GCL New Energy Holdings Limited

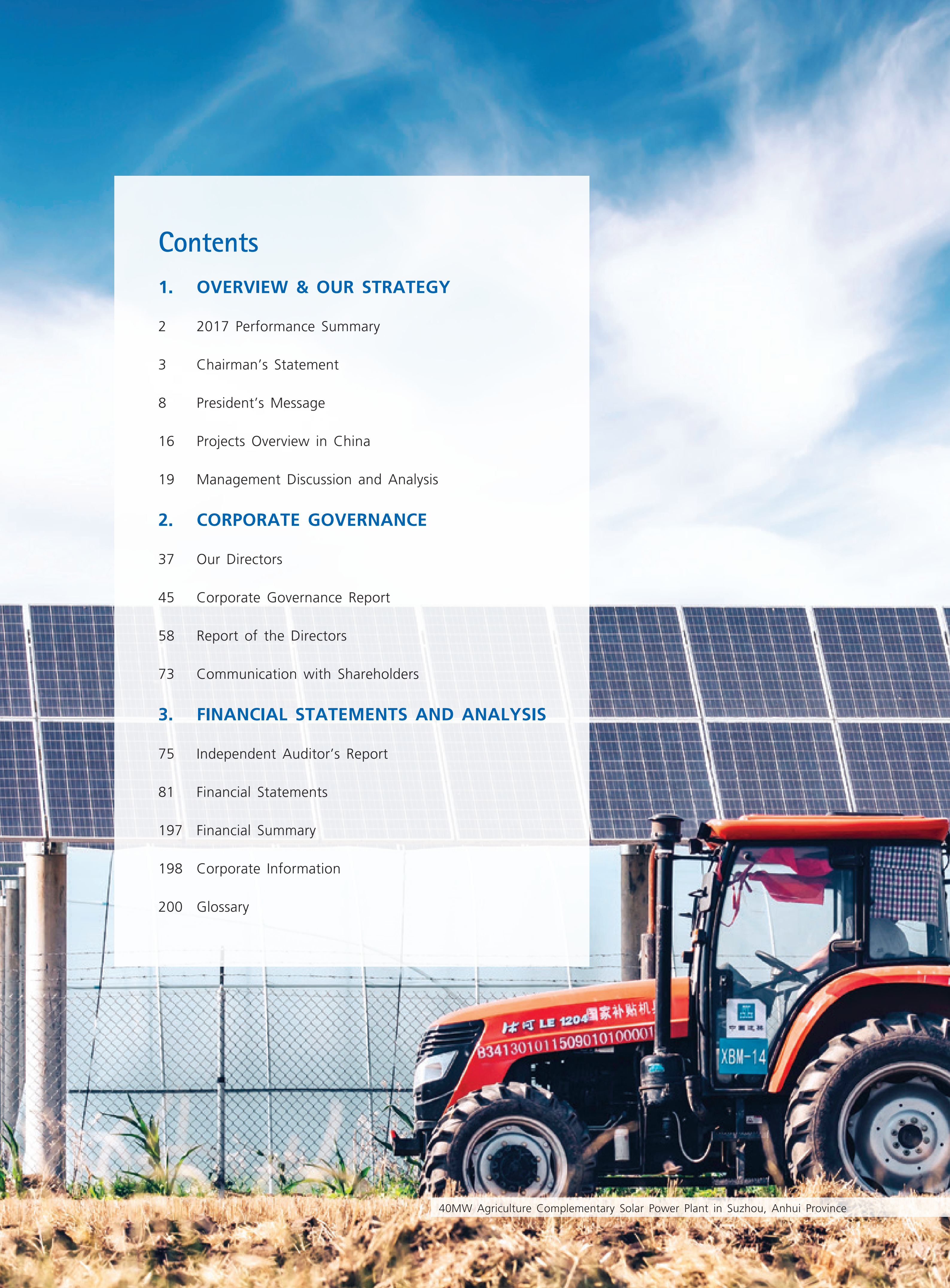
協鑫新能源控股有限公司

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

2017 Annual Report

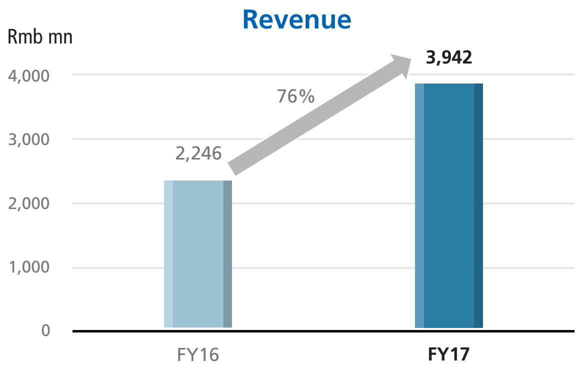
Bringing
Green Power
to life

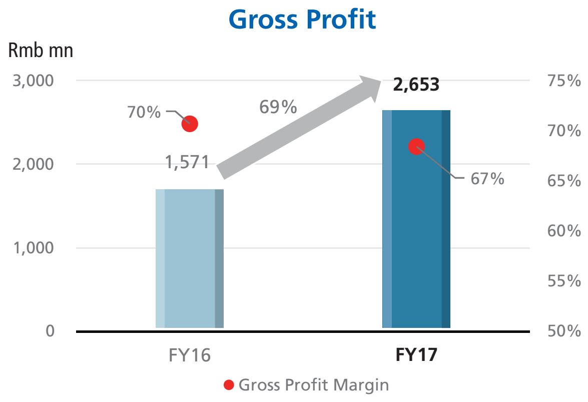
Contents

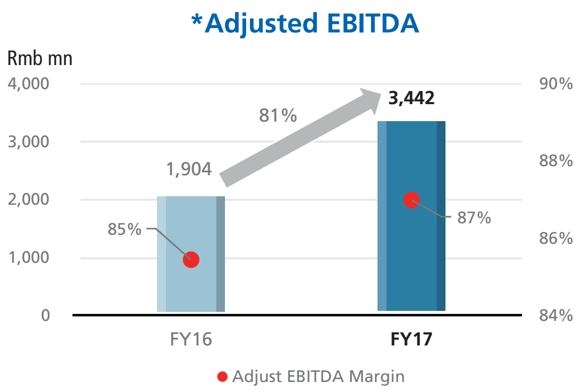


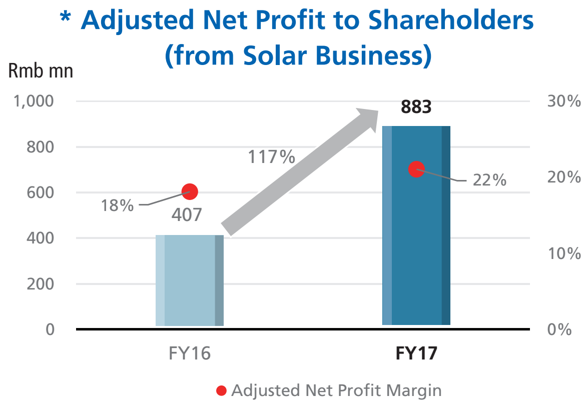
40MW Agriculture Complementary Solar Power Plant in Suzhou, Anhui Province

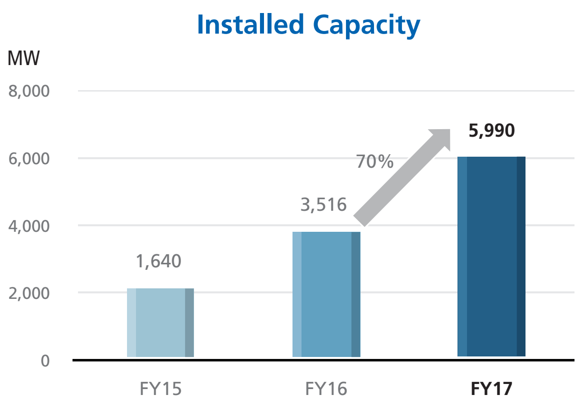
2017 Performance Summary

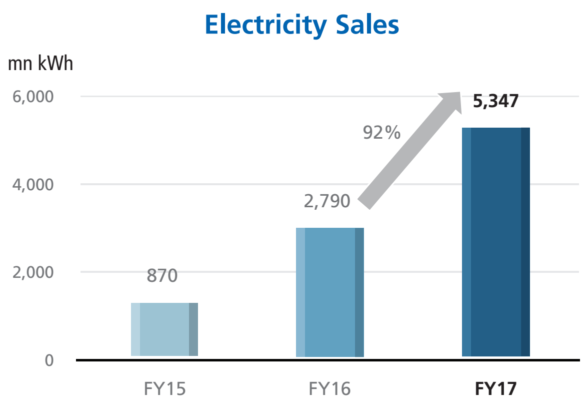










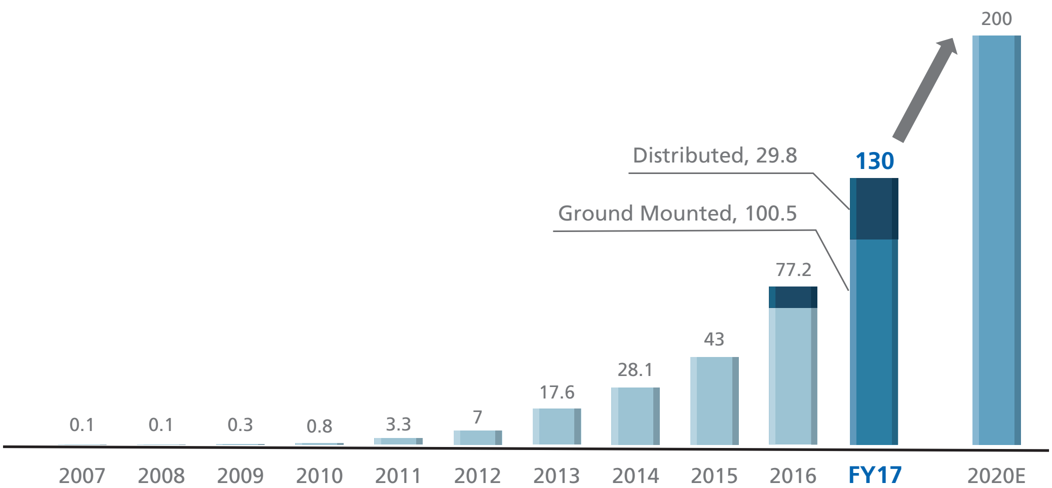


* Adjusted EBITDA and Adjusted Net Profit to Shareholders do not include non-operating items

Dear Shareholders and investors,

GCL New Energy has developed a strong foothold in the realm of sustainable development and innovation while standing in the forefront of the international market with an open-minded and inclusive view against the backdrop of significant transformation of global economic landscape and continuous deepened energy structure. In additional to the mature markets such as the United States, Japan and Europe, we also focus on key overseas market and have established long-term cooperative relationship with countries and governments along the "Belt and Road" route to improve our global competitiveness and influence. As of 31 December 2017, GCL New Energy had a total installed capacity of approximately 6GW, representing an 70% year-on-year growth, to remain the world's second largest by capacity. Its profitability has continued to improve with the profit attributable to shareholders of the Solar Energy Business in 2017 accounted for about RMB764 million, increased significantly by 156% compared with the same period last year. The Company's electricity sales increased by 92% to about 5.3 billion kWh, as compared to the corresponding period of last year. We over-fulfilled our targets in 2017 and further fortified our leading position on the world's solar energy platform.

China's Accumulated Installed Capacity (GW)



Energy development and business overview

Climate change is a common challenge for the whole world. In 2017, the International Energy Agency combined the sustainable development and energy-related goals set by the United Nations for the first time, and estimated that the share of low-carbon energy would be doubled to 40% by 2040.

China maintained steady economic growth in 2017 with the growth rate of total electricity consumption reached approximately 6.6%, demonstrated the demand for electricity is recovering gradually and the prospect of solar energy industry is set to flourish. In the same year, renewable energy power generation reached 1.7 trillion kWh, a year-on-year increase of 150 billion kWh, which accounted for approximately 26% of total power generation, up 0.7 percentage point from a year earlier. Among them, solar power generation accounted for 118.2 billion kWh, a year-on-year increase of approximately 79% which was substantially higher than the growth of generation from wind power and hydropower. In 2017, the Company leveraged on its "four-in-one" major businesses of development, construction, operation and financing to continuously promote the transformation and upgrading, accelerate the innovation of business model and enhance management.

Business review

Seizing the pulse of the times and shouldering the mission of the times

The development of GCL New Energy is closely in line with China's strategy of building a clean, low-carbon, safe and efficient energy system. The year 2017 was a year to pursue the 13th Five-Year Plan and conduct comprehensive structural adjustment and transformation while The 19th National Congress of the Communist Party of China has also emphasized the importance of promoting the revolution of energy production and consumption, pointing out the direction for the solar power industry.

As a clean energy supplier, we also shoulder the social mission entrusted by this new era as we are striving to create economic value for shareholders, employees and the society. We have been dedicated to the rural communities by creating jobs supporting poverty alleviation works and driving the development of other related industries as well as continuously enhancing the ecological environment. We generate green energy to protect the environment. In 2017, we reduced 5.15 million tons of annual carbon dioxide emission compared with thermal power generation, equivalent to planting 210,000 mu of forest.

We actively practice "targeted poverty alleviation" policy. The Company holds approximately 1,170MW of poverty alleviation projects and quota to date, ranking first in China, which can help a total of about 38,000 households in poverty with a total of approximately RMB2 billion to fund poverty alleviation in 20 years, to vitalize poverty alleviation with solar power, benefit people and contribute to the building of a "beautiful China".

Innovating investment and financing and guaranteeing sustainable businesses

In 2017, under the pressure of financial policies including the macroeconomic policy, the federal reserve to raise interest rates and new rules of Bank of China, we explored unremittingly and placed great efforts to come out with scientific planning, balance development and innovation in investment and financing so as to guarantee the sustainable development of the Company.

In 2017, we successfully issued China's first solar energy green bond; our Suzhou investment platform in China successfully introduced the strategic shareholder, Jiangsu Minying Investment Holding Co., Ltd. (江蘇民營投資控股有限公司) ("Jiangsu Minying Investment"), which injected vitality into our domestic business. The Company obtained "BB-" rating from Standard & Poor Inc ("Standard & Poor's") and "Ba2" good credit rating from Moody' Investors Service, Inc. ("Moody's") for the first time and successfully issued US$500 million bonds abroad in January 2018, gaining high recognition from global investors and capital markets and consolidated our position in overseas capital market.

117MW Solar Poverty Alleviation Project in Funan, Anhui Province

Expanding into overseas markets and focusing on key businesses

The development of overseas markets has become an important strategy for the long-term development of GCL New Energy. In 2017, we stepped up overseas markets expansion and started the recruitment of international talents to attract and cultivate excellent individuals to join the team. We cooperated with influential partners and financial institutions from Europe, the United States, Japan and other developed countries. Meanwhile, we accelerated the development in countries along the "Belt and Road" route, building long-term cooperation with governments and enterprises in regions including Africa, Southeast Asia and the Middle East to greatly increased our resources internationally. Despite of the enormous potentials in the overseas markets, we allocate our resources prudentially and endeavour to choose the most appropriate plan for the long-term development of the Group.

With the transformation and upgrading of the solar industry, distributed solar power plant business equipped with great potentials. We developed provincial companies and through focusing on key areas and market segments to build good partnership with high-quality large enterprises such as subsidiaries of Hon Hai Precision Industry (中國鴻海精密集團), AB InBev (China) Group (百威英博（中國）集團) and Beijing Grain Group (北京糧食集團) to provide safe, stable and clean energy for their factories across the country.

Projects of "Solar + Agriculture" and Frontrunner Program have blossomed and formed a diversified development model. Through sustainable development, we applied specific measures according to local conditions, we have established a benchmark in the industry with quality farming, fishing, poultry and animal husbandry and forestry complemented solar projects. We have high standards and stringent requirements for project development. Our 100MW Frontrunner project in Shanxi (GCL Ruicheng) took the lead to grid connect in full capacity nationwide, enabling the Company continue to lead the industry. The development of the Company has created win-win situations for enterprises, villages and farmers. At present, the Company has 69 solar agricultural complemented solar power plants with a capacity of approximately 2.1GW, accounting for about 38% of the Company's overall capacity.

2018 Prospects

Looking ahead into 2018, China's solar industry is transforming from large-scale development to compete in diversification and differentiation amid of stringent economic and market challenges ahead. As the solar industry becomes more and more mature, the quality of solar power generation is improving while the cost continues to decline and grid parity is in sight.

In 2018, GCL New Energy will continue to strengthen its domestic business and focus not only on ground-mounted solar power projects but also step up the development of distributed solar power plant business and continue to lead the industry with Frontrunner and poverty alleviation projects. At the same time, we will accelerate our international business, focus on key overseas markets with high-quality resources and continuously improve our international competitiveness. We will facilitate the Company's strategic transformation through measures such as resource integration, collaborative development, scientific and technological innovation, and innovative financing and launch fining management for sustainable business development of the Company.

We believe that the development of GCL New Energy is closely linked to global energy reform and national strategy. We appreciate the responsibility and mission in the new era. We will work hard to deliver efficient, safe and clean energy to every household in every corner of the world. On behalf of the Board, I would like to take this opportunity to express my sincerest gratitude to all the employees who works hard in the frontline and everyone at GCL New Energy!

Zhu Yufeng
Chairman

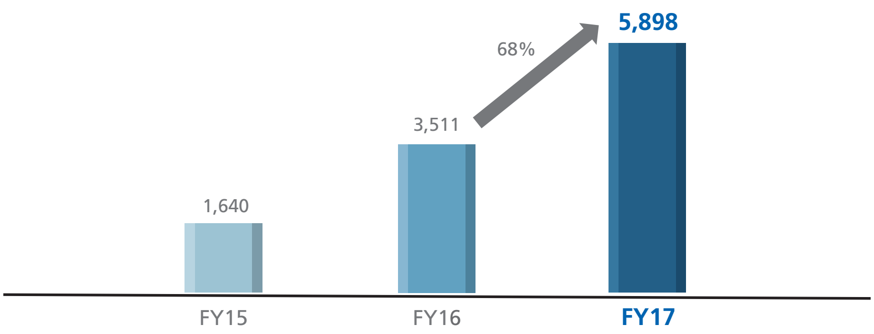
40MW Fishery Complementary Solar Power Plant in Tianchang, Anhui Province

In 2017, under the leadership of the Board and the management amid of increasing competition and stringent financial environment, GCL New Energy proactively adjusted its development strategy. Leveraged on its concrete "Four-in-One" platform of development, construction, operation and financing to accelerate strategic collaboration and facilitate the "Five Transformation and Upgrades" development objective. With an aim to achieve a sustainable business model, business development has been focusing on achieving stable growth, lowering debt, modifying structure and devoting to quality and every target was fully accomplished in the year.

SUSTAINED LEAPFROG DEVELOPMENT IN SOLAR ENERGY BUSINESS

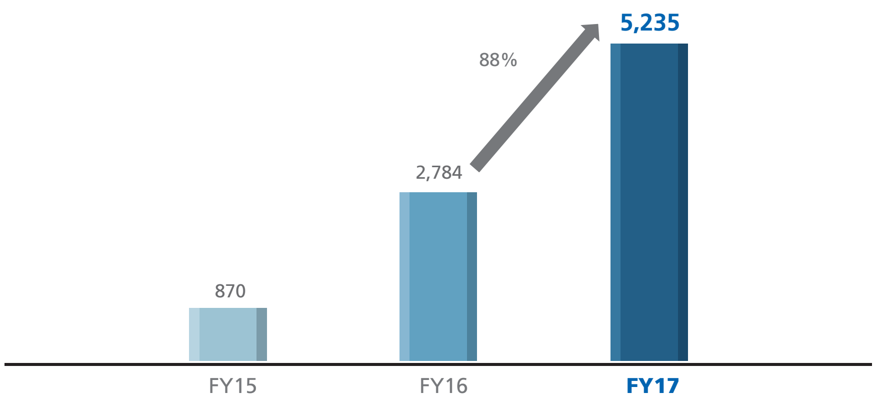
In 2017, GCL New Energy had a total installed capacity of approximately 5,990MW, representing a significant growth of around 70% compared with the same period of last year, maintaining its second place globally. In particular, the number of solar power plants in China increased from 87 to 157, scattering in 26 provinces, and five solar power projects in the US and Japan with the capacity of approximately 92MW. The Group's grid-connected capacity surged by around 75% to approximately 5,503MW from

Total Installed Capacity in China (MW)



approximately 3,138MW over the same period of last year, while total electricity sales increased substantially by around 92% to approximately 5,347 million kWh from approximately 2,790 million kWh over the same period of last year. During the year, the Group recorded a phenomenal growth of around 76% and 156% respectively in revenue and profit attributable to shareholders of the Solar Energy Business to approximately RMB3.94 billion and RMB764 million, respectively.

Total Electricity Sales in China (million kWh)



MULTIFACETED TRANSFORMATION AND UPGRADE OF PROJECTS, WITH LEADING PROGRESS IN FRONTRUNNER AND POVERTY ALLEVIATION

Being supported by the national authorities, the solar energy industry has been growing rapidly, enabling China to become the world's largest solar market. In 2017, the country added over 53GW of newly installed capacity in solar power generation, with a cumulative installed capacity of 130GW. The development of solar industry is moving from ground-mounted power plants to the combination of ground-mounted and distributed solar power plants with Solar Frontrunner ("Frontrunner") and Solar Poverty Alleviation ("Solar Poverty Alleviation") projects gaining prominence. During the year, GCL New Energy continued to facilitate the provincial companies to develop Frontrunner and solar poverty alleviation projects, and through adopting differentiated development strategy to diversify its projects.

Solar Frontrunner

Backing by the Chinese government with an aim to achieve grid-parity by 2020, Frontrunner has stepped into the third year of launching with its scale to be the focus of the solar power industry. In 2017, the capacity approved for Frontrunner amounted to 6.5GW, larger than 5.5GW in 2016. The National Energy Administration ("NEA") announced that the capacity of each phase of Frontrunner from 2017 to 2020 to be approximately 8GW, including approximately 6.5GW for application bases and approximately 1.5GW for technical bases. Frontrunner adopts bidding system which not only promotes the professionalism of the industry but also in favour to solar energy companies which possess advanced technological skillsets. GCL New Energy is in a favorable position to secure Frontrunner projects, owing to its inhouse design and research institute and professional teams, outstanding operation and business performance. In 2016, the Group obtained approximately 360MW of Frontrunner projects, ranked third nationwide, with its 100MW Frontrunner project at the pilot base of Ruicheng, Shanxi be the first to achieve full capacity grid connection among the eight pilot bases, significant implication is bought in various respects. In 2018, the Group will leverage its innovative technologies, finance and business models as well as the prominent position of its largest shareholders on the value chain, to focus on the application of Frontrunner while strictly comply with the relevant policy requirements to prudently organize and push forward the planning.

Solar Poverty Alleviation

In 2017, the NEA expressly stated the need to further optimize the layout of solar poverty alleviation projects, with a priority to support the construction of solar poverty alleviation power plants in villages. For villages with sufficient capital and appropriate grid connection access, no restriction will be imposed on the installed capacity. In July 2017, the NEA stated in the "Guidelines on the Implementation of the 13th Five-Year Development Plan for Renewable Energy" (《關於可再生能源發展"十三五"規劃實施的指導意見》), that all provinces are required to prioritize the 2017 construction quota for solar poverty alleviation purposes while over ten provinces are explicitly required to allocate all new quota to solar poverty alleviation, which shows the government is placing great emphasis on supporting solar poverty alleviation which set to become the "13th Five-Year Plan" highlight for the entire solar industry. GCL New Energy actively participate in solar poverty alleviation and the Group has achieved total grid connection of poverty alleviation projects of approximately 570MW as of the end of 2017, including the first batch of 250MW solar poverty alleviation quota obtained in 2016. Meanwhile, the Company obtained a capacity of 600MW solar poverty alleviation projects in 2017, with the most capacity in the country and the projects are expected to be grid connected in 2018. When planning the construction of solar poverty alleviation projects, the Group is taking the local economy into consideration and through the design and application of advanced technology to build most of the Group's solar poverty alleviation projects to complement with agriculture in order to stimulate agricultural sector and development of rural economy.

Distributed Solar Power Plant Projects

In 2017, the domestic market of distributed solar power projects saw a phenomenal growth with an additional installed capacity of more than 19GW, representing a year-on-year growth of 3.7 times. The National Development and Reform Commission and the NEA issued a notice to specify the launch of market-oriented transactions for distributed solar power generation in pilot areas in early 2018, which indicated that electricity transactions can take place between distributed solar power projects and the nearby electricity users within the power distribution network, while power grid companies shall be responsible for electricity transmission and charge a standard transmission fee. This approach allows distributed solar power projects to sell electricity directly to end users, not solely rely on obtaining subsidies from the "Full On-grid Access" and "Self Sufficiency with Remaining Amount for On-grid Access" approaches. As distributed solar power projects are not affected by curtailment and favored by national policies, it is expected to be the driving force of the solar industry.

During the year, GCL New Energy accelerated the development of its distributed solar power business by establishing distributed solar power business department at provincial companies and optimizing the appraisal plan to place greater effort on the business. Meanwhile, the Company achieved a significant breakthrough in developing major clientele by establishing strategic collaboration with renowned multinational corporations and large domestic corporations as well as establishing 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 difficulties such as short financing maturity, high interest rate and low proportion of financing.

Overseas Projects

In respect of overseas development, GCL New Energy tapped into the "Belt and Road" initiative to facilitate its overseas business. The Group holds distributed solar power projects in Japan and two large ground-mounted power plants in the US, of which the project with a capacity of approximately 83MW in North Carolina got grid connected at end of May 2017 and the one with a capacity of approximately 50MW in Oregon is scheduled for completion in 2018. In addition, the Group made substantial progress in its projects in Africa, America, Europe, Australia and Southeast Asia, gaining ample experiences for achieving the success of combining domestic and international markets.

In the meantime, the Group continued to promote the combination of solar power with agriculture, by integrating local conditions into the design of solar power plants and applying advanced technology. Notable results have been achieved in developing agriculture complemented solar power plants such as agriculture, forestry, animal husbandry and fishery with each power plant cultivates a different crop or animal to promote the development of agriculture.

TECHNOLOGY-DRIVEN DEVELOPMENT WITH SUCCESSFUL CONTROL OF CONSTRUCTION AND OPERATING COSTS

Endeavour to drive its development through technology advancement, GCL New Energy leverages its cutting-edge in-house design and research institute to further innovate and optimize the quality of its development, construction, operation and maintenance. Through the adoption of new technology such as long-span stainless-steel floater-support solar power system and the flat uniaxial supporting structure with inclination, the Group enhanced its core competitiveness, gained a greater advantage in controlling development costs and improved system efficiency during the year. In 2017, the proportion of in-house developed power plants to the newly added installed capacity largely increased to 79%.

For construction and management, the Group strengthened its control and reinforced planning and project supervision to enhance the quality of solar power plant projects. Through monitoring the project construction and process, the Group scientifically managed procurement to ensure better supply chain management. This allowed the Group to enjoy economies of scale with the average unit cost per watt for the construction of solar power plants declined by around 13% from approximately RMB7.2 in 2016 to approximately RMB6.3 in 2017.

In terms of innovative operational management, the Group exerted great focus on enhancing power generation and operation. By focusing on professionalism, artificial intelligence and refined operation to ensure solar power plants to be reliable and generate more electricity. During the year, centralized regional operation and maintenance centres

40MW Solar Poverty Alleviation Project in Yuncheng, Shandong Province and real-time operations management platforms were introduced to perform central monitoring and functional inter-connection for projects and achieve unattended operations step-by-step, in hope of improving the operation and maintenance standard of its solar power plants. In 2017, a total of five regional operation and maintenance centers commenced operation, with each of the operation and maintenance center covering an area within 200 km and simultaneously monitoring the operation of six or more solar power plants. This resulted in a sharp decline in electricity loss, equipment failure and lowered operation and maintenance costs while improving the life cycle and return of power plant projects. The operation and maintenance cost declined from approximately RMB0.049 per kWh in 2016 to approximately RMB0.042 per kWh in 2017 (excluding land lease). The Group plans to build three more regional operation centers in 2018 and the construction of operation and maintenance centres enable the Group to develop operation and maintenance services for external parties. During the year, the Group established a operation and maintenance department and set to provide approximately 160MW of operation and maintenance services to other domestic solar power companies.

DIVERSE FINANCING

In 2017, GCL New Energy persistently adopted diversified and innovative financing models to allow notable progress to be made in optimizing the financing structure, increasing the replacement with long-term financing, and reducing liabilities as well as accomplishing two of the "Five Transformations and Upgrades" development objects which are transforming from heavy-asset model to a light-asset model with management service provision and introducing strategic partner to form strategic partnership for transforming from solely-owned operation to strategic cooperation. During the year, the Group took further steps to maintain its total liability to total asset ratio to below 85%.

Lower Financing Cost

The Group deployed the strategy of obtaining five to ten 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 2017, the Group entered into finance lease agreements with several finance institutions and successfully obtained longer-term finance lease to enable borrowing longer than 5 years term accounted for approximately 86% of the total new borrowings. During the year, the financing costs of new projects was around 6.3%, representing a decline of nearly 0.6 percentage point compared with 6.9% in 2016.

Diversified Financing Models to Lower the Gearing Ratio

In addition, GCL New Energy has adopted diversified and innovative financing models at the listed company, domestic holding company and project levels to promote its overall financing capability. At the listed company level, the Group and Taiping Financial Holdings Co., Ltd. ("Taiping Financial Holdings") entered into a cooperation framework agreement regarding an approximately HK$8 billion investment fund in November 2017.

At domestic holding company level, the Group introduced Sumin Ruineng Wuxi Equity Investment Partnership (蘇民睿能無錫股權投資合夥企業) ("Sumin Ruineng"), a subsidiary of Jiangsu Minying Investment to invest RMB1.5 billion in Suzhou GCL New Energy Investment Co., Ltd. ("Suzhou GCL New Energy"), an indirect wholly-owned subsidiary of the Group in November 2017. Upon the completion of capital increase, Sumin Ruineng holds 7.18% equity interest in Suzhou GCL New Energy.

At the project level, the Group transformed into a light-asset model with management service provision during the year. In May 2017, the Group adopted a "Built-Transfer-Operating" model for the first time by entering into a cooperation framework agreement with Fuyang New Energy Technology (Nanyang) Limited (富陽新能源科技（南陽）有限公司), to provide engineering, procurement and construction, and provide operation and maintenance services after completion for approximately 200MW of solar power plants projects. Additionally, in June 2017, Suzhou GCL New Energy entered into an equity transfer agreement with Xi'an Zhongmin GCL New Energy Limited Company ("Zhongmin GCL"), to transfer the controlling interest of 130MW in solar power projects. Furthermore, the Group strategically established a fund of RMB1 billion with Beijing Enterprises Photovoltaic Development Company Limited (北京北控光伏科技發展有限公司), an indirect wholly-owned subsidiary of BECE in November 2017 to jointly invest in solar power projects.

Opening Up New Financing Channels through Bond Issuance

In 2017, the Group issued China's first solar energy green corporate bonds. The issue amount of the first tranche was RMB375 million, issued in August and the issue amount of the second tranche was RMB560 million, issued in December. The green bonds are fixed rate bonds with a term of 3 years and the interest has been fixed at 7.5% per annum. Meanwhile, the Group issued US$500 million 7.1% senior notes due 3 years for the first time on 23 January 2018, and gained net proceeds of approximately US$493 million. The notes received strong response from global investors and were significantly oversubscribed for around seven times. Renowned US credit rating agencies Moody's and Standard & Poor's assigned "Ba2" and "BB-" stable ratings to the Group respectively, and "Ba3" and "B+" ratings respectively to the notes.

In general, the Group has adopted a series of diversified innovative financing models to raise large additional capital funds, enhance financial conditions and liquidity, lower gearing ratio and improve financial flexibility with an aim to serving its future business development.

2018 PROSPECTS

GCL New Energy is confident in the future development of solar market. With China National Renewable Energy Center published "China Renewable Energy Outlook 2017" in 2017 to propose increasing the "13th Five-Year Plan" solar energy installed capacity to 200GW, the development of domestic solar market is set to flourish. For the coming year, the Group is aim to increase its attributable installed capacity by 1 to 1.5GW. In 2018, the Group is strive to transform and enhance its management by combining its corporate competences to further deepen its "Five Transformations and Upgrades" development objectives and engage itself in refined and benchmark management comprehensively.

The Group will focus on developing solar poverty alleviation and Frontrunner projects. For the distributed solar power plant business, the Group will continue to cultivate on quality clientele and industrial parks, and through innovative cooperation to develop projects that are both pragmatic and visual. Meanwhile, the Group will actively participate in the distributed solar power pilot projects to promote sustainable development for the distributed solar power plant business. Apart from that, the Group will leverage the "Belt and Road" initiatives to push forward its international strategy while strengthen cooperation with influential domestic and international energy companies to fully capitalize on the opportunities arise from the "Belt and Road".

In addition, GCL New Energy will place great emphasis on capital operation, adjustment of business and operational structure, expansion of strategic cooperation and establishment of off-balance sheet financing platforms. The Company will continue to adopt light-asset model to lower debt and to sustain stable growth and cash flow. Going forward, the Group will strengthen its synergy with other companies under the GCL Group, and play an active role in business development, government relations, resource sharing, synergetic management, escalate effective integration to facilitate the development of GCL New Energy, and deliver stellar performance in the new year under the philosophy of "Bringing Green Power to Life".

2015–2017 KEY PERFORMANCE INDICATORS

	Average Unit Cost of Construction (RMB)	**Financing Cost of New Projects**	**Operation and Maintenance cost** (RMB)
2015	8.6/watt	7.7%	0.059/kWh
2016	7.2/watt	6.9%	0.049/kWh
2017	6.3/watt	6.3%	0.042/kWh

ACKNOWLEDGEMENTS

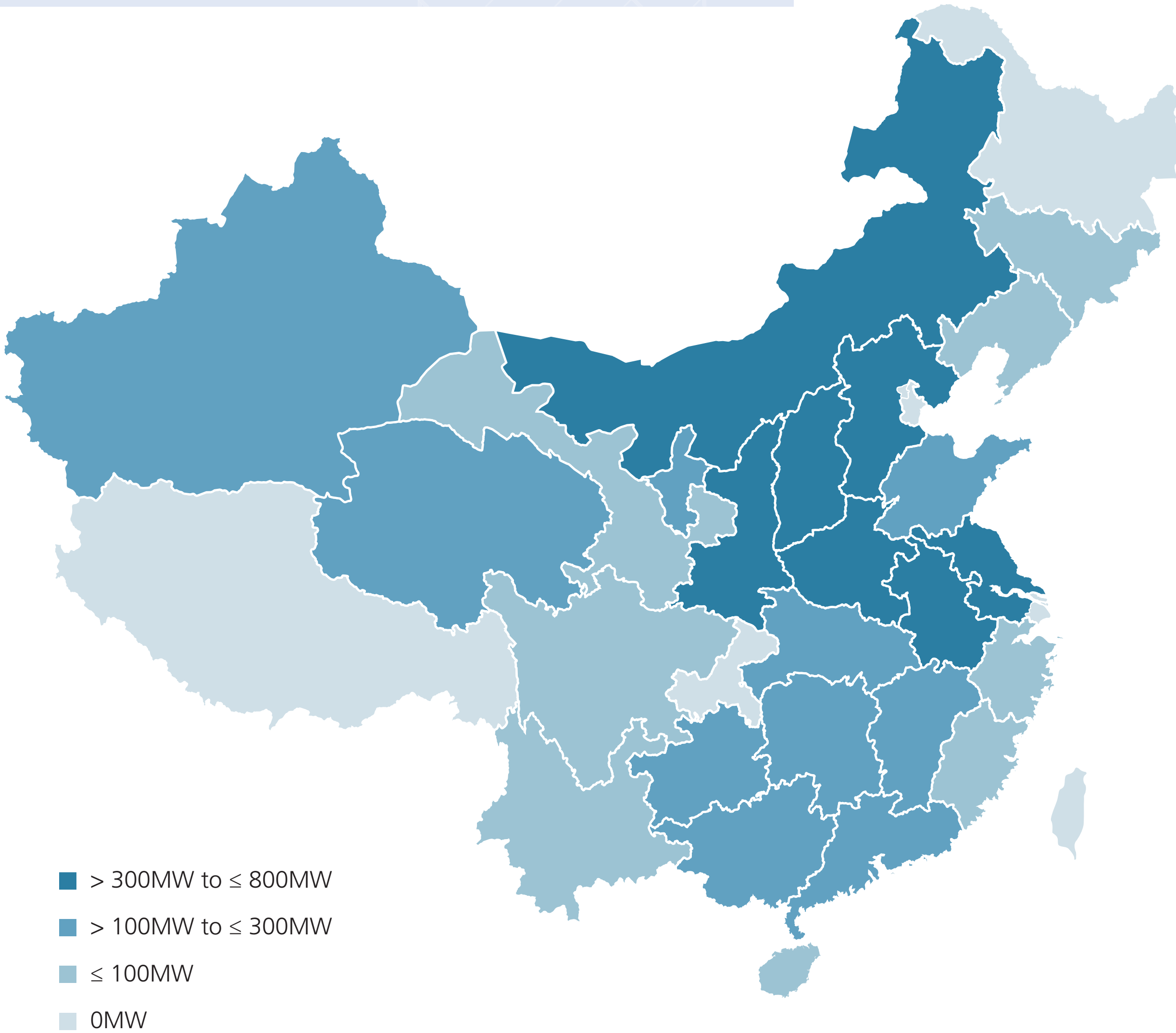
Lastly, on behalf of the management of GCL New Energy, I would like to express sincere gratitude to the Board and Shareholders for their continuous support, and to our colleagues for their hard work and contribution during the year.

SUN Xingping
President

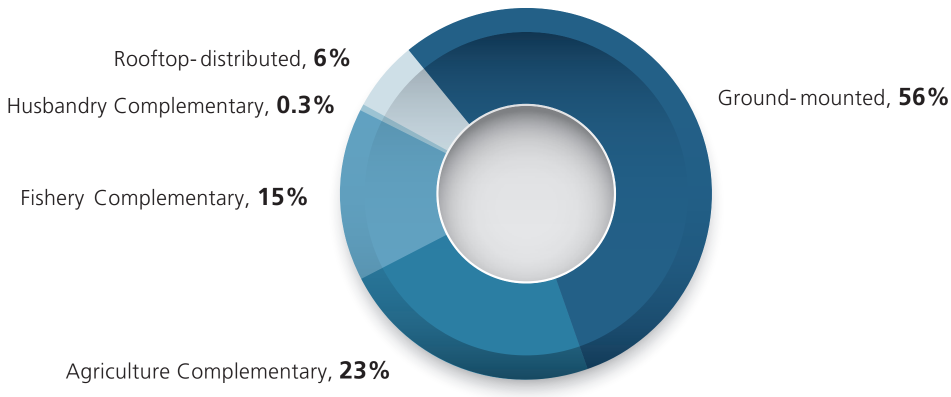
40MW Solar Poverty Alleviation Project in Yuncheng, Shandong Province

Projects Overview in China

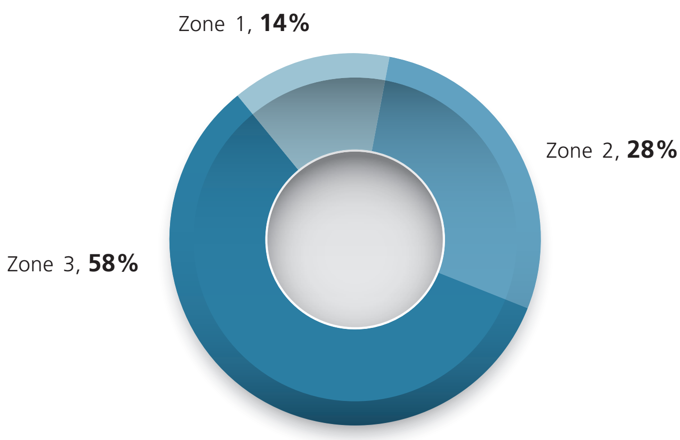
GCL New Energy operates 157 solar power plants accross 26 provinces in China with aggregate installed capacity of 5,898 MW as of 31 December 2017.



Total Capacity by Project Type



Total Capacity by Zone



Overview

For the year ended 31 December 2017, the revenue of the Group amounted to RMB3,942 million, representing an increase of 76% as compared to RMB2,246 million for the last year. Profit attributable to owners of the Company from continuing operations, solar energy business, amounted to RMB764 million (Year ended 31 December 2016: RMB299 million), representing a 156% increase in profit. The profit/(loss) attributable to owners of the Company during the years ended 31 December 2017 and 31 December 2016 was as follows:

	2017 RMB million	2016 RMB million
Continuing operations ("Solar Energy Business")	764	299
Discontinued operations ("PCB Business")	77	(169)
Profit for the year attributable to owners of the Company	841	130

The significant increase in profit by 156% in the Solar Energy Business during the year was mainly attributable to:

1. The increase in the generation volume of electricity of the solar power plants by 92% from approximately 2,790 million kWh in 2016 to approximately 5,347 million kWh in 2017. The total installed capacity for the Group was increased by 70% from 3,516MW as at 31 December 2016 to 5,990MW in as at 31 December 2017.

2. The increase in adjusted EBITDA by 81% due to economies of scale and effective cost control measures, hereby lowering the average operation and maintenance costs and administrative costs per unit of power generated.

3. The percentage increase in finance costs of 48%, from RMB966 million to RMB1,432 million. The percentage increase in finance costs was lower than the percentage increases in revenue because large quantity of low-cost long term project loans and long-term finance leases were drawn down to replace high cost short-term bridge loans. The average borrowing costs was dropped from approximately 7.3% for the year ended 31 December 2016 to approximately 6.6% for the year ended 31 December 2017.

117MW Solar Poverty Alleviation Project in Funan, Anhui Province

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 completed on 2 August 2017. Accordingly, the Group's PCB Business were classified as discontinued operations. The profit for the discontinued operations in 2017 was RMB77 million, which included a cumulative exchange gain of RMB86 million reclassified from foreign currency translation reserve to profit or loss.

Business Review

Capacity and Electricity Generation

As at 31 December 2017, the aggregated installed capacity of the 162 grid-connected solar power plants of the Group (31 December 2016: 90) increased by 70% to 5,990MW (31 December 2016: 3,516MW). Details of capacity, electricity sales volume and revenue for the year ended 31 December 2017 are set out below.

Places	Tariff Zones	Number of solar power plant	Aggregate Installed Capacity[1] (MW)	Grid-connected Capacity[1] (MW)	Electricity Sales Volume (million kWh)	Average Tariff (Net of Tax) (RMB/kWh)	Revenue (RMB million)
Inner Mongolia	1	11	391	391	619	0.75	461
Ningxia	1	5	252	201	241	0.68	164
Qinghai	1	3	107	107	163	0.82	134
Xinjiang	1	2	80	80	111	0.68	76
Subtotal	Zone 1	21	830	779	1,134	0.74	835
Shaanxi	2	13	822	822	689	0.71	490
Hebei	2	3	224	224	262	0.90	235
Qinghai	2	4	141	127	123	0.77	94
Shanxi	2	1	100	20	—	—	—
Yunnan	2	3	98	87	99	0.68	68
Sichuan	2	2	85	85	94	0.68	64
Gansu	2	2	55	25	7	0.76	6
Liaoning	2	2	40	40	36	0.74	27
Jilin	2	3	36	36	46	0.80	37
Xinjiang	2	1	21	21	8	0.75	6
Subtotal	Zone 2	34	1,622	1,487	1,364	0.75	1,027
Henan	3	11	513	493	466	0.76	355
Anhui	3	11	397	369	331	1.03	277
Shanxi	3	6	385	377	308	0.82	252
Jiangsu	3	29	331	320	361	0.86	311
Hubei	5	5	268	262	265	0.80	212
Hebei	3	8	213	208	220	0.95	208
Hunan	3	4	213	208	113	0.80	91
Jiangxi	3	4	192	171	148	0.95	141
Guangdong	3	5	176	66	21	0.85	18
Guizhou	3	3	174	171	97	0.84	81
Shandong	3	5	132	132	190	0.87	165
Guangxi	3	2	120	62	20	0.84	17
Zhejiang	3	2	62	62	25	1.03	26
Hainan	3	2	50	50	67	0.87	58
Fujian	3	1	40	14	2	0.84	1
Shanghai	3	1	7	7	5	0.70	3
Subtotal	Zone 3	99	3,273	2,972	2,639	0.84	2,216
PRC Subtotal		154	5,725	5,238	5,137	0.79	4,078
US		1	83	83	103	0.32	31
Japan		1	4	4	3	2.42	8
Subsidiaries total		156	5,812	5,325	5,243	0.79	4,117
Joint ventures[3]							
PRC		3	173	173	98	0.96	80
Japan		3	5	5	6	2.18	13
Total		**162**	**5,990**	**5,503**	**5,347**	**0.79**	**4,210**

	Revenue (RMB million)
Representing:	
Electricity sales	1,461
Tariff adjustment — government subsidies received and receivable	2,656
Total of subsidiaries	4,117
Less: effect of discounting tariff adjustment receivables to present value(2)	(175)
Total revenue of the Group	**3,942**

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

(2) Certain portion of the tariff 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 3.44% to 3.55% per annum.

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

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 years ended 31 December 2017 and 31 December 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 highlights of the Group's profit from continuing operations – Solar Energy Business:

	2017 RMB million	2016 RMB million	% of changes
Revenue	4,117	2,298	79%
Effect of discounting tariff adjustment (government subsidies)	(175)	(52)	237%
Revenue, after discounting	3,942	2,246	76%
Gross profit	2,653	1,571	69%
Adjusted EBIT*	2,415	1,341	80%
Adjusted EBITDA*	3,442	1,904	81%
Profit for the year from continuing operations attributable to:			
Owners of the Company	764	299	156%
Non-controlling interests			
— Owners of perpetual notes	131	5	2,520%
— Other non-controlling interests	9	5	80%
	904	309	193%

* 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 year ended 31 December 2017, the revenue of the Group mainly comprised sales of electricity and related tariff adjustment (i.e. government subsidies) amounting to approximately RMB3,942 million (2016: RMB2,246 million), net of effect of discounting the tariff receivables to its present value of approximately RMB175 million (2016: RMB52 million). The significant increase in revenue was mainly attributable to the increase in sales of electricity of the solar power plants by 92% as a result of intensive developments of solar power plants in 2017. The average tariff (net of tax) for PRC was approximately RMB0.79/kWh (2016: RMB0.84/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 from the PRC, for the year ended 31 December 2017, approximately 20%, 25% and 55% of revenue were generated from zone 1, zone 2 and zone 3 respectively (2016: 29% for zone 1, 23% for zone 2 and 48% for zone 3). 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 year ended 31 December 2017 was 67.3%, as compared to 69.9% for the year ended 31 December 2016. The decrease in gross margin was mainly due to 1) tariff cut for the projects connected to the grid after 30 June 2016 and 2) competitive bidding for newly constructed solar power plants of which bidding prices are lower than benchmark tariff.

The cost of sales mainly consisted of depreciation, which accounted for 78.5% (2016: 81.9%) 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 2016 to approximately RMB6.3 per watt in 2017. As the cost of solar power plants is depreciated over 25 years, the drop in construction costs cannot fully offset the drop in tariff price.

Other Income

During the year ended 31 December 2017, other income mainly included imputed interest on discounting effect on tariff adjustment receivables of RMB72 million (2016: RMB11 million), interest income from other loan receivables of RMB30 million (2016: RMB42 million), management services income for managing and operating solar power plants owned by the parent company, GCL-Poly, of RMB37 million (2016: RMB43 million) and bank interest income of RMB28 million (2016: RMB26 million).

Administrative Expenses

The administrative expenses mainly included staff costs, rental expenses and legal and professional fees. Administrative expenses increased by 24% to RMB460 million for the year ended 31 December 2017 (2016: RMB371 million). The increase in administrative expenses was mainly due to the increase in salaries expenses driven by the expansion of Solar Energy Business, but thanks to achieving economies of scale the percentage increase in administrative expenses was much lower than the surge in revenue of 76%.

Share-based Payment Expenses

Share-based payment expenses amounted to RMB34 million for the year ended 31 December 2017 (2016: RMB71 million). The amount represented the share option expenses arising from granting 536,840,000 share options and 473,460,000 share options on 23 October 2014 and 24 July 2015, respectively, under the Company's share option scheme. The decrease was due to drop in the amortization charged according to the shares vesting schedule.

Loss on change in fair value of convertible bonds

During the year ended 31 December 2017, the Group recognised a fair value loss of approximately RMB119 million (2016: RMB175 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 RMB648 million) and HK$200 million (equivalent to approximately RMB167 million) issued on 27 May 2015 and 20 July 2015 respectively. The loss was mainly attributable to the changes in parameters in the valuation model, such as increase in share price volatility and decrease in discount rate, resulting in an increase in fair value of the convertible bonds. The fair value of the convertible bonds were based on a valuation report issued by an independent and professional qualified valuer.

Other expenses, gains and losses, net

During the year ended 31 December 2017, the net gain amounted to RMB30 million (2016: RMB45 million). The decrease in net gains was mainly due to decrease in exchange gain from RMB43 million in 2016 to RMB9 million in 2017, which was partly offset by gain on disposal of solar power plant projects of RMB19 million.

Adjusted Net Profit, Adjusted EBIT margin and Adjusted EBITDA margin

	2017 RMB million	2016 RMB million
For the year ended 31 December:		
Profit for the year attributable to owners of the Company from continuing operations	**764**	299
Add: Non-operating items		
Bargain purchase from business combination	**–**	(67)
Changes in fair value on convertible bonds	**119**	175
Adjusted net profit	**883**	407
Adjusted net margin ratio	**22.4%**	18.1%
Profit for the year from continuing operations	**904**	309
Add: Non-operating items		
Bargain purchase from business combination	**–**	(67)
Changes in fair value on convertible bonds	**119**	175
Finance costs	**1,432**	966
Income tax credit	**(40)**	(42)
Adjusted EBIT	**2,415**	1,341
Adjusted EBIT margin	**61.3%**	59.7%
Add: Depreciation and amortization	**1,027**	563
Adjusted EBITDA	**3,442**	1,904
Adjusted EBITDA margin	**87.3%**	84.8%

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 84.8% for the year ended 31 December 2016 to 87.3% for the year ended 31 December 2017.

For the purpose of results announcement, several items were excluded in the calculation of earnings before interest expense, tax, depreciation, amortisation and exceptional item ("EBITDA"). The adjusted EBITDA presented may, therefore, not be comparable to similarly titled measured by reportedly other companies.

Finance Costs

	2017 RMB million	2016 RMB million
Total borrowing costs	**1,763**	1,235
Less: Interest expenses capitalised	**(331)**	(269)
	1,432	966

Finance costs amounted to RMB1,763 million for the year ended 31 December 2017 (2016: RMB1,235 million) representing an increase of 43% as compared with the year ended 31 December 2016. 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 operation of solar power plants is capital intensive and high gearing in nature. The interest rates were ranging from 2.5% to 11.4% for the year ended 31 December 2017 (2016: 2.5% to 11.45%).

The capitalised interest expenses for the ended 31 December 2017 amounted to RMB331 million (2016: RMB269 million), which represented interest capitalised during construction period of solar power plants. The amount of capitalised interest expenses did not increase in line with the increase in average borrowings balance because the borrowing costs ceased to be capitalised when the solar power plants commenced operations. As a result of ceased capitalisation of interest costs for completed projects, the increase in finance costs is proportionately higher than the increase in average borrowing balance for the year.

Although the total finance costs increased, the average borrowing interest rate for new and existing borrowings was gradually decreasing from 7.3% in 2016 to 6.6% in 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 year ended 31 December 2017 was RMB40 million as compared to RMB42 million for 2016. The income tax credit for the current year is mainly attributable to deferred tax asset recognized as a result of the increase in unrealized profit of intercompany modules sales transactions caused by our rapid expansion. Most of our solar power plants are exempted from the PRC income tax for three years starting from the first year when the solar power plants operate and generate taxable income, followed by 50% reduction for the next three years.

Discontinued Operations

The Group entered into a sale and purchase agreement on 30 December 2016 to dispose of the entire interest in the PCB Business. The Disposal was subsequently approved by the Shareholders on 13 February 2017 and was completed on 2 August 2017. Accordingly, the Group's PCB Business were classified as discontinued operations. The gain for the discontinued operations in 2017 was RMB77 million, which included a cumulative exchange gain of RMB86 million reclassified from foreign currency translation reserve to profit or loss.

Profit (loss) Attributable to Owners of the Company

The Group recorded a profit attributable to the owners of the Company from continuing operations of RMB764 million for the year ended 31 December 2017 (2016: RMB299 million).

The Group recorded a gain attributable to the owners of the Company from discontinued operations (i.e. PCB Business) of RMB77 million for the year ended 31 December 2017 (2016: loss of RMB169 million), which included a cumulative exchange gain of RMB86 million reclassified from foreign currency translation reserve to profit or loss.

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 December 2017 (2016: Nil).

Property, Plant and Equipment

Property, plant and equipment increased significantly from RMB26,755 million as at 31 December 2016 to RMB38,104 million as at 31 December 2017. This was mainly attributable to the increase in the total installed capacity of solar power plants from 3,486MW as at 31 December 2016 to 5,812MW as at 31 December 2017.

Deposits, Prepayment and Other Non-current Assets

As at 31 December 2017, non-current portion for deposits, prepayments and other non-current assets mainly included approximately RMB2,716 million (31 December 2016: RMB2,114 million) for refundable value-added tax, approximately RMB543 million (31 December 2016: RMB660 million) deposits paid for EPC contracts and constructions and approximately RMB1,836 million (31 December 2016: RMB250 million) of tariff adjustments (i.e. the government subsidies) expected to be received after twelve months. There is a substantial increase in tariff receivables expected to be received after twelve months because some solar power plants were waiting for registration into the coming batches of subsidies catalogue.

Trade and Other Receivables

Trade and other receivables increased from RMB3,386 million as of 31 December 2016 to RMB4,228 million as of 31 December 2017. The increase was mainly due to net increase in current portion of government subsidies receivables (i.e. the government subsidies registered in the 6th batch or before, or to be registered for 7th batch) of RMB542 million. During the year ended 31 December 2017, a total of approximately RMB597 million government subsidies for the 6th batch or before has been received. Breakdown of trade and tariff receivables is as follows:

	Batch of subsidies	2017 RMB million	2016 RMB million
Trade receivables			
— basic tariff		**300**	164
Tariff receivables (government subsidies)			
— Current	6th batch or before	**409**	702
— Current	To be registered for the 7th batch	**1,999**	1,164
		2,408	1,866
— Non-current	To be registered for the 8th batch or after	**1,836**	250
		4,244	2,116
Total		**4,544**	2,280

Bills and Other Payables and Deferred Income

Trade and other payables decreased from RMB11,394 million as of 31 December 2016 to RMB11,063 million as of 31 December 2017. Trade and other payables mainly consisted of payables for purchase of plant and machinery and construction of RMB7,678 million (31 December 2016: RMB8,315 million), bills payable of RMB2,058 million (31 December 2016: RMB2,208 million) and deferred income of RMB219 million (31 December 2016: nil). The deferred income of RMB219 million mainly represents the monies received for investment tax credit arrangement of our US projects.

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, bonds payable, loans from fellow subsidiaries and convertible bonds. The cash flow activities for the Group are summarised as follows:

	For the year ended 31 December	
	2017	2016
	RMB million	RMB million
Net cash generated from operating activities	**1,854**	450
Net cash used in investing activities	**(13,354)**	(9,714)
Net cash generated from financing activities	**11,888**	11,155

The net cash from operating activities during the year ended 31 December 2017 was RMB1,854 million, representing a 312% increase from RMB450 million of the same period last year. The substantial increase in net cash from operating activities was mainly due to the cash received from sale of electricity and tariff adjustments for solar power plants registered to the 6th batch of subsidy catalogue as well as the expansion of grid-connected capacity from 3,138MW as at 31 December 2016 to 5,503MW as at 31 December 2017.

The net cash used in investing activities during the year ended 31 December 2017 primarily arose from payments and deposit paid for the acquisition and development of solar power plant projects.

For the year ended 31 December 2017, the Group's main source of funding was cash generated from financing activities amounting to RMB11,888 million, which mainly included the net effect of newly raised bank and other borrowings of RMB18,384 million and repayment of bank and other borrowings of RMB7,466 million and the proceeds of RMB1,500 million from deemed disposal of partial interest in Suzhou GCL New Energy.

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.

Because of the nature of the solar energy industry in the PRC, the Group was in net current liabilities position of approximately RMB9,305 million as at 31 December 2017. To address the net current liabilities position, the Group has taken several measures to generate sufficient cash inflow to the Group:

(1) During the year ended 31 December 2017, the Group had obtained new borrowing of RMB18,384 million of which RMB15,945 million had a repayment terms of over 3 years. The Group also issued non-public green bonds of RMB935 million with a term of 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.

(2) On 22 November 2017, the Group entered into capital increase agreements with Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)* (蘇民睿能無錫股權投資合夥企業（有限合夥）) ("Sumin Ruineng"). Pursuant to which, Sumin Ruineng agreed to make a capital increase in an aggregate amount of RMB1,500 million to Suzhou GCL New Energy, a subsidiary of the Group. Upon completion of the capital increase, the Group and Sumin Ruineng would hold 92.82% and 7.18% equity interest in Suzhou GCL New Energy, respectively. The transaction was completed in December 2017.

(3) On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to approximately RMB3,376 million). The notes bear interest at 7.1% and will be matured on 30 January 2021. The net proceeds of the notes issue, after deduction of underwriting discounts and commissions and other estimated expenses, amounted to approximately US$493 million.

(4) The Group is implementing business strategies, among others, to transform its heavy-asset business model to a light-asset model by (i) partnering with other third-party strategic investors by setting up joint ventures for divesting certain of its existing wholly-owned power plant projects in exchange for cash proceeds or co-investing into new projects to reduce future capital expenditure requirement to the Group ; (ii) divesting certain of its existing power plant projects to third parties under built-transfer-operate model; and (iii) striving for providing plant operation and maintenance services to those divested power plants for additional operating cashflow to the Group, with details below.

— On 30 June 2017, the Group, entered into share transfer agreements to sell two solar power plants with an aggregate capacity of 130MW to 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 Company, at a consideration of approximately RMB262 million, which is subsequently completed in July 2017;

— On 31 May 2017, the Group had entered into a co-operation framework agreement with 富陽新能源科技（南陽）有限公司 (Fuyang New Energy Technology (Nanyang) Limited*) ("Fuyang New Energy"). Under the co-operation framework agreement, Fuyang New Energy will buy solar power plants with a total capacity of approximately 200MW under built-transfer-operate model. On 30 August 2017, the Group had sold one solar power plant with capacity of 17.4MW to Fuyang New Energy at cash consideration of RMB25,910,000;

— On 21 November 2017, the Group entered into a partnership agreement with 北控清潔能源集團有限公司 (Beijing Enterprises Clean Energy Group Limited*) to form a joint venture company with a maximum capital contribution of RMB1,000 million, which will invest including but not limited to the Group's solar power plant projects.

The Group can further transfer solar power projects under the aforesaid arrangements and/or negotiate similar arrangements to generate additional liquidity and working capital to the Group, as and when required.

* *English name for identification only*

(5) On 20 November 2017, the Company entered into a non-legally binding co-operation framework agreement with Taiping Financial Holdings Company Limited (太平金融控股有限公司), an overseas investment platform of China Taiping Insurance Group, pursuant to which Taiping Financial Holdings Company Limited agreed that it or its affiliate companies will lead the establishment of an investment fund with a fund size of approximately HK$8,000 million, for the purpose of investing in the Company.

(6) The Group is currently negotiating with several banks and financial institutions 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 financial institutions which indicated that these financial institutions preliminarily agreed to offer credit facilities or invest in the Group. The Group is also seeking other form of financing to improve liquidity.

(7) The Group has completed the construction of 156 solar power plants with approval for on-grid connection up to 31 December 2017. The Group also has additional 4 solar power plants under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these consolidated financial statements for issuance. The abovementioned solar power plants have an aggregate installed capacity of approximately 5.9 GW and are expected to generate operating cash inflows to the Group.

By taking the above measures, we believe that the Group has sufficient working capital to meet the financial obligation when they fall due. After taking into account the Group's business prospects, internal resources and above measures, the audit committee of the Company believe that the Group has sufficient working capital to meet the financial obligations when they fall due and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Group monitors capital on the basis of two gearing ratios. The first ratio is calculated as net debts divided by total equity and second ratio is calculated as total liabilities divided by total assets. The gearing ratio as at 31 December 2017 and 31 December 2016 were as follows:

	31 December 2017 RMB million	31 December 2016 RMB million
Non-current indebtedness		
Bank and other borrowings	**25,482**	16,153
Bonds	**883**	–
Convertible bonds	**–**	858
	26,365	17,011
Current indebtedness		
Loans from fellow subsidiaries	**1,072**	676
Bank and other borrowings	**7,068**	4,948
Convertible bonds	**925**	–
	9,065	5,624
Indebtedness for discontinued operations		
Loan from a shareholder	**–**	18
Bank borrowings — due within one year	**–**	181
Obligations under finance leases — due within one year	**–**	39
Obligations under finance leases — due after one year	**–**	27
	–	265
Total indebtedness	**35,430**	22,900
Less: cash and cash equivalents — continuing operations	**(4,197)**	(3,826)
— discontinued operations	**–**	(27)
Pledged bank and other deposits — continuing operations	**(2,243)**	(2,255)
— discontinued operations	**–**	(20)
Net debts	**28,990**	16,772
Total equity	**8,796**	6,420
Net debts to total equity	**330%**	261%
Total liabilities	**46,638**	35,059
Total assets	**55,434**	41,478
Total liabilities to total assets	**84.1%**	84.5%

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

	31 December 2017 RMB million	31 December 2016 RMB million
Total banking and other facilities granted	**46,705**	23,398
Facilities utilised	**(44,137)**	(21,313)
Available facilities	**2,568**	2,085

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

	31 December 2017 RMB million	31 December 2016 RMB million
Renminbi ("RMB")	**31,989**	21,628
Hong Kong dollars ("HK$")	**926**	876
United States dollars ("US$")	**2,320**	396
Euro dollars ("Euro")	**126**	–
Japanese Yen ("JPY")	**69**	–
	35,430	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
24 January 2018	Issuance of US$500 million senior notes	The net proceeds of approximately US$493 million were intended to be applied as follows: (i) Development of business operations; (ii) Repayments of financial Borrowings; and (iii) Other general corporate purposes	The unused proceeds will be utilised as intended.

Date of announcement/ prospectus	Events	Net proceeds and intended use	Actual use of proceeds
3 August 2017, 7 December 2017	Issuance of non-public green bonds amounting to RMB935 million	The net proceeds of approximately RMB933 million were intended to be applied as follows: (i) for renewable energy project investment and construction; and (ii) for repayment of financing of renewable energy projects	All the net proceeds were utilised as intended.

Pledge of Assets

As at 31 December 2017, the following assets were pledged for bank and other facilities granted to the Group:

— property, plant and equipment of RMB26,720 million (31 December 2016: RMB15,619 million);

— nil for prepaid lease payments (31 December 2016: RMB6 million);

— bank and other deposits of RMB2,243 million (31 December 2016: RMB2,276 million); and

— rights to collect the sales of electricity for certain subsidiaries. As at 31 December 2017, the trade receivables of those subsidiaries amounted to RMB4,193 million (31 December 2016: RMB1,860 million).

As at 31 December 2017, there is no obligations under finance leases. At 31 December 2016, the Group's property, plant and equipment with a net book amount of RMB124 million were pledged as security for obligations under finance leases of the Group amounting to RMB66 million.

Contingent Liabilities

The Group did not have any other significant contingent liabilities as at 31 December 2017.

Capital Commitments

As at 31 December 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 in joint ventures contracted for but not provided amounted to approximately RMB3,626 million, nil and RMB243 million, respectively (31 December 2016: RMB4,441 million, RMB6 million and nil, respectively).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

For the year ended 31 December 2017, the Group acquired several subsidiaries, which is engaged in solar power plant business in Japan and the PRC at a total consideration of approximately RMB42 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.

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 RMB192 million and RMB70 million, respectively. The transaction is completed in July 2017.

On 22 November 2017, the Group entered into capital increase agreements with Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)* (蘇民睿能無錫股權投資合夥企業（有限合夥）) ("Sumin Ruineng"). Pursuant to which, Sumin Ruineng agreed to make a capital increase in an aggregate amount of RMB1,500 million to Suzhou GCL New Energy, a subsidiary of the Group. Upon completion of the capital increase, the Group and Sumin Ruineng would hold 92.82% and 7.18% equity interest in Suzhou GCL New Energy, respectively. The transaction was completed in December 2017.

Save as disclosed above, there were no other significant investments during the year ended 31 December 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 year ended 31 December 2017.

Events after the Reporting Period

On 23 January 2018, the Group issued senior notes of US$500 million. The notes bear interest at 7.1% and will be matured on 30 January 2021. The estimated net proceeds of the notes issue, after deduction of underwriting discounts and commissions and other estimated expenses, amounted to approximately US$493 million.

* *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 minimise 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 year ended 31 December 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 31 December 2017, the Group had approximately 2,341 employees (31 December 2016: 6,509 employees, for which 4,130 employees are from discontinued operations) in Hong Kong, the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

Our Directors

Executive Directors

ZHU Yufeng *(Chairman)*

Aged 36, an executive Director and the chairman of the Board appointed on 11 December 2015 and joined the Board on 9 February 2015 as a non-executive Director and vice chairman of the Board. Mr. Zhu Yufeng is also the chairman of the Nomination Committee, the Strategic Planning Committee, the Investment Committee and the Corporate Governance Committee, a member of the Remuneration Committee and a director of several subsidiaries of the Company.

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

As at 31 December 2017, Mr. Zhu Yufeng and his family are the beneficiaries of a discretionary trust, which is a substantial shareholder of GCL-Poly. Mr. Zhu Yufeng was deemed to have interests in 6,370,388,156 shares of GCL-Poly held through trust and 2,517,925 share options in GCL-Poly within the meaning of Part XV of the SFO.

SUN Xingping *(President)*

Aged 54, an executive Director appointed on 22 April 2015 and the president of the Company appointed on 26 June 2015. Mr. Sun is the vice-chairman of the Investment Committee, a member of both the Strategic Planning Committee and Corporate Governance Committee. Mr. Sun is also a director of several subsidiaries of the Company.

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

HU Xiaoyan

Aged 46, is the executive Director appointed on 9 May 2014. Ms. Hu is a director of several subsidiaries of the Company. Ms. Hu also serves as the vice-chairman of the Investment Committee and a member of both the Strategic Planning Committee and the Corporate Governance Committee. Ms. Hu is currently serving as the vice president of Golden Concord, responsible for internal control, internal audit, asset management and risk management. Ms. Hu has been appointed as a director and a member of the audit committee of GCL System Integration with effect from June 2017 and July 2017 respectively. Ms. Hu has extensive experience in corporate finance, internal audit, internal control, risk management, strategic investment and corporate governance. Ms. Hu obtained a Master degree in Business Administration from the China Europe International Business School in September 2008.

TONG Wan Sze

Aged 49, an executive Director appointed on 11 December 2015 and joined the Group as the chief financial officer of the Company on 14 July 2015. Mr. Tong is appointed as the company secretary of the Company on 23 February 2018. Mr. Tong is also a member of both the Investment Committee and the Corporate Governance Committee and a director of several subsidiaries of the Company.

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

Non-Executive Directors

SUN Wei

Aged 46, is the non-executive Director appointed on 9 May 2014. Ms. Sun is also a member of both the Remuneration Committee and the Strategic Planning Committee. Ms. Sun has been an executive director of GCL-Poly since 9 September 2016. She was an executive director of GCL-Poly from October 2007 to 23 January 2015 and then continued to serve GCL-Poly as the honorary chairman of the Finance and Strategy Function. Ms. Sun ceased to act as the honorary chairman of the Finance and Strategy Function of GCL-Poly after her appointment as an executive director of GCL-Poly on 9 September 2016. Ms. Sun is currently the vice chairman of Golden Concord, the chairman of the board of GCL Financial (Group) Holding Co., Ltd. as well as the vice director of China Hong Kong Economic Trading International Association. Ms. Sun was a non-executive director of Asia Energy Logistics Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 351) from 26 January 2010 to 31 August 2016 and a non-independent director and a member of the nomination committee of GCL System Integration from 10 February 2015 to 2 December 2016. Ms. Sun has over 20 years of experience in power plant investment and management, corporate finance, financial strategy and management experience. Ms. Sun obtained a degree of Doctor of Philosophy in Business Administration in 2005.

SHA Hongqiu

Aged 59, is the non-executive Director appointed on 9 February 2015. Mr. Sha was an executive director and president of GCL-Poly since November 2006. Mr. Sha resigned as an executive director of GCL-Poly on 9 November 2012 and continued to serve as an executive president of GCL-Poly. Mr. Sha is currently responsible for the overall operation and management of GCL-Poly's solar power business. Mr. Sha has been awarded various titles, including the Outstanding Entrepreneur of Xuzhou* (徐州市優秀企業家) in 2000 and the Outstanding Enterprise Manager of Taicang* (太倉市優秀企業管理人才) in 2005. He graduated from the China University of Mining and Technology in 1986, majoring in enterprise management. Mr. Sha is a Senior Economist. Mr. Sha has over 15 years of experience in the operation and management of power plant.

YEUNG Man Chung, Charles

Aged 49, a non-executive Director appointed on 18 September 2015. Mr. Yeung is also a member of the Corporate Governance Committee. He is currently an executive director, the chief financial officer as well as a member of the nomination committee, corporate governance committee and strategy and investment committee of GCL-Poly. Mr. Yeung is appointed as the company secretary of GCL-Poly on 20 March 2017. Mr. Yeung is the vice president of Golden Concord Group Limited, a company controlled by Zhu Family Trust, since November 2017. Mr. Yeung currently also serves as an independent non-executive director of Tree Holdings Limited (a company with its shares listed on the GEM of the Stock Exchange, stock code: 8395) since 25 January 2018. Mr. Yeung is also a director of Millennial Lithium Corp., a company with its shares listed on the TSX Venture Exchange in Canada. Mr. Yeung previously served as a partner of Deloitte Touche Tohmatsu and was a part-time member of the Central Policy Unit of the Government of Hong Kong Special Administrative Region. When Mr. Yeung left Deloitte Touche Tohmatsu in March 2014, he was the Head of Corporate Finance Advisory Services, Southern China. Mr. Yeung has a Bachelor of Business degree with major in accounting and he is also a member of The Hong Kong Institute of Certified Public Accountants and CPA Australia (formerly, the Australian Society of Certified Practising Accountants). Mr. Yeung has over 25 years of experience in accounting, auditing and financial management.

Independent Non-Executive Directors

WANG Bohua

Aged 65, an independent non-executive Director appointed on 9 May 2014. Mr. Wang is a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic Planning Committee. Mr. Wang was as an independent director of Shengyi Technology Co., Ltd., a company listed on the SHSE (stock code: 600183) since December 2012 and retired since April 2015. Mr. Wang served as the deputy inspector of the Department of Electronics and Information Products Administration of the PRC Ministry of Information Industry* (中華人民共和國信息產業部電子信息產品管理司) (now the PRC Ministry of Industry and Information Technology* (中華人民共和國工業和信息化部)) from July 2007 to July 2012. Mr. Wang served as a member of the Professional Appraisal Group for the Science and Technology Progress Award of the PRC Ministry of Electronics Industry* (中華人民共和國電子工業部科技進步獎) in December 1995. Mr. Wang was an expert for the review and appraisal of the 2002 National Key New Products* (2002年度國家重點新產品) administered by the Department of Technological Progress and Equipment of the State Economic and Trade Commission* (國家經濟貿易委員會技術進步與裝備司) in May 2002. Mr. Wang was elected as the vice president of the Fifth Council of China Electronic Production Equipment Industry Association* (中國電子專用設備工業協會) in October 2004. In November 2004, he further served as a member and deputy director of the Eighth Committee of the CIE Electronic Components Society* (中國電子學會元件分會) and the member of the Sixth Council of the Chinese Vacuum Society* (中國真空學會). Mr. Wang was awarded qualification as a senior engineer by the PRC Ministry of Electronics Industry in September 1997.

XU Songda

Aged 74, an independent non-executive Director appointed on 9 May 2014. Mr. Xu is a member of the Audit Committee, the Nomination Committee, the Strategic Planning Committee and the Corporate Governance Committee. From August 1969 to 1983, Mr. Xu worked at Nanjing Power Plant* (南京熱電廠), serving successively as its youth league secretary, deputy director and director. Mr. Xu then successively held the positions of the deputy director of Electric Power Industry Bureau of Jiangsu Province* (江蘇省電力工業局), the deputy general manager, the deputy party secretary and other positions at Jiangsu Provincial Power Company* (江蘇省電力公司) during 1983 to 2004. Mr. Xu graduated from the East China Institute of Water Conservancy* (華東水利學院) (now Hohai University) in August 1969 with a Bachelor's degree in agricultural water conservation. Mr. Xu was granted the qualification of a senior engineer by the jury of senior positions in engineering at Electric Power Industry Bureau of Jiangsu Province* (江蘇省電力工業局工程系列高級職務評審委員會) in December 1996. Mr. Xu was also granted the qualification of a senior engineer (professor level) by East China Power Group Corporation on 31 December 1997.

LEE Conway Kong Wai

Aged 63, is the independent non-executive Director appointed on 9 May 2014. Mr. Lee also serves as the chairman of both the Audit Committee and the Remuneration Committee and a member of the Corporate Governance Committee. Mr. Lee served as a partner of Ernst & Young. Mr. Lee has been a member of the Chinese People's Political Consultative Conference of Hunan Province in the PRC between 2008 and 2018. Mr. Lee currently also serves as an independent non-executive director of Chaowei Power Holdings Limited (stock code: 951), West China Cement Limited (stock code: 2233), China Modern Dairy Holdings Ltd. (stock code: 1117), GOME Electrical Appliances Holding Limited (stock code: 493), Tibet Water Resources Ltd. (stock code: 1115), NVC Lighting Holding Limited (stock code: 2222), Yashili International Holdings Ltd (stock code: 1230), China Rundong Auto Group Limited (stock code: 1365), WH Group Limited (stock code: 288), all being companies listed on the Main Board of the Stock Exchange, and Guotai Junan Securities Co., Ltd (listed on both Stock Exchange and SHSE with respective stock code: 2611 and 601211) as an independent non-executive director and independent director respectively since June 2010, July 2010, October 2010, March 2011, March 2011, November 2012, November 2013, July 2014, August 2014 and April 2017, respectively. Mr. Lee also served as an independent non-executive director of Sino Vanadium Inc. (a company previously listed on the TSX Venture Exchange in Canada, stock code: SVX) and China Taiping Insurance Holdings Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 966), a non-executive director and deputy chairman of China Environmental Technology and Bioenergy Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1237) and an independent non-executive director of CITIC Securities Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 6030) from September 2009 to December 2011, from October 2009 to August 2013, from July 2014 to September 2015 and from November 2011 to May 2016 respectively. Mr. Lee received a Bachelor's degree in arts from the Kingston University (formerly known as the Kingston Polytechnic) in London, the United Kingdom in July 1980 and obtained his postgraduate diploma in business from the Curtin University of Technology in Australia in February 1988. Mr. Lee became a member of the Institute of Chartered Accountants in England and Wales in October 2007, the Institute of Chartered Accountants in Australia and New Zealand (formerly, the Institute of Chartered Accountants in Australia) in December 1996, the Association of Chartered Certified Accountants in September 1983, the Hong Kong Institute of Certified Public Accountants in March 1984 and the Macau Society of Registered Accountants in July 1995.

WANG Yanguo

Aged 55, an independent non-executive Director appointed on 9 February 2015. Mr. Wang Yanguo is a member of both the Remuneration Committee and the Nomination Committee. Mr. Wang Yanguo graduated from the School of Economics of Peking University with a PhD degree, Master's degree and Bachelor's degree in Economics in 1999, 1988 and 1985 respectively. Mr. Wang Yanguo previously served as a teaching assistant, a lecturer and an associate professor at the School of Economics of Peking University during the period from 1988 to 1996. Mr. Wang Yanguo has extensive experience in securities and finance industries. Mr. Wang Yanguo has been the chairman of the board of Zhuhai Golden Bridge Capital Management Co., Ltd. since November 2014. Mr. Wang was the chairman of the board of Essence International Financial Holdings Limited from May 2009 to December 2014 and the member of the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC from April 2012 to July 2016. Mr. Wang Yanguo was the vice chairman of Essence Securities Co., Ltd. during the period from July 2013 to May 2014 and was the president from June 2006 to July 2013. Mr. Wang Yanguo was the president of Changjiang BNP Paribas Peregrine from 2005 to 2006 and was the president of Soochow Securities Co., Ltd (a company listed on the SHSE, stock code: 601555) from March 2002 to July 2005. Mr. Wang Yanguo also served for the CSRC from April 1996 to March 2002 as the deputy division head of Department of Dispatch, division head of Department of Fund, deputy director of Nanjing Office and deputy director of Shanghai Securities Regulatory Office.

CHEN Ying

Aged 40, is the independent non-executive Director appointed on 22 April 2015. She received a doctorate degree in management specialising in Management Science and Engineering from Nanjing University in 2006, and a master's degree in Finance in 2003 and a bachelor's degree in Economics in 2000 from Southeast University.

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

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

* *English name for identification only*

Senior Management

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

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

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

Compliance with Corporate Governance Code

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

The Board

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

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

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

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

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

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

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

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

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

Chairman and President

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

Appointment, Re-election and Removal of the Directors

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

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Mr. Zhu Yufeng, Ms. Hu Xiaoyan, Ms. Sun Wei and Mr. Wang Bohua shall retire by rotation and, being eligible, offer themselves for re-election at the AGM.

Confirmation of Independency

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

Compliance with Model Code

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

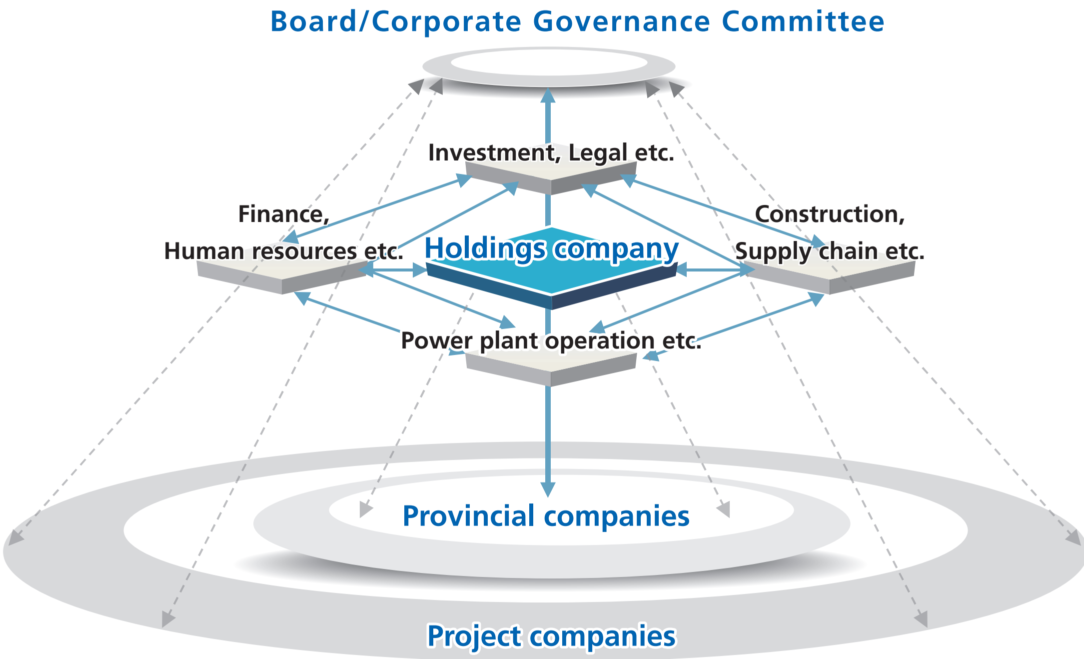
Employees of the Company, who are likely to possess unpublished inside information, have been requested to comply with written guidelines no less exacting than the Model Code.

Risk Management and Internal Controls

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

The Board has delegated to the management the design, implementation and monitoring of the Systems on an on-going basis. The Board has also entrusted the Audit Committee with the responsibility to review the Systems of the Group. 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. The Corporate Governance Committee comprises four executive Directors, one non-executive Director and two independent non-executive Directors, namely, Mr. ZHU Yufeng who is the chairman of the Corporate Governance Committee, Mr. SUN Xingping, Ms. HU Xiaoyan, Mr. TONG Wan Sze, Mr. YEUNG Man Chung, Charles, Mr. XU Songda and Mr. LEE Conway Kong Wai. The terms of reference setting out the Corporate Governance Committee's authority and its duties are available on the websites of the Company and the Stock Exchange. The Corporate Governance Committee held 2 meetings during the Reporting Period to review the Company's policies and practices on risk management and corporate governance for the year of 2016 and its plan and mid-year review for the year of 2017.

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



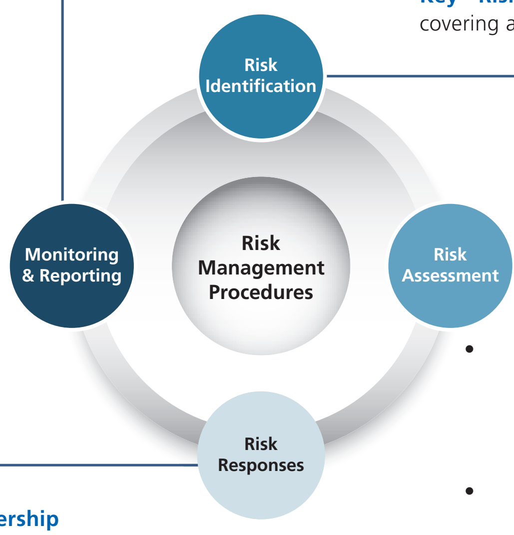
In view of risk management, the Group has revisited the methodology and approach to further improve the relevancy and effectiveness of the existing risk management process to identify, evaluate, manage and communicate significant risks. The changes in the nature and extent of significant risks and the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

Risk Management Procedures

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

- 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.

The Board Committees

(1) Remuneration Committee

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

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

- to make recommendations to the Board on the policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy

- to review and approve the remuneration proposals of senior management, the President and the chief financial officer of the Company with reference to the goals and objectives of the Company

- to determine and approve, with delegated responsibility, the performance-based remuneration packages (included benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of executive Directors and senior management with reference to the corporate goals and objectives

- to make recommendations to the Board on the remuneration of non-executive Directors

The Remuneration Committee held 1 meeting during the Reporting Period. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. No individual Director is involved in deciding his or her own remuneration. No disagreement on the remuneration or compensation arrangement resolved by the Board during the Reporting Period.

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

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

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the year of 2017
- to review and recommend on the remuneration packages of all executive Directors for the year of 2017 and bonus payment for the year of 2016

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

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

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

(2) Nomination Committee

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

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

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

The Nomination Committee held 1 meeting during the Reporting Period.

Principal works performed by the Nomination Committee during the Reporting Period included to review the existing structure, size and composition of the Board, assess the independence of the independent non-executive Directors and make recommendations to the Board on the proposed re-election of the retiring Directors at the 2017 annual general meeting.

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

Board Diversity Policy

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

Measurable Objectives

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

Monitoring and Reporting

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

Review of this Policy

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

Disclosure of this Policy

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

(3) Audit Committee

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

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

- ensure that co-operation is given by the Company's management to the external auditor where applicable
- review the Group's interim and annual results announcements and reports and the financial statements prior to their recommendations to the Board for approval
- review the effectiveness of Group's financial reporting process, risk management and internal control system

- review connected transaction(s) (if any)
- consider and endorse the proposed amendments to the Company's policy on connected transactions, with a recommendation to the Board for approval
- consider and approve the Company's policy on engaging external auditor to supply non-audit services and the revised whistle-blowing policy of the Company

The Audit Committee held 4 meetings during the Reporting Period.

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

- to consider and approve the remuneration and terms of engagement of the external auditor
- to review the annual financial statements for the year ended 31 December 2016 and the interim financial statements for the six months ended 30 June 2017
- to review the work performed by Internal Control Function and the Group's internal control system
- to review the Company's policies and practices on corporate governance

Accountability and Audit

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

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

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

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

Auditor's Remuneration

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

Nature of services	**2017** **RMB'000**	2016 RMB'000
Audit services	**4,359**	4,573
Non-audit services	**3,884**	5,059

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

Risk management and Internal Control

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

Board and Board Committee Meetings

Practices and Conduct of Meetings

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

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

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

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

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

Board Composition

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

Meetings held and Attendance

The Board held 20 Board meetings during the Reporting Period. The composition of the Board and the Committees, the attendance records of the Directors at the Board meetings, committees meetings and general meetings during the Reporting Period are set out below:

	Meetings attended/held						
Name of Directors	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**Corporate Governance Committee meeting**	**Annual general meeting**	**Special general meeting**
Executive Directors							
Mr. ZHU Yufeng *(Chairman)*	13/20	N/A	1/1	0/1	2/2	1/1	0/2
Mr. SUN Xingping *(President)*	17/20	N/A	N/A	N/A	2/2	1/1	2/2
Ms. HU Xiaoyan	20/20	N/A	N/A	N/A	2/2	1/1	1/2
Mr. TONG Wan Sze	19/20	N/A	N/A	N/A	2/2	1/1	2/2
Non-executive Directors							
Ms. SUN Wei	9/20	N/A	1/1	N/A	N/A	1/1	1/2
Mr. SHA Hongqiu	18/20	N/A	N/A	N/A	N/A	1/1	1/2
Mr. YEUNG Man Chung, Charles	20/20	N/A	N/A	N/A	2/2	1/1	2/2
Independent Non-executive Directors							
Mr. WANG Bohua	14/20	4/4	1/1	1/1	N/A	1/1	2/2
Mr. XU Songda	18/20	4/4	N/A	1/1	2/2	1/1	2/2
Mr. LEE Conway Kong Wai	17/20	4/4	1/1	N/A	1/2	1/1	2/2
Mr. WANG Yanguo	14/20	N/A	1/1	0/1	N/A	1/1	2/2
Dr. CHEN Ying	17/20	N/A	N/A	N/A	N/A	1/1	2/2

Induction and Continuous Development

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

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

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

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

Company Secretary

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

Constitutional Documents

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

Index and Market Recognition

GCL New Energy is currently a constituent member of the Morgan Stanley Capital International ("MSCI") Global Small Cap Indexes-MSCI Hong Kong Index with effect from November 2014 and included in the trading list of Shenzhen-Hong Kong Stock Connect and Hang Seng Stock Connect Hong Kong Index with effect from September 2017, which indicated market recognition for the Company's achievements and growth potential in the industry and has enhanced its reputation on both the international and China capital market.

Corporate Social Responsibility

Environmental Policies and Performance

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

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

Relationships with stakeholders

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

Corporate Social Responsibility Reporting

For more information about GCL New Energy's environmental protection practices and performance, employee relations, and community investment, please refer to Corporate Social Responsibility Report 2017, which will be uploaded to GCL New Energy company website at the end of June 2018.

Report of the Directors

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2017.

Principal Activities and Segment Information

For the Reporting Period, the principal activity of the Company is investment holding. The principal activities of the Group were the development, construction, operation and management of solar power plants.

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

Business Review

A review of the business of the Group during the Reporting Period, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the "Chairman's Statement", the "President's Message" and the "Management Discussion and Analysis" of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 40(b) to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2017, if applicable, are provided in the "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the "2017 Performance Summary" and the "Financial Summary" of this annual report.

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

Results and Appropriations

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 81–82. The Board does not recommend the payment of a final dividend for the Reporting Period.

Reserves

Details of movements in the reserves of the Group and of the Company during the Reporting Period are set out in the consolidated statement of changes in equity on page 85 and note 49 to the consolidated financial statements.

As at 31 December 2017, the Company had no distributable reserves calculated in accordance with the Bermuda Companies Act (31 December 2016: Nil).

Donations

Charitable and other donations made by the Group during the Reporting Period amounted to approximately RMB nil.

Property, Plant and Equipment

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

Share Capital

Details of movements in the share capital of the Company during the Reporting Period are set out in note 34 to the consolidated financial statements.

Equity-Linked Agreements

Save for the 2014 Share Option Scheme described below and the convertible bond with details of movements set out in note 32 to the consolidated financial statements, no equity-linked agreements were entered into by the Group during the Reporting Period, or subsisted at the end of the Reporting Period.

As at the date of this report, no conversion of both Talent Legend Issue (as defined in note 32 to the consolidated financial statements) and Ivyrock Issue (as defined in note 32 to the consolidated financial statements) and the entire principal amount of such convertible bonds remained outstanding.

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

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

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

Closure of Register of Members

The register of members of the Company will be closed from Monday, 21 May 2018 to Friday, 25 May 2018, both days inclusive, during which period no transfer of Shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all completed share transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 18 May 2018.

Pre-emptive Rights

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

Summary Financial Information

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

Purchase, Sale or Redemption of Shares

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

Directors

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

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. ZHU 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

In accordance with bye-law 84 of the Bye-laws, at each annual general meeting one-third of the Directors shall retire from office and shall be eligible for re-election. Each of Mr. Zhu Yufeng, Ms. Hu Xiaoyan, Ms. Sun Wei and Mr. Wang Bohua shall retire by rotation at the AGM and, being eligible, offer themselves for re-election at the AGM.

The Directors' biographical details are set out on pages 37 to 44.

Directors' Service Contracts

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

Share Option Schemes

2014 Share Option Scheme

The Company adopted the 2014 Share Option Scheme on 15 October 2014. The purpose of the 2014 Share Option Scheme is to motivate personnel to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such personnel who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives of the Company, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. The 2014 Share Option Scheme shall be valid and effective for a period of 10 years from 15 October 2014, after which no further options will be granted or offered but the provisions of the 2014 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the 2014 Share Option Scheme.

Particulars of the 2014 Share Option Scheme are set out in note 36 to the consolidated financial statements.

Share options were first granted on 23 October 2014 to subscribe for 536,840,000 Shares. During the Reporting Period, no option was exercised or cancelled but 26,171,600 options were lapsed. Share options were second granted on 24 July 2015 to subscribe for 473,460,000 Shares. During the Reporting Period, no options was exercised or cancelled but 47,048,484 options were lapsed.. The fair values of the share options granted during the Reporting Period are set out in note 36 to the consolidated financial statements. As at the date of this annual report, 15 March 2018, the total number of shares issuable under the first grant on 23 October 2014 and second grant on 24 July 2015 are 236,397,997 shares (representing approximately 1.24% of total issued Shares) and nil share respectively.

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

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 (Note 1)	Lapsed during the Reporting Period	As at 31.12.2017 (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,	23.10.2014	24.11.2014 to 22.10.2024	1.1875	1.1798	12,079,200	—	12,079,200
Charles	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	(26,171,600)	237,114,696
	24.07.2015	24.7.2015 to 23.7.2025	0.61	0.606	294,319,774	(47,048,484)	247,271,290
Total					664,607,650	(73,220,084)	591,387,566

Note:

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

Interests of Directors and Chief Executive

As at 31 December 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) The Company

	Number of Shares				
Directors	**Beneficiary of a Trust**	**Personal interests**	**Number of underlying Shares** *(note 1)*	**Total**	**Approximate percentage of issued Shares**
Mr. ZHU Yufeng			3,523,100	3,523,100	0.02%
	1,909,978,301 *(note 2)*			1,909,978,301	10.01%
Mr. SUN Xingping			16,105,600	16,105,600	0.08%
Ms. HU Xiaoyan			19,125,400	19,125,400	0.10%
Mr. TONG Wan Sze			8,052,800	8,052,800	0.04%
Ms. SUN Wei			27,178,200	27,178,200	0.14%
Mr. SHA Hongqiu		3,000,000	8,052,800	11,052,800	0.06%
Mr. YEUNG Man Chung, Charles			15,099,000	15,099,000	0.08%
Mr. WANG Bohua			2,617,160	2,617,160	0.01%
Mr. XU Songda			2,617,160	2,617,160	0.01%
Mr. LEE Conway Kong Wai			2,617,160	2,617,160	0.01%
Mr. WANG Yanguo			1,006,600	1,006,600	0.01%
Dr. CHEN Ying			1,006,600	1,006,600	0.01%

Notes:

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.

2. 1,909,978,301 Shares were beneficially owned by Dongsheng Photovoltaic Technology (Hong Kong) Limited. Dongsheng Photovoltaic Technology (Hong Kong) Limited is wholly-owned by GCL System Integration which is controlled by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family members as beneficiaries.

(B) Associated Corporations

GCL-Poly

Directors	Number of ordinary shares in GCL-Poly: Beneficiary of a trust	Corporate interests	Personal interests	Number of underlying shares	Total interests	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	34.28%
Ms. SUN Wei	—	—	5,723,000	3,222,944 *(note 2)*	8,945,944	0.05%
Mr. YEUNG Man Chung, Charles	—	—	—	1,700,000 *(note 2)*	1,700,000	0.01%

Notes:

1. Mr. Zhu Yufeng is beneficially interested in a trust as to 6,370,388,156 shares in GCL-Poly. Of these interest of 6,370,388,156 shares in GCL-Poly, 366,880,131 shares in GCL-Poly, 13,200,000 shares in GCL-Poly and 5,990,308,025 shares in GCL-Poly are legally held by Highexcel Investments Limited, Get Famous Investments Limited and Happy Genius Holdings Limited, respectively. Each of the Trust Companies is wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited, which itself is held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan (a director and the chairman of GCL-Poly) and his family (including Mr. Zhu Yufeng, a director of GCL-Poly and the son of Mr. Zhu Gongshan) as beneficiaries. Of the 6,370,388,156 shares in GCL-Poly as stated above, 242,666,667 shares in GCL-Poly are legally held by PAA as the shares in GCL-Poly borrowed by it from Happy Genius Holdings Limited pursuant to the securities lending agreement dated 27 November 2013 (as amended by a number of agreements) entered into between Happy Genius Holdings Limited as lender and PAA as borrower. On 7 April 2017, 69,333,333 shares in GCL-Poly lent under the said securities lending agreement have been returned. Accordingly, 173,333,334 shares in GCL-Poly are held by Happy Genius Holdings Limited in long position.

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$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 mentioned under Note (2) above.

Save as disclosed above, as at 31 December 2017, none of the Directors or any chief executive of the Company had an interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

Interests of Substantial Shareholders

As at 31 December 2017, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company as disclosed above) had interest in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the Part XV of the SFO:

Long Position in the Shares

Name	Nature of interest	Number of Shares	Approximate percentage in issued Shares
Elite Time Global Limited[1]	Beneficial owner	11,880,000,000	62.28%
GCL-Poly[1]	Corporate interest	11,880,000,000	62.28%
Asia Pacific Energy Fund Limited[2]	Corporate interest	1,909,978,301	10.01%
Asia Pacific Energy Holdings Limited[2]	Corporate interest	1,909,978,301	10.01%
Credit Suisse Trust Limited[2]	Corporate interest	1,909,978,301	10.01%
Dongsheng Photovoltaic Technology (Hong Kong) Limited[2]	Corporate interest	1,909,978,301	10.01%
Golden Concord Group Limited[2]	Corporate interest	1,909,978,301	10.01%
Golden Concord Group Management Limited[2]	Corporate interest	1,909,978,301	10.01%
Zhu Gongshan[2]	Beneficial owner	1,909,978,301	10.01%
上海其印投資管理有限公司[2]	Corporate interest	1,909,978,301	10.01%
協鑫新能科技（深圳）有限公司[2]	Corporate interest	1,909,978,301	10.01%
協鑫集團有限公司[2]	Corporate interest	1,909,978,301	10.01%
協鑫集成科技股份有限公司[2]	Corporate interest	1,909,978,301	10.01%
江蘇東昇光伏科技有限公司[2]	Corporate interest	1,909,978,301	10.01%
江蘇協鑫建設管理有限公司[2]	Corporate interest	1,909,978,301	10.01%
China Orient Asset Management Co., Ltd.[3]	Corporate interest	1,027,984,084	5.39%

Notes:

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

2. Dongsheng Photovoltaic Technology (Hong Kong) Limited is wholly-owned by 江蘇東昇光伏科技有限公司, which is in turn wholly-owned by GCL System Integration. GCL System Integration is 50.59% owned by 協鑫集團有限公司. 協鑫集團有限公司 is wholly-owned by 江蘇協鑫建設管理有限公司, which in turn wholly-owned by 協鑫新能科技（深圳）有限公司. 協鑫新能科技（深圳）有限公司 is wholly-owned by GOLDEN CONCORD GROUP MANAGEMENT LIMITED which in turn wholly-owned by GOLDEN CONCORD GROUP LIMITED. GOLDEN CONCORD GROUP LIMITED is in turn wholly-owned by Asia Pacific Energy Holdings Limited which is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Yufeng and his family members, including Mr. Zhu Gongshan as beneficiaries. 上海其印投資管理有限公司 is a concert party with 協鑫集團有限公司.

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 31 December 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.

Directors' interests in competing business

Each of the companies in the Concord Group (a general reference to the companies in which Mr. Zhu Yufeng and his family members have a direct or indirect interest) operates within its own legal, corporate and financial framework. As at 31 December 2017, the Concord Group might have had or developed interests in business similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

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

Connected Transactions

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

Formation of Joint Venture

On 3 March 2017, Suzhou GCL New Energy Development (an indirect subsidiary of GCL-Poly and an indirect wholly-owned subsidiary of the Company) and GCL System Suzhou (a wholly-owned subsidiary of GCL System Integration) entered into the JV Agreement, pursuant to which the parties agreed to establish the JV Company in the PRC.

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

Mr. Zhu Yufeng is a Director and is therefore a connected person of the Company. As GCL System Integration is an associate (as defined in the Listing Rules) of Mr. Zhu Yufeng, GCL System Integration is therefore a connected person of the Company. Accordingly, the transactions contemplated under the JV Agreement constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Details of the transaction have been set out in the announcement of the Company dated 3 March 2017.

Disposal of the Printed Circuit Board Business

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

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

Since Mr. Yip, who was a director of the Company in the past 12 months on 30 December 2016, was a connected person of the Company, the transaction constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Details of the transaction have been set out in the announcement of the Company dated 30 December 2016. The completion of the aforesaid disposal took place on 2 August 2017.

Continuing Connected Transactions

The following transactions of the Group constituted fully exempt continuing connected transactions for the Company during the Reporting Period under the Listing Rules.

Interests on loan from joint ventures/fellow subsidiaries

The loan to joint ventures of the Company during the Reporting Period did not constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The loans from GCL-Poly (Suzhou), Taicang Harbour Golden Concord Electric-Power Generation Co., Ltd* 太倉港協鑫發電有限公司, Yangzhou GCL Photovoltaic Technology Co., Ltd.* 揚州協鑫光伏科技有限公司 and GCL Solar Energy, fellow subsidiaries of the Company, during the Reporting Period is conducted on normal commercial terms or better and thus fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Compensation of Key Management

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

Interests on perpetual notes

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

* *English name for identification only*

The following transactions of the Group constituted Non-exempt Continuing Connected Transactions for the Company during the Reporting Period under the Listing Rules.

Management Services Income

(i) Suzhou GCL Poly Solar Power Investment Ltd.

Subsequent to the Company's announcement dated 22 August 2014 in relation to the Previous Operation Service Agreement entered into between Nanjing GCL New Energy (an indirect wholly-owned subsidiary of the Company) and Suzhou GCL-Poly (an indirect wholly-owned subsidiary of GCL-Poly) for a term of three years commencing from 10 July 2014. The Previous Operation Service Agreement was expired on 9 July 2017. On 11 July 2017, Suzhou GCL Operation (an indirect wholly-owned subsidiary of the Company) and Suzhou GCL-Poly entered into the New Operation Service Agreement for a term of three years commencing from 10 July 2017. Under the New Operation Service Agreement, Suzhou GCL Operation will provide operation and management services for the power plants of Suzhou GCL-Poly and its subsidiaries under the terms and conditions set out in the New Operation Service Agreement.

Suzhou GCL Operation has agreed to provide operation and management services to Suzhou GCL-Poly and its subsidiaries for an annual fee of RMB35,300,000, receivable monthly in arrears for the period of three years commencing from 10 July 2017. The maximum aggregate annual values of the continuing connected transactions, as calculated with reference to the fees receivable under the New Operation Service Agreement, were/will be RMB16,924,658 for the period from 10 July 2017 to 31 December 2017, RMB35,300,000 for the year ending 31 December 2018 and 31 December 2019 respectively and RMB18,375,342 for the period from 1 January 2020 to 9 July 2020. The operation and management services include capital management, technology training, management consulting and other management services including budgeting, assets management, cost management, financial management, human resources and information management.

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

Details of the transaction have been set out in the announcement of the Company dated 11 July 2017.

The amount received or receivable by the Group for the provision of construction services under the Previous Operation Service Agreement and New Operation Service Agreement for the Reporting Period was RMB35,300,000.

(ii) GCL Solar Energy Limited

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

31 December 2017, US$4,500,000.00 (equivalent of approximately HK$34,951,500.00) for the year ending 31 December 2018 and US$4,190,860.22 (equivalent of approximately HK$32,550,411.33) for the period from 1 January 2019 to 18 May 2019.

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

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

The amount received or receivable by the Group for the provision of asset management and administrative services for the Reporting Period was US$500,000 (equivalent to RMB3,376,000).

Staff Training Agreement

(iii) Suzhou Xin Zhi Hai

On 25 May 2017, GCL New Energy Investment, an indirect wholly-owned subsidiary of the Company, entered into the Staff Training Agreement with Suzhou Xin Zhi Hai which is a company engaged in the provision of corporate training services including the development of online platforms and the development of modernised training modules. During the period under the Staff Training Agreement, the employees of the Group will be subscribed to a e-learning Platform. This subscription will cost GCL New Energy Investment RMB730 per employee annually. The maximum aggregate annual values of the continuing connected transactions, as calculated with reference to the fees receivable under the Staff Training Agreement, were/will be RMB4,788,120 for the period from 1 June 2017 to 31 December 2017, RMB8,424,610 for the year ending 31 December 2018, RMB8,585,602 for the year ending 31 December 2019 and RMB3,579,244 for the period from 1 January 2020 to 31 May 2020.

Mr. Zhu Yufeng is a Director and therefore, a connected person of the Company. Suzhou Xin Zhi Hai is an indirect wholly-owned subsidiary of Golden Concord, which is in turn held by the Zhu Family Trust of which Mr. Zhu Yufeng is a beneficiary. Accordingly, Suzhou Xin Zhi Hai is an associate of Mr. Zhu Yufeng and hence a connected person of the Company. As a result, the entering into of the Staff Training Agreement with Suzhou Xin Zhi Hai constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the transaction have been set out in the announcement of the Company dated 25 May 2017.

The amount paid or payable by the Group for the corporate training services under the Staff Training Agreement for the period from 1 June 2017 to 31 December 2017 was RMB4,459,949.

Lease Agreement

(iv) Suzhou GCL Industrial Applications Research

On 29 September 2017, each of GCL New Energy Investment and GCL Electric (both indirect wholly-owned subsidiaries of the Company) as tenant and Suzhou GCL Industrial Applications Research (an indirect wholly-owned subsidiary of GCL-Poly) as landlord entered into (i) the First Lease Agreement for the lease of the First Premises; and (ii) the Second Lease Agreement for the lease of the Second Premises at, respectively, for a term of two years commencing from 1 October 2017 to 30 September 2019. The monthly rent under the First Lease Agreement and the Second Lease Agreement is RMB1,934,415 and RMB359,273 respectively.

In addition, GCL New Energy Investment as tenant and Suzhou GCL Industrial Applications Research as landlord entered into the Previous Lease Agreement for the lease of the Earlier Premises for a term of five months commencing from 1 May 2017 to 30 September 2017. The rent under the Previous Lease Agreement is RMB454,013 per month.

The respective maximum aggregate annual caps of the continuing connected transactions under the First Lease Agreement, the Second Lease Agreement and the Previous Lease Agreement for the year ended 31 December 2017 were RMB5,803,245, RMB1,077,819 and RMB2,270,065. The respective maximum aggregate annual caps of the continuing connected transactions under the First Lease Agreement and the Second Lease Agreement will be RMB23,212,980 and RMB4,311,276 for the year ending 31 December 2018, RMB17,409,735 and RMB3,233,457 for the period from 1 January 2019 to 30 September 2019.

Suzhou GCL Industrial Applications Research is an indirect wholly-owned subsidiary of GCL-Poly, which is a controlling shareholder of the Company. Suzhou GCL Industrial Applications Research is therefore a connected person of the Company under the Listing Rules. As a result, the entering into of the Lease Agreements with Suzhou GCL Industrial Applications Research and the transactions contemplated thereunder constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the transaction have been set out in the announcement of the Company dated 29 September 2017.

The amount paid/payable by the Group for the rent under the First Lease Agreement, the Second Lease Agreement and the Previous Lease Agreement for the Reporting Period were RMB5,803,245, RMB1,077,819 and RMB2,270,065 respectively.

All the Non-exempt Continuing Connected Transactions have been reviewed by the independent non-executive Directors who have confirmed that for the year ended 31 December 2017 the Non-exempt Continuing Connected Transactions have been entered into by the Group (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the Non-exempt Continuing Connected Transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

The auditor has confirmed to the Board in writing that for the Reporting Period, the Non-exempt Continuing Connected Transactions, which were entered into:

1. have received the approval of the Board;

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

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

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

Permitted Indemnity Provision

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

Directors' Material Interests in Transactions, Arrangements or Contracts

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

Emolument Policy

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

The Company has adopted 2014 Share Option Scheme as an incentive to Directors and eligible employees, details of the schemes are set out under the section headed "Share Option Schemes" in this "Report of the Directors" and in note 36 to the consolidated financial statements.

Retirement Benefit Plans

Details of the Group's retirement benefit plans are shown in note 45 to the consolidated financial statements.

Remuneration of Directors and Senior Management

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

Arrangement to Purchase Shares or Debentures

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

Management Contracts

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

Finance Costs Capitalised

Finance costs amounting to approximately RMB330,598,000 (31 December 2016: RMB268,801,000) were capitalised by the Group during the Reporting Period as set out in note 9 to the consolidated financial statements.

Major Customers and Suppliers

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

	2017 **%**	2016 %
Purchases		
— the largest supplier	**22**	21
— the five largest suppliers combined	**45**	46
Sales		
— the largest customer	**12**	9
— the five largest customers combined	**43**	34

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

Sufficiency of Public Float

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

Auditor

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

By order of the Board

ZHU Yufeng
Chairman

Hong Kong, 15 March 2018

Shareholders' Rights of Accessing Information

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

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

Convening of a Special General Meeting on Requisition by Shareholders

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

Procedures for Putting Forward Proposals at General Meeting by Shareholders

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

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

Procedures for Directing Shareholders' Enquiries to the Board

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

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

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

Tricor Abacus Limited

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

Deloitte. 德勤

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

Opinion

We have audited the consolidated financial statements of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 81 to 196, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the consolidated financial statements, which indicates that as of 31 December 2017, the Group's current liabilities exceeded its current assets by RMB9,305 million. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on tariff adjustment on electricity sales	
We identified the recognition of the Group's revenue on tariff adjustment on electricity sales as a key audit matter due to the significant management judgement involved in determining whether each of the Group's operating power plants had qualified for, and had met, all the requirements and conditions as required for the registration in the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "Catalogue") on accruing revenue on tariff adjustments. Pursuant to the New Tariff Notice issued in August 2013 (the "New tariff Notice") by the National Development and Reform Commission of the People's Republic of China (the "PRC"), approvals for the registration in the Catalogue on a project-by-project basis are required for the settlement of the tariff adjustments. As described in note 6 to the consolidated financial statements, revenue on tariff adjustments on electricity sales of RMB2,481 million from the state grid companies in the PRC were recognised for the year ended 31 December 2017 in which certain on-grid solar power plants of the Group are still pending for registration to the Catalogue, which is an ongoing process as the Catalogue is opened for registrations on a batch by batch basis.	Our procedures in relation to the recognition of the Group's revenue on tariff adjustment on electricity sales included: • Obtaining an understanding of key controls in connection with the recognition of tariff adjustment and assessing the operating effectiveness of key controls; • Obtaining an understanding of the policies and regulations set by the government authorities on tariff adjustment on sales of electricity in this industry; • Obtaining relevant supporting documents, for examples, power purchase agreements and tariff approvals issued by the PRC government; • Obtaining legal opinion from the Group's PRC legal advisor in relation to the assessment that all of the Group's solar power plants currently in operation had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff adjustment when the electricity was delivered on grid; and • Assessing whether the previous registrations of the group entities operating the solar power plants to the Catalogue were successfully completed against the historical record of the Group.

Key audit matter	How our audit addressed the key audit matter

Recoverability of other loan receivables, receivables for modules procurement and advance to borrowers of other loans

We identified the recoverability of the Group's other loan receivables, receivables for modules procurement and advance to borrowers of other loans as a key audit matter due to the estimation uncertainty involved in the management's assessment process in respect of the collectability of these balances. Any changes in circumstances of borrowers or debtors may affect the collectability of the relevant balances.

As disclosed in notes 26 and 24 to the consolidated financial statements, as at 31 December 2017, the carrying amount of the Group's other loan receivables, receivables for modules procurement and advance to borrowers of other loans were RMB119 million, RMB164 million and RMB116 million, respectively. No impairment loss was recognised as at the end of the reporting period.

Our procedures in relation to the recoverability of other loan receivables, receivables for modules procurement and advance to borrowers of other loans included:

- Obtaining an understanding of key controls, and the management's basis and assessment in relation to the recoverability of these receivables;
- Checking, on a sample basis, the accuracy and completeness of the relevant debt aging analysis and subsequent settlements;
- Obtaining an understanding of the terms and conditions of and inspecting the relevant loan agreements and repayment plans agreed with debtors, where relevant; and
- Evaluating the management's assessment over estimated future cash flow discounted at original effective interest rates by taking into account of many factors such as any overdue receivables, financial information of individual debtors and any subsequent settlement.

Key audit matter	How our audit addressed the key audit matter
Accounting and classification of the Group's various financing arrangements	
We identified the accounting and classification of the Group's various financing arrangements as a key audit matter due to the complexity of the terms of the arrangements and the deployment of different types and nature of financing vehicles. During the year ended 31 December 2017, the Group obtained new borrowings of RMB18,384 million via various financing arrangements details of which are disclosed in note 30 to the consolidated financial statements. The accounting for these arrangements requires a careful consideration of all facts and circumstances and can involve a significant degree of both complexity and the management judgement.	Our procedures in relation to the accounting and classification of the Group's various financing arrangements included: • Obtaining an understanding of key controls and making inquiries with the management in respect of their basis and assessment in relation to the accounting of each financing arrangement; • Evaluating the terms set out in the agreements relating to each key financing arrangement; and • Obtaining information and evidence to assess the substance of the transactions and evaluating the appropriateness of accounting treatment adopted by the management in accordance with IFRSs.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2017

	NOTES	2017 RMB'000	2016 RMB'000
Continuing operations			
Revenue	6	3,942,280	2,246,425
Cost of sales		(1,288,791)	(675,748)
Gross profit		2,653,489	1,570,677
Other income	7	220,605	167,279
Administrative expenses			
— Share-based payment expenses	36	(33,706)	(71,409)
— Other administrative expenses		(460,413)	(370,599)
Loss on change in fair value on convertible bonds	32	(118,744)	(175,248)
Other expenses, gains and losses, net	8	30,445	44,769
Bargain purchase from business combination	37	—	67,111
Share of profits of joint ventures	20	4,515	873
Finance costs	9	(1,432,082)	(966,243)
Profit before tax		864,109	267,210
Income tax credit	10	40,153	42,189
Profit for the year from continuing operations	11	904,262	309,399
Discontinued operations			
Profit (loss) for the year from discontinued operations	12	77,112	(168,659)
Profit for the year		981,374	140,740
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		(43,357)	(10,959)
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of operations		(86,512)	—
		(129,869)	(10,959)
Total comprehensive income for the year		851,505	129,781
Profit (loss) for the year attributable to:			
Owners of the Company			
— from continuing operations		764,327	299,045
— from discontinued operations		77,112	(168,659)
		841,439	130,386
Profit for the year attributable to non-controlling interests from continuing operations			
— Owners of perpetual notes		131,400	4,846
— Other non-controlling interests		8,535	5,508
		981,374	140,740

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2017

	NOTE	2017 RMB'000	2016 RMB'000
Total comprehensive income for the year attributable to:			
Owners of the Company		**711,570**	119,427
Non-controlling interests			
— Owners of perpetual notes		**131,400**	4,846
— Other non-controlling interests		**8,535**	5,508
		851,505	129,781
		RMB cents	RMB cents
Earnings per share	16		
From continuing and discontinued operations			
— Basic and diluted		**4.41**	0.70
From continuing operations			
— Basic and diluted		**4.01**	1.61

Consolidated Statement of Financial Position

At 31 December 2017

	NOTES	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	38,104,300	26,755,177
Prepaid lease payments	18	113,094	109,359
Interest in an associate	19	1,000	—
Interests in joint ventures	20	63,261	42,159
Amounts due from related companies	22	151,700	144,700
Other investments	21	100,000	—
Deposits, prepayments and other non-current assets	23	5,518,674	3,372,316
Pledged bank and other deposits	27	515,005	226,871
Deferred tax assets	33	146,275	88,598
		44,713,309	30,739,180
CURRENT ASSETS			
Trade and other receivables	24	4,227,637	3,386,165
Other loan receivables	26	118,989	344,058
Amounts due from related companies	22	206,581	20,247
Prepaid lease payments	18	2,082	2,371
Tax recoverable		1,042	1
Other investments	21	240,040	—
Pledged bank and other deposits	27	1,728,068	2,028,388
Bank balances and cash	27	4,196,596	3,826,486
		10,721,035	9,607,716
Assets classified as held for sale	13	—	1,131,282
		10,721,035	10,738,998
CURRENT LIABILITIES			
Bills and other payables and deferred income	28	10,851,194	11,393,936
Amounts due to related companies	22	102,784	83,261
Tax payable		7,052	6,037
Loans from fellow subsidiaries	29	1,071,876	676,307
Bank and other borrowings	30	7,067,596	4,947,720
Convertible bonds	32	925,642	—
		20,026,144	17,107,261
Liabilities directly associated with assets classified as held for sale	13	—	910,112
		20,026,144	18,017,373
NET CURRENT LIABILITIES		(9,305,109)	(7,278,375)
TOTAL ASSETS LESS CURRENT LIABILITIES		35,408,200	23,460,805

	NOTES	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
NON-CURRENT LIABILITIES			
Bank and other borrowings	30	**25,482,406**	16,153,286
Convertible bonds	32	**—**	858,461
Bonds payable	31	**882,760**	—
Deferred income	28	**211,613**	—
Deferred tax liabilities	33	**35,479**	29,454
		26,612,258	17,041,201
NET ASSETS		**8,795,942**	6,419,604
CAPITAL AND RESERVES			
Share capital	34	**66,674**	66,674
Reserves		**5,554,196**	4,425,179
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale		**—**	81,101
Equity attributable to owners of the Company		**5,620,870**	4,572,954
Equity attributable to non-controlling interests			
— owner of perpetual notes		**1,866,085**	1,800,000
— other non-controlling interests		**1,308,987**	46,650
TOTAL EQUITY		**8,795,942**	6,419,604

The consolidated financial statements on pages 81 to 196 were approved and authorised for issue by the Board of Directors on 15 March 2018 and are signed on its behalf by:

Zhu Yufeng

DIRECTOR

Sun Xingping

DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 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	48,491	2,342,529	15,918	51,289	35,224	—	167,633	(219,850)	2,441,234	—	805	2,442,039
Profit for the year	—	—	—	—	—	—	—	130,386	130,386	4,846	5,508	140,740
Other comprehensive expense for the year	—	—	—	—	(10,959)	—	—	—	(10,959)	—	—	(10,959)
Total comprehensive (expense) income for the year	—	—	—	—	(10,959)	—	—	130,386	119,427	4,846	5,508	129,781
Transfer to legal reserves	—	—	—	133,945	—	—	—	(133,945)	—	—	—	—
Recognition of equity settled share-based payments *(note 36)*	—	—	—	—	—	—	71,409	—	71,409	—	—	71,409
Forfeitures of share options *(note 36)*	—	—	—	—	—	—	(41,131)	41,131	—	—	—	—
Rights Issue (as defined in note 16) *(note 34)*	18,183	1,945,706	—	—	—	—	—	—	1,963,889	—	—	1,963,889
Transaction costs attributable to the issuance of Rights Issue	—	(23,005)	—	—	—	—	—	—	(23,005)	—	—	(23,005)
Issue of perpetual notes *(note 35)*	—	—	—	—	—	—	—	—	—	1,800,000	—	1,800,000
Distribution paid to owners of perpetual notes	—	—	—	—	—	—	—	—	—	(4,846)	—	(4,846)
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	40,337	40,337
At 31 December 2016	66,674	4,265,230	15,918	185,234	24,265	—	197,911	(182,278)	4,572,954	1,800,000	46,650	6,419,604
Profit for the year	—	—	—	—	—	—	—	**841,439**	**841,439**	**131,400**	**8,535**	**981,374**
Other comprehensive expense for the year	—	—	—	—	**(129,869)**	—	—	—	**(129,869)**	—	—	**(129,869)**
Total comprehensive (expense) income for the year	—	—	—	—	**(129,869)**	—	—	**841,439**	**711,570**	**131,400**	**8,535**	**851,505**
Transfer to legal reserves	—	—	—	**204,973**	—	—	—	**(204,973)**	—	—	—	—
Recognition of equity settled share-based payments *(note 36)*	—	—	—	—	—	—	**33,706**	—	**33,706**	—	—	**33,706**
Forfeitures of share options *(note 36)*	—	—	—	—	—	—	**(21,851)**	**21,851**	—	—	—	—
Acquisition of additional interest in a subsidiary *(note 48c)*	—	—	—	—	—	**(8,950)**	—	—	**(8,950)**	—	**(10,050)**	**(19,000)**
Distribution paid to owners of perpetual notes	—	—	—	—	—	—	—	—	—	**(65,315)**	—	**(65,315)**
Non-controlling interest arising on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	**1,753**	**1,753**
Capital contribution by non-controlling interests	—	—	—	—	—	—	—	—	—	—	**101,991**	**101,991**
Disposal of PCB Business	—	—	—	**(40,090)**	—	—	—	**40,090**	—	—	—	—
Deemed disposal of partial interest in a subsidiary *(note 48c)*	—	—	—	**(9,355)**	—	**528,470**	—	**(179,223)**	**339,892**	—	**1,160,108**	**1,500,000**
Transaction costs on deemed disposal of partial interest in a subsidiary	—	—	—	—	—	**(28,302)**	—	—	**(28,302)**	—	—	**(28,302)**
At 31 December 2017	**66,674**	**4,265,230**	**15,918**	**340,762**	**(105,604)**	**491,218**	**209,766**	**336,906**	**5,620,870**	**1,866,085**	**1,308,987**	**8,795,942**

Notes:

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

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

(c) Translation reserve included cumulative amount of RMB81,101,000 as at 31 December 2016 relating to the disposal group classified as held for sale recognised in other comprehensive income and included in equity.

(d) Special reserve represents the difference between (i) the consideration to acquire additional interest in subsidiaries and the respective share of the carrying amounts of net assets acquired; and (ii) the consideration to dispose of interest in subsidiaries without losing controls and the carrying amounts of the attributable net assets disposed of.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2017

	NOTES	**2017 RMB'000**	2016 RMB'000
OPERATING ACTIVITIES			
Profit for the year		**981,374**	140,740
Adjustments for:			
Income tax		**(34,830)**	(12,901)
Amortisation of prepaid lease payments		**2,323**	2,798
Amortisation of deferred income on government grant — ITC (defined in note 7)		**(3,836)**	—
Amortisation of deferred income on government grants		**(89)**	(153)
Depreciation of property, plant and equipment		**1,089,361**	722,078
Loss on disposal of property, plant and equipment		**453**	28
Finance costs		**1,439,439**	978,450
Impairment loss recognised on plant and equipment		**—**	183,942
Interest income		**(140,660)**	(91,907)
Share-based payment expenses		**33,706**	71,409
Share of profits of joint ventures		**(4,515)**	(873)
Gain on deemed disposal of a joint venture		**—**	(1,823)
Loss on change in fair value of convertible bonds		**118,744**	175,248
Bargain purchase from business combination		**—**	(67,111)
Gain on other investments		**(2,883)**	—
Loss on measurement to fair value less costs to sell	12	**4,734**	—
Gain on disposal of discontinued operations including a cumulative exchange gain reclassified from translation reserve to profit or loss	12	**(86,512)**	—
Gain on disposal of three solar power plant projects		**(18,745)**	—
Operating cash flows before movements in working capital		**3,378,064**	2,099,925
Increase in deposits, prepayment and other non-current assets		**(144,091)**	(123,551)
Increase in inventories		**(4,611)**	(21,006)
Increase in trade and other receivables		**(1,409,413)**	(747,884)
Decrease in amounts due from related companies		**47,804**	13,637
Increase (decrease) in bills and other payables and deferred income		**8,152**	(751,157)
(Decrease) increase in amounts due to related companies		**(1,465)**	1,387
Cash generated from operations		**1,874,440**	471,351
Income taxes paid		**(20,313)**	(21,197)
NET CASH FROM OPERATING ACTIVITIES		**1,854,127**	450,154
INVESTING ACTIVITIES			
Interest received		**79,897**	43,901
Payments for construction and purchase of property, plant and equipment and land use rights		**(13,633,917)**	(8,311,628)
Acquisition of subsidiaries	37	**32,877**	48,824
Settlement of payables to vendors of solar power plant projects		**(23,738)**	(132,159)
Deposits paid for acquisitions of solar power plant projects		**—**	(31,800)
Capital injection to joint ventures		**(34,540)**	—
Capital injection to an associate		**(1,000)**	—
Capital refunded from a joint venture		**7,289**	—
Repayment from third parties		**20,919**	—
Loans to third parties		**—**	(20,556)
Proceeds from disposal of property, plant and equipment		**1,475**	12
Loans to a joint venture		**(71,000)**	(20,807)
Dividend received from joint venture		**714**	14,674
Withdrawal of pledged bank and other deposits		**2,161,188**	878,971
Placement of pledged bank and other deposits		**(2,145,372)**	(2,203,782)
Advance to related parties		**(592)**	—
Repayment from related parties		**284**	19,926
Proceeds from transfer of ITC benefit	28b	**222,751**	—
Proceeds from disposal of PCB business (as defined in note 1)	38a	**190,250**	—
Proceeds from disposal of three solar power plant projects	38b	**175,442**	—
Investments in asset management plans		**(606,050)**	—
Proceeds from redemption of asset management plans		**268,893**	—
NET CASH USED IN INVESTING ACTIVITIES		**(13,354,230)**	(9,714,424)

	NOTE	2017 RMB'000	2016 RMB'000
FINANCING ACTIVITIES			
Interest paid		(1,795,446)	(1,268,593)
Distributions paid to holders of perpetual notes		(65,315)	(4,846)
Proceeds from bank and other borrowings		18,384,272	15,162,937
Repayment of bank and other borrowings		(7,465,522)	(6,382,566)
Proceeds from loans from fellow subsidiaries		1,000,000	1,276,307
Repayment of loans from a fellow subsidiary		(600,000)	(999,897)
Proceeds from deemed disposal of partial interest in Suzhou GCL New Energy (as defined in note 40b)	48c	1,500,000	—
Transaction costs paid for the deemed disposal of Suzhou GCL New Energy	48c	(28,302)	—
Acquisition of additional interest in a subsidiary	48c	(2,559)	—
Proceeds from issuance of shares through Rights Issue (as defined in note 16)		—	1,963,889
Transaction costs paid for the issuance of Rights Issue		—	(23,005)
Proceeds from issuance of perpetual notes		—	1,800,000
Transaction costs paid for the issuance of bonds		(3,540)	—
Proceeds from issuance of bonds		885,000	—
Payment for redemption of bonds		—	(360,000)
Advance from related parties		4,042	2,014
Repayment to related parties		(2,433)	(3,863)
Proceeds from inception of sales and lease back of finance leases		—	21,450
Repayment of obligations under finance leases		(24,151)	(51,063)
Capital contribution by non-controlling interests		101,991	21,918
NET CASH FROM FINANCING ACTIVITIES		11,888,037	11,154,682
NET INCREASE IN CASH AND CASH EQUIVALENTS		387,934	1,890,412
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,853,082	1,964,993
Effect of exchange rate changes on the balance of cash held in foreign currencies		(44,420)	(2,323)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Represented by			
— bank balances and cash		4,196,596	3,826,486
— bank balances and cash classified as held for sale		—	26,596
		4,196,596	3,853,082

1. General Information

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

The Company is an investment holding company. Its subsidiaries (hereinafter together with the Company collectively referred to as the "Group") are principally engaged in the sale of electricity, development, construction, operation and management of solar power plants ("Solar Energy Business"). The Group was also engaged in the manufacturing and selling of printed circuit boards ("PCB Business") before its disposal during the year ended 31 December 2017 (note 12) which has been presented as discontinued operations.

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

2. Basis of Preparation

As at 31 December 2017, the Group's current liabilities exceeded its current assets by approximately RMB9,305 million. In addition, as at 31 December 2017, the Group has entered into agreements to construct solar power plants and acquire other assets which will involve capital commitments of approximately RMB3,869 million. In addition, the Group, subject to the availability of additional financial resources, is currently looking for further opportunities to increase the scale of its solar power plant operations through mergers and acquisitions. In the event that the Group is successful in securing more solar power plant investments or expanding the investments in the existing solar power plants in the coming twelve months from 31 December 2017, additional cash outflows will be required to settle further committed capital expenditure.

As at 31 December 2017, the Group's total borrowings comprising bank and other borrowings, convertible bonds, bonds payable and loans from fellow subsidiaries amounted to approximately RMB35,430 million, out of which approximately RMB9,065 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 RMB2,243 million and RMB4,197 million as at 31 December 2017, respectively. The financial resources available to the Group as at 31 December 2017 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy the above capital expenditure requirements. The Group is actively pursuing additional financing including, but not limited to, equity and debt financing and bank borrowings.

2. Basis of Preparation *(continued)*

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 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 31 December 2017 upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) During the year ended 31 December 2017, the Group had obtained new borrowings totalling RMB18,384 million of which RMB15,945 million had a repayment terms of over 3 years. The Group also issued non-public green bonds of RMB935 million with a term of 3 years. The management is continuously changing the Group's debt profile in obtaining long-term debts to repay the short-term borrowing or other current liabilities;

(ii) On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to RMB3,376 million), which bear interest at 7.1% and mature on 30 January 2021. The net proceeds of the notes issuance, after deduction of underwriting discounts and commissions and other expenses, amounted to approximately US$493 million (equivalent to RMB3,221 million), will be used for the development of the Group's business operations, repayment of borrowings and other general corporate purposes;

(iii) The Group is implementing business strategies, among others, to transform its heavy-asset business model to a light-asset model by (i) partnering with other third-party strategic investors by setting up joint ventures for divesting certain of its existing wholly-owned power plant projects in exchange for cash proceeds or co-investing into new projects to reduce future capital expenditure requirement to the Group; (ii) divesting certain of its existing power plant projects to third parties under built-transfer-operate model; and (iii) striving for providing plant operation and maintenance services to those divested power plants for additional operating cashflow to the Group, with details below.

— On 30 June 2017, the Group, entered into share transfer agreements to sell two solar power plants with an aggregate capacity of 130MW to 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 Company, at a cash consideration of approximately RMB262 million, which is subsequently completed in July 2017;

— On 31 May 2017, the Group entered into a co-operation framework agreement with 富陽新能源科技（南陽）有限公司 (Fuyang New Energy Technology (Nanyang) Limited*) ("Fuyang New Energy"). Under the co-operation framework agreement, Fuyang New Energy will buy solar power plants from the Group, for a total capacity of approximately 200MW under built-transfer-operate model. On 30 August 2017, the Group had sold one of its solar power plants with a capacity of 17.4MW to Fuyang New Energy for cash consideration of RMB25,910,000; and

— On 21 November 2017, the Group entered into a partnership agreement with 北控清潔能源集團有限公司 (Beijing Enterprises Clean Energy Group Limited*) to form a joint venture company with a maximum capital contribution of RMB1,000 million, which will invest in, including but not limited to, the Group's solar power plant projects.

The Group can further transfer solar power projects under the aforesaid arrangements and/or negotiate similar arrangements to generate additional liquidity and working capital to the Group, as and when required.

* *English name for identification only*

2. Basis of Preparation *(continued)*

(iv) 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 financial institutions which indicated that these financial institutions preliminarily agreed to offer credit facilities to the Group. The Group is also seeking other form of financing to improve liquidity;

(v) On 20 November 2017, the Company entered into a non-legally binding co-operation framework agreement with Taiping Financial Holdings Company Limited, an overseas investment platform of China Taiping Insurance Group, pursuant to which Taiping Financial Holdings Company Limited agreed that it or its affiliate companies will lead the establishment of an investment fund with a fund size of approximately HK$8,000 million (equivalent to RMB6,687 million), for the purpose of investing in the Company; and

(vi) The Group has completed the construction of 156 solar power plants with approval for on-grid connection up to 31 December 2017. The Group also has additional 4 solar power plants under construction targeting to achieve on-grid connection within the coming twelve months from the date of approval of these consolidated financial statements for issuance. The abovementioned solar power plants have an aggregate installed capacity of approximately 5.9 GW and are expected to generate operating cash inflows to the Group.

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

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

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described in (iii) to (vi) above. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of the approval of these consolidated financial statements for issuance is dependent on the Group's ability to generate adequate financing and operating cash flows through successful renewal of its borrowings upon expiry, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements, successful securing of the financing from banks with repayment terms beyond twelve months from the date of approval of these consolidated financial statements 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 consolidated financial statements.

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

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

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

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 IFRSs 2014–2016

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

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 41. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 41, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

(b) New or revised standards and interpretations that have been issued but not yet effective.

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

		Effective for annual periods beginning on or after
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers and the Related Amendments	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
IFRIC 22	Foreign Currency Transaction and Advance Consideration	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to IAS 28	Long-term interests in Associate and Joint Venture	1 January 2019
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014–2016 Cycle	1 January 2018
Amendments to IAS 40	Transfers of Investment Property	1 January 2018
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle	1 January 2019

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

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

(b) New or revised standards and interpretations that have been issued but not yet effective *(continued)*

IFRS 9 Financial Instruments

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

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

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

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

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

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

(b) New or revised standards and interpretations that have been issued but not yet effective *(continued)*

IFRS 9 Financial Instruments (continued)

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the Directors anticipate the following potential impact on initial application of IFRS 9:

Classification and measurement:

- Debt instruments classified as loan receivables carried at amortised cost as disclosed in notes 26: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding ("SPPI"). Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9;

- Investments in asset management plans are classified as available-for-sales investments carried at fair value as disclosed in note 21: these investments do not contain contractual terms giving rise to cash flows that are SPPI, and hence will be measured at fair value through profit or loss under IFRS 9;

- Convertible bonds issued by the Group designated at FVTPL as disclosed in note 32: these financial liabilities qualified for designation as measured at FVTPL under IFRS 9, however, the amount of change in the fair value of these financial liabilities that is attributable to changes in the credit risk of those liabilities will be recognised in other comprehensive income with the remaining fair value change recognised in profit or loss. This is different from the current accounting treatment under which the entire change in fair value of the financial liabilities is recognised in profit or loss. The accumulated gain on change in fair value attributed to a change in credit risk of these financial liabilities amounting to approximately RMB32,574,000 would be transferred out from retained earnings as at 1 January 2018 were IFRS 9 applied; and

- Except for financial assets which are subject to expected credit losses model upon application of IFRS 9, all other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under IAS 39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provision upon application of IFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would be increased as compared to the accumulated amount recognised under IAS 39 mainly attributable to expected credit losses provision on trade and other receivables, other loan receivables, amounts due from related parties and loans to joint ventures. Such further impairment recognised under the expected credit loss model would reduce the opening retained earnings and increase the deferred tax assets at 1 January 2018.

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

(b) New or revised standards and interpretations that have been issued but not yet effective *(continued)*

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

The Group currently recognised revenue from the sales of electricity upon electricity is generated and transmitted. In addition, tariff adjustments are recognised as revenue based on the management judgement that all of the Group's operating power plants have qualified and met all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. Tariff receivables are discounted to present values based on the expected timing of the respective receipt unless the discounting effects are considered immaterial.

The Directors have assessed the impact on application of IFRS 15 in respect of the Group's electricity sales contracts, particularly, on the determination and timing of recognition of consideration from customers, the applicability of significant financing component and the variable consideration, and anticipated that the application of IFRS 15 in the future may result in more disclosure and change in presentation, but its application is not likely to have a material impact on the timing and amounts recognised in respective periods.

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

(b) New or revised standards and interpretations that have been issued but not yet effective *(continued)*

IFRS 16 Leases

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

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

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

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

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

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has prepaid lease payment amounting to RMB115,176,000 and non-cancellable operating lease commitments of RMB2,244,460,000 as disclosed in notes 18 and 42, respectively. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Under application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

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

(b) New or revised standards and interpretations that have been issued but not yet effective *(continued)*

IFRS 16 Leases (continued)

In addition, the Group currently considers refundable rental deposits paid of RMB9,042,000 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets; accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments included in the initial measurement of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

4. Significant Accounting Policies

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

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

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

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

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

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

4. Significant Accounting Policies *(continued)*

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

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

4. Significant Accounting Policies *(continued)*

Business combinations

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

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

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

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

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

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

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

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

4. Significant Accounting Policies *(continued)*

Goodwill

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

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

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or a group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the cash-generating unit within group of cash-generating units in which the Group monitors goodwill).

Investments in an associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associate and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associate and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

4. Significant Accounting Policies *(continued)*

Investments in associate and joint ventures *(continued)*

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

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

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

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

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

4. Significant Accounting Policies *(continued)*

Non-current assets held for sale

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

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

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

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

Revenue recognition

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

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

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

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

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

Consultancy fees income and management fee income are recognised when the services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. Significant Accounting Policies *(continued)*

Leasing

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

The Group as Lessee

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

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

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

Leasehold land and building

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

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

Sale and leaseback resulting in a finance lease

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

4. Significant Accounting Policies *(continued)*

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

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

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

Borrowing costs

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

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

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

4. Significant Accounting Policies *(continued)*

Government grants

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

4. Significant Accounting Policies *(continued)*

Share-based payment arrangements

Share options granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 36.

The fair value of the equity settled share-based payments determined at the grant date without taking into consideration all non-market vesting condition is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserves). At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserves.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit and loss.

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

Taxation

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

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

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

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

4. Significant Accounting Policies *(continued)*

Taxation *(continued)*

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

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

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

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

Property, plant and equipment

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

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

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

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

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

4. Significant Accounting Policies *(continued)*

Prepaid lease payments

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

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

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

4. Significant Accounting Policies *(continued)*

Inventories

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

Financial instruments

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

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

Financial assets

Financial assets are classified into the following specified categories: available-for-sale ("AFS") financial assets, loans and receivables and the classification of which depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) FVTPL.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

AFS financial assets *(continued)*

Equity securities held by the Group that are classified as AFS financial assets are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS debt instruments relating to interest income calculated using the effective interest method, and changes in foreign exchange rates, if applicable, are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

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

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

Impairment of financial assets

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

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

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets *(continued)*

Objective evidence of impairment for a portfolio of receivable could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

Equity instruments

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

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Equity instruments *(continued)*

Perpetual notes, in which the Group has no contractual obligation to deliver cash or another financial asset to the holders, are classified as equity instruments and are initially recorded at the proceeds received, net of direct issue costs.

Effective interest method

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

Financial liabilities at FVTPL

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated at FVTPL.

Convertible bonds

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

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "gain/loss on change in fair value on convertible bonds" line item. Fair value is determined in the manner described in note 40c.

4. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Financial liabilities at amortised cost

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

Derecognition

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

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

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

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical judgements in applying accounting policies

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

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

Critical judgements in applying accounting policies *(continued)*

Revenue recognition on tariff adjustments on sales of electricity

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

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

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

Tariff adjustments of RMB2,480,937,000 (2016: RMB1,529,794,000) have been recognised for the year ended 31 December 2017 are included in the sales of electricity as disclosed in note 6 and is recognised based on the management judgement that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required based on the prevailing nationwide government policies on renewable energy for solar power plants. Cumulative amount of tariff receivables relating to power plants yet to register in the Renewable Energy Tariff Subsidy Catalogue (the "Catalogue") amounting to RMB3,835,070,000 (2016: RMB1,463,502,000) remains outstanding as at the end of the reporting period.

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

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

Accounting and classification of the Group's various financing arrangements

During the year ended 31 December 2017, the Group obtained new borrowing of RMB18,384,272,000 (2016: RMB15,162,937,000) via various financing arrangements with details disclosed in note 30.

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

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

Critical judgements in applying accounting policies *(continued)*

Joint venture

The Group holds 50%, 50%, 32% and 15% of the voting rights of its joint ventures in Yili, Qichuang, Zhongmin GCL and Tongling Huiyin (all defined in note 20). The Group has joint control over these arrangements as under the contractual agreements that, unanimous consent is required from all parties to the agreements for approval of the operating and financing activities of the relevant activities in which the determination of relevant activities required judgements.

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

Key sources of estimation uncertainty

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

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

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

As at 31 December 2017, the carrying amount of trade and other receivables was approximately RMB6,063,729,000 (2016: RMB3,635,720,000), the carrying amount of other loan receivables was approximately RMB118,989,000 (2016: RMB344,058,000) and the carrying amount due from related companies is RMB358,281,000 (2016: RMB164,947,000). No impairment was recognised for both years.

Useful lives and impairment of property, plant and equipment

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

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

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

Key sources of estimation uncertainty *(continued)*

Useful lives and impairment of property, plant and equipment (continued)

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

As at 31 December 2017, the carrying amount of property, plant and equipment was approximately RMB38,104,300,000 (2016: RMB26,755,177,000 excluding assets classified as held for sale), net of accumulated depreciation and impairment of approximately RMB1,658,163,000 (2016: RMB712,888,000).

Fair value measurements and valuation processes of convertible bonds

The Group's convertible bonds are measured at fair value for financial reporting purposes. In estimating the fair value of a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and reports the valuation findings to the Directors semi-annually to explain the cause of fluctuations in the fair value of convertible bonds.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of the convertible bonds. Note 40c provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the convertible bonds.

6. Revenue and Segment Information

Revenue represents revenue arising on sale of electricity.

Sales of electricity included RMB2,480,937,000 (2016: RMB1,529,794,000) 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 are disclosed in note 24.

On 30 December 2016, the operating segment regarding the PCB Business of the Group was contracted to be sold and accordingly has been presented as discontinued operations. This disposal was completed during the year ended 31 December 2017. The Group's chief operating decision maker ("CODM"), being the executive directors of the Company, regularly reviews revenue by provinces; however, no other discrete information was provided. In addition, the CODM reviewed the consolidated results when making decisions about allocating resources and assessing performance. As a result, no further segment information other than entity wide financial information was disclosed.

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

6. Revenue and Segment Information *(continued)*

Geographical information

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

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations and customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers Year ended		Non-current assets	
	31 December 2017 RMB'000	31 December 2016 RMB'000	**At 31 December 2017 RMB'000**	At 31 December 2016 RMB'000
PRC	**3,903,969**	2,246,425	**40,752,559**	29,496,817
Other countries	**38,311**	—	**1,211,677**	532,639
	3,942,280	2,246,425	**41,964,236**	30,029,456

Note: Non-current assets excluded those relating to discontinued operations and non-current assets classified as held for sale, financial instruments and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended	
	31 December 2017 RMB'000	31 December 2016 RMB'000
Customer A	**489,996**	N/A[1]
Customer B	**449,877**	N/A[1]

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group before discounting effect on tariff receivables to their present values.

7. Other Income

	2017 RMB'000	2016 RMB'000
Continuing operations		
Bank interest income	28,159	26,133
Consultancy income *(Note a)*	8,698	18,224
Compensation income	2,380	—
Government grants — Incentive subsidies *(Note b)*	19,427	5,515
Government grant — Investment Tax Credit ("ITC") *(note 28)*	3,836	—
Imputed interest on discounting effect on tariff adjustment receivables	72,024	10,939
Interest income from other loan receivables *(note 26)*	30,255	42,482
Interest income from loans to joint ventures *(note 46c)*	9,984	9,649
Management services income from fellow subsidiaries *(note 46a)*	36,678	42,936
Others	9,164	11,401
	220,605	167,279

Notes:

(a) Consultancy 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 year and the conditions attached thereto were fully complied with.

8. Other Expenses, Gains and Losses, Net

	2017 RMB'000	2016 RMB'000
Continuing operations		
Exchange gains, net	9,072	42,946
Gain on deemed disposal of a joint venture	—	1,823
Gain on disposal of three solar power plant projects	18,745	—
Gain on other investments	2,883	—
Others	(255)	—
	30,445	44,769

9. Finance Costs

	2017 RMB'000	2016 RMB'000
Continuing operations		
Interest on:		
Bank and other borrowings	**1,679,858**	1,171,522
Bonds payables	**15,470**	12,002
Loans from fellow subsidiaries *(note 29)*	**67,352**	51,520
Total borrowing costs	**1,762,680**	1,235,044
Less: amounts capitalised in the cost of qualifying assets	**(330,598)**	(268,801)
	1,432,082	966,243

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.69% (2016: 9.55%) per annum to expenditure on qualifying assets.

10. Income Tax Credit

	2017 RMB'000	2016 RMB'000
Continuing operations		
PRC Enterprise Income Tax ("EIT"):		
Current tax	**18,771**	8,112
Overprovision in prior years	**—**	(3,516)
	18,771	4,596
Deferred tax *(note 33)*	**(58,924)**	(46,785)
	(40,153)	(42,189)

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 EIT Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived.

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

The US Tax Cuts and Jobs Act (the "Act") was enacted into law on 22 December 2017. The Act includes significant changes to the US corporate income tax system that are effective on 1 January 2018, including a reduction of the US corporate income tax rate from 35% to 21%.

10. Income Tax Credit *(continued)*

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

	2017 **RMB'000**	2016 RMB'000
Profit before tax	**864,109**	267,210
Tax at the domestic income tax rate of 25% (2016: 25%) *(Note)*	**216,027**	66,803
Tax effect of share of profits of joint ventures	**(1,129)**	(218)
Tax effect of expenses not deductible for tax purpose	**102,443**	88,216
Tax effect of income not taxable for tax purpose	**(16,938)**	(8,851)
Tax effect of tax losses not recognised	**31,604**	33,882
Utilisation of tax losses previously not recognised	**(824)**	(3,200)
Overprovision in prior years	**—**	(3,516)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**—**	9
Effect of tax exemptions and concessions granted to the PRC subsidiaries	**(371,336)**	(215,314)
Income tax credit for the year	**(40,153)**	(42,189)

Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used which is PRC EIT rate (2016: PRC EIT rate).

11. Profit for the Year

	2017 RMB'000	2016 RMB'000
Continuing operations		
Profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments	2,222	2,625
Auditor's remuneration	4,359	3,879
Depreciation of property, plant and equipment	1,024,599	559,923
Operating lease rental in respect of properties	81,565	44,859
Staff costs (including directors' remuneration but excluding share-based payments)		
— Salaries, wages and other benefits	282,882	242,694
— Retirement benefit scheme contributions	30,344	30,237
Share-based payment expenses *(note 36)* (Administrative expenses in nature)		
— Directors and staff	26,857	52,555
— Consultancy services	6,849	18,854

12. Discontinued Operations

On 30 December 2016, the Group entered into a sale and purchase agreement ("S&P Agreement") to dispose of the entire interest in PCB Business (the "Disposal") to Mr. Yip Sum Yin ("Mr. Yip"), a former director of the Company, at a consideration of HK$250,000,000 (equivalent to RMB218,042,000) plus, as the case may be, adjustment amounts pursuant to the S&P Agreement. The disposal of PCB Business is consistent with the Group's long-term policy to focus on its core solar power business, which will allow the Group and its management team to focus its resources on the business area where it has the most competitive strengths. The completion of the Disposal was subject to the fulfilment of certain conditions precedent as set out in the S&P Agreement. The assets and liabilities attributable to PCB Business have been classified as a disposal group held for sale as at 31 December 2016 (note 13). 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. On 2 August 2017, the disposal was completed without any adjustment on the consideration.

12. Discontinued Operations *(continued)*

The profit (loss) for the year from the discontinued PCB Business is set out below:

Analysis of loss for the period from discontinued operations

The results of the discontinued operations were as follows:

	1 January 2017 to 2 August 2017 RMB'000	1 January 2016 to 31 December 2016 RMB'000
Revenue	**842,833**	1,491,564
Cost of sales	**(795,834)**	(1,389,065)
Other income	**18,939**	29,577
Distribution and selling expenses	**(10,540)**	(19,811)
Administrative expenses	**(36,437)**	(71,549)
Other expenses, gains and losses, net	**(10,947)**	16,062
Finance costs	**(7,357)**	(12,207)
Profit before tax	**657**	44,571
Income tax expense	**(5,323)**	(29,288)
	(4,666)	15,283
Loss on measurement to fair value less costs to sell	**(4,734)**	(183,942)
Gain on disposal of discontinued operations including a cumulative exchange gain reclassified from translation reserve to profit or loss	**86,512**	—
Profit (loss) for the year from discontinued operations (attributable to owners of the Company)	**77,112**	(168,659)

12. Discontinued Operations *(continued)*

Profit (loss) for the period from discontinued operations includes the following:

	1 January 2017 to 2 August 2017 RMB'000	1 January 2016 to 31 December 2016 RMB'000
Amortisation of deferred income on government grants	**(89)**	(153)
Amortisation of prepaid lease payments	**101**	173
Auditor's remuneration	**—**	694
Cost of inventories recognised as an expense	**795,834**	1,389,065
Depreciation of property, plant and equipment *(Note)*	**64,762**	162,155
Operating lease rental in respect of properties	**3,709**	6,416
Staff costs (including directors' remuneration) *(Note)*		
— Salaries, wages and other benefits	**132,167**	236,661
— Retirement benefit scheme contributions	**10,764**	19,128

Note: Staff costs and depreciation and amortisation of approximately RMB123,479,000 (2016: RMB212,528,000) and RMB62,142,000 (2016: RMB158,024,000), respectively, were capitalised as cost of inventories during the period.

Cash flows from discontinued operations:

	1 January 2017 to 2 August 2017 RMB'000	1 January 2016 to 31 December 2016 RMB'000
Net cash inflows from operating activities	**74,321**	135,933
Net cash outflows from investing activities	**(48,331)**	(139,118)
Net cash outflows from financing activities	**(30,881)**	(36,431)
Net cash outflows	**(4,891)**	(39,616)

13. Assets Classified as Held for Sale

The assets and liabilities attributable to PCB Business, which are expected to be sold within twelve months from 31 December 2016, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

As at 31 December 2016, 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, impairment loss of RMB183,942,000 is recognised and allocated to non-current assets of the disposal group on pro-rata basis. The major classes of assets and liabilities of PCB Business as at 31 December 2016 are as follows:

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

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

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

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

	31 December 2016 RMB'000
0–90 days	390,597
91–180 days	57,902
Over 180 days	189
	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 as at 31 December 2016:

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

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

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

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

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

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

Year ended 31 December 2017

Name of director	Directors' fee RMB'000	Bonuses RMB'000	Salaries and other benefit RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
President and Executive Director						
Mr. SUN Xingping	—	3,907	4,000	226	860	8,993
Executive Directors						
Mr. ZHU Yufeng	—	3,664	3,472	—	188	7,324
Madam HU Xiaoyan	—	1,692	2,734	228	1,185	5,839
Mr. TONG Wan Sze	—	913	2,170	169	430	3,682
Non-executive Directors						
Madam SUN Wei	434	—	—	—	1,696	2,130
Mr. SHA Hongqiu	434	—	—	—	430	864
Mr. YEUNG Man Chung, Charles	434	—	—	—	929	1,363
Independent Non-executive Directors						
Mr. WANG Bohua	242	—	—	—	160	402
Mr. XU Songda	242	—	—	—	160	402
Mr. LEE Conway Kong Wai	285	—	—	—	160	445
Mr. WANG Yanguo	242	—	—	—	54	296
Dr. CHEN Ying	242	—	—	—	54	296
Total	2,555	10,176	12,376	623	6,306	32,036

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

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

Year ended 31 December 2016

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

Note 1: Mr. ZHU Gongshan retired as executive director on 24 May 2016.

Note 2: Mr. YIP Sum Yin resigned as executive director on 23 June 2016.

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

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

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

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

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

(b) Employees' emoluments

The five highest paid employees of the Group during the year included three directors (2016: four), details of whose remuneration are set out in (a) above. Details of the emoluments of the remaining two (2016: one) highest paid employee in 2017 who is neither a director nor president/chief executive of the Company are as follows:

	2017 RMB'000	2016 RMB'000
Salaries, allowances and benefits in kind	**4,018**	4,108
Performance related bonuses	**3,957**	224
Equity-settled share option expense	**418**	1,251
Retirement benefits scheme contributions	**179**	—
	8,572	5,583

The number of the highest paid employees whose remuneration fell within the following bands is as follows:

	2017 No. of employees	2016 No. of employees
HK$4,500,001 to HK$5,000,000	**1**	1
HK$5,000,001 to HK$5,500,000	**1**	—
HK$6,500,001 to HK$7,000,000	**1**	1
HK$8,000,001 to HK$8,500,000	**—**	2
HK$8,500,001 to HK$9,000,000	**1**	—
HK$10,500,001 to HK$11,000,000	**1**	1

15. Dividends

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

16. Earnings 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:

	2017 **RMB'000**	2016 RMB'000
Profit for the purposes of calculation of basic and diluted earnings per share		
Profit for the year attributable to owners of the Company	**841,439**	130,386

	2017 **'000**	2016 '000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**19,073,715**	18,615,821

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 had an anti-dilutive effect on earnings per share for both reporting periods.

For the year ended 31 December 2016, the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the rights issue of shares on the basis of three rights shares for eight existing shares held on a pro rata basis ("Rights Issue") completed on 3 February 2016.

16. Earnings 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:

	2017 RMB'000	2016 RMB'000
Profit for the year attributable to owners of the Company	**841,439**	130,386
Less: Profit (loss) for the year from discontinued operations attributable to owners of the Company	**77,112**	(168,659)
Profit for the year attributable to owners of the Company from continuing operations	**764,327**	299,045

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

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is RMB0.40 cent per share (2016: loss of RMB0.91 cent per share), based on the profit for the year from discontinued operations attributable to owners of the Company of RMB77,112,000 (2016: loss of RMB168,659,000) and the denominators detailed above for both basic and diluted earnings per share.

17. Property, Plant and Equipment

	Buildings RMB'000	Power generators and equipment RMB'000	Plant and machinery RMB'000	Leasehold improvements, furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2016	592,919	9,034,050	1,421,821	122,856	33,571	4,303,167	15,508,384
Additions	11,467	20,914	105,485	33,960	14,708	11,108,288	11,294,822
Acquired on acquisition of subsidiaries *(note 37)*	—	2,367,683	—	—	—	189,148	2,556,831
Transfer	331,527	11,313,324	—	—	—	(11,644,851)	—
Disposals	—	—	(992)	(280)	(253)	—	(1,525)
Effect of foreign currency exchange differences	945	—	16,536	3,776	396	811	22,464
Transfer to assets held for sale	(236,906)	—	(1,542,850)	(121,520)	(11,635)	—	(1,912,911)
At 31 December 2016	699,952	22,735,971	—	38,792	36,787	3,956,563	27,468,065
Additions	—	—	—	26,296	7,886	10,857,280	10,891,462
Acquired on acquisitions of subsidiaries *(note 37)*	—	2,563,648	—	—	—	—	2,563,648
Transfer	495,150	11,546,482	—	—	—	(12,041,632)	—
Disposals	—	—	—	—	(988)	—	(988)
Disposed on disposal of subsidiaries	(10,447)	(1,100,764)	—	(425)	(1,201)	—	(1,112,837)
Effect of foreign currency exchange differences	—	(32,261)	—	(5)	—	(14,621)	(46,887)
At 31 December 2017	**1,184,655**	**35,713,076**	**—**	**64,658**	**42,484**	**2,757,590**	**39,762,463**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2016	38,266	141,261	1,027,799	98,674	8,693	—	1,314,693
Depreciation expense	27,707	525,429	154,178	7,992	6,772	—	722,078
Eliminated on disposal of assets	—	—	(957)	(276)	(253)	—	(1,486)
Effect of foreign currency exchange differences	437	—	16,536	3,215	255	—	20,443
Transfer to assets held for sale	(34,277)	—	(1,197,556)	(103,152)	(7,855)	—	(1,342,840)
At 31 December 2016	32,133	666,690	—	6,453	7,612	—	712,888
Depreciation expense	36,292	970,650	—	10,134	7,523	—	1,024,599
Eliminated on disposal of assets	—	—	—	—	(197)	—	(197)
Effect of foreign currency exchange differences	—	(573)	—	—	—	—	(573)
Eliminated on disposal of subsidiaries	(557)	(77,420)	—	(140)	(437)	—	(78,554)
At 31 December 2017	**67,868**	**1,559,347**	**—**	**16,447**	**14,501**	**—**	**1,658,163**
CARRYING AMOUNTS							
At 31 December 2017	**1,116,787**	**34,153,729**	**—**	**48,211**	**27,983**	**2,757,590**	**38,104,300**
At 31 December 2016	667,819	22,069,281	—	32,339	29,175	3,956,563	26,755,177

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

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

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

All buildings were held under leases in the PRC.

At 31 December 2017, the Group was in the process of obtaining property ownership certificates in respect of property interests held under land use rights in the PRC with a carrying amount of approximately RMB1,013,277,000 (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 31 December 2016, the carrying amount of plant and machinery included an amount of approximately RMB123,794,000 in respect of assets held under finance leases. Such amount is presented as assets held for sale.

18. Prepaid Lease Payments

	2017 **RMB'000**	2016 RMB'000
Analysed for reporting purposes as:		
Current assets	**2,082**	2,371
Non-current assets	**113,094**	109,359
	115,176	111,730

19. Interest in an Associate

	2017 RMB'000	2016 RMB'000
Cost of unlisted investment in an associate	**1,000**	—

Details of the Group's associate at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right hold by the Group		Principal activity
		2017	2016	**2017**	2016	
喀什博思光伏科技有限公司 Kashgar Solbright Technology Co. Ltd.* ("Kashgar Solbright")	PRC	**20%**	—	**20%**	—	Sale of solar products

* *English name for identification only*

The associate is accounted for using the equity method in these consolidated financial statements.

The Directors consider the associate is immaterial and no financial information is set out accordingly.

20. Interests in Joint Ventures

	2017 RMB'000	2016 RMB'000
Details of the Group's investments in joint ventures are as follows:		
Cost of unlisted investment in joint ventures	**62,567**	45,165
Share of post-acquisition profits, net of dividend received	**(1,167)**	(4,968)
Effect of foreign currency exchange differences	**1,861**	1,962
	63,261	42,159

20. Interests in Joint Ventures *(continued)*

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

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activities
		2017	2016	**2017**	2016	
伊犁協鑫能源有限公司 Yili GCL New Energy Limited* ("Yili")	PRC	**50%**	50%	**50%**	50%	Operation of solar power plant in the PRC
啟創環球有限公司 Qichuang Global Limited ("Qichuang") *(Note a)*	BVI/Japan	**50%**	50%	**50%**	50%	Operation of solar power plant in Japan
Zhongmin GCL *(Note b)*	PRC	**32%**	—	**32%**	—	Operation of solar power plant in the PRC
銅陵徽銀北控新能源投資合夥企業（有限合夥） Tonglin Huiyin BE New Energy Investment Partnership Corporation (Limited Partnership)* ("Tongling Huiyin") *(Note c)*	PRC	**15%**	—	**15%**	—	Operation of solar power plant in the PRC

* *English name for identification only*

Notes:

(a) During the year ended 31 December 2017, Qichuang, which the Group has a 50% equity interest, returned part of its capital amounting to JPY575,994,000 (equivalent to RMB34,276,000) to its shareholders. Cash of JPY125,200,000 (equivalent to RMB7,289,000) was received by the Group and the remaining of JPY162,797,000 (equivalent to RMB9,849,000) was set off with the amount due from Qichuang.

(b) Zhongmin GCL was established with an independent third party in which the Group holds 32% equity interest and the attributed registered capital is RMB128,000,000. During the year ended 31 December 2017, RMB33,040,000 was paid as capital injection to Zhongmin GCL. The Group has joint control over the arrangement as under the contractual agreement that, unanimous consent is required from all parties to the agreement for relevant activities.

(c) Tongling Huiyin was established with an independent third party in which the Group holds 15% equity interest and the total attributed registered capital to be contributed by the Group amounts to RMB150,000,000. During the year ended 31 December 2017, RMB1,500,000 was paid as capital injection to Tongling Huiyin. The Group has joint control over the arrangement as under the contractual agreement that, unanimous consent is required from all parties to the agreement for relevant activities.

20. Interests in Joint Ventures *(continued)*

Summarised financial information of a material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

All joint ventures are accounted for using the equity method in these consolidated financial statements.

Zhongmin GCL

	2017 RMB'000	2016 RMB'000
Current assets	**264,690**	—
Non-current assets	**997,737**	—
Current liabilities	**(329,973)**	—
Non-current liabilities	**(816,180)**	—

	2017 RMB'000	2016 RMB'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**112,756**	—
Non-current financial liabilities (excluding trade and other payables and provisions)	**(816,180)**	—

20. Interests in Joint Ventures *(continued)*

Zhongmin GCL *(continued)*

	2017 RMB'000	2016 RMB'000
Revenue	**62,865**	—
Profit for the year	**13,024**	—
Other comprehensive income for the year	**—**	—
Total comprehensive income for the year	**13,024**	—
Dividends received from Zhongmin GCL during the year	**—**	—

The above profit for the year includes the following:

	2017 RMB'000	2016 RMB'000
Depreciation and amortisation	**16,721**	—
Interest income	**569**	—
Interest expense	**(26,909)**	—
Income tax expense	**(338)**	—

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhongmin GCL recognised in the consolidated financial statements:

	2017 RMB'000	2016 RMB'000
Net assets of Zhongmin GCL	**116,274**	—
Proportion of the Group's ownership interest in Zhongmin GCL	**32%**	—
Carrying amount of the Group's interest in Zhongmin GCL	**37,208**	—

All of the joint ventures are accounted for using equity method in these consolidated financial statements.

20. Interests in Joint Ventures *(continued)*

Aggregate information of joint ventures that are not individually material

	2017 RMB'000	2016 RMB'000
The Group's share of profit from operations and total comprehensive income	**347**	873

21. Other Investments

In April 2017, the Group invested RMB300,050,000 into an asset management plan managed by a financial institution in the PRC with a maturity within twelve months as of 31 December 2017. The principal is not guaranteed by the relevant financial institution while the expected return rate as stated in the contract is 7% per annum. On 18 December 2017, part of the investment amounting to RMB60,010,000 was recouped with a return of RMB2,883,000.

In November 2017, the Group invested RMB100,000,000 into another asset management plan, managed by another financial institution in the PRC with maturity after twelve months as of 31 December 2017. The principal is not guaranteed by the relevant financial institution and the expected return rate as stated in the contract is 7.5%.

Besides, the Group also invested into an asset management plan, amounting to RMB206,000,000 in August 2017 and withdrew the whole amount in December 2017.

All the above investments were classified as AFS at initial recognition.

22. 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 members which hold in aggregate more than 20% of the Company's share capital as at 31 December 2017 and 2016 and exercise significant influence over the company.

	2017 RMB'000	2016 RMB'000
Amounts due from related companies — non-current		
— Loan to a joint venture *(Note a)*	151,700	144,700
Amounts due from related companies — current		
— Loans to a joint venture *(Note b)*	102,815	—
— Amounts due from joint ventures *(Note c)*	89,318	11,851
— Amounts due from fellow subsidiaries *(Note d)*	14,236	8,112
— Amounts due from the companies controlled by Mr. Zhu Yufeng and his family *(Note e)*	212	284
	206,581	20,247
Amounts due to related companies — current		
— Amounts due to joint ventures *(Note c)*	4,696	2,014
— Amounts due to fellow subsidiaries *(Note d)*	97,348	71,658
— Amounts due to the companies controlled by Mr. Zhu Yufeng and his family *(Note e)*	740	9,589
	102,784	83,261

Notes:

(a) The Group, as lender, entered into a loan agreement with Yili to finance their operation for a facility up to RMB160,000,000 and RMB151,700,000 (2016: RMB144,700,000) as at 31 December 2017 was drawn down. The loan is unsecured and interest-bearing at a fixed rate of 6% (2016: 8%) per annum with no fixed repayment term. The Directors expected the loan to be realised after twelve months from the end of the reporting period and according is classified as non-current assets.

(b) The Group, as lender, entered into two loan agreements with Jinhu (defined in note 38(b)) to finance its operation for RMB64,000,000 and RMB38,815,000, respectively, during the year ended 31 December 2017. The loans are unsecured and interest-bearing at a fixed rate of 6% per annum with a repayment term of six months to one year.

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

(d) The amounts due from/to fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for the amounts due from fellow subsidiaries of approximately RMB13,852,000 (2016: RMB8,108,000) which are trade in nature with credit term of 30 days.

(e) The amounts due from/to companies controlled by Mr. Zhu Yufeng and his family are non-trade in nature, unsecured, non-interest bearing and repayable on demand except for an amount due to companies controlled by Mr. Zhu Yufeng and his family of RMB334,000 (2016: RMB1,799,000) which is trade in nature with credit term of 30 days. The maximum amount outstanding during the year ended 31 December 2017 is RMB284,000 (2016: RMB516,000) in relation to the non-trade balances for the amounts due from companies in which Mr. Zhu yufeng and his family have control.

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

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

	Amounts due from fellow subsidiaries		Amounts due to companies controlled by Mr. Zhu Yufeng and his family	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Unbilled	**6,000**	—	**—**	—
Within 3 months	**3,421**	3,109	**20**	1,585
3 to 6 months	**—**	75	**2**	10
6 to 12 months	**—**	4,790	**28**	—
Over 1 year	**4,431**	134	**284**	204
	13,852	8,108	**334**	1,799

23. Deposits, Prepayments and Other Non-Current Assets

	2017	2016
	RMB'000	RMB'000
Prepayments for EPC contracts and constructions *(Note)*	**543,301**	659,597
Refundable value-added tax	**2,715,802**	2,114,127
Deposits paid for acquisitions of solar power plant projects	**1,032**	38,300
Prepaid rent for parcels of land	**378,849**	264,274
Trade receivables *(note 24)*	**1,836,092**	249,555
Others	**43,598**	46,463
	5,518,674	3,372,316

Note: Prepayments for EPC contracts and constructions represent payment in advance to contractors which will be transferred to property, plant and equipment in accordance with the percentage of completion of the constructions.

24. Trade and Other Receivables

	2017 RMB'000	2016 RMB'000
Trade receivables	**4,544,477**	2,280,402
Bills receivable	**85,982**	128,517
Prepayment and deposits	**209,473**	113,190
Other receivables		
— Advance to Borrowers (as defined in note 26)	**115,981**	—
— Consultancy service fee receivables	**13,228**	9,127
— Interest receivables	**29,193**	45,611
— Receivables for modules procurement	**164,004**	526,476
— Refundable value-added tax	**711,635**	382,480
— Others	**189,756**	149,917
	6,063,729	3,635,720
Analysed as:		
Current	**4,227,637**	3,386,165
Non-current trade receivables *(note 23)*	**1,836,092**	249,555
	6,063,729	3,635,720

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

Tariff adjustment is included as a component of the government-approved on-grid tariff of solar energy supply. The financial resource for the tariff adjustment is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund and make settlement through state-owned grid companies to the solar power companies. Effective from March 2012, the application, approval and settlement of the tariff adjustments are subject to certain procedures as promulgated by Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy ("可再生能源電價附加補助資金管理暫行辦法"). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment. As at 31 December 2017, tariff adjustment receivables amounting to approximately RMB4,244,260,000 (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 RMB1,836,092,000 (2016: RMB249,555,000) (included in note 23). Tariff adjustment receivables are discounted at an effective interest rate ranged from 3.44% to 3.55% per annum as at 31 December 2017 (2016: 2.65% per annum), unless the discounting effects are considered immaterial.

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.

24. Trade and Other Receivables *(continued)*

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

	2017 RMB'000	2016 RMB'000
Unbilled *(Note)*	**4,365,887**	2,093,632
0–90 days	**106,472**	101,993
91–180 days	**24,488**	28,807
Over 180 days	**47,630**	55,970
	4,544,477	2,280,402

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

Included in these trade receivables are debtors with aggregate carrying amount of RMB104,964,000 (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 collaterals over these balances.

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

	2017 RMB'000	2016 RMB'000
Overdue:		
1–90 days	**41,424**	20,783
91–150 days	**15,909**	18,211
Over 150 days	**47,631**	55,970
	104,964	94,964

Based on the track record of regular repayment from state-owned grid companies and the collection of tariff adjustments is well supported by the government policy, all trade receivable from sales of electricity, including tariff adjustments receivables, were expected to be recoverable. Consequently, no provision for impairment of trade receivables was recognised as at 31 December 2017 (2016: Nil).

Certain bills receivable issued by third parties endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs continue to recognise its full carrying amount at the end of both reporting periods and are disclosed in note 28.

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. Advance of Borrowers are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Advance to Borrowers are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

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 (2016: 180 days to 1 year). For the consultancy service fee receivable, the Group allows credit period of 180 days (2016: 180 days).

24. Trade and Other Receivables *(continued)*

The following is an aged analysis of consultancy service fee receivables and receivables for modules procurement classified as current assets, which are presented based on the invoice date at the end of the reporting period:

	Consultancy service fee receivables		Receivables for modules procurement	
	2017 RMB'000	2016 RMB'000	**2017 RMB'000**	2016 RMB'000
Within 3 months	**6,877**	7,110	**18,426**	150,543
3 to 6 months	**955**	920	**25,578**	175,059
6 to 12 months	**—**	752	**—**	161,737
Over 1 year	**5,286**	345	**120,000**	39,137
	13,118	9,127	**164,004**	526,476

25. Transfer of Financial Assets

During the year ended 31 December 2017, the Group endorsed certain bills receivable for the settlement of payables for purchase of plant and machinery and construction costs.

The following were the Group's bills receivable as at 31 December 2017 that were transferred to banks or creditors by endorsing those receivables, on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and the payables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

Bills receivable endorsed to creditors with full recourse at the end of reporting period:

	2017 RMB'000	2016 RMB'000
Carrying amount of transferred assets	**8,965**	61,246
Carrying amount of associated liabilities	**(8,965)**	(61,246)
Net position	**—**	—

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

There is no finance costs recognised for bills receivable discounted to banks for the year ended 31 December 2017 (2016: RMB142,550,000) which were included in interest on bank and other borrowings (note 9).

26. Other Loan Receivables

The Group, as lender, entered into loan agreements with independent third parties (the "Borrowers") to provide credit facilities to finance their development and operation of certain solar power plant projects in the PRC (the "Projects"). Approximately RMB118,989,000 (2016: RMB344,058,000) was drawn down at the end of the reporting period. The terms of the loans are one year and carry interest at 10% (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 the 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.

27. Pledged Bank and Other Deposits and Bank Balances

Pledged bank and other deposits

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

Pledged bank deposits carry fixed interest rates ranging from 0.30% to 2.75% (2016: 0.35% to 1.82%) per annum.

Deposits amounting to RMB1,728,068,000 (2016: RMB2,028,388,000) have been pledged to secure short-term borrowings granted to the Group and are therefore classified as current assets. The remaining deposits amounting to RMB515,005,000 (2016: RMB226,871,000) have been pledged to secure loan term borrowings and are therefore classified as non-current assets.

Bank balances

Bank balances carry interest at floating rates which range from 0.001% to 0.385% (2016: 0.001% to 0.35%) per annum or fixed rates which range from 0.15% to 2.75% (2016: 0.001% to 5.85%) per annum.

28. Bills and Other Payables and Deferred Income

	2017 RMB'000	2016 RMB'000
Bills payable	**2,058,487**	2,208,219
Payables for purchase of plant and machinery and construction costs *(Note a)*	**7,677,662**	8,314,758
Payables to vendors of solar power plants	**105,533**	130,851
Payables for module procurement	**32,324**	221,410
Other tax payables	**102,600**	61,165
Other payables	**465,862**	122,318
Receipt in advance	**47,510**	14
Deferred income *(Note b)*	**219,038**	—
Accruals		
— Staff costs	**137,923**	150,801
— Legal and professional fees	**17,099**	21,117
— Interest expenses	**73,504**	72,075
— Consultancy fees	**92,564**	86,341
— Others	**32,701**	4,867
	11,062,807	11,393,936
Analysed as:		
Current	**10,851,194**	11,393,936
Non-current deferred income	**211,613**	—
	11,062,807	11,393,936

The Group has financial risk management policies in place to ensure settlement of payables 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.

Notes:

a. Included in the amounts are obligations arising from endorsing bills receivable with recourse with an aggregate amount of RMB8,965,000 (2016: RMB61,246,000).

28. Bills and Other Payables and Deferred Income *(continued)*

Notes: (continued)

b. Pursuant to the relevant prevailing federal policies in the US, taxpayers that construct on or before 31 December 2019 or acquire qualified energy property are allowed to claim an energy ITC at 30% for the taxable year in which such property is originally placed in service by the taxpayer. The Directors analysed the facts and circumstances of the ITC and determined that it is of nature of a government grant that is provided to the Group in the form of tax benefits relating to construction or acquisition of qualified energy property.

Against this, the Group entered into an inverted lease arrangement for its qualified solar power plant projects in the US ("Qualified Assets") with a third party financial institution, which acts as a tax equity investor, and the arrangement allows the Group to pass its entitled ITC that constitutes the right to offset against future tax payables to the tax equity investor for cash receipts in exchange. For the year ended 31 December 2017, ITC of the Group related to the Qualified Assets amounted to US$34,090,000 (equivalent to approximately RMB222,751,000, "ITC Benefit") (2016: Nil) and was recognised as a government grant ("Grant") as there is a reasonable assurance that the relevant requirements for the tax benefit have been met. Approximately US$568,000 (equivalent to approximately RMB3,836,000) (2016: Nil) of the Grant was recognised in profit or loss for the year as a government grant income and included in other income. Pursuant to the arrangement, the ITC Benefit was passed on by the Group to the tax equity investor and accordingly the ITC Benefit was derecognised during the year.

29. Loans From Fellow Subsidiaries

As at 31 December 2017, the Group has obtained loans from fellow subsidiaries of approximately RMB1,071,876,000 (2016: RMB676,307,000). The loans are unsecured, interest-bearing at a range of 7% to 8% (2016: 8%) and has a repayment period of 1 year (2016: 9 months to 1 year).

30. Bank and Other Borrowings

	2017 RMB'000	2016 RMB'000
Bank loans	**18,355,613**	10,928,064
Other loans	**14,194,389**	10,172,942
	32,550,002	21,101,006
Secured	**28,947,949**	18,504,281
Unsecured	**3,602,053**	2,596,725
	32,550,002	21,101,006
The carrying amounts of the above borrowings are repayable*:		
Within one year	**7,067,596**	4,947,720
More than one year, but not exceeding two years	**4,925,517**	3,984,328
More than two years, but not exceeding five years	**8,241,017**	5,977,263
More than five years	**12,315,872**	6,191,695
	32,550,002	21,101,006
Less: Amounts due within one year shown under current liabilities	**(7,067,596)**	(4,947,720)
Amounts due after one year	**25,482,406**	16,153,286
Analysed as:		
Fixed-rate borrowings	**4,729,210**	7,630,903
Variable-rate borrowings	**27,820,792**	13,470,103
	32,550,002	21,101,006

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

30. Bank and Other Borrowings *(continued)*

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

	2017	2016
Fixed-rate borrowings	2.5% to 11.40%	2.5% to 11.45%
Variable-rate borrowings		
RMB borrowings	90% to 140% of Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate")	100% to 110% of Benchmark Rate
JPY borrowings	London Interbank Offered Rate ("LIBOR") +1.6%	—
US$ borrowings	LIBOR +2.5% to 2.9%	LIBOR +2.9%

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

	2017 RMB'000	2016 RMB'000
EUR	125,617	—
US$	1,942,190	395,785

Included in the other loans are RMB11,518 million (2016: RMB6,294 million) in which the Group entered into financing arrangements with financial institutions, pursuant to which the Group transferred the legal title of certain equipment of the Group to the relevant financial institutions and the Group is obligated to repay by instalments with a lease term of ranging from 1 year to 12 years (2016: 1.25 years to 10 years). Upon the maturity of the lease, the Group is entitled to purchase back the equipment at a minimal consideration. Despite the arrangement involves a legal form of a lease, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method, in accordance with the substance of the arrangement.

During 2015, the Group through an investment fund established in the form of a three-year limited partnership ("Limited Partnership"), the capital of which is contributed by two subsidiaries of the Group as to approximately 20% with the remainder 80% of capital, which amounted to RMB1,000,000,000, contributed by a third party asset management company (the "Limited Partner"). Pursuant to the investment agreement and fund repurchase agreement entered into between the Group and the Limited Partner in conjunction with the formation of the Limited Partnership, the Limited Partner does not entitle to any variable returns (including profit distribution) from the Limited Partnership but receives a fixed return of 8.9% per annum ("Fixed Return"), the transaction as a whole has been considered as a loan granted to the Group in these consolidated financial statements to reflect the economic substance of the arrangement. As the investment fund has been fully utilised for the acquisition of new energy businesses of the Group, this arrangement is accounted for as financing to the Group with the equity interest in the invested project companies as collateral and included the capital contribution by the limited partner as other loan.

The Group is required to comply with certain restrictive financial covenants and undertaking requirements. The Directors had reviewed all required covenant requirements of the Group and no breach of covenants was noted for both years.

31. Bonds Payable

On 19 June 2015 and 7 July 2015, 南京協鑫新能源發展有限公司 (Nanjing GCL New Energy Development Co., Ltd.)* ("Nanjing GCL New Energy"), a wholly-owned subsidiary of the Group, issued bonds with a total nominal value of RMB360,000,000. The bonds bore interests at 6.7% per annum and matured one year from the date of issuance. During the year ended 31 December 2016, the above bonds were fully repaid upon maturity.

On 3 August 2017 and 7 December 2017, the Group completed the first tranche and second tranche of the non-public issuance of green bonds amounting to RMB375,000,000 and RMB560,000,000, respectively, for a term of 3 years with a fixed interest rate of 7.5% per annum. As part of the second tranche amounting to RMB50,000,000 was subscribed by the Group via an external trust, total net proceeds of RMB885,000,000 less transaction costs of approximately RMB3,540,000, that are directly attributable to the issuance of the bonds, was presented as the bonds payable liability.

* *English name for identification only*

32. Convertible Bonds

	RMB'000
As at 1 January 2016	732,856
Payment of interests	(49,643)
Change in fair value charged to profit or loss	175,248
As at 31 December 2016 and 1 January 2017	858,461
Payment of interests	(51,563)
Change in fair value charged to profit or loss	118,744
As at 31 December 2017	**925,642**

Note: Exchange gain of the convertible bonds of approximately RMB50,523,000 (2016: loss of RMB51,948,000) has been recognised together with change in fair value to profit or loss for the year ended 31 December 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. The major terms and conditions of the convertible bonds are as follows:

(a) Interest rate

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

32. Convertible Bonds *(continued)*

(b) Conversion price

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

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

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

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

32. Convertible Bonds *(continued)*

(b) Conversion price *(continued)*

(ii) (continued)

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

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

(c) Maturity

The maturities for Talent Legend Issue and Ivyrock Issue are 27 May 2018 and 20 July 2018, respectively.

(d) Redemption

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

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

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

32. Convertible Bonds *(continued)*

The following assumptions were applied.

	Talent Legend Issue		Ivyrock Issue	
	2017	2016	**2017**	2016
Discount rate	**17.72%**	24.48%	**17.73%**	24.51%
Fair value of each share of the Company	**HK$0.550**	HK$0.455	**HK$0.550**	HK$0.455
Conversion price (per share)	**HK$0.754**	HK$0.754	**HK$0.754**	HK$0.754
Risk free interest rate	**1.00%**	0.95%	**1.01%**	0.98%
Time to maturity	**0.40 year**	1.40 years	**0.55 year**	1.55 years
Expected volatility	**69.69%**	50.97%	**63.28%**	56.71%
Expected dividend yield	**0%**	0%	**0%**	0%

33. Deferred Taxation

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

	2017	2016
	RMB'000	RMB'000
Deferred tax assets	**146,275**	88,598
Deferred tax liabilities	**(35,479)**	(29,454)
	110,796	59,144

33. Deferred Taxation *(continued)*

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

	Accelerated tax depreciation RMB'000	Fair value adjustments on acquisitions RMB'000	Unrealised profits on plant and equipment RMB'000	Withholding tax on undistributed profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2016	540	(2,229)	(18,002)	12,905	7,872	1,086
Acquisitions of subsidiaries	—	(5,147)	—	—	—	(5,147)
(Credit) charge to profit or loss	—	—	(62,511)	1,159	20,873	(40,479)
Effect of foreign currency exchange differences	37	—	—	—	—	37
Transfer to assets held for sale	(577)	—	—	(14,064)	—	(14,641)
At 31 December 2016	—	(7,376)	(80,513)	—	28,745	(59,144)
Credit to profit or loss	—	295	(65,243)	—	6,024	(58,924)
Disposal of three solar power plant projects	—	—	7,272	—	—	7,272
At 31 December 2017	**—**	**(7,081)**	**(138,484)**	**—**	**34,769**	**(110,796)**

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Accordingly, a provision for deferred taxation of RMB1,159,000 in respect of withholding tax on undistributed profits has been recognised in profit or loss during the year ended 31 December 2016.

At the end of the reporting period, the Group has unused tax losses of approximately RMB348,839,000 (2016: RMB358,533,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses of approximately RMB151,728,000 (2016: RMB35,084,000) will expire from 2019 to 2022 (2016: 2019 to 2021) and other losses may be carried forward indefinitely.

34. Share Capital

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

34. Share Capital *(continued)*

	Number of shares	Amount HK$'000	Shown in consolidated financial statements as RMB'000
Issued and fully paid:			
At 1 January 2016 (Ordinary shares of HK0.0041\dot{6}$ each)	13,871,793,048	57,799	48,491
Subscription of Rights Issue *(Note)*	5,201,922,393	21,675	18,183
At 31 December 2016, 1 January 2017 and 31 December 2017 (Ordinary shares of HK0.0041\dot{6}$ each)	19,073,715,441	79,474	66,674

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

35. Perpetual Notes

On 18 November 2016, Nanjing GCL New Energy, an indirect wholly-owned subsidiary, entered into a perpetual notes agreement with 保利協鑫（蘇州）新能源有限公司 (GCL-Poly (Suzhou) New Energy Co., Ltd.*), 江蘇協鑫硅材料科技發展有限公司 (Jiangsu GCL Silicon Material Technology Development Co., Ltd.*) ("Jiangsu GCL"), 蘇州協鑫光伏科技有限公司 (Suzhou GCL Photovoltaic Technology Co., Ltd.) ("Suzhou GCL") and 太倉協鑫光伏科技有限公司 (Taicang GCL Photovoltaic Technology Co., Ltd.*) ("Taicang GCL") (together, the "Lenders"). Each of the Lenders is a wholly-owned subsidiary of GCL-Poly. Nanjing GCL New Energy issued perpetual notes of RMB800,000,000 and RMB1,000,000,000 in November and December 2016, respectively and key terms are as follows:

(a) Interest rate

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

(b) Maturity Date

There is no maturity date.

35. Perpetual Notes *(continued)*

(c) Repayment terms

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

(d) Security

None

The perpetual notes are classified as equity instruments in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the perpetual notes. Any distributions made by Nanjing GCL New Energy to the holders are recognised in equity in the consolidated financial statements of the Group. During the year ended 31 December 2017, RMB131,400,000 (2016: RMB4,846,000) was attributable to perpetual notes holders in accordance with the terms of the agreement and RMB65,315,000 (2016: RMB4,846,000) was paid. Remaining distribution payment of RMB66,085,000 (2016: Nil) was deferred by the Group.

* *English name for identification only*

36. Share-Based Payment Transactions

Equity settled share option scheme

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

At 31 December 2017, the number of shares in respect of which had been granted under the New Share Option Scheme and remained outstanding was approximately 591,388,000 (2016: 664,608,000) shares, representing 3.1% (2016: 3.5%) of the issued share capital of the Company at that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the New Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

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

Equity settled share option scheme *(continued)*

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

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

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

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

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

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

Equity settled share option scheme *(continued)*

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

2017

	Exercise price	Date of grant	Exercise Period	Number of share options		
				Outstanding at 1 January 2017	During the year Forfeited	Outstanding at 31 December 2017
Directors	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	58,382,800	—	58,382,800
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	48,618,780	—	48,618,780
Employees and others providing similar services	HK$1.1798	23.10.2014	24.11.2014–22.10.2024	263,286,296	(26,171,600)	237,114,696
	HK$0.606	24.7.2015	24.7.2015–23.7.2025	294,319,774	(47,048,484)	247,271,290
				664,607,650	(73,220,084)	591,387,566
Exercisable at the end of the year				197,784,821		236,720,109
Weighted average exercise price (HK$)				0.8837	0.8111	0.8927

2016

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

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

Equity settled share option scheme *(continued)*

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

During the year ended 31 December 2017, share-based payment expense of RMB33,706,000 (2016: RMB71,409,000) has been recognised in profit or loss. In addition, share options granted to certain employees and Directors have been forfeited after the vesting period, and respective share options reserves of approximately RMB21,851,000 (2016: RMB41,131,000) is transferred to the Group's retained earnings/ accumulated losses.

The fair value of the 2014 Share Options measured at the date of grant on 23 October 2014 for each share option to be vested in 0.09 year, 1 year, 2 years, 3 years and 4 years from the grant date were HK$0.692, HK$0.707, HK$0.739, HK$0.767 and HK$0.789 for certain Directors, and HK$0.569, HK$0.615, HK$0.672, HK$0.716 and HK$0.751 for employees and others, respectively.

The fair value of the 2015 Share Options measured at the date of grant on 24 July 2015 for each share option to be vested in 0.09 year, 1 year, 2 years, 3 years and 4 years from the grant date were HK$0.360, HK$0.371, HK$0.381, HK$0.399 and HK$0.405 for certain Directors, and HK$0.321, HK$0.362, HK$0.381, HK$0.399 and HK$0.405 for employees and others, respectively.

The expected volatility was determined by using the volatility of the stock return of the Company and comparable listed companies as at the valuation date. The expected life used in the model had been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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

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

37. Acquisitions of Subsidiaries

For the year ended 31 December 2017 the Group had several material acquisitions due to business expansion, in acquiring a controlling stake in certain companies for a total consideration of approximately RMB42,201,000 (2016: RMB157,473,000).

For the companies set out in note (i) below these are solar power plant project companies in development stage and did not have any substantial economic resources and processes for creating economic benefits; accordingly, the Group considers the nature of these acquisitions as acquisitions of assets in substance and the considerations have been allocated first to the financial assets acquired and financial liabilities assumed at the respective fair values. The remaining balance of the considerations is then allocated to other identifiable assets and liabilities on the basis of their relative fair values at the date of acquisitions. For the other acquisitions as mentioned in note (ii) below, these solar power plant project companies are in on-grid stage with relevant economic resources as at the date of the respective acquisitions which are considered as businesses. Therefore, those acquisitions are considered as business combinations under IFRS 3 and accounted for using acquisition method.

Year ended 31 December 2017

(i) Assets acquisition

(a) 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 20MW solar power plant project under development. The projects were connected to the grid in July 2017.

(b) Acquisition of 海東市源通光伏發電有限公司 ("Haidong Yuantong")

On 20 October 2017, the Group acquired 100% equity interest in Haidong Yuantong at a consideration of RMB200,000. At the date of acquisition, Haidong Yuantong had a 20MW solar power plant project under development.

(c) Acquisition of 互助昊陽光伏發電有限公司 ("Huzhu Haoyang")

On 17 November 2017, the Group acquired 100% equity interest in Huzhu Haoyang at a consideration of RMB100,000. At the date of acquisition, Huzhu Haoyang had a 40MW solar power plant project under construction. The project was completed and connected to the grid in December 2017.

(d) Acquisition of 蘭溪金瑞農業科技有限公司 ("Lanxi Agriculture")

On 24 November 2017, the Group acquired 100% equity interest in Lanxi Agriculture at a consideration of RMB1,300,000. At the date of acquisition, Lanxi Agriculture was in preliminary development stage.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2017 *(continued)*

(i) Assets acquisition (continued)

	Zhongwei Lihe RMB'000	Haidong Yuantong RMB'000	Huzhu Haoyang RMB'000	Lanxi Agriculture RMB'000	Total RMB'000
Assets and liabilities recognised at the date of acquisition					
Property, plant and equipment	57,061	149,461	340,008	8,602	555,132
Prepayments and other receivables	622	26,644	98,148	800	126,214
Bank balances and cash	—	44	2	—	46
Other payables	(57,483)	(175,949)	(438,058)	(8,102)	(679,592)
Total identifiable net assets acquired	200	200	100	1,300	1,800
Consideration payable to the former owner	(200)	(200)	(100)	(1,300)	(1,800)
Cash consideration paid	—	—	—	—	—
Bank balances and cash acquired	—	44	2	—	46
Net cash inflow	—	44	2	—	46

(ii) Business acquisition

(a) 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.

(b) Acquisition of 曲陽晶投新能源科技有限公司 ("Quyang Jingtou")

On 19 July 2017, the Group acquired 100% equity interest in Quyang Jingtou at a consideration of RMB2,090,000. At the date of acquisition, Quyang Jingtou had a 30MW solar power plant project in operation.

(c) Acquisition of 蘭溪金瑞太陽能發電有限公司 ("Lanxi Solar")

On 24 November 2017, the Group acquired 100% equity interest in Lanxi Solar at a consideration of RMB1,050,000. At the date of acquisition, Lanxi Solar had two 20MW solar power plant projects in operation.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2017 *(continued)*

(ii) Business acquisition (continued)

(d) Acquisition of 神木縣晶富電力有限公司 ("Shenmu Jingfu")

On 14 December 2017, the Group acquired 80% equity interest in Shenmu Jingfu at a consideration of RMB2,385,600. At the date of acquisition, Shenmu Jingfu had two solar power plant projects, with total capacity of 40MW, in operation.

(e) Acquisition of 神木縣晶普電力有限公司 ("Shenmu Jingpu")

On 14 December 2017, the Group acquired 80% equity interest in Shenmu Jingpu at a consideration of RMB4,625,200. At the date of acquisition, Shenmu Jingpu had three solar power plant projects, with total capacity of 140MW, in operation.

	Sannohe RMB'000	Quyang Jingtou RMB'000	Lanxi Solar RMB'000	Shenmu Jingfu RMB'000	Shenmu Jingpu RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition						
Property, plant and equipment	75,041	235,727	248,504	319,237	1,130,007	2,008,516
Trade receivables	100	5,968	25,056	29,746	130,427	191,297
Prepayments and other receivables	4,039	81,065	37,155	41,808	261,544	425,611
Bank balances and cash	284	4,892	9,171	3,470	15,014	32,831
Other payables	(49,214)	(143,995)	(83,759)	(278,309)	(568,735)	(1,124,012)
Bank and other borrowings	—	(181,567)	(235,077)	(112,970)	(962,475)	(1,492,089)
Total fair value of identifiable net assets acquired	30,250	2,090	1,050	2,982	5,782	42,154
Non-controlling interest *(Note)*	—	—	—	(596)	(1,157)	(1,753)
Consideration paid during the year ended 31 December 2016	(29,800)	—	—	—	—	(29,800)
Consideration payable to the former owner	(450)	(2,090)	(1,050)	(2,386)	(4,625)	(10,601)
Cash consideration paid	—	—	—	—	—	—
Bank balances and cash acquired	284	4,892	9,171	3,470	15,014	32,831
Net cash inflow	284	4,892	9,171	3,470	15,014	32,831

Note: The non-controlling interest (20%) in Shenmu Jingfu and Shenmu Jingpu recognised at the acquisition date was measured at proportionate share of net assets acquired.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2017 *(continued)*

(ii) Business acquisition (continued)

Impact of acquisition on the results of the Group

Had the acquisition as mentioned in note (ii) been effected at the beginning of the year, total amounts of revenue and profit for the year of the Group would have been increased by RMB151,592,000 and increased by RMB4,940,000, respectively. Such pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

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

The revenue and loss contributed by entities in note (ii) acquired during the year are RMB85,379,000 and RMB2,888,000, respectively.

The fair value and gross contractual amount of trade and other receivables at the date of acquisition amounted to RMB616,908,000. The estimate at acquisition date of contractual cash flows not expected to be collected is insignificant.

Year ended 31 December 2016

(i) Assets acquisition

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

On 5 January 2016, the Group acquired 100% equity interest in Pingyi at a consideration of RMB100,000. At the date of acquisition, Pingyi had a 30MW solar power plant project under development. The project was completed and connected to the grid in June 2016.

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

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

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

On 18 May 2016, the Group acquired 100% equity interest in Yuxi at a consideration of RMB100,000. At the date of acquisition, Yuxi had a 20MW solar power plant project under development. The project was completed and connected to the grid in December 2017.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2016 *(continued)*

(i) Assets acquisition (continued)

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

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

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

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

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

On 16 June 2016, the Group acquired 100% equity interest in Delingha Shidai at a consideration of RMB80,000. At the date of acquisition, Delingha Shidai had a 20MW solar power plant project under development. The project was completed and connected to the grid in late June 2016.

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

On 28 June 2016, the Group acquired 100% equity interest in Yilian at a consideration of RMB10,000. At the date of acquisition, Yilian had a 10MW solar power plant project under development. The project was completed and connected to the grid in October 2016.

(h) Acquisition of 十堰鄖能光伏電力開發有限公司 ("Shiyan")

On 1 August 2016, the Group acquired 100% equity interest in Shiyan at a consideration of RMB750,000. At the date of acquisition, Shiyan had a 50MW solar power plant project under development. The project was completed and connected to the grid in June 2017.

(i) Acquisition of 德令哈陽光能源電力有限公司 ("Yangguang")

On 5 August 2016, the Group acquired 100% equity interest in Yangguang at a consideration of RMB100,000. At the date of acquisition, Yangguang had a 10MW solar power plant project under development. The project was completed and connected to the grid in September 2016.

(j) Acquisition of 平山縣紫光新能源有限公司 ("Ziguang")

On 12 August 2016, the Group acquired 100% equity interest in Ziguang and its wholly owned subsidiary, 石能平山光伏電力開發有限公司 ("Pingshan"), at a consideration of RMB2,800,000. At the date of acquisition, Pingshan had a 30MW solar power plant project under development. The project was completed and connected to the grid in October 2016.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2016 *(continued)*

(i) Assets acquisition (continued)

(k) Acquisition of 莊浪光原光伏發電有限公司 ("Zhuanglang")

On 30 October 2016, the Group acquired 100% equity interest in Zhuanglang at a consideration of RMB100,000. At the date of acquisition, Zhuanglang had a 35MW solar power plant project under development. The project was completed and connected to the grid in June 2017.

(l) Acquisition of 8 US project companies

On 16 February 2016, GCL New Energy (NC) I, LLC, a subsidiary of the Company entered into two sale and purchase agreements with two independent third parties, pursuant to which the Group conditionally agreed to purchase the entire equity interests of a total of eight companies for a total consideration of US$4,932,000 (equivalent to approximately RMB32,312,000). These companies own the development rights of eight yet to be constructed photovoltaic electrical energy producing utility systems located in North Carolina in the US. The acquisitions were completed in the same month. The project was completed and connected to the grid in June 2017.

	Pingyi	Jinxi	Yuxi	Pingxi	Pingyuan	Delingha Shidai	Yilian	Shiyan	Yangguang	Ziguang	Zhuanglang	8 US project companies	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities recognised at the date of acquisition													
Property, plant and equipment	8,306	1,425	—	2,684	2,669	123,719	11,161	2,761	3,011	1,100	—	32,312	189,148
Prepayments and other receivables	5,920	7,766	3,201	804	947	11,303	270	459	19,439	1,702	100	—	51,911
Bank balances and cash	22,385	2,614	—	2	—	48	119	10,000	212	12	—	—	35,392
Other payables	(36,511)	(11,804)	(3,101)	(3,480)	(3,606)	(134,990)	(11,540)	(12,470)	(22,562)	(14)	—	—	(240,078)
Total identifiable net assets acquired	100	1	100	10	10	80	10	750	100	2,800	100	32,312	36,373
Consideration payable to the former owner	(100)	(1)	(100)	(10)	(10)	(80)	(10)	(750)	(100)	(2,800)	(100)	(32,312)	(36,373)
Cash consideration paid	—	—	—	—	—	—	—	—	—	—	—	—	—
Bank balances and cash acquired	22,385	2,614	—	2	—	48	119	10,000	212	12	—	—	35,392
Net cash inflow	22,385	2,614	—	2	—	48	119	10,000	212	12	—	—	35,392

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2016 *(continued)*

(ii) Business acquisition

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

On 31 December 2015, the Group entered into equity purchase agreements with two individuals, pursuant to which the Group agreed to acquire 100% equity interest of Changzhou Zhonghui with its subsidiary, 包頭市中利騰暉光伏發電有限公司 ("Baotou"), at a total consideration of RMB10,000,000. The transaction was completed on 19 January 2017. At the date of acquisition, Baotou had a 30MW solar power plant project and a 20MW solar power plant project in operation.

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

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

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

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

(d) Acquisition of 阜陽衡銘太陽能電力有限公司 ("Hengming")

On 6 July 2016, the Group acquired 100% equity interest in Hengming at a consideration of RMB100,000. At the date of acquisition, Hengming had a 20MW solar power plant project in operation.

(e) Acquisition of 林州市新創太陽能有限公司 ("Xinchuang")

On 11 August 2016, the Group acquired 100% equity interest in Xinchuang at a consideration of RMB1,700,000. At the date of acquisition, Xinchuang had a 60MW solar power plant project in operation.

(f) Acquisition of 鹽源縣白烏新能源科技有限公司 ("Baiwu")

On 5 September 2016, the Group acquired 100% equity interest in Baiwu at a consideration of RMB68,000,000. At the date of acquisition, Baiwu had a 50MW solar power plant project in operation.

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2016 *(continued)*

(ii) Business acquisition (continued)

(g) Acquisition of 海南州世能光伏發電有限公司 ("Shineng")

On 30 December 2014, the Company acquired 100% equity interests in 德令哈協合光伏發電有限公司 (Delingha Century Concord Photovoltaic Power Co. Ltd*) which in turn holds 60% equity interest in Shineng.

On 23 September 2016, the Group acquired the remaining 40% equity interest in Shineng at a consideration of RMB36,000,000. At the date of acquisition, Shineng had a 30MW solar power plant project in operation.

(h) Acquisition of 聊城協昌光伏電力有限公司 ("Xiechang")

On 29 September 2016, the Group acquired 100% equity interest in Xiechang at a consideration of RMB5,100,000. At the date of acquisition, Xiechang had a 20MW solar power plant project in operation.

(i) Acquisition of 吉水恒通太陽能發電有限公司 ("Hengtong")

On 30 December 2016, the Group entered into equity purchase agreement, pursuant to which the Group agreed to acquired 100% equity interest of Hengtong with its subsidiary, 確山追日新能源電力有限公司 ("Zhuiri"), for a consideration of RMB100,000. At the date of acquisition, Zhuiri had a 25MW solar power plant project in operation.

* English name for identification only

37. Acquisitions of Subsidiaries *(continued)*

Year ended 31 December 2016 *(continued)*

(ii) Business acquisition (continued)

	Changzhou Zhonghui RMB'000	Gaotang RMB'000	Shanggao RMB'000	Hengming RMB'000	Xinchuang RMB'000	Baiwu RMB'000	Shineng RMB'000	Xiechang RMB'0000	Hengtong RMB'000	Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition:										
Property, plant and equipment	434,647	224,482	139,318	130,693	486,229	388,177	248,490	147,797	167,850	2,367,683
Trade receivables	60,923	12,595	3,322	9,726	18,608	54,733	8,869	7,601	—	176,377
Prepayments and other receivables	72,284	35,809	16,543	69,872	168,011	162,673	23,604	13,376	24,443	586,615
Bank balances and cash	3,411	7,123	1	22	207	—	2,600	67	1	13,432
Other payables	(259,186)	(160,896)	(159,084)	(210,213)	(671,355)	(470,738)	(5,355)	(163,741)	(192,194)	(2,292,762)
Borrowings	(302,079)	(119,113)	—	—	—	—	(208,000)	—	—	(629,192)
Total identifiable net assets acquired	10,000	—	100	100	1,700	134,845	70,208	5,100	100	222,153
Fair value of previously held interest	—	—	—	—	—	—	(33,942)	—	—	(33,942)
Consideration payable to the former owner	(10,000)	—	(100)	(100)	(1,700)	(68,000)	(36,000)	(5,100)	(100)	(121,100)
Bargain purchase gain recognised *(Note)*	—	—	—	—	—	66,845	266	—	—	67,111
Cash consideration paid	—	—	—	—	—	—	—	—	—	—
Bank balances and cash acquired	3,411	7,123	1	22	207	—	2,600	67	1	13,432
Net cash inflow	3,411	7,123	1	22	207	—	2,600	67	1	13,432

Note: The bargain purchase arose because the consideration paid by the Group was less than the fair value of the identifiable net assets of the underlying business acquired as determined by the independent professional valuer, mainly due to the vendor was in financial difficulties and was not able to repay the debt as it falls due.

38. Disposal of Subsidiaries

(a) Disposal of PCB business

On 2 August 2017, the Group completed its disposal of PCB business and details are set out in note 12.

The net assets of PCB Business at the date of disposal were as follows:

	RMB'000
Consideration received:	
Total consideration received	218,042

	2 August 2017 RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	334,334
Prepaid lease payments	6,396
Other non-current assets	17,237
Inventories	192,401
Trade and other receivables	472,466
Bank balances and cash	26,930
Trade and other payables	(504,830)
Loan from a shareholder	(17,232)
Bank borrowings — due within one year	(181,630)
Obligations under finance leases — due within one year	(30,020)
Other current liabilities	(65,773)
Obligations under finance leases — due after one year	(11,589)
Other non-current liabilities	(21,510)
Net assets disposed of	217,180
Gain on disposal of subsidiaries:	
Consideration received	218,042
Net assets disposed of	(217,180)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	86,512
Transaction costs	(862)
Gain on disposal	86,512
Net cash outflow arising on disposal:	
Cash consideration, net of transaction costs	217,180
Less: bank balances and cash disposed of	(26,930)
	190,250

The impact of PCB Business on the Group's results and cash flows in the current and prior periods is disclosed in note 12.

38. Disposal of Subsidiaries *(continued)*

(b) Disposal of three solar power plant projects

On 30 June 2017, the Group entered into share transfer agreements with 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.

On 31 July 2017, 蘇州協鑫新能源開發有限公司 (Suzhou GCL New Energy Development Co., Ltd.*) ("Suzhou Development"), a subsidiary of the Group, entered into a share transfer agreement with Fuyang New Energy, an independent third party. Pursuant to the agreement, Suzhou development agreed to sell 100% equity interest of 東營協鑫光伏科技有限公司 (Dongying GCL Photovoltaic Technology Co., Ltd.*) ("Dongying") at a consideration of RMB25,910,000.

* *English name for identification only*

38. Disposal of Subsidiaries *(continued)*

(b) Disposal of three solar power plant projects *(continued)*

The net assets of those three solar plant projects at the date of disposal were as follows:

	Jinhu RMB'000	Wanhai RMB'000	Dongying RMB'000	Total RMB'000
Consideration:				
Consideration received	185,700	64,900	25,910	276,510
Consideration receivable	5,796	5,520	—	11,316
Total consideration	191,496	70,420	25,910	287,826
Analysis of assets and liabilities over which control was lost:				
Property, plant and equipment	711,281	245,264	77,738	1,034,283
Prepaid lease payments	1,011	1,522	—	2,533
Other non-current assets	58,962	42,463	8,128	109,553
Trade and other receivables	149,519	63,909	3,927	217,355
Bank balances and cash	81,064	13,903	6,101	101,068
Trade and other payables	(27,426)	(27,276)	(82,728)	(137,430)
Bank borrowings	(670,000)	(240,000)	—	(910,000)
Intragroup payables	(123,977)	(24,304)	—	(148,281)
Net assets disposed of	180,434	75,481	13,166	269,081
Gain (loss) on disposal of subsidiaries:				
Total consideration	191,496	70,420	25,910	287,826
Net assets disposed of	(180,434)	(75,481)	(13,166)	(269,081)
Gain (loss) on disposal	11,062	(5,061)	12,744	18,745
Net cash inflow arising on disposal:				
Cash consideration received	185,700	64,900	25,910	276,510
Less: bank balances and cash disposed of	81,064	13,903	6,101	101,068
	104,636	50,997	19,809	175,442

39. Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which mainly includes loans from a shareholder and fellow subsidiaries, bank and other borrowings, obligations under finance leases, bonds payable and convertible bonds, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, perpetual notes and reserves.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debt.

40. Financial Instruments

40a. Categories of financial instruments

	2017 RMB'000	2016 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	12,059,560	10,233,035
Available-for-sale investments	340,040	—
Financial liabilities		
FVTPL:		
Convertible bonds payables	925,642	858,461
Amortised cost	45,301,081	33,928,178

40b. Financial risk management objectives and policies

The Group's major financial instruments include other investments, trade and other receivables, other loan receivables, amounts due from related companies, pledged bank and other deposits, bank balances and cash, bills and other payables, amounts due to related companies, loans from a shareholder and fellow subsidiaries, bank and other borrowings, obligations under finance leases, bonds payable and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk

Currency risk

The Group operates in the PRC, Japan and the US and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to HK$ and US$, Japanese Yen ("JPY") and Euro ("EUR"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group currently does not have a currency risk hedging policy. However, the management monitors foreign currency risk exposure by closely monitoring the movement of foreign currency rate and considers hedging against it should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2017 **RMB'000**	2016 RMB'000	**2017** **RMB'000**	2016 RMB'000
The Group				
HK$	**11,321**	194,480	**925,678**	894,574
US$	**1,510,735**	340,058	**1,944,221**	493,132
JPY	**32**	—	**—**	1,407
EUR	**—**	314	**125,617**	—
Inter-company balances				
HK$	**240,691**	4,180,787	**269,863**	4,051,741
US$	**1,153,827**	1,184,455	**569,688**	774,026
JPY	**53,594**	118,265	**—**	—

The foreign currency assets in 2017 and 2016 mainly relate to the US$, HK$, JPY and EUR denominated pledged bank and other deposits and bank balances.

The foreign currency liabilities in 2017 and 2016 mainly relate to the US$, HK$, JPY and EUR denominated bank borrowings and convertible bonds payable.

Sensitivity analysis

The following sensitivity analysis details the Group's sensitivity to a 5% (2016: 5%) increase and decrease in functional currency of respective entities against the relevant foreign currencies. 5% (2016: 5%) is the sensitivity rate used when reporting foreign currency risk and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2016: 5%) change in foreign currency rates. The sensitivity analysis also includes inter-company balances where the denomination of the balance is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates decrease in post-tax profit and a negative number below indicates an increase in post-tax profit, where the functional currency of the respective entities had strengthened 5% (2016: 5%) against the relevant foreign currencies. For a 5% (2016: 5%) weakening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Sensitivity analysis *(continued)*

	HK$ RMB'000	**US$** RMB'000	**JPY** RMB'000	**EUR** RMB'000
2017				
Increase (decrease) in profit for the year	**(28,126)**	**30,432**	**2,239**	**(4,711)**
2016				
Increase (decrease) in profit for the year	(22,365)	10,485	4,879	13

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to currency risk during the year.

Interest rate risk

The management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate pledged bank and other deposits and bank balances (see note 27) to be limited because the current market interest rates on general deposits are relatively low and stable.

The Group's interest rate risk arises from borrowings. Certain of the Group's borrowings are issued at variable rates which expose the Group to cash flow interest rate risk. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2017 would have decreased/increased by approximately RMB139,104,000 (2016: RMB68,004,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Market risk (continued)

Interest rate risk *(continued)*

In the opinion of the Directors, the sensitivity analysis is not representative of the Group's exposure to interest rate risk during the year.

The Group's exposure to fair value interest rate risk relating to convertible bonds is subject to the discount rate. The sensitivity analysis for change in discount rate is disclosed in note 40c.

Credit risk

As at 31 December 2017, financial assets whose carrying amounts best represent the maximum exposure to credit risk.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade debt periodically to ensure that adequate impairment losses has been made for irrecoverable amounts. The Group has a credit control policy in place under which credit evaluations of customers are performed on all customers requiring credit.

Credit terms are mainly granted to customers in the PRC for PCB Business which either have letters of credit issued by banks or are of good credit quality. The management of the Group also has monitoring procedures to ensure follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of its financial assets including trade and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Credit risk on sales of printed circuit boards was concentrated with 27% of total receivables as at 31 December 2016 belonging to five customers. The Group had policies in place to ensure that the sales of products are made to customers with an appropriate credit history. In addition, collection of receivables is monitored on an ongoing basis. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Credit risk on sales of electricity is concentrated on a limited number of local electric power bureaus. However, as the local electric power bureaus are state-owned and have good repayment history, the management accordingly considers that there is no significant credit risk on respective sales.

Credit risk on pledged bank and other deposits and bank balances is limited because the counterparties are reputable banks in the PRC and Hong Kong.

The Group has concentration of credit risk on other loan receivables which are due from several borrowers. Credit risk is considered to be limited as the Group holds collateral over most of these balances as disclosed in note 26.

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings to ensure unutilised banking facilities are adequate and ensures compliance with loan covenants.

As at 31 December 2017, the Group's current liabilities exceeded its current assets by RMB9,305 million and had bank balances and cash of approximately RMB4,197 million (2016: RMB3,826 million) against bank and other borrowings, convertible bonds, bonds payable and loans from fellow subsidiaries due within one year amounted to approximately RMB9,065 million (2016: RMB5,624 million).

The Group finances its capital intensive operations by short-term and long-term bank borrowings and shareholders' equity and perpetual notes.

During the year ended 31 December 2017, the Group obtained new borrowings totalling RMB18,384 million of which RMB15,945 million had a repayment terms of over 3 years. The Group also issued non-public green bonds of RMB935 million with a term of 3 years. Further to these new debt financing, the Group entered into capital increase agreements with 蘇民睿能無錫股權投資合夥企業（有限合夥） (Sumin Ruineng Wuxi Equity Investment Partnership (Limited Partnership)*) ("Sumin Ruineng") in December 2017 for the injection of an aggregate amount of capital of RMB1,500 million to 蘇州協鑫新能源投資有限公司 (Suzhou GCL New Energy Investment Co., Ltd.*) ("Suzhou GCL New Energy"), a then wholly-owned subsidiary of the Group in return for a 7.18% equity interest in Suzhou GCL New Energy.

On 23 January 2018, the Group issued senior notes of US$500 million (equivalent to RMB3,376 million) with net proceeds of the notes issuance, amounted to approximately US$493 million (equivalent to RMB3,221 million), which bear interest at 7.1% and mature on 30 January 2021. The Group also implementing different long-term financing strategies as disclosed in note 2.

Furthermore, the management maintains continuous communication with the Group's principal banks on the grant of additional banking facilities. The Directors have reviewed the Group's bank loans and banking facilities available to the Group and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group's ability to obtain new financing.

Despite uncertainties mentioned in note 2, the Directors believe that the Group will be able to generate sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

The Directors are of the opinion that, taking into account the above measures, undrawn banking facilities and the Group's cash flow projection for the coming year, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months.

* *English name for identification only*

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the contractual repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity and interest rate risk tables

	Weighted average interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2017								
Bills and other payables	—	10,693,659	—	—	—	—	10,693,659	10,693,659
Amounts due to related companies	—	102,784	—	—	—	—	102,784	102,784
Loans from fellow subsidiaries	7.93	—	1,104,084	—	—	—	1,104,084	1,071,876
Bank and other borrowings								
— fixed-rate	7.30	753,637	2,260,912	1,726,957	205,471	296,091	5,243,068	4,729,210
— variable-rate	5.39	1,299,256	3,897,768	3,558,624	8,630,754	12,503,460	29,869,862	27,820,792
Convertible bonds	6.00	5,666	949,575	—	—	—	955,241	925,642
Bonds payable	7.50	—	66,375	66,375	977,300	—	1,110,050	882,760
		12,855,002	8,278,714	5,351,956	9,813,525	12,799,551	49,078,748	46,226,723

	Weighted average interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2016								
Bills and other payables	—	11,833,371	35,340	—	—	—	11,868,711	11,868,711
Amounts due to related companies	—	83,261	—	—	—	—	83,261	83,261
Loan from a shareholder	—	—	17,890	—	—	—	17,890	17,890
Loans from fellow subsidiaries	8.00	612,000	78,342	—	—	—	690,342	676,307
Bank and other borrowings								
— fixed-rate	7.79	967,470	2,861,865	2,659,637	1,928,347	188,097	8,605,416	7,711,906
— variable-rate	5.52	543,140	1,608,378	1,652,372	4,503,823	6,381,506	14,689,219	13,570,103
Convertible bonds	6.00	4,361	47,972	934,076	—	—	986,409	858,461
Subtotal		14,043,603	4,649,787	5,246,085	6,432,170	6,569,603	36,941,248	34,786,639
Obligations under financial leases	5.41	10,852	29,884	24,266	5,159	—	70,161	65,760
		14,054,455	4,679,671	5,270,351	6,437,329	6,569,603	37,011,409	34,852,399

40. Financial Instruments *(continued)*

40b. Financial risk management objectives and policies *(continued)*

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

40c. 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 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 liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2017 RMB'000	2016 RMB'000			
AFS Asset management plan investment *(Note a)*	**340,040**	—	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of future expected cash flows to be derived from the underlying assets	Discount rate of 7%–7.5%
Convertible bonds *(Note b)*	**(925,642)**	(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 63.28%–69.69% (2016: 50.97%–56.71%) and discount rate of 17.72%–17.73% (2016: 24.48%–24.51%), respectively, taking into account the historical share price of the Company for the period of time close to the expected time to exercise

40. Financial Instruments *(continued)*

40c. Fair value measurements of financial instruments *(continued)*

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

Notes:

(a) If the 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 RMB26,310,000/increase by approximately RMB29,647,000.

(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 RMB6,028,000/decrease by approximately RMB7,442,000.

If the discount rate was multiplied by 95% or 105% while all the other variables were held constant, the loss on change in fair value of the convertible bonds issued by the Company would increase by approximately RMB2,487,000/decrease by approximately RMB2,474,000.

The loss on changes in fair value of approximately RMB18,315,000 (2016: RMB50,128,000) is resulted from changes in credit risk for the year ended 31 December 2017.

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

Reconciliation of Level 3 fair value measurements

	Other investments RMB'000	**Convertible Bonds** RMB'000
At 1 January 2017	—	(858,461)
Purchase	606,050	—
Gain in profit or loss	2,883	(118,744)
Payment of interests	—	51,563
Repayment	(268,893)	—
At 31 December 2017	**340,040**	**(925,642)**

40. Financial Instruments *(continued)*

40c. Fair value measurements of financial instruments *(continued)*

Fair value measurements and valuation processes

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 of convertible bonds. 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.

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

41. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Continuing operations						Discontinued Operations				
	Accrued interest expense RMB'000 (Note 28)	Amounts due to related companies RMB'000 (Note 22)	Loans from fellow subsidiaries RMB'000 (Note 29)	Bank and other borrowings RMB'000 (Note 30)	Convertibles bonds RMB'000 (Note 32)	Bonds payables RMB'000 (Note 31)	Accrued interest expense RMB'000	Bank and other borrowings RMB'000	Obligations under finance leases RMB'000	Loan from a shareholder RMB'000	Total RMB'000
At 1 January 2017	72,075	83,261	676,307	21,101,006	858,461	—	—	181,003	65,760	17,890	23,055,763
Financing cash flows	(998,531)	(24,033)	400,000	10,212,297	(51,563)	881,460	(5,667)	627	(25,841)	—	10,388,749
Loss on change in fair value of convertible bonds	—	—	—	—	118,744	—	—	—	—	—	118,744
Exchange alignment on translation	—	(3,938)	(4,431)	—	—	—	—	—	—	(658)	(9,027)
Exchange difference to profit or loss	—	—	—	(39,458)	—	—	—	—	—	—	(39,458)
Finance costs	669,362	67,352	—	694,068	—	1,300	5,667	—	1,690	—	1,439,439
Interest capitalisation	330,598	—	—	—	—	—	—	—	—	—	330,598
Acquisition of subsidiaries	—	—	—	1,492,089	—	—	—	—	—	—	1,492,089
Disposal of subsidiaries	—	—	—	(910,000)	—	—	—	—	—	—	(910,000)
Disposal of PCB Business	—	—	—	—	—	—	—	(181,630)	(41,609)	(17,232)	(240,471)
Set off with amounts due from related companies	—	(3,376)	—	—	—	—	—	—	—	—	(3,376)
Investing activities	—	(15,017)	—	—	—	—	—	—	—	—	(15,017)
Operating activities	—	(1,465)	—	—	—	—	—	—	—	—	(1,465)
At 31 December 2017	**73,504**	**102,784**	**1,071,876**	**32,550,002**	**925,642**	**882,760**	**—**	**—**	**—**	**—**	**35,606,568**

42. Operating Leases

The Group as lessee

	2017 RMB'000	2016 RMB'000
Minimum lease payments paid under operating leases during the year:		
Buildings	**25,475**	24,280
Land	**53,439**	20,148
Others	**2,651**	431
	81,565	44,859

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2017 RMB'000	2016 RMB'000
Within one year	**116,304**	25,397
In the second to fifth year inclusive	**419,078**	131,495
After five years	**1,709,078**	663,007
	2,244,460	819,899

Leases are negotiated and rentals are fixed for terms ranging from 3 to 34 years for parcels of land and ranging from 1 to 3 years for the office premises and staff quarters for both years.

43. Commitments

	2017 RMB'000	2016 RMB'000
Capital commitments		
Construction commitments in respect of solar power plant projects contracted for but not provided in the consolidated financial statements	**3,625,741**	4,441,273
Acquisition of property, plant and equipment and leasehold improvements contracted for but not provided	**—**	5,839
	3,625,741	4,447,112
Other commitments		
Commitments to contribute share capital to joint ventures contracted for but not provided	**243,460**	—
	3,869,201	4,447,112

44. 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:

	2017 RMB'000	2016 RMB'000
Property, plant and equipment	26,720,213	15,619,093
Prepaid lease payments	—	6,045
Pledged bank and other deposits	2,243,073	2,275,756
Trade receivables	4,192,659	1,859,625
	33,155,945	19,760,519

The Group's secured bank and other borrowings were secured by, individually or in combination, of the following (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) charge on equity interest of fellow subsidiaries; and (vi) equity interests in some project companies.

Bills receivable issued by third parties endorsed with recourse for settlement of payables for purchase of plant and machinery and construction costs is disclosed in note 28.

45. Retirement Benefits Scheme

(a) The PRC

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

45. Retirement Benefits Scheme *(continued)*

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

(c) The US

In 2015, the Company established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan and is funded by employers and employees, in the US that qualifies as a Inland Revenue Service ("IRS") deferred salary arrangement under Section 401(k) of the US Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to a maximum amount subject to certain IRS limitations.

(d) Japan

The Group participates in an employee's pension fund for all its employees in Japan. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to Employee's Pension Insurance Act.

During the year ended 31 December 2017, total amounts contributed by the Group to the schemes in the PRC, Hong Kong, the US and Japan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB41,108,000 (2016: RMB49,365,000).

46. Related Party Disclosures

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

(a) Management services income from fellow subsidiaries

	2017	2016
	RMB'000	RMB'000
蘇州保利協鑫光伏電力投資有限公司 Suzhou GCL-Poly Solar Power Investment Ltd.* ("Suzhou GCL-Poly")	**33,302**	30,472
GCL Solar Energy Limited	**3,376**	12,464
	36,678	42,936

Nanjing GCL New Energy and 蘇州協鑫新能源運營科技有限公司 (Suzhou GCL New Energy Operation and Technology Co. Ltd.*), indirect wholly-owned subsidiaries of the Company, provided operation and management services to the solar power plants of Suzhou GCL-Poly and its subsidiaries under the terms and conditions set out in the relevant operation service agreement. Suzhou GCL-Poly is a subsidiary of GCL-Poly.

GCL New Energy International Limited, an indirect wholly-owned subsidiary of the Company, provided asset management and administrative services to GCL Solar Energy Limited for its overseas operations in South Africa and the US. GCL Solar Energy Limited is a subsidiary of GCL-Poly.

* *English name for identification only*

(b) Purchase of property, plant and machinery

	2017	2016
	RMB'000	RMB'000
GCL Solar Energy Limited	**—**	65,896

GCL New Energy Inc., an indirect wholly-owned subsidiary of the Company, acquired modules from GCL Solar Energy Limited during the year ended 31 December 2016.

46. Related Party Disclosures *(continued)*

(c) Interest income from loans to joint ventures

	2017 RMB'000	2016 RMB'000
Yili	**8,588**	9,649
Jinhu	**1,396**	—
	9,984	9,649

Loans to Yili and Jinhu are unsecured and interest-bearing at a fixed rate of 6% (2016: 8%) per annum for operation purpose. The loans are denominated in RMB.

(d) Interest on loans from fellow subsidiaries

	2017 RMB'000	2016 RMB'000
GCL-Poly (Suzhou)	**53,467**	48,243
太倉港協鑫發電有限公司 Taicang Harbour Golden Concord Electric-Power Generation Co., Ltd.* ("Taicang Harbour")	**4,200**	—
揚州協鑫光伏科技有限公司 Yangzhou GCL Photovoltaic Technology Co., Ltd.* ("Yangzhou GCL")	**4,200**	—
GCL Solar Energy Limited	**5,485**	3,277
	67,352	51,520

* *English name for identification only*

Loans from GCL-Poly (Suzhou), Taicang Harbour and Yangzhou GCL are unsecured, interest-bearing at a fixed rate of 8% (2016: 8%) per annum and with a repayment term of 1 year (2016: 9 months to 1 year). The loan balances are denominated in RMB.

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

46. Related Party Disclosures *(continued)*

(e) Distribution on perpetual notes

	2017 RMB'000	2016 RMB'000
GCL-Poly (Suzhou)	25,672	2,412
Taicang GCL	7,381	1,217
Suzhou GCL	18,230	1,217
Jiangsu GCL	14,032	—
	65,315	4,846

Perpetual notes are unsecured, have a variable distribution rate of 7.3% to 11% which could be deferred indefinitely at the option of the issuer and have no fixed repayment term. The notes are denominated in RMB.

(f) Guarantees granted by related companies and a shareholder

At 31 December 2017, certain bank and other loans of the Group amounting to RMB4,355,384,000 (2016: RMB5,552,848,000) were guaranteed by ultimate holding company or fellow subsidiaries. At 31 December 2016, bank loans amounting to RMB60,801,000 were guaranteed by a shareholder under PCB Business.

(g) Compensation of key management personnel

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

	2017 RMB'000	2016 RMB'000
Short-term benefits	22,552	23,071
Post-employment benefits	623	362
Share-based payments	2,663	5,811
	25,838	29,244

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

47. Events After Reporting Period

Other than the issuance of senior notes as disclosed in note 2(ii), the Group has no significant event after the end of the reporting period.

48. Particulars Of Principal Subsidiaries

48a. General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are set out below:

Names of subsidiaries	Places of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2017 %	Interest held 2016 %	Principal activities
Directly held:					
Pioneer Getter Limited	BVI	US$1	100	100	Investment holding
Bliss Corporate Group Limited	BVI	US$1	100	100	Investment holding
Indirectly held:					
Solar energy business segment					
協鑫新能源國際有限公司 GCL New Energy International Limited	Hong Kong	HK$1	100	100	Investment holding
協鑫新能源發展有限公司 GCL New Energy Development Limited	Hong Kong	HK$1	100	100	Investment holding
協鑫新能源管理有限公司 GCL New Energy Management Limited	Hong Kong	HK$1	100	100	Investment holding
協鑫新能源貿易有限公司 GCL New Energy Trading Limited	Hong Kong	HK$1	100	100	Investment holding
協鑫新能源投資（中國）有限公司 GCL New Energy Investment (China) Co., Ltd.[1, 2]	PRC	US$889,000,000	100	100	Investment holding
南京協鑫新能源發展有限公司 Nanjing GCL New Energy Development Co., Ltd.[1, 2]	PRC	US$1,188,000,000 (2016: US$789,000,000)	100	100	Investment holding
蘇州協鑫新能源投資有限公司 Suzhou GCL New Energy Investment Company Limited[1, 3]	PRC	RMB12,928,250,000 (2016: RMB12,000,000,000)	92.82	100	Investment holding
南京協鑫新能源科技有限公司 Nanjing GCL New Energy Technology Co., Ltd.[1, 3]	PRC	RMB300,000,000	100	100	Investment holding

48. Particulars Of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Names of subsidiaries	Places of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2017 %	Interest held 2016 %	Principal activities
安龍縣茂安新能源發展有限公司 Anlung Maoan New Energy Development Co., Ltd.[1, 3]	PRC	RMB60,000,000	**100**	100	Operation of solar power plants
包頭市中利騰暉光伏發電有限公司 Baotou Zhongli Photovoltaic Co., Ltd.[1, 3]	PRC	RMB110,000,000 (2016: RMB10,000,000)	**100**	100	Operation of solar power plants
冊亨協鑫光伏電力有限公司 Ceheng Solar Power Co., Ltd.[1, 3]	PRC	RMB130,000,000	**100**	100	Operation of solar power plants
德令哈協合光伏發電有限公司 Delingha Century Concord Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB222,000,000	**100**	100	Operation of solar power plants
汾西縣協鑫光伏電力有限公司 Fenxi GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB130,000,000	**100**	100	Operation of solar power plants
阜南協鑫光伏電力有限公司 Funan GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB165,000,000	**100**	100	Operation of solar power plants
高唐縣協鑫晶輝光伏有限公司 Gaotang Xian GCL Jinghui Photovoltaic Co., Ltd.[1, 3]	PRC	RMB1,000,000	**100**	100	Operation of solar power plants
哈密耀輝光伏電力有限公司 Hami Yaohui Photovoltaic Company Limited[1, 3]	PRC	RMB181,960,000	**100**	100	Operation of solar power plants
海豐縣協鑫光伏電力有限公司 Haifeng GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB155,900,000	**100**	100	Operation of solar power plants
海南天利科新能源項目投資有限公司 Hainan Tianlike New Energy Project Investment Co., Ltd.[1, 3]	PRC	RMB76,000,000	**100**	100	Operation of solar power plants
海南州世能光伏發電有限公司 Hainanzhou Shineng Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB60,000,000	**100**	100	Operation of solar power plants

48. Particulars Of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Names of subsidiaries	Places of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2017 %	Interest held 2016 %	Principal activities
邯能廣平縣光伏電力開發有限公司 Hanneng Guangping Solar Energy Development Limited[1, 3]	PRC	RMB130,000,000	100	100	Operation of solar power plants
横山晶合太陽能發電有限公司 Hengshan Jinghe Solar Energy Co., Ltd.[1, 3]	PRC	RMB222,000,000	96.35	96.35	Operation of solar power plants
湖北省麻城市金伏太陽能電力有限公司 Hubei Macheng Jinfu Solar Energy Limited[1, 3]	PRC	RMB191,000,000	100	100	Operation of solar power plants
華容縣協鑫光伏電力有限公司 Huarong Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB157,500,000	100	100	Operation of solar power plants
淮北鑫能光伏電力有限公司 Huaibei Xinneng Solar Power Co., Ltd.[1, 3]	PRC	RMB90,000,000	100	100	Operation of solar power plants
江陵縣協鑫光伏電力有限公司 Jiangling Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB230,000,000 (2016: RMB150,000,000)	100	100	Operation of solar power plants
靖邊縣順風新能源有限公司 Jingbian Shunfeng New Energy Limited[1, 3]	PRC	RMB68,550,000	95	95	Operation of solar power plants
靖邊協鑫光伏電力有限公司 Jingbian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB80,000,000	100	100	Operation of solar power plants
開封華鑫新能源開發有限公司 Kaifeng Huaxin New Energy Development Co., Ltd.[1, 3]	PRC	RMB200,000,000	100	100	Operation of solar power plants
蘭溪金瑞太陽能發電有限公司 Lanxi Jinrui Photovoltaic Power Co., Ltd[1, 3]	PRC	RMB30,000,000	100	—	Operation of solar power plants
黎城協鑫光伏電力有限公司 Licheng GCL Solar Energy Limited[1, 3]	PRC	RMB52,540,000	100	100	Operation of solar power plants
林州市新創太陽能有限公司 Linzhou Xinchuang Solar Co., Ltd.[1, 3]	PRC	RMB107,000,000	100	100	Operation of solar power plants

48. Particulars Of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Names of subsidiaries	Places of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held		Principal activities
			2017 %	2016 %	
臨城協鑫光伏發電有限公司 Lincheng GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB61,260,000	**100**	100	Operation of solar power plants
羅甸協鑫光伏電力有限公司 Luodian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB57,200,000	**100**	—	Operation of solar power plants
勐海協鑫光伏農業電力有限公司 Menghai GCL Solar Agricultural Power Co., Ltd.[1, 3]	PRC	RMB85,000,000	**100**	100	Operation of solar power plants
內蒙古香島新能源發展有限公司 Inner Mongolia Xiangdao New Energy Development Company Limited[1, 3]	PRC	RMB273,600,000	**90.1**	90.1	Operation of solar power plants
寧夏金禮光伏電力有限公司 Ningxia Jinli Photovoltaic Electric Power Co., Ltd.[1, 3]	PRC	RMB86,830,000	**100**	100	Operation of solar power plants
寧夏金信光伏電力有限公司 Ningxia Jinxin Photovoltaic Electric Power Co., Ltd.[1, 3]	PRC	RMB126,300,000	**100**	100	Operation of solar power plants
寧夏盛景太陽能科技有限公司 Ningxia Shengjing Solar Power Technology Company Limited[1, 3]	PRC	RMB75,000,000	**90**	90	Operation of solar power plants
寧夏中衛協鑫光伏電力有限公司 Ningxia Zhongwei GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB61,600,000	**100**	—	Operation of solar power plants
平山縣世景新能源有限公司 Pingshan Shijing New Energy Limited[1, 3]	PRC	RMB78,760,000	**100**	100	Operation of solar power plants
平邑富翔光伏電力有限公司 Pingyi Fu Xiang Solar Power Co., Ltd.[1, 3]	PRC	RMB60,000,000	**100**	100	Operation of solar power plants
淇縣協鑫新能源有限公司 Qixian GCL New Energy Limited[1, 3]	PRC	RMB84,000,000	**100**	100	Operation of solar power plants
汝陽協鑫新能源有限公司 Ruyang GCL New Energy Limited[1, 3]	PRC	RMB146,000,000 (2016: RMB84,000,000)	**100**	100	Operation of solar power plants

48. Particulars Of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Names of subsidiaries	Places of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2017 %	Interest held 2016 %	Principal activities
汝州協鑫光伏電力有限公司 Ruzhou GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB150,000,000	**100**	100	Operation of solar power plants
芮城縣協鑫光伏電力有限公司 Ruicheng Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB134,000,000	**100**	100	Operation of solar power plants
三門峽協立光伏電力有限公司 San Men Xia Xie Li Solar Power Co., Ltd.[1, 3]	PRC	RMB65,000,000	**100**	100	Operation of solar power plants
山西佳盛能源股份有限公司 Shanxi Jiasheng Energy Holding Ltd.[1, 3]	PRC	RMB50,000,000	**96**	96	Operation of solar power plants
上林協鑫光伏電力有限公司 Shanglin GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB84,800,000 (2016: RMB81,380,000)	**100**	100	Operation of solar power plants
尚義元辰新能源開發有限公司 Shangyi Yuanchen New Energy Development Company Limited[1, 3] ("Shangyi")	PRC	RMB400,650,000 (2016: RMB230,000,000)	**100**	95	Operation of solar power plants
神木市晶富電力有限公司 Shenmn Jingfu Solar Power Co., Ltd.[1, 3]	PRC	RMB75,400,000	**80**	—	Operation of solar power plants
神木市晶普電力有限公司 Shenmn Jingpu Solar Power Co., Ltd.[1, 3]	PRC	RMB266,400,000	**80**	—	Operation of solar power plants
神木市平西電力有限公司 Shenmu Pingxi Power Co., Ltd.[1, 3]	PRC	RMB20,000,000	**100**	100	Operation of solar power plants
神木市平元電力有限公司 Shenmu Pingyuan Power Co., Ltd.[1, 3]	PRC	RMB20,000,000	**100**	100	Operation of solar power plants
石城協鑫光伏電力有限公司 Shicheng GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB112,838,100	**70**	70	Operation of solar power plants
天長市協鑫光伏電力有限公司 Tianchang GCL Solar Energy Limited[1, 3]	PRC	RMB63,960,000	**100**	100	Operation of solar power plants
烏拉特後旗源海新能源有限責任公司 Wulate Houqi Yuanhai New Energy Limited[1, 3]	PRC	RMB50,000,000	**100**	100	Operation of solar power plants
新安縣協鑫光伏電力有限公司 Xinan Xian GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB120,000,000	**100**	100	Operation of solar power plants

48. Particulars Of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Names of subsidiaries	Places of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held 2017 %	2016 %	Principal activities
宿州協鑫光伏電力有限公司 Suzhou GCL Solar Power Co., Ltd.[1, 3]	PRC	RMB74,000,000	100	100	Operation of solar power plants
鹽邊鑫能光伏電力有限公司 Yanbian Xinneng Solar Power Co., Ltd.[1, 3]	PRC	RMB56,000,000	100	100	Operation of solar power plants
鹽源縣白烏新能源科技有限公司 Yanyuan Baiwu New Energy Technology Co., Ltd.[1, 3]	PRC	RMB113,000,000 (2016: RMB80,000,000)	100	100	Operation of solar power plants
余干縣協鑫新能源有限責任公司 Yugan GCL New Energy Limited[1, 3]	PRC	RMB139,300,000	100	100	Operation of solar power plants
盂縣晉陽新能源發電有限公司 Yuxian Jinyang New Energy Power Generation Co., Ltd.[1, 3]	PRC	RMB171,800,000	99	99	Operation of solar power plants
榆林隆源光伏電力有限公司 Yulin Longyuan Solar Energy Limited[1, 3]	PRC	RMB465,000,000	100	100	Operation of solar power plants
榆林市榆神工業區東投能源有限公司 Yulin Yushen Industrial Area Energy Co., Ltd.[1, 3]	PRC	RMB170,000,000	100	100	Operation of solar power plants
元謀綠電新能源開發有限公司 Yuanmou Green Power New Energy Development Limited[1, 3]	PRC	RMB85,000,000	80	80	Operation of solar power plants
鄆城鑫華能源開發有限公司 Yuncheng Xinhua Energy Development Co,. Ltd.[1, 3]	PRC	RMB1,000,000	100	90	Operation of solar power plants
張家港協鑫光伏電力有限公司 Zhang Jia Gang GCL Photovoltaic Power Co., Ltd.[1, 3]	PRC	RMB72,414,000	100	100	Operation of solar power plants

48. Particulars Of Principal Subsidiaries *(continued)*

48a. General information of subsidiaries *(continued)*

Names of subsidiaries	Places of incorporation/ operation	Particulars of issued share capital/ registered capital	Interest held		Principal activities
			2017 %	2016 %	
正藍旗國電光伏發電有限公司 Zhenglanqi State Power Photovoltaic Company Limited[1, 3]	PRC	RMB125,000,000	**98.82**	98.82	Operation of solar power plants
中利騰暉海南電力有限公司 Zhongli Tenghui Hainan Solar Power Co., Ltd.[1, 3]	PRC	RMB105,500,000	**100**	100	Operation of solar power plants

1 English name for identification only

2 Foreign investment enterprises

3 Domestic PRC Companies

The above table lists the subsidiaries of the Group which in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Other than Suzhou GCL New Energy issued green bonds as disclosed in note 31, none of the subsidiaries had issued any debt securities at the end of the year.

48. Particulars Of Principal Subsidiaries *(continued)*

48b. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests as at 31 December 2017:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Suzhou GCL New Energy	PRC	7.18%	—	3,847	—	1,163,955	—
Non-wholly owned subsidiaries of Suzhou GCL New Energy				4,688	5,508	145,032	46,650
				8,535	5,508	1,308,987	46,650

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations as at 31 December 2017. The Directors consider the non-controlling interest as at 31 December 2016 is immaterial and no financial information is set out accordingly.

Suzhou GCL New Energy and subsidiaries	2017 RMB'000
Current assets	12,123,026
Non-current assets	42,598,673
Current liabilities	13,470,533
Non-current liabilities	24,895,050
Equity attributable to owners of the Company	15,047,129
Non-controlling interests of Suzhou GCL New Energy	1,163,955
Non-controlling interests of Suzhou GCL New Energy's subsidiaries	145,032

48. Particulars Of Principal Subsidiaries *(continued)*

48b. Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

	2017 RMB'000
Revenue	**3,868,892**
Profit for the year	**1,453,474**
Profit attributable to owners of the Company	**1,444,939**
Profit attributable to the non-controlling interests of Suzhou GCL New Energy	**3,847**
Profit attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**4,688**
Profit for the year	**1,453,474**
Other comprehensive income attributable to owners of the Company	**—**
Other comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy	**—**
Other comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**—**
Other comprehensive income for the year	**—**
Total comprehensive income attributable to owners of the Company	**1,444,939**
Total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy	**3,847**
Total comprehensive income attributable to the non-controlling interests of Suzhou GCL New Energy's subsidiaries	**4,688**
Total comprehensive income for the year	**1,453,474**

48. Particulars Of Principal Subsidiaries *(continued)*

48b. Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

	RMB'000
Dividends paid to non-controlling interests of Suzhou GCL New Energy	—
Net cash inflow from operating activities	1,615,027
Net cash outflow from investing activities	(11,335,898)
Net cash inflow from financing activities	10,308,977
Net cash inflow	586,288

48c. Change in ownership interest in subsidiaries

During the year, Suzhou GCL New Energy, a then wholly-owned subsidiary of the Group, entered into a capital increase agreement with an independent third party and received capital contribution in cash amounting to RMB1,471,698,000 (after deduction of the related transaction expenses of RMB28,302,000) and diluted the equity interest held by the Group to 92.82%. An amount of approximately RMB1,160,108,000 (being the proportionate share of the carrying amount of the net assets of Suzhou GCL New Energy) has been transferred to non-controlling interests. The difference of RMB339,892,000 between the increase in the non-controlling interests and the consideration received has been credited to special reserve.

Besides, the Group acquired the remaining 5% equity interest in Shangyi not previously owned at RMB19,000,000, and increased its shareholdings to 100%. The proportionate share of the carrying amount of the net assets of Shangyi is RMB10,050,000 at the date of acquisition. The difference of RMB8,950,000 between the decrease in the non-controlling interests and the consideration paid has been debited to special reserve. Cash of RMB2,559,000 was paid by the Group and the remaining of RMB11,441,000 and RMB5,000,000 were settled by bills receivable and set off with the deposit paid in prior year, respectively.

49. Summary Financial Information of the Company

Statement of financial position

	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS		
Interests in subsidiaries *(Note)*	**6,397,563**	6,000,784
CURRENT ASSETS		
Prepayments	**893**	956
Amounts due from joint ventures	**32**	34
Bank balances and cash	**962,975**	176,324
	963,900	177,314
CURRENT LIABILITIES		
Accruals and other payables	**29,366**	33,663
Amount due to a subsidiary	**—**	1,168
Bank borrowings	**1,351,381**	—
Convertible bonds	**925,642**	—
	2,306,389	34,831
NET CURRENT (LIABILITIES) ASSETS	**(1,342,489)**	142,483
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,055,074**	6,143,267
NON-CURRENT LIABILITIES		
Bank borrowings	**968,937**	983,974
Convertible bonds	**—**	858,461
	968,937	1,842,435
NET ASSETS	**4,086,137**	4,300,832
CAPITAL AND RESERVES		
Share capital	**66,674**	66,674
Reserves	**4,019,463**	4,234,158
TOTAL EQUITY	**4,086,137**	4,300,832

Note: The investment in subsidiaries included amounts due from subsidiaries at the end of reporting period.

49. Summary Financial Information of the Company *(continued)*

Movement in equity

	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2016	48,491	2,342,529	56,318	(64,015)	167,633	(258,284)	2,292,672
Loss for the year and total comprehensive expense for the year	—	—	—	—	—	(4,133)	(4,133)
Recognition of equity settled share-based payments *(note 36)*	—	—	—	—	71,409	—	71,409
Forfeitures of share options *(note 36)*	—	—	—	—	(41,131)	41,131	—
Rights Issue *(note 34)*	18,183	1,945,706	—	—	—	—	1,963,889
Transaction costs attributable to the Rights Issue	—	(23,005)	—	—	—	—	(23,005)
At 31 December 2016	66,674	4,265,230	56,318	(64,015)	197,911	(221,286)	4,300,832
Loss for the year and total comprehensive expense for the year	**—**	**—**	**—**	**—**	**—**	**(248,401)**	**(248,401)**
Recognition of equity settled share-based payments *(note 36)*	**—**	**—**	**—**	**—**	**33,706**	**—**	**33,706**
Forfeitures of share options *(note 36)*	**—**	**—**	**—**	**—**	**(21,851)**	**21,851**	**—**
At 31 December 2017	**66,674**	**4,265,230**	**56,318**	**(64,015)**	**209,766**	**(447,836)**	**4,086,137**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended			For the nine months ended	For the year ended
	31 December 2017 RMB'000	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)	31 December 2014 RMB'000 (Restated)	31 March 2014 RMB'000 (Restated)
Results (for continuing and discontinued operations)					
Revenue	**4,785,113**	3,737,989	1,969,899	930,433	1,254,663
Profit (loss) attributable to owners of the Company	**841,439**	130,386	(15,229)	(89,397)	(137,642)

	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000	As at 31 December 2015 RMB'000	As at 31 December 2014 RMB'000	As at 31 March 2014 RMB'000
Assets and liabilities					
Total assets	**55,434,344**	41,478,178	23,502,458	7,863,792	1,197,240
Total liabilities	**(46,638,402)**	(35,058,574)	(21,060,419)	(5,575,071)	(1,023,254)
Total equity	**8,795,942**	6,419,604	2,442,039	2,288,721	173,986

The financial year-end date of GCL New Energy Holdings Limited has been changed from 31 March to 31 December commencing from the financial period ended 31 December 2014.

Corporate Information

Board of Directors

Executive Directors

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping *(President)*
Ms. HU Xiaoyan
Mr. TONG Wan Sze

Non-executive Directors

Ms. SUN Wei
Mr. SHA Hongqiu
Mr. YEUNG Man Chung, Charles

Independent Non-executive Directors

Mr. WANG Bohua
Mr. XU Songda
Mr. LEE Conway Kong Wai
Mr. WANG Yanguo
Dr. CHEN Ying

Board Committees

Audit Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda

Remuneration Committee

Mr. LEE Conway Kong Wai *(Chairman)*
Mr. ZHU Yufeng
Ms. SUN Wei
Mr. WANG Bohua
Mr. WANG Yanguo

Nomination Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. WANG Bohua
Mr. XU Songda
Mr. WANG Yanguo

Corporate Governance Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping
Ms. HU Xiaoyan
Mr. TONG Wan Sze
Mr. YEUNG Man Chung, Charles
Mr. XU Songda
Mr. LEE Conway Kong Wai

Investment Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping *(Vice-chairman)*
Ms. HU Xiaoyan *(Vice-chairman)*
Mr. TONG Wan Sze
Mr. WANG Dong
Mr. ZHANG Ningyong
Mr. CHENG Dedong
Mr. XU Yang
Mr. AN LingYi

Strategic Planning Committee

Mr. ZHU Yufeng *(Chairman)*
Mr. SUN Xingping
Ms. HU Xiaoyan
Ms. SUN Wei
Mr. WANG Bohua
Mr. XU Songda

Company Secretary

Mr. TONG Wan Sze

Authorised Representatives

Mr. TONG Wan Sze
Mr. YEUNG Man Chung, Charles

Registered Office

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Principal Place of Business in Hong Kong

Unit 1701B–1702A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Auditor

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

Principal Bankers

Bank of China Limited
China Development Bank
Industrial and Commercial Bank of China Limited
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited

Share Registrars and Transfer Offices

Principal Share Registrar and Transfer Agent

Codan Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Legal Advisers to the Company

As to Hong Kong law
Freshfields Bruckhaus Deringer
55th Floor, One Island East
Taikoo Place
Quarry Bay
Hong Kong

As to PRC law
Grandall Law Firm (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

Share Information

Stock Code:	451
Board Lot Size:	2,000
Issued Shares:	19,073,715,441 Shares

as at 31 December 2017

Links to official website/ WeChat platform of the Company

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

Glossary

"2014 Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2014
"Adjusted Exercise Price"	adjusted exercise price due to rights issue
"AGM"	the annual general meeting of the Company to be convened and held at Jade Room, 6/F, Marco Polo Hongkong Hotel, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 25 May 2018 at 11:30 a.m.
"Asset Management and Administrative Service Agreement"	the agreement dated 19 May 2016 between GCL New Energy International and GCL Solar Energy in relation to certain asset management and administrative services to be provided by GCL New Energy International to GCL Solar Energy
"Audit Committee"	the audit committee of the Company
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda (as amended from time to time)
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"associate(s)", "connected person(s)", "controlling shareholder(s)", and "substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Catalogue"	Renewable Energy Tariff Subsidy Catalogue
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China
"Company" or "GCL New Energy"	GCL New Energy Holdings Limited
"Company Secretary"	the company secretary of the Company
"Corporate Communications"	including but not limited to: (a) the directors' reports, annual accounts together with the independent auditor's reports and, where applicable, summary financial reports; (b) interim reports and, where applicable, summary interim reports; (c) notices of meetings; (d) listing documents; (e) circulars; and (f) proxy forms
"Corporate Governance Committee"	the corporate governance committee of the Company
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company from time to time
"Earlier Premises"	the premises situated at North Area, 2nd floor, No. 28 Xinqing Road, Suzhou Industrial Park, PRC

"EBIT"	earnings before interest and tax
"EBITDA"	earnings before interest, tax, depreciation and amortization
"First Lease Agreement"	the lease agreement between GCL New Energy Investment and Suzhou GCL Industrial Applications Research dated 29 September 2017
"First Premises"	the premises situated at 4th floor of headquarters building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC
"GCL-Poly"	GCL-Poly Energy Holdings Limited
"GCL-Poly (Suzhou)"	GCL-Poly (Suzhou) New Energy Co., Ltd.* 保利協鑫（蘇州）新能源有限公司
"GCL Electric"	GCL Electric Power Design and Research Co., Ltd.*（協鑫電力設計研究有限公司）
"GCL New Energy International"	GCL New Energy International Limited
"GCL Solar Energy"	GCL Solar Energy Limited
"GCL Solar US"	GCL Solar Energy, Inc.
"GCL System Integration"	GCL System Integration Technology Co., Ltd. 協鑫集成科技股份有限公司, a company listed on the Small & Medium Enterprises Board of the SZSE, stock code: 002506
"GCL System Suzhou"	GCL System Integration (Suzhou) Limited* 協鑫集成科技（蘇州）有限公司
"GNE US"	GCL New Energy, Inc.
"Golden Concord"	Golden Concord Holdings Limited
"Group"	the Company and its subsidiaries
"GW"	gigawatts
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Internal Control Function"	the internal control function of the Group
"Investment Committee"	the investment committee of the Company
"Ivyrock Adjusted Conversion Price"	the conversion price of the convertible bonds issued to Ivyrock of HK$0.754 per share after adjustments made in accordance with the terms of the convertible bonds issued to Ivyrock
"JV"	joint venture

"JV Agreement"	the agreement dated 3 March 2017 between Suzhou GCL New Energy and GCL System Suzhou in relation to the formation of the JV Company
"JV Company"	JV company to be established according to the JV agreement dated 3 March 2017
"kWh"	kilowatt hour
"Lease Agreements"	the First Lease Agreement and the Second Lease Agreement
"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
"Module Sales Agreement"	the module sales agreement dated 31 October 2016 between GNE US as buyer and GCL Solar US as seller in relation to the supply and purchase of certain modules
"MW"	megawatts
"MWh"	megawatt hour
"Nanjing GCL New Energy"	Nanjing GCL New Energy Development Co., Ltd 南京協鑫新能源發展有限公司
"NDRC"	National Development and Reform Commission
"New Operation Service Agreement"	the operation service agreement between Suzhou GCL Operation and Suzhou GCL-Poly dated 11 July 2017
"Nomination Committee"	the nomination committee of the Company
"Non-exempt Continuing Connected Transactions"	all the continuing connected transactions stipulated in paragraphs "Management Services Income", "Staff Training Agreement", and "Lease Agreement" in the "Report of the Directors"
"PAA"	Pacific Alliance Asia Opportunity Fund LP
"Paris Agreement"	Paris Agreement on Climate Change
"PBOC"	The People's Bank Of China
"PCB(s)"	printed circuit boards
"PCB Business" or "discontinued operations"	the manufacturing and selling of PCB
"Policy"	the board diversity policy of the Company

"Previous Lease Agreement"	the lease agreement between GCL New Energy Investment and Suzhou GCL Industrial Applications Research dated 28 April 2017
"Previous Operation Service Agreement"	the agreement dated 10 July 2014 between Nanjing GCL New Energy and Suzhou GCL-Poly in relation to certain operation and management services for the power plants of Suzhou GCL-Poly and its subsidiaries
"Protiviti"	Protiviti Consulting (Shanghai) Company Limited
"PV"	photovoltaic
"Reporting Period"	the year ended 31 December 2017
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Second Lease Agreement"	the lease agreement between GCL Electric and Suzhou GCL Industrial Applications Research dated 29 September 2017
"Second Premises"	the premises situated at Northwest Area, 2nd floor of research and development building, No. 28 Xinqing Road, Suzhou Industrial Park, PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollar each (equivalent to HK0.0041\dot{6}$) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SHSE"	Shanghai Stock Exchange
"Solar Energy Business" or "continued operations"	the development, construction, operation and management of solar power plants
"Staff Training Agreement"	the staff training agreement between GCL New Energy Investment and Suzhou Xin Zhi Hai dated 25 May 2017
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Planning Committee"	the strategic planning committee of the Company
"Suzhou GCL-Poly"	Suzhou GCL Poly Solar Power Investment Ltd.* 蘇州保利協鑫光伏電力投資有限公司
"Suzhou GCL Industrial Applications Research"	Suzhou GCL Industrial Applications Research Co., Ltd.*（蘇州協鑫工業應用研究院有限公司）

"Suzhou GCL New Energy"	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司)
"Suzhou GCL New Energy Development"	Suzhou GCL Energy Development Company Limited* 蘇州協鑫新能源發展有限公司
"Suzhou GCL Operation"	Suzhou GCL New Energy Operation and Technology Co., Ltd.*（蘇州協鑫新能源運營科技有限公司）
"Suzhou Xin Zhi Hai"	Suzhou Xin Zhi Hai Management Consulting Co., Ltd.*（蘇州鑫之海企業管理諮詢有限公司）
"SZSE"	Shenzhen Stock Exchange
"Talent Legend Adjusted Conversion Price"	the conversion price of the convertible bonds issued to Talent Legend of HK$0.754 per share after adjustments made in accordance with the terms of the convertible bonds issued to Talent Legend
"Trust Companies"	Highexcel Investments Limited, Get Famous Investments Limited and Happy Genius Holdings Limited
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States
"Zhu Family Trust"	a trust, under which Mr. Zhu Yufeng and his family are beneficiaries

* *English name for identification only*