$0.754	**HK$0.754**	HK$0.754
Risk free interest rate	**0.50%**	0.95%	**0.54%**	0.98%
Time to maturity	**0.91 years**	1.40 years	**1.05 years**	1.55 years
Expected volatility	**46.94%**	50.97%	**46.72%**	56.71%
Expected dividend yield	**0%**	0%	**0%**	0%

24. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
At 1 January 2016, 30 June 2016, 31 December 2016 and 30 June 2017		
– Ordinary shares of HK$0.00416 each	**36,000,000,000**	**150,000**

	Number of shares	Amount HK$'000	Shown in condensed consolidated financial statements as RMB'000
Issued and fully paid:			
At 1 January 2016 (audited)			
– Ordinary shares of HK$0.00416 each	**13,871,793,048**	**57,799**	**48,491**
Subscription of Rights Issue (note)	**5,201,922,393**	**21,675**	**18,183**
At 30 June 2016 (unaudited), 31 December 2016 (audited) and 30 June 2017 (Unaudited)			
– Ordinary shares of HK$0.00416 each	**19,073,715,441**	**79,474**	**66,674**

Note: On 3 February 2016, the Company completed the Rights Issue. 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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

25. PERPETUAL NOTES

Save those disclosed in the Company's 2016 annual report, there is no material change for the six months ended 30 June 2017.

The perpetual notes are classified as equity instruments in the Group's unaudited condensed interim 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 to the holders are recognised in equity in the unaudited condensed interim consolidated financial statements of the Group. RMB65,315,000 was distributed and paid during the current interim period (six months ended 30 June 2016: Nil).

26. SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share option scheme

There is no material change relating to the share-based payment transactions for the six months ended 30 June 2017, except for the following:

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

				Number of share options		
	Exercise Price	Date of grant	Exercise Period	Outstanding at 1 January 2017	During the Period Forfeited	Outstanding at 30 June 2017
Directors	HK$1.1798	23.10.2014	24.11.2014 – 22.10.2024	58,382,800	–	58,382,800
	HK$0.606	24.07.2015	24.07.2015 – 23.07.2025	48,618,780	–	48,618,780
Employees and others	HK$1.1798	23.10.2014	24.11.2014 – 22.10.2024	263,286,296	(5,234,320)	258,051,976
	HK$0.606	24.07.2015	24.07.2015 – 23.07.2025	294,319,774	(17,514,840)	276,804,934
				664,607,650	(22,749,160)	641,858,490
Exercisable at the end of the period				197,784,821		189,860,866
Weighted average exercise price (HK$)				0.8837	0.7380	0.8889

During the six months ended 30 June 2017, share-based payment expense of RMB17,575,000 (six months ended 30 June 2016: RMB38,060,000) has been recognised in profit or loss. In addition, certain share options granted to employees have been forfeited after the vesting period, and respective share options reserve of approximately RMB5,925,000 (six months ended 30 June 2016: RMB19,752,000) is transferred to the Group's retained earnings.

27. ACQUISITIONS OF SUBSIDIARIES

For the six months ended 30 June 2017 the Group had two material acquisitions due to business expansion, in acquiring a controlling stake in certain companies for a total consideration of approximately RMB30,450,000. For the company set out in note (i), this is a solar power plant project company in development stage and did not have any substantial economic resources and processes for creating economic benefits; accordingly, the Group considers the nature of this acquisition as acquisition 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 consideration is then allocated to other identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. For another acquisition as mentioned in note (ii), this solar power plant project company is in on-grid stage with relevant economics resources as at the date of acquisition which is considered as business. Therefore, this acquisition is considered as business combinations under IFRS 3 and accounted for using acquisition method.

(i) Assets acquisition

Acquisition of 中衛市利和光伏電力有限公司("Zhongwei Lihe")

On 24 April 2017, the Group acquired 100% equity interest in Zhongwei Lihe and its subsidiaries, 武邑潤豐新能源有限公司 ("Runfeng") and 武邑新陽新能源有限公司 ("Xinyang") at a consideration of RMB200,000. At the date of acquisition, each of Runfeng and Xinyang had a 20 MW solar power plant project under development.

	RMB'000
Assets and liabilities recognised at the date of acquisition	
Property, plant and equipment	57,061
Prepayments and other receivables	622
Other payables	(57,483)
Total identifiable net assets acquired	200
Consideration payable to the former owner	(200)
Cash consideration paid	–
Bank balance and cash acquired	–
Net cash inflow	–

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

27. ACQUISITIONS OF SUBSIDIARIES (Continued)

(ii) Business acquisition

Acquisition of Sannohe Solar Power 1 GK ("Sannohe")

On 18 May 2016, the Group entered into an equity purchase agreement with an individual, pursuant to which the Group agreed to acquire the entire equity interest of Sannohe, for a consideration of JPY500,000,000 (equivalent to RMB30,250,000). The transaction was completed on 19 January 2017. At the date of acquisition, Sannohe had a 3.75MW solar power plant project in operation.

	RMB'000
Fair value of assets and liabilities recognised at the date of acquisition:	
Property, plant and equipment	75,041
Trade receivables	100
Prepayments and other receivables	4,054
Bank balances and cash	284
Other payables	(49,229)
Total identifiable net assets acquired	30,250
Consideration paid during the year ended 31 December 2016	(29,800)
Consideration payable to the former owner	(450)
Cash consideration paid	–
Bank balances and cash acquired	284
Net cash inflow	284

Impact of acquisition on the results of the Group

Had the acquisition as mentioned in note (ii) been effected at the beginning of the period, total amounts of revenue and profit for the period of the Group would have been increased by RMB671,000 and decreased by RMB176,000, 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 period, 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 loss contributed by entity acquired during the current interim period are RMB3,404,000 and RMB4,654,000 respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB3,934,000. The estimate at acquisition date of contractual cash flows not expected to be collected is insignificant.

Same as disclosed in the Group's 2016 annual report relating to the acquisition, the Group completed twelve asset acquisitions and nine business acquisitions during the year ended 31 December 2016.

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

Financial assets/ (financial liabilities)	Fair value as at 30.6.2017 RMB'000 (Unaudited)	Fair value as at 31.12.2016 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Asset management plan investment (note a)	300,050	–	Level 3	Net asset value of the asset management plan investment, which is determined by the fair value of the underlying assets by using discounted cash flow model. Future cash flows of the underlying assets are discounted at a rate that reflects the credit risk of counterparties.	Discount rate of 7%
Convertible bonds (note b)	(878,332)	(858,461)	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 46.72% – 46.94% and discount rate of 18.64% – 18.68%, respectively, taking into account the historical share price of the Company for the period of time close to the expected time to exercise

Notes:

(a) If the estimated discount rate used were 5% higher/lower while all the other variables were held constant, the fair value of the investments would decrease by approximately RMB13,443,000/increase by approximately RMB14,656,000.

(b) 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 increase by approximately RMB4,264,000 (31 December 2016: RMB13,641,000)/decrease by approximately RMB3,128,000 (31 December 2016: RMB13,726,000).

If the discount rate used 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 RMB6,085,000 (31 December 2016: RMB9,487,000)/decrease by approximately RMB5,994,000 (31 December 2016: RMB9,719,000).

No significant changes in fair value resulting from credit risk for the six months ended 30 June 2017.

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

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

Reconciliation of Level 3 fair value measurements

	Asset management plan investment RMB'000	Convertible bonds RMB'000	Total RMB'000
At 1 January 2017 (Audited)	–	(858,461)	(858,461)
Purchase	300,050	–	300,050
Gain in profit or loss	–	(46,253)	(46,253)
Payment of interests	–	26,382	26,382
At 30 June 2017 (Unaudited)	300,050	(878,332)	(578,282)

Fair value measurements and valuation processes

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

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

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

29. COMMITMENTS

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Capital commitments	**6,559,047**	4,441,273
Construction commitments in respect of solar power plant projects contracted for but not provided	**5,606**	5,839
Acquisition of property, plant and equipment and leasehold improvements contracted for but not provided	**6,564,653**	4,447,112
Other commitments		
Commitments to contribute share capital to joint ventures contracted for but not provided	**196,960**	–
	6,761,613	4,447,112

30. 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:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Property, plant and equipment	**21,328,707**	15,619,093
Prepaid lease payments	**5,943**	6,045
Pledged bank and other deposits	**2,142,025**	2,275,756
Trade receivables	**3,102,142**	1,859,625
	26,578,817	19,760,519

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; (iv) certain subsidiaries' trade receivables and fee collection rights in relation to the sales of electricity; (v) 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 payables for purchase of plant and machinery and construction costs is disclosed in note 20.

31. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the unaudited condensed interim consolidated financial statements, the Group also entered into the following transactions or arrangements with related parties:

(a) Leases of factories

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Mr. Yip	**–**	212
Madam Yu Hung Min and Mr. Yip Wing Fung (son of Mr. Yip)	**–**	202
Dyford Industries Limited * ("Dyford")	**–**	212
	–	626

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).

* English name for identification only

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

31. RELATED PARTY DISCLOSURES (Continued)

(b) Management services income

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
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")	**16,651**	16,651
GCL Solar Energy Limited	**1,703**	2,666
	18,354	19,317

南京協鑫新能源發展有限公司(Nanjing GCL New Energy Development Limited*), ("Nanjing GCL") 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 Energy Holdings Limited ("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

(c) Office service fees

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Peaceful Power Limited	**242**	1,434
Treasure Champ Investments Limited	**671**	636
	913	2,070

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.

31. RELATED PARTY DISCLOSURES (Continued)

(d) Interest income from a joint venture

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Yili	**3,548**	5,027

Loan to Yili is unsecured, interest-bearing at a fixed rate of 6% (31 December 2016: 8%) per annum for operation purpose and with no fixed repayment terms. The loan is denominated in RMB.

(e) Interest on loans from fellow subsidiaries

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
保利協鑫（蘇州）新能源有限公司 GCL-Poly (Suzhou) New Energy Company Limited* ("GCL-Poly (Suzhou)")	**20,756**	22,532
太倉港協鑫發電有限公司 Taicang Harbour Golden Concord Electric-Power Generation Co., Ltd* ("Taicang Harbour")	**111**	–
揚州協鑫光伏科技有限公司 Yangzhou GCL Photovoltaic Technology Co. Ltd* ("Yangzhou GCL")	**111**	–
GCL Solar Energy Limited	**2,876**	–
	23,854	22,532

Loans from GCL-Poly (Suzhou), Taicaug Harbour and Yangzhou GCL are unsecured, interest-bearing at a fixed rate of 8% (2016: 5.6%) and with a repayment term of twelve months (2016: three months). The loan balances are denominated in RMB.

Loan from GCL Solar Energy Limited is unsecured, interest-bearing at a fixed rate of 7% per annum and repayable on 30 April 2018. The loan balances are denominated in United States dollar.

* English name for identification only

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2017

31. RELATED PARTY DISCLOSURES (Continued)

(f) Interest on perpetual notes

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
GCL – Poly (Suzhou)	**25,672**	–
Suzhou GCL – Poly	**18,230**	–
太倉協鑫光伏科技有限公司 Taicang GCL Photovoltaic Technology Co., Ltd*	**7,381**	–
江蘇協鑫硅材料科技發展有限公司 Jiangsu GCL Silicon Material Technology Development Co., Ltd*	**14,032**	–
	65,315	–

Perpetual notes are unsecured, have a distribution rate of 7.3% which could be deferred indefinitely at the option of the Group and have no fixed repayment term. The notes are denominated in RMB.

* English name for identification only

(g) Guarantees granted by related companies and a shareholder of a subsidiary

At 30 June 2017, certain bank and other borrowings of the Group amounting to RMB4,806,218,000 (31 December 2016: RMB5,552,848,000) were guaranteed by ultimate holding company or fellow subsidiaries, and RMB72,000,000 (31 December 2016: RMB60,801,000) were guaranteed by a shareholder of a subsidiary under PCB Business, respectively.

(h) Compensation of key management personnel

The remuneration of senior management personnel, including executive directors' remuneration during the period was as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	**5,795**	7,554
Post-employment benefits	**313**	229
Share-based payments expenses	**3,400**	6,727
	9,508	14,510

The remuneration of Directors and other key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

32. EVENTS AFTER REPORTING PERIOD

Other than those disclosed elsewhere in the unaudited condensed interim consolidated financial statements, the Group has the following significant events after the end of the reporting period:

(i) Agreements with 恒嘉（上海）融資租賃有限公司 Hengjia (Shanghai) Financial Leasing Co., Ltd.* ("Hengjia Financial Leasing")

On 21 July 2017, the Group entered into certain agreements regarding a sales and leaseback arrangement with Hengjia Financial Leasing. The Group sold to Hengjia Financial Leasing certain equipment at a consideration of approximately RMB825,000,000 and leased back the equipment for a term of 10 years at an estimated rent of approximately RMB1,146,294,000. In addition, the Group will pay Hengjia Financial Leasing a service fee of approximately RMB17,325,000.

(ii) Agreements with 基石國際融資租賃有限公司 Cornerstone International Financial Leasing Company Limited* ("Cornerstone Financial Leasing")

On 27 July 2017, the Group entered into certain agreements regarding a sales and leaseback arrangement with Cornerstone Financial Leasing. The Group sold to Cornerstone Financial Leasing certain equipment at a consideration of approximately RMB106,170,000 and leased back the equipment for a term of 8 years at an estimated rent of approximately RMB135,472,000. In addition, the Group will pay Cornerstone Financial Leasing a service fee of approximately RMB3,918,000.

(iii) Acquisition of 神木縣晶普電力有限公司 Shenmu County Jingpu Power Company Limited* ("Jingpu") and 神木縣晶富電力有限公司 Shenmu County Jingfu Power Company Limited* ("Jingfu")

On 22 August 2017, 蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Co., Ltd*, a subsidiary of the Company, entered into two sales and purchase agreements with two independent third parties, pursuant to which the Group conditionally agreed to purchase 78% equity interests of Jingpu and Jingfu for a total consideration of RMB1,801,000. Jingpu and Jingfu own 140MW and 40MW solar power plant projects located in Shaanxi province, respectively. The acquisitions are expected to complete in September 2017. As at 30 June 2017, the Group has other loan receivables and module receivables from Jingpu, amounting to RMB215,400,000 and RMB107,184,000, respectively. The management of the Group is currently assessing the financial impact of these acquisitions.

* English name for identification only

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

Corporate Information

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

Conyers 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 as at 30 June 2017:	19,073,715,441 shares

LINKS TO OFFICIAL WEBSITE/ WECHAT PLATFORM OF THE COMPANY

Website: www.gclnewenergy.com/
WeChat ID: gclnewenergy

Glossary

"Adjusted Exercise Price"	adjusted exercise price due to rights issue
"associate(s)" and "substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"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
"Director(s)"	the director(s) of the Company from time to time
"GCL-Poly"	GCL-Poly Energy Holdings Limited
"Golden Concord Group"	Golden Concord Group Limited
"Group"	the Company and its subsidiaries
"GW"	gigawatts

Glossary

"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
"kWh"	kilowatt hour
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"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
"NEA"	National Energy Administration of China
"PAA"	Pacific Alliance Asia Opportunity Fund LP
"PCB(s)"	printed circuit boards
"PCB Business" or "discontinued operations"	the manufacturing and selling of PCB
"Protiviti"	Protiviti Consulting (Shanghai) Company Limited
"PV"	photovoltaic
"Reporting Period"	the six months ended 30 June 2017
"RMB"	Renminbi, the lawful currency of the PRC

Glossary

"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$$0.0041\dot{6}$) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2014
"SHSE"	Shanghai Stock Exchange
"Solar Energy Business"	the development, construction, operation and management of solar power plants
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Suzhou GCL"	Suzhou GCL New Energy Investment Co., Ltd.* 蘇州協鑫新能源投資有限公司
"SZSE"	Shenzhen Stock Exchange
"Trust Companies"	Highexcel Investments Limited, Get Famous Investments Limited and Happy Genius Holdings Limited
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States
"Zhongmin GCL"	Xi'an Zhongmin GCL New Energy Limited Company* 西安中民協金新能源有限公司

* *English name for identification only*